



(Incorporated in Bermuda with limited liability)

(Stock Code: 1229)

# **Environmental, Social and Governance Report**

**2018/19**

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## About the Group

Nan Nan Resources Enterprise Limited (“Nan Nan Resources” or the “Company”, together with its subsidiaries, the “Group”) is principally engaged in the business of coal mining. A major coal supplier in Changji Prefecture, Xinjiang, China, the Group operates Kaiyuan Open Pit Coal Mine<sup>1</sup> (“Kaiyuan Mine”) and Zexu Open Pit Coal Mine<sup>2</sup> in the region. Nan Nan Resources has implemented multiple optimization and upgrading plans with regard to coal mining. The Group is now applying to obtain the exploration right and the mining right of an expanded area of coal mine.

Nan Nan Resources actively develops new markets, including exploration of technology and renewable energy business, to address the opportunities brought by the Chinese government’s promotion of use of renewable energy.

## About this Report

This report is the third Environmental, Social and Governance Report (the “Report”) published by the Group. By reporting the policies, measures and performances of the Group in environmental and social aspects, it allows all stakeholders to better understand the progress and development direction of the Group in relation to sustainability issues. This Report, which is prepared in both Chinese and English, has been uploaded to the website of the Stock Exchange of Hong Kong Limited (“SEHK”) and the Group’s website at [www.nannanlisted.com](http://www.nannanlisted.com).

## Reporting Boundary

The Report focuses on the environmental, social and governance performance during the financial year between 1 April 2018 and 31 March 2019 (the “Reporting Period”). Aligned with last year’s report, the Report focuses on the operation of Kaiyuan Mine. While the Report does not cover the Group’s operations at other sites (such as the operation of Zexu Open Pit Coal Mine), the Group will consistently upgrade the internal data collection procedure and gradually expand the scope of disclosure.

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<sup>1</sup> Kaiyuan Open Pit Coal Mine is operated by Mulei County Kai Yuan Coal Company Limited (“Kaiyuan Company”), a subsidiary of Nan Nan Resources Enterprise Limited.

<sup>2</sup> Mining has not begun in Zexu Open Pit Coal Mine during the Reporting Period.

## Reporting Standard

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The four reporting principles: materiality, quantitative, balance and consistency form the backbone of this Report. To allow stakeholders to fully understand the Group’s environmental, social and governance performance, in addition to disclosure of environmental key performance indicators under the “comply or explain” provisions, the Report discloses social key performance indicators under “recommended disclosure” of the ESG Reporting Guide.

## Confirmation and Approval

The Group has established an internal control and formal review procedure to strive to ensure the accuracy and reliability of the information presented in the Report. The Report has been confirmed and approved by the board of directors in September 2019.

### Opinion and Feedback

**The Group values the opinion of stakeholders. If you have any questions or suggestions regarding the content or format of the Report, please contact the Group via the following channels:**

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## Chairman's Statement

Energy development is one of the keys to ensuring quality of life, while development of clean energy is a major challenge in society nowadays. In response to the Chinese government's strategy in clean energy and the changes in market demands, during the Reporting Period, the Group continued to focus on the coal mining business while starting to invest in other business to ensure continuous operation and address the trends related to sustainable development.

Policy changes in relation to sustainability introduce various risks to the Group's operation. Therefore, the management of the Group maintains close connection with the local governments. It makes timely adjustments to the operational strategy and the production plan in response to government policies, imposing strict costs control to maintain overall operational stability. Among them, to develop the Group's innovative and renewable energy business, the Group acquired the NEFIN Group which is engaged in renewable energy solutions and solar farm development.

Stakeholders' opinions help us further improve our sustainability performance. By commissioning an independent commission to engage our internal stakeholders, the Group selected emissions, health and safety and supply chain management to be the three material ESG aspects to address in detail in the Report.

The operation of coal mine leads to unavoidable environmental impact. We ensure legal and regulatory compliance through environmental management measures. At the same time, the Group will increase investment in upgrading eco-friendly equipment to reduce the environmental impact of the production process. The importance of employee health and safety cannot be overstated. We do all we can to protect employees in order to reduce injury incidence. Besides, our environmental and social impacts are not limited to our own operations but also involves impact on supply chain. Therefore, we maintain close contact with business partners to jointly promote sustainability.

The coal industry is faced with numerous challenges including the risks and opportunities brought by issues related to sustainability in particular. In the future, the Group will strive to enhance its management, complement national policies and grasp new opportunities to continue creating values for stakeholders. We hope all readers can generously share their opinion on the Report and the Group's measures to help us elevate our sustainability performance.

### **Kwan Man Fai**

*Chairman*

Nan Nan Resources Enterprise Limited

Hong Kong, 18 September 2019

## **Governance Structure and Risk Management**

The board of directors of Nan Nan Resources strives to maintain a high standard of corporate governance and believes that sound governance practice can effectively lead the Group to develop and achieve long-term strategies and goals. The board of directors is accountable for the Group's corporate social responsibility, including to lead the business to grasp the opportunities and tackle the challenges brought by sustainability.

Risk management is an important part of day-to-day management process and sound corporate governance. The Group has in place a risk management and internal control system to identify, assess and manage business and operational risks. The system is consistently monitored by the audit committee to ensure its effective operation.

The Group understands that the current risk management and internal control system does not fully cover sustainability issues. Looking ahead, the Group will consider establishing an environmental, social and governance working group to include potential environmental and social issues in the risk system to identify risks and response in a timely manner.

## Stakeholder Engagement

Nan Nan Resources values communication with stakeholders<sup>3</sup>. Apart from introducing the Group’s operational and development directions and the latest business updates, it also listens to their views and expectations to assist the Group to better meet the demands of the market and society, formulate and implement the relevant policies and measures. During the Reporting Period, the Group continued to maintain close communication with stakeholders through day-to-day operation and various channels.

Main stakeholder engagement activities	
<p><b>Employees</b></p> <ul style="list-style-type: none"> <li>Employee activities are organized regularly.</li> <li>Performance review is conducted to offer employee advice.</li> <li>A whistleblowing procedure is established to encourage employees to make reports on internal misconduct.</li> </ul>	<p><b>Shareholders</b></p> <ul style="list-style-type: none"> <li>Reports are made to shareholders through shareholders’ meetings, annual reports and financial reports.</li> </ul>
<p><b>Suppliers</b></p> <ul style="list-style-type: none"> <li>Supplier review is arranged to encourage improvement in supplier performance in environmental and social responsibility.</li> </ul>	<p><b>Customers</b></p> <ul style="list-style-type: none"> <li>A customer communication procedure is formulated.</li> </ul>

### Material Environmental and Social Issues

To determine the Group’s sustainability strategies and directions and to identify the most important environmental and social issues for the Group and its stakeholders, the Group commissioned a professional consultancy to conduct a management interview. Combining the interview findings and the consultant’s advice, the Group selected three from the 11 environmental and social aspects in the ESG Reporting Guide to be the issues to focus on.



<sup>3</sup> Stakeholders refer to groups or individuals who have considerable influence on our business, and whom our business has a significant impact on. Internal stakeholders include the board of directors, the management, executive and general employees. External stakeholders include shareholders, business partners, customers, governments and regulators, banks and investors and community groups.

## Building a Green Environment

Nan Nan Resources pays attention to its environmental impact and management responsibilities. The Group's Environmental Work Policy summarises the Group's requirements on emissions management, use of resources, protection of the environment and natural resources to ensure that environmental protection measures are implemented during the course of operation to fulfill the Group's commitment to promoting environmental sustainability.

### Air Emissions

Diesel fuel combustion in the production equipment of Kaiyuan Mine, including the forklifts, water tankers and trucks is the main source of air pollutants. During the Reporting Period, a total of 3,780 kilograms of nitrogen oxides, 249 kilograms of sulphur oxides and 23 kilograms of respirable suspended particulates were produced.

Kaiyuan Mine includes the Dust Control Work System in the Internal Control and Management System for Mining Site Safety and Production to formulate the water sprinkling and dust reduction measures and to stipulate the Group's responsibility in maintaining dust reduction measures and monitoring dust in the mining area. The Group pays attention to the impact of dust on employees. Promotion and education was regularly organised by Kaiyuan Mine. Dust masks are provided for employees in the mining area.

Emissions of air pollutants <sup>4</sup>	Type	2018/19	2017/18	Unit
		Emissions	Emissions	
	Nitrogen oxides	3,779.8	Unavailable	kg
	Sulphur oxides	248.6	Unavailable	kg
	Respirable suspended particulates	23.0	28.5	kg

<sup>4</sup> Air pollutants emissions of 2018/19 included nitrogen oxides, sulphur oxides and respirable suspended particulates produced from diesel combustion in the mining area. That of 2017/18 only included respirable suspended particulates produced from diesel combustion in the mining area.

## Greenhouse Gas Emissions

Nan Nan Resources is concerned about its carbon footprint and strives to reduce the environmental impact of its business. The Group continues to commission a consultancy to conduct a carbon assessment for the Reporting Period to quantify the greenhouse gas emission of its operation. The process of quantification references the guidelines announced by the National Development and Reform Commission of the People's Republic of China<sup>5</sup> and international standards such as ISO14064-1 and the GHG Protocol.

The total carbon emissions produced by the Group during the Reporting Period were 61,145 tonnes of carbon dioxide equivalent. Fugitive methane (CH<sub>4</sub>) emissions of open pit mining accounted for 98.7% of total carbon emissions. During the Reporting Period, the total carbon emissions reduced by 33.9% compared to the last reporting period. It is because the phased production suspension of the mining area led to low production of raw coal. This also reduced the fugitive emissions of open pit mining. The Group will continue to assess, record and disclose its greenhouse gas emissions and other environmental data on a yearly basis, review the effectiveness of current measures and further formulate its carbon reduction target and working plan.

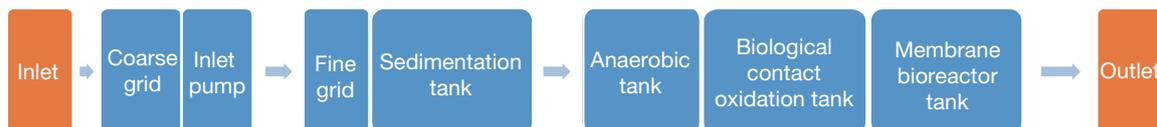
Scope	2018/19 Emissions	2017/18 Emissions	Unit
Scope 1 Direct greenhouse gas emissions	60,510.7	91,923.1	tonnes of carbon dioxide equivalent
Scope 2 Energy indirect greenhouse gas emissions	634.0	588.5	tonnes of carbon dioxide equivalent
Greenhouse gas emissions	61,144.7	92,511.6	tonnes of carbon dioxide equivalent
Greenhouse gas intensity (in terms of raw coal production)	35.7	35.6	tonnes of carbon dioxide equivalent/1,000 tonnes of raw coal

Scope 1 greenhouse gas emissions include diesel consumption of production equipment in the mining area, fugitive methane emissions and combustion of acetylene in welding. Scope 2 energy greenhouse gas emissions include emissions of electricity consumption of Kaiyuan Mine.

<sup>5</sup> Guidelines for the Calculation and Reporting of Greenhouse Gas Emissions by Coal Producing Enterprises in China (Trial).

## Wastewater

A total of 35,580 cubic metres of wastewater was produced by the Group during the Reporting Period. The main sources included production wastewater from the open pit mine and the domestic wastewater from office. Upon anaerobic treatment, biological contact oxidation and membrane bioreactor treatment, the wastewater is recycled for various purposes, including irrigation and spraying at industrial sites. During the Reporting Period, a total of 24,000 cubic metres of wastewater was recycled at Kaiyuan Mine.



## Hazardous and Non-hazardous Waste

The main wastes produced during the operation of Nan Nan Resources were domestic waste and food waste. The collected waste is transported to landfills or incinerated. While the Group did not record its waste production during the Reporting Period, the Group plans to improve its data collection system in the future to facilitate the development of waste reduction target.

During the Reporting Period, the Group abided by the relevant laws and regulations, such as the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the *Provisions on the Protection of the Geologic Environment of Mines* and the *Regulation of Xinjiang Uyghur Autonomous Region the Administration of the Geological Environment*. There were no cases of non-compliance with the laws and regulations in relation to emissions in Kaiyuan Mine.

## Energy Consumption

Nan Nan Resources is committed to achieve resource intensification to increase the energy use efficiency in operation. During the Reporting Period, the Group consumed 1,591 MWh in total, with a slight increase of 2.1% compared to the last reporting period. Electricity consumption increased by 17.8% compared to the last reporting period, reaching 1,039 MWh. The main reason for the increase is the replacement of conventional coal fired boiler with air heating boiler, which effectively reduced consumption of coal but increased electricity consumption. The Group regularly maintains and upgrades its energy facilities, formulates and reviews its energy targets regularly to continuously improve its energy performance.

Energy type	Energy type	2018/19 Energy consumption	2017/18 Energy consumption <sup>6</sup>	Unit
Direct energy	Diesel	544.5	676.1	MWh
	Acetylene	7.4	Unavailable	MWh
Indirect energy	Electricity	1,039.2	882.1	MWh
Total energy consumption		1,591.1	1,558.2	MWh
Energy intensity (in terms of raw coal production)		0.93	0.60	MWh/1,000 tonnes of raw coal

### Use of Water Resource

A total of 49,138 cubic metres of water was consumed by the Group during the Reporting Period, with a 45% decrease from the last reporting period. The main reason was that since the beginning of 2018, water consumption reduced due to phased production suspension, partial abnormal production status of the mining area, and the screening system under construction. Kaiyuan Mine sourced its water from municipal supply and there were no issues in sourcing water fit for purpose.

### The Environment and Natural Resources

Environmental impact of mining includes aggravation of soil erosion, hurting biodiversity and polluting underground water. The Group understands its responsibility to protect the environment, and arranged designated staff to execute the *Regulation of Xinjiang Uyghur Autonomous Region the Administration of the Geological Environment* and the *Procedures for Administration of Registration of Mining of Mineral Resources* while ensuring the process complies with the relevant requirements. The Group continues to monitor the improvement of soil erosion and promote the remediation rate of disturbed land and the vegetation restoration rate.

#### Case study: Coal screening system

Large amount of dust is produced during the production processes of screening, crushing and transport on conveyor belt, which pollutes the environment. During the Reporting Period, Kaiyuan Mine adopted a new coal screening system to set up a dust removal device. The materials and screening process adopted also comply with environmental technical parameters to satisfy the Group's environmental requirements to reduce dust.

<sup>6</sup> The unit of energy consumption in 2017/18 was changed from GJ to MWh.

## Creating Value for Employees

Employees are critical to Nan Nan Resources in providing quality services and achieving business success. The Group has always strived to create a good working environment to ensure equal treatment and respect for employees. The Group also provides employees with various training opportunities to attract and retain talents.

### Health and Safety

Nan Nan Resources strives to maintain a healthy and safe working environment by preventing work injury. The Group's Internal Control and Management System for Mining Site Safety and Production regulates various safety measures, including hazard inspection, hazard monitoring and safety education and training. To encourage the safety awareness of employees, Kaiyuan Mine links safety quality performance and wage and bonus. Various safety checks, monitoring and training are also organised in Kaiyuan Mine to reduce the risk of accidents.

### Hazard Inspection

To regulate the safety inspection at coal mines, Kaiyuan Mine has formulated the "Hazard Inspection and Elimination System" to eliminate hazards in a timely manner. Kaiyuan Mine conducts two safety checks each month. The checks are led by the mine manager, and conducted by technical, safety, production, electrical and mechanical staff and section chief, who are responsible for the inspection of safety of slopes, coal mine channels and mechanical equipment. An on-site safety inspecting meeting is organised at the end of the inspection to analyse and summarise the findings as well as to carry out corrective measures to address safety hazards.

## Hazard Monitoring

Hazards identified in Kaiyuan Mine includes material lifting, slip and fall, collapse, landslide, explosion, electrical hazards and fire. Kaiyuan Mine carries out timely monitoring of significant hazards, and conducts full inspection of hazards such as flooding, fire and landslide, in order to adopt and develop hazard management measures.

Flood prevention	Fire prevention	Landslide prevention
<ul style="list-style-type: none"> <li>• Conduct full inspection of flood prevention and drainage facilities before the rain season to formulate a flood prevention and drainage plan and measures</li> <li>• Berms and ditches are constructed for low-lying buildings. Ditch cleaning is also carried out to prevent flooding.</li> <li>• Drainage facilities on land and slopes should avoid landslide locations. Inspection should be conducted regularly.</li> <li>• Ditches are built around the slopes with seepage prevention.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement firefighting measures where all buildings, coal piles, dump, warehouse, oil warehouse, explosive storage and timber warehouse should comply with the relevant national laws.</li> <li>• Main equipment used in mining, transport and dumping should be accompanied with fire extinguishing equipment with regular checks and replacement.</li> <li>• Fire extinguishing system should be developed when the flammable coal layer is mined.</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct geological prospecting, mapping and slope stability assessment.</li> <li>• Regular observation and measurement</li> <li>• Slope stability calculation must be included in mining project design. The mine design should be revised and safety measures should be implemented when the requirements cannot be reached.</li> <li>• Mining must be conducted according to the design specifications.</li> </ul>

## Safety Education and Training

To help employees grasp production knowledge, professional technical knowledge and operational skills related to coal mining safety, Kaiyuan Mine has developed the Training System of Safety Education to provide targeted safety training for employees in different roles.

Training target	Fire prevention	Landslide prevention
Coal mine worker	<ul style="list-style-type: none"> <li>Learn about safety laws, including <i>Production Safety Law, Regulations on Production Safety</i> and the <i>Three Safety Rules</i> of Coal Mine.</li> <li>Learn about production safety system documents</li> </ul>	<ul style="list-style-type: none"> <li>At least two hours per month</li> </ul>
Motor vehicle driver	<ul style="list-style-type: none"> <li>Participate in safety learning and annual inspection and audit</li> <li>Assume duties only after passing the assessment</li> </ul>	<ul style="list-style-type: none"> <li>At least once a year</li> </ul>
New hire	<ul style="list-style-type: none"> <li>Participate in pre-job training where seasoned employees will conduct teaching of the relevant safety knowledge</li> </ul>	<ul style="list-style-type: none"> <li>At least 72 hours every year</li> </ul>
Coal mine production safety management staff	<ul style="list-style-type: none"> <li>Participate in regional, state, county and town safety education training</li> </ul>	<ul style="list-style-type: none"> <li>At least 72 hours of training for new application of safety certificate</li> <li>At least 42 hours of training recurring training for safety certificate renewal</li> <li>At least 24 hours of recurring training</li> </ul>

On 11 April 2018, Kaiyuan Mine received a production suspension notice from the government due to the expiry of the mining right and work safety permit of Kaiyuan Mine. On 28 May 2018, Kaiyuan Mine renewed and was granted a mining right by the Xinjiang Land Department. On 29 August 2018, it received a notice to resume normal production. Kaiyuan Mine had strengthened on-site safety management according to the notice.

The Group abided by the relevant laws and regulations, such as the *Regulation on Work Safety Licenses*, *Production Safety Law of the People's Republic of China*, *Coal Industry Law of the People's Republic of China*, *Regulations on Safety Supervision over Coal*, *Coal Mine Safety Rules* and the *Special Provisions of the State Council on the Prevention of Work Safety Accidents of Coal Mines*. During the Reporting Period, there were no cases of non-compliance with laws and regulations in relation to health and safety in Kaiyuan Mine.

### **Employment Management System**

Nan Nan Resources strives to create a harmonious and inclusive working environment to support employee development. Kaiyuan Mine formulated the Employee Organization Management System which lists terms related to remuneration and dismissal, recruitment and promotion, working hours, rest days and other benefits and welfare. The Group's recruitment follows the principle of fair competition. Applicants are not treated differently on the basis of gender, race, age, marriage, birth status and religious beliefs under the equal recruitment process. New hires should fill in a letter of guarantee to acknowledge their rights and duties under the employment system.

### **Talent Retention**

Nan Nan Resources pays attention to talent and hopes to develop with its employees. Kaiyuan Mine implements multiple talent retention measures, such as rewarding employees with significant contribution and outstanding performance with bonus. Apart from providing statutory holidays for employees, Kaiyuan Mine also provides meal allowance, phone allowance, birthday pay or holiday, etc. Kaiyuan Mine also regularly organises employee activities to promote work life balance.

During the Reporting Period, the Group abided by the relevant laws and regulations, such as the *Labor Law of the People's Republic of China*, *the Labor Contract Law of the People's Republic of China*, and the *Provisions on the Prohibition of Using Child Labor*. There were no cases of non-compliance with laws and regulations in relation to employment in Kaiyuan Mine.

### **Employee Training and Assessment**

Corporate development hinges on employee development. Kaiyuan Mine's Employee Organization Management System stipulates the arrangement of training management. The administrative department is responsible for coordinating the training plan of each department to formulate the yearly plan of Kaiyuan Mine for supervision and execution. The training content and material should be discussed by the responsible person of each office and department.

Training type	Training content	Training content
Pre-job training	New hire	<ul style="list-style-type: none"> <li>• Company rules and regulations</li> <li>• Basic knowledge of the role</li> <li>• Practical operational skills</li> <li>• Basic professional knowledge</li> </ul>
On-the-job training	Current employee	<ul style="list-style-type: none"> <li>• Job skills enhancement</li> <li>• Professional skills refresher</li> <li>• Learn new business and skills</li> </ul>
Special-topic training	Specific employee	<ul style="list-style-type: none"> <li>• Conduct designated training to specific individual tasks and targets</li> </ul>

To encourage employees to continue learning, Kaiyuan Mine provides employees with paid training opportunities during which employees are entitled to the basic wage and wage for the role. At the same time, the Group conducts assessment for each rank and provides employees with specific suggestions for work quality and work procedure improvement. The assessment results are linked to wage to provide incentives for employees. Kaiyuan Mine develops a promotion scheme where employees with outstanding performance will enjoy promotion and development opportunities.

## Labor Standards

The Group is aware that child labor and forced labor violate fundamental human rights and International Labour Conventions, threatening social development. As stipulated in the Employee Organization Management System, new hires should submit identify documents such as identity cards and passports, to prevent hiring child labor and illegal workers.

The Group also prohibits any form of forced labor by ensuring that all employment relationships are entered into voluntarily. To ensure the legal and regulatory compliance of employee working hours and overtime work hours, Kaiyuan Mine formulates a procedure to adjust overtime work and arranges compensation leave for employees working on holidays to make sure that they are entitled to reasonable rest periods.

The Group abided by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and the *Provisions on the Prohibition of Using Child Labor* to protect employee rights. During the Reporting Period, there were no cases of non-compliance with laws and regulations in relation to child labor or forced labor.

## Operational Integrity

Operational integrity is a key strategy for Nan Nan Resources to develop and maintain a competitive edge. To effectively manage the Group's product and service quality, the Group has formulated the supplier management system and various quality management policies, to ensure the compliance and safety of services while fulfilling customer expectation of the Group's sustainability.

### Supply Chain Management

Suppliers are important business partners to Nan Nan Resources. The Group works with them to shoulder the responsibilities associated with the supply chain jointly to promote sustainable practices. The main suppliers of Nan Nan Resources provide it with machinery and materials required for mining. The Group's Procurement Management System serves to manage the procurement of all resources and lists the duties of the relevant staff and the requirements of materials procured, while controlling social risks associated with quality and production safety within the Group's supply chain. When suppliers' quotation is received, the procurement department will check the supplier's performance in product type, specifications, quantity and quality requirements. The Group also analyses and compares suppliers' delivery period, after sales service, and so on in selecting the best suppliers.

To further encourage suppliers to enhance its environmental and social performance, Kaiyuan Mine revised the Procurement Management System during the Reporting Period and developed the Guidelines on Environmental and Social Risks of Suppliers in order to direct suppliers to follow standards of social ethics and national laws and regulations, respect human rights and treat employees well and protect the environment. Suppliers should identify risks associated with operation and corporate social responsibility and possible impacts and adopt control measures and reduce risks according to their importance.

### Quality Management

To ensure the quality of coal, the Group adopts a "six step" quality standard, including standard, requirement, assessment, execution, reward and penalties, and fulfilment. Kaiyuan Mine had established the standardization of safety and quality management leadership team which is responsible for implementing standardized safety and quality checks and assessment by conducting random coal inspection by the testing department. A quality standardization meeting is hosted by the mine manager at the beginning of each month in Kaiyuan Mine to summarize issues about quality standardization in the last month in order to plan the standardization activity for the next month. During the Reporting Period, Kaiyuan Mine was not involved in any cases of product recall.

## Management of Customer Feedback

To enhance customer experience, Kaiyun Mine implemented the Sales Contract and Sales Flow Management System to ensure effective communication with customers. The system documents also regulate the procedure of sales flow, including customer order assessment, signing of sales contract and customer credit management. During the Reporting Period, Kaiyuan Mine did not receive any customer complaint.

## Customer Information and Protection of Intellectual Property Rights

Nan Nan Resources strives to protect the safety of customer information. The Group has established the Customer Privacy Protection Regulation which stipulates that customer information can only be inquired or accessed with effective legal instrument of the body or organization which owns the information, or with the relevant approval document issued by the Group.

The Group strictly abides by laws and regulations related to intellectual properties rights while striving to protect the intellectual property rights of its business partners. In the Intangible Asset Management System, the Group requires employees to maintain the confidentiality of and protect intangible assets, including patents, non-professional technology, copyright, trademark right and software license, etc.

Since coal mining and sales are the Group's main businesses, its operation does not involve advertisement and labelling. During the Reporting Period, the Group abides by laws and regulations associated to product responsibility, such as the *Product Quality Law of the People's Republic of China*. There were no cases of non-compliance with laws and regulations in relation to product responsibility.

## Anti-corruption

Nan Nan Resources is committed to promoting a corporate culture of integrity and honesty. It has stipulated in the Employee Organization Management System the anti-corruption policies and procedures. Employees are prohibited from carrying out misconduct such as corruption, requesting and accepting bribe during employment.

An employee whistleblowing system is established at Kaiyuan Mine to encourage employees to supervise the Group's anti-corruption effort.

Steps	Actions
Receiving a complaint	<ul style="list-style-type: none"> <li>• Employees can lodge complaints through multiple channels such as letters, emails, online complaints, telephone complaints and visits.</li> <li>• The administrative department sets up a compliant and whistleblowing box or suggestion box. Designated personnel are assigned to handle complaints and reports.</li> <li>• Personal information of the whistleblower (including: name, department, role, contact) is kept confidential.</li> </ul>
Investigation	<ul style="list-style-type: none"> <li>• The administrative department manager will commission an investigator to handle the case according to the nature and severity of the complaint.</li> <li>• The investigator should complete the investigation within the deadline.</li> </ul>
Case report	<ul style="list-style-type: none"> <li>• At the end of the investigation, the whistleblower will receive a written report.</li> <li>• The violator will receive proper punishment.</li> </ul>

During the Reporting Period, the Group abided by the provisions related to corruption in the *Criminal Law of the People's Republic of China*. There were no cases of non-compliance with laws and regulations in relation to corruption in Kaiyuan Mine and neither the Group nor its employees were involved in corruption litigations.

## Community Creation

As a responsible corporation, Nan Nan Resources is well aware of the importance of meeting the expectations of different stakeholders. The Group fulfils its social responsibility with a view to promoting progress of industry and society with its influence. During the Reporting Period, Kaiyuan Mine established and implemented the Community Investment, Sponsorship and Donation Policy to provide a framework and standard for community investment activities. The administrative department is responsible for the regular review of policy and the investor goals and directions and to review the social performance of Kaiyuan Mine.

Kaiyuan Mine identifies climate change and environment, teenager education and development, community health and arts to be the focus of community investment. Kaiyuan Mine formulates the guiding principles to support projects and plans that fulfill the needs and expectations of community and the local cultures, tradition and values.

# Key Performance Indicators Summary

## Environmental Performance

Environmental Performance	2018/19	2017/18	Unit
Types of emissions and respective emission data			
Nitrogen oxides	3,779.8	Unavailable	kg
Sulphur oxides	248.6	Unavailable	kg
Respirable suspended particulates	23.0	28.5	kg
Greenhouse gas emissions			
Scope 1	60,510.7	91,923.1	tonne of CO <sub>2</sub> -e
Scope 2	634.0	588.5	tonne of CO <sub>2</sub> -e
Greenhouse gas emissions	61,144.7	92,511.6	tonne of CO <sub>2</sub> -e
Greenhouse gas intensity (in terms of raw coal production)	35.7	35.6	tonne of CO <sub>2</sub> -e/1,000 tonnes of raw coal
Hazardous waste			
Total hazardous waste	Unavailable	Unavailable	
Hazardous waste intensity	Unavailable	Unavailable	
Non-hazardous waste			
Non-hazardous waste	Unavailable	Unavailable	
Non-hazardous waste intensity	Unavailable	Unavailable	
Emissions reduction initiatives and results achieved			
Energy consumption			
Direct energy	551.9	676.1	MWh
Indirect energy	1,039.2	882.1	MWh
Total energy consumption	1,591.1	1,558.2	MWh
Energy intensity (in terms of raw coal production)	0.93	0.60	MWh/1,000 tonnes of raw coal
Water consumption			
Total water consumption	49,138	89,187	cubic metre
Water intensity (in terms of raw coal production)	28.7	34.3	cubic metre/1,000 tonnes of raw coal
Packaging material used for finished products			
Total packaging material used	The operation does not involve use of packaging materials	The operation does not involve use of packaging materials	
Packaging material intensity	The operation does not involve use of packaging materials	The operation does not involve use of packaging materials	

## Social Performance

### Total workforce

Gender	Employee level/age	Below 30	30 to 40	41 to 50	Above 50	Total by gender
Male	C-level executives	0	0	0	0	59
	Senior management	0	0	0	2	
	Middle management	0	2	6	1	
	General employees	7	15	12	14	
Female	C-level executives	0	0	0	0	18
	Senior management	0	0	0	0	
	Middle management	0	0	0	0	
	General employees	1	8	3	6	
Total						77

### New employees

Gender	Employee level/age	Below 30	30 to 40	41 to 50	Above 50	Total	New hire ratio
Male	C-level executives	0 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	23 (39%)	34%
	Senior management	0 (N/A)	0 (N/A)	0 (N/A)	1 (50%)		
	Middle management	0 (N/A)	1 (50%)	2 (33%)	0 (0%)		
	General employees	6 (86%)	3 (20%)	6 (50%)	4 (29%)		
Female	C-level executives	0 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	3 (17%)	34%
	Senior management	0 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)		
	Middle management	0 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)		
	General employees	2 (200%)	1 (13%)	0 (0%)	0 (0%)		

### Employee turnover

Gender	Employee level/age	Below 30	30 to 40	41 to 50	Above 50	Total	Employee turnover rate
Male	C-level executives	0 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	12 (20%)	18%
	Senior management	0 (N/A)	0 (N/A)	1 (N/A)	2 (100%)		
	Middle management	0 (N/A)	0 (0%)	0 (0%)	0 (0%)		
	General employees	3 (43%)	1 (7%)	1 (8%)	4 (29%)		
Female	C-level executives	0 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	2 (11%)	
	Senior management	0 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)		
	Middle management	0 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)		
	General employees	2 (200%)	0 (0%)	0 (0%)	0 (0%)		

### Health and safety

Gender	Work-related fatalities	Work-related injury	Incidence of work-related injury (per 1,000 employees)	Lost days due to work-related injury
Male	0	0	0	0
Female		0		

### Employee training

<b>Ratio of employees receiving training</b>	<b>Employee level</b>	<b>Male</b>	<b>Female</b>
	C-level executives	N/A	N/A
	Senior management	100%	N/A
	Middle management	89%	N/A
	General employees	6%	28%

<b>Average training hours</b>	<b>Employee level</b>	<b>Male</b>	<b>Female</b>	<b>Total average training hours</b>
	C-level executives	N/A	N/A	1
	Senior management	12	N/A	
	Middle management	45	N/A	
	General employees	3	16	

# ESG Reporting Guide Content Index

Material Aspect	Content	Page Index
<b>A. Environmental</b>		
<b>A1 Emissions</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	7-10
A1.1	The types of emissions and respective emissions data	7, 19
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	8, 19
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	19
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	19
A1.5	Description of measures to mitigate emissions and results achieved.	7-9
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	9
<b>A2 Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	7, 9-10
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	9-10, 19
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	10, 19
A2.3	Description of energy use efficiency initiatives and results achieved.	9-10
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	10
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	19
<b>A3 The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	10
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	10

Material Aspect	Content	Page Index
<b>B. Social</b>		
<b>B1 Employment</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	14
B1.1	Total workforce by gender, employment type, age group and geographical region.	20
B1.2	Employee turnover rate by gender, age group and geographical region.	21
<b>B2 Health and Safety</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	11-14
B2.1	Number and rate of work-related fatalities.	21
B2.2	Lost days due to work injury.	21
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	11-13
<b>B3 Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	14-15
B3.1	The percentage of employees trained by gender and employee category.	22
B3.2	The average training hours completed per employee by gender and employee category.	22
<b>B4 Labour Standards</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	15
B4.1	Description of measures to review employment practices to avoid child and forced labour.	15

Material Aspect	Content	Page Index
<b>B5 Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	16
<b>B6 Product Responsibility</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	16-17
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	16
B6.2	Number of products and service related complaints received and how they are dealt with.	17
B6.3	Description of practices relating to observing and protecting intellectual property rights.	17
<b>B7 Anti-corruption</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	17-18
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	18
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	17-18
<b>B8 Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	18