



# 2019 CSR

中煤能源社会责任报告

CHINA COAL ENERGY



# Description of the Preparation of the Report

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## Report summary

The China Coal Energy CSR Report 2019 is the 11<sup>th</sup> consecutive annual CSR report published by China Coal Energy Company Limited. Focusing on the Company's mission to "supply quality energy and lead industrial development for a prosperous life", the report systematically reviews the development opportunities and challenges faced by the Company during 2019 and fully discloses the Company's philosophy of sustainable development, practices and results in performing its responsibilities toward the economy, safety, the environment, innovation, employees and the community.

## Range of period

From 1 January 2019 to 31 December 2019. To increase the comparability of the report, certain contents may date back to previous years where applicable.

## Scope of reporting

This report covers China Coal Energy Company Limited and its subsidiaries (branches).

## Basis of preparation

"Guidelines on Industry Information Disclosure of Listed Companies" issued by the Shanghai Stock Exchange;  
"Environmental, Social and Governance Reporting Guide" (ESG Reporting Guide) issued by the Stock Exchange of Hong Kong Limited. The Company has complied with the disclosure requirements of the "comply or explain" provision set out in the ESG Reporting Guide, the "GRI Standards" issued by the Global Reporting Initiative ("GRI"), and the "Guidelines on Preparation of Corporate Social Responsibility Report for Enterprises in China - Coal Mining and Processing Industry" (CASS-CSR3.0) released by the Chinese Academy of Social Sciences.

## Sources of information

Financial data in this report were extracted from the audited annual report of China Coal Energy Company Limited (prepared in accordance with the PRC Accounting Standards), whilst other data came from internal data of the Company and other relevant statistics. China Coal Energy guarantees that information set out in this report does not contain any false representations, misleading statements or material omissions.

## Description of references

For easy reference and reading, China Coal Energy Company Limited is also referred to as "China Coal Energy", "the Company" and "we" in this report.

## Frequency of publication

The report is published annually.

## Access to the report

This report is prepared in Chinese and English. The electronic version of this report may be downloaded on the website of China Coal Energy Company Limited.

Website: <http://www.chinacoalenergy.com>

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## Chairman's Statement

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The year 2019 marks the 70th anniversary of the founding of the People's Republic of China. During this year, under the guidance of President Xi Jinping's thoughts on socialism with Chinese characteristics in the new era and driven by reform and innovation, China Coal Energy comprehensively implemented new development concept, consolidated and deepened the achievements of supply-side structural reform, maintained its strategic positioning, and proactively responded to the impact of unfavorable factors such as falling market prices making new achievements in all sectors. Its main economic indicators reached record highs, with improvement in both profitability and operational quality. The Company actively fulfilled its social responsibility, made new efforts and obtained new achievements in value creation, safe production, environmental protection, science and technology innovation, staff care, community building, etc.

**Fully improving quality and profitability and further achieving better results in production and operation.** The Company strengthened its production organization, optimized continuous production and accelerated the unleashing of advanced production capacity, achieving an output of 101.84 million tons of commercial coal, representing a year-on-year increase of 32%. By capitalizing on its strengths in coal sales, the Company actively expanded external resources to meet the diverse demand of customers and enhanced its high-quality supply capacity, achieving coal sales volume of 230 million tons, representing a year-on-year increase of 38.6%. The Company continued to strengthen refined management of coal chemical production and maintained the operating situation of "work safety, stable production, long period operation, fully-loaded operation and producing quality products". The mining equipment enterprises tapped into their production potential, recording a substantial increase in mining equipment production value. The Company tapped into its potential, increased efficiency, strengthened cost management and control, achieving a substantial increase in profitability. During the Reporting Period, the Company recorded RMB129.3 billion in operating revenue, representing a year-on-year increase of 24.2%, and RMB12.14 billion in total profit, representing a year-on-year increase of 39.4%.

**Vigorously Strengthening safety supervision and enhancing safety assurance ability.** China Coal Energy has always adhered to the principle of "Safety is of Vital Importance, Life is the Most Valuable". China Coal Energy vigorously carried out its safety development strategy, focused on key control areas, paid great attention to the prevention and control of major disasters, consolidated safety base, strengthened the implementation of responsibilities and strictly executed safety supervision. As a result, the situation of production safety maintained stable, and the death rate per million tons of coal was zero. The Company continued to push forward the standardization of safe production, with 13 coal mines meeting the national first-class safe production standards.

**Building a "Green China Coal Energy" and improving the quality of green development.** China Coal Energy thoroughly carried out the overall plan for the national construction of ecological civilization by strictly complying with the national laws and regulations on ecological and environmental protection, consciously practiced the concept of green development, actively promoted green development and the clean and efficient utilization of coal, continually strengthened the control of potential environmental risks, and resolutely made every effort to prevent and control pollution. During the Reporting Period, the Company didn't record any major or more severe environmental incidents, and emissions of CO<sub>2</sub>, sulphur dioxide, NO<sub>x</sub> and ammonia nitrogen decreased for the third consecutive years. Seven of its coal mines were included in the list of National Green Mines by the Ministry of Natural Resources of the People's Republic of China, and the case of ecological reclamation of Pingshuo Mining Area was awarded as an industry benchmark.

**Strengthening innovation drive and leading the development of science and technology in the industry.** China Coal Energy engaged in technological innovation with a focus on promoting "safe, economical, green and intelligent" development. Adhering to on the strategy of becoming a clean energy supplier and an integrated energy service provider and focusing on corporate transformation and development, the Company sped up key

technological research, tackled key issues, and promoted the upgrade of mass entrepreneurship and innovation. As a result, the Company made breakthroughs in a number of key technologies and achieved new improvements on the overall efficiency of technology innovation, making new contributions to safety assurance, quality enhancement, efficiency improvement and the innovative development of the Company. In 2019, the Company won 20 science and technology progress awards at the industrial and provincial levels, and was granted 177 patents, further enhancing its ability to support the development of the industry with core technology.

**Adhering to people-oriented principles and safeguarding employees' legitimate rights and interests.** Sticking to the cultural principle of "harmony", China Coal Energy has built harmonious labor relations and strengthened occupational health protection to fully safeguard the legitimate rights and interests of its employees. The Company continued to improve its salary distribution system, further reformed its distribution system and optimized its income distribution structure, so as to ensure the basic salary and benefits of its employees and maintain a stable work force. The Company was determined to provide employees with more benefits while maintaining its development, enabling them to share the fruits of development with the Company.

**Benefiting society and people's livelihood and promoting economic and social development.** China Coal Energy insists on harmonious win-win outcomes and supports the development of the local economies and society. In 2019, the Company's social contribution through the payment of taxes, labor costs, net profit and interest expenses totalled RMB35.843 billion, including RMB13.753 billion in taxes and fees paid, and the social contribution value per share was RMB2.7. The Company actively responded to and implemented national strategies for targeted poverty alleviation and fully capitalized on its own strengths to help achieve the goals of targeted poverty alleviation. In 2019, the Company provided support funds of RMB17.5 million in total (including cash equivalents for material supplies). The Company also encouraged its employees to carry out various forms of volunteer service activities, thus helping spread positive energy throughout the society.

In 2020, the task of completely building a moderately prosperous society in all respects and the 13 Five-Year Plan will come to a close. Under the guidance of President Xi Jinping's thoughts on socialism with Chinese characteristics in the new era, the Company will adhere to the new development concept, the main theme of pushing forward the supply-side structural reform, the work theory of "progress amidst stability, reform and innovation" as well as the strategy of becoming a clean energy supplier and an integrated energy service provider, while coordinating and pushing forward with the tasks of ensuring safety, stabilizing growth, adjusting structure, focusing on reform, facilitating innovation, improving benefits, and preventing risks, and shall spare no effort to promote the high-quality development of the Company. In the meantime, China Coal Energy will inject the "gene" of social responsibility management into the whole process of corporate management, stimulate and consolidate the potential of our stakeholders to deliver social value via concerted efforts, effectively manage the impact of its operation on society and the environment, and create the highest possible combined economic, social and environmental value through corporate development.

We are constantly committed to the performance of social responsibilities and joint value creation. We would like to further strengthen open communication and sincere cooperation with our stakeholders, and work together for a better future!

Li Yanjiang  
20 March 2020

# Company Overview

China Coal Energy Company Limited was established as a joint stock company by the China National Coal Group Corporation on 22 August 2006. The Company was successfully listed in Hong Kong in December 2006, and its A shares were issued in February 2008. The Company is headquartered in Beijing, the PRC.

China Coal Energy is a large scale energy company with four principal businesses including coal production and trading, coal chemical engineering, power generation and coal mining equipment manufacturing. It is the second largest coal producer and supplier, and the biggest manufacturer of coal mining equipment and machinery in the PRC.

## Coal industry

The Company boasts abundant coal resources and diversified coal products as well as modern mining, coal washing and blending technologies and techniques. Mining areas in Pingshuo, Shanxi Province, and Hujier, Ordos of Inner Mongolia Autonomous Region, primarily developed by the Company, are the most important thermal coal production bases in the PRC. Coking coal resources in the mining area in Xiangning, Shanxi Province, are of superior quality with low sulphur content and ultra low phosphorus content. The major coal production bases of the Company have well established coal transportation networks connected to coal ports, creating favorable conditions for the Company to develop competitive edges and achieve sustainable development.

## Coal chemical industry

The Company has focused on the development of modern coal chemical engineering such as coal-to-olefin and coal-to-carbamide operations and has prioritized the development of coking industry. The coal chemical business is mainly located in Inner Mongolia Autonomous Region and provinces such as, Shaanxi and Shanxi.

## Power generation industry

Aiming to adjust its industrial structure and absorb self-produced coal, the Company proactively develops environment-friendly pithead power plants and power plants utilizing inferior coal, and participates in the construction of downstream power plants. The business is mainly located in Xinjiang Uygur Autonomous Region and provinces such as Shanxi and Jiangsu, with an annual utilization of cleaned coal by-products such as coal gangue and coal slime of over 10 million tons.

## Coal mining equipment manufacturing industry

The Company's subsidiary China National Coal Mining Equipment Co., Ltd. is China's largest coal mining equipment manufacturer that provides the most comprehensive range of products and services. It takes the lead nationwide with the capability to develop, manufacture and supply coal exploitation equipment, has built a world-leading coal mining machine equipment test platform, and serves as a model for enhancing the quality of coal mine equipment, localizing the production of coal mining equipment, and improving technology in the mining industry.



Volumetric Display of China Coal Energy's Business Layout



# Corporate Culture



China Coal Energy's logo consists of two letters of "C", which denotes "CHINA" and "COAL" respectively. The two "C"s form the Chinese character "中", in which the Chinese and English letters are joined together to create a vivid image. The combination of the trapezoidal C and the elongated C resembles a ring of light emanating from an old miner's lamp. The shape of a Chinese lantern is formed on the outer contour of the light, which signifies auspiciousness, stability and dignity and conveys strong oriental charm. The base color of the logo is purple blue, i.e. the color of coal or gas when combusted in the fullest and the most environmental-friendly way. The logo integrates English, Chinese and a variety of symbols within one form, reflecting the Company's style as a diversified and international conglomerate.

## China Coal Energy's Vision

**To build itself into a Clean Energy Supplier and Integrated Energy Service Provider with Strong International Competitiveness**

## China Coal Energy's Mission

**To Supply Quality Energy and Lead Industrial Development for a Prosperous Life**

**To supply quality energy:** to build itself into a clean energy supplier, adhere to the integration of coal, electricity and chemical industries, promote clean and efficient utilization of coal so as to provide energy assurance for China's economic construction.

**To lead industrial development:** to strive to become the leader in the safe green energy production industry, the role model of the utilization of clean energy, the propeller driving technological advancement in the industry, and a practitioner in providing superior quality service.

**To contribute to a prosperous life:** to put people first and make employees feel more fulfilled, happier, and safer; to fulfil social responsibilities more properly to contribute to the building of a beautiful China.

## China Coal Energy's Spirit

**Dedication, Integrity, Innovation and Forerunner**

**Dedication** – being dedicated to duties, being courageous to undertake responsibilities, being passionate for work and being loyal to the Company.

**Integrity** – seeking truth and being pragmatic with a down-to-earth working style, being industrious and thrifty, being honest, doing solid work and seeking actual results.

**Innovation** – being open minded, being courageous to explore, being committed to scientific thinking, enhancing innovative capacity and building an innovative enterprise.

**Forerunner** – being pioneering and aggressive, being courageous to scale new heights, benchmarking against excellent enterprises, striving to surpass them, establishing the China Coal Energy brand and striving to become a role model in the industry.

## China Coal Energy's Core Values

**Scientific Development, Safety and Efficiency, Harmony and Win-win Situation**

**Scientific development:** being people-oriented and making overall planning and consideration to achieve comprehensive, balanced and sustainable development of the Company.

**Safety and efficiency:** being committed to safe development and to improving efficiency and effectiveness.

**Harmony and win-win Situation:** being honest and trustworthy, and striving to achieve mutual benefit and Win-Win Situation as well as harmonious coexistence and joint development between the Company and its employees, between the Company and other enterprises and between the Company and the society.

# Strategies of the Company



**Mid- to long-term development strategy:** The Company aims to build its elf into a first-class clean energy supplier in the world and a globally competitive integrated energy service provider. The Company also strives to become a leader in green and safe production, a model of clean and highly-efficient utilization and a provider of superior quality services, and to maximize its interests and the interests of, its employees, its shareholders, and society.

**Development ideology:** The Company strives to establish a new cyclical economic business model for the coal, power and chemical industries, and to build a new business model for integrated energy services under the strategy of becoming “a clean energy supplier and an integrated energy service provider”, with a focus on optimizing quality and efficiency. The Company will also strive to build a new coordinated regional development landscape featuring “full function, customized differentiation and complementary advantages” to properly handle the critical relationships between short-term and long-term development, reform and stability, as well as regulation and vitality. The Company is committed to diligently completing five key tasks which include safety and stability, enhancement of quality and efficiency, transformation and upgrade, reform and adjustment, and consolidating foundation. The Company will consciously implement five key development concepts: innovation, coordination, green-thinking, openness, and sharing.

Among them, the main development strategies for the major industries are as follows:

**Coal industry:** The Company will focus on promoting clean and efficient development of coal. The Company will vigorously promote the construction of integrated projects of coal, electricity and coal chemical, enhance coal production efficiency, increase the in-situ transformation ratio of coal, and focus on the advantage of economies of scale and intensive development. By leveraging factors such as the richness of coal resources, market location and environmental capacity, the Company will promote the differentiated development of large-scale coal bases in Inner Mongolia-Shaanxi, Shanxi and other places so as to fully realize the transformation from a speed and scale-oriented model to a quality and efficiency-based model.

**Coal chemical industry:** The Company will adopt the most advanced coal gasification technology and environmental energy conservation standards to build large-scale coal chemical bases in Inner Mongolia-Shaanxi, Shanxi and places. The Company will

steadily advance the promotion of model projects for coal-based new materials, chemical fertilizers and new energy, strictly control energy consumption, water consumption and pollutant emissions, so as to cluster the projects, achieve production scale, and refine products. The Company will increase the level of coal-based joint production and the added-value of coal-based products so as to achieve the transformation from the traditional coal chemical industry to the modern refined coal chemical industry.

**Power generation industry:** Focusing on the nine 10-million-kilowatt large-scale coal power generation bases in Ordos, north Shanxi, north Shaanxi and Zhundong, etc., and fully integrating the resources, environmental capacities and power transmission channels of the coal mining areas, the Company will adopt the most advanced power-saving, water-saving and environmental-friendly electricity generation technique, and build large-scale pithead coal-fired power plants and low calorific value coal-fired power plants in Shanxi, Xinjiang and Jiangsu, etc., so as to enhance the coal-electricity industry value chain and achieve integrated and synergetic development of coal and electricity.

**Coal equipment manufacturing industry:** By grasping the opportunity of strategic international resource cooperation and responding to the “Made-in-China 2025 Strategy”, the Company will push forward its management system reforms and adhere to technological innovation and technical cooperation. The Company will also focus on promoting in-depth integration of equipment manufacturing with new information technologies, including IoT, big data, and cloud computing, etc. The Company will promote the manufacturing of heavily industrialized, premium, intelligent equipment, strengthen its technology reserve and product R&D to promote the localization of leading technology and product research and development as well as the internalization of significant coal mining technology and equipment. The Company seeks to will strive up its equipment manufacturing transform from a production-oriented model to a production and service oriented model and to turn itself into an equipment manufacturing service provider with relatively strong international competitiveness.

**Development objectives:** Capitalizing on endogenous growth and external expansion, the Company will strive to improve key business segments, scale up operations, enhance profits, and form a development landscape in which its key businesses boast strengths and great synergies, and are sustainable and risk-resistant to lay the foundation for becoming a top all-around clean energy provider and energy service provider with global competitiveness.



# Corporate Governance

## Regulated Operation

**Governance structure.** The Company has established a corporate governance structure comprised of shareholders, general meeting, the Board, the Supervisory Committee and the management team in accordance with the PRC Company Law and the PRC Securities Law, and other relevant laws and regulations, so as to establish a check-and-balance mechanism that clearly delineates the rights and responsibilities as well as operation standards among the authoritative, decision-making, and supervisory bodies and the management team. The Company has formulated a series of rules and regulations such as the “Articles of Association”, “Procedures of the Shareholders’ General Meetings” and “Procedures of the Board of Directors”. During the Reporting Period, there were no significant differences between the Company’s corporate governance standards and the requirements prescribed by China Securities Regulatory Commission.

**Standardized operation.** The Company has further standardized the procedures of deliberation and decision making by means of institutional arrangement. The Company’s major business matters are submitted to the General Meeting for voting after being discussed and voted by the Board. When the Board decides on major issues, such as reforming the direction of the Company’s development, its main objectives and tasks, and the arrangement of key duties, it shall first hear the opinions of the Party organization, so that core leadership and political roles of the Party organization are fully employed. The Board has overall responsibility for the remuneration and performance evaluation of the senior management.

The Supervisory Committee is responsible for the Shareholders’ general meeting and monitors daily operation activities and the performance of duties by the directors and executives in accordance with the *Articles of Association* and the relevant laws and regulations. Under the Board, five special committees are established, namely the audit and risk management committee, remuneration committee, strategic planning committee, safety, health and environmental protection committee and nomination committee. The special committees are enabled to employ their full functions so that major decisions will be discussed first by the special committees before they are submitted to the Board for consideration. Independent directors of the Board account for one third of the members of the Board, which meets the relevant regulatory requirements. A work mechanism has been established for independent directors to conduct fieldwork research. The Board makes an overall arrangement of the annual plan for Board meetings, adopts new forms of meetings and ensures that independent directors can attend meetings on time and fully express their views. In 2019, China Coal Energy organized and convened one General Meeting, six Board meetings and five Supervisory Committee meetings. The Board of China Coal Energy has stepped up scientific decision-making and supervision of the Company’s major matters such as development strategies, investment plans, financial management and production and operations, as well as guides and promotes corporate reform and development, thus effectively enhancing the Company’s core competitiveness and sustainability.



China Coal Energy Board Meeting

# Corporate Governance



China Coal Energy participated in the 2nd China International Import Expo

**Corporate governance by the law.** The Company adheres to the principles of corporate governance according to the law and in compliance with regulations, established itself as a legal person in accordance with the law, a business entity of integrity and legal compliance and a fairly competing market entity that strictly complies with national laws and regulations and government regulatory requirements and actively maintains its credibility. The *Plan for Management in Accordance with the Law and Operating in Compliance with Regulations* was formulated to establish specialized measures in respect to four aspects, which include formulating standards for legal risk management, enhancing the Company's compliance management, further promoting its legal management system and improving the Company's capacity for governance according to law. The Company strengthened the establishment of general legal counsel system, and set up the general legal counsel system in all major subsidiaries of the Company, thus ensuring corporate operations in compliance with applicable regulations.

## Internal Control

**Internal control system.** The Company continuously improve the standardization, intensification, specialization, elaboration and informatization of its corporate management and enhance its operational management efficiency and risk prevention capacity based on building a fundamental system and by furthering workflow optimization. Through continuously exploring the management-control model of each business sector and regional company, and by implementing management differentiation across different business sectors, the Company successfully improved the effectiveness of internal controls across various business sectors.

**Budget management.** The Company conducts an in-depth research on macroeconomic and industrial conditions, and has established the following comprehensive budget management model: "budget preparation - target management - process control - performance appraisal". It has employed the guiding role of budgeting through strengthening budget proposal implementation, budget refinement, vigorous control, and strict assessment. The Company strengthened performance appraisal for all employees, further extended Key Performance Indicator (KPI) management, integrated the completion of all key duties with relevant operating performance appraisals, highlighted personalized appraisal indexes and increased the relevance of key duties in the performance appraisal, so as to guarantee the realization of current operational performance objectives, the fulfilment of key duties as well as the increase of development potential.

**Risk management.** The Company periodically organizes risk assessment and self-assessment of internal controls, focusing on "target, risk and control", and adopting the approach of "unified planning and graded implementation", so as to sort out weaknesses and potential risks in its operational management. The Company has developed a risk management strategy, solutions and countermeasures and prepared the *Comprehensive Risk Management Report of China Coal Energy Company Limited* for 2019, based on the results of risk assessments and in line with the annual strategic development targets and major tasks. The Company seeks to eliminate potentially hidden dangers and prevent potential risks effectively by organizing risk assessment for significant matters.

**Supply chain management.** The Company diligently performs its duty for mutually beneficial development with partners and attaches importance to its responsibility to manage the supply chain in order to improve suppliers' awareness and capabilities and pursue mutually beneficial cooperation, thus achieving mutually advantageous development with its supply chain partners. The Company continuously improves its supplier management system through reducing the environmental and social risks of its supply chain as well as promoting unified management and a graded responsibility system for the entire life cycle of its suppliers, covering admission, authentication, performance appraisal and exit. The Company has formulated a headquarters supplier resource pool that can be searched and shared online in real time throughout the entire Company, evaluated the headquarters suppliers, kept a record of the performance appraisal of the suppliers of its subordinate enterprises, and achieved an appraisal rate of 100% for its suppliers. The Company maintains accountability in its procurement policy, by continuously improving its institutional system of tender procurement, calling for fair competition, implementing the transparent "Sunshine Procurement" policy, resisting corruption and commercial bribery, encouraging and supporting the procurement of reliable products and services, and facilitating the improvement of supplier awareness and capabilities of fulfilling responsibilities. In 2019, there were no quality complaints about the Company's centralized procurement, no violations of regulations regarding centralized procurement at the headquarters, and no complaints from suppliers. In 2019, China Coal Energy actively participated in the Second China International Import Expo, signed contracts with many international suppliers, and contributed to the further opening-up of the Chinese coal industry.

**Anti-corruption.** China Coal Energy has always integrated anti-corruption work into the general course of its corporate reform and development, and in every aspect of its production and operation, to provide a strong and effective safeguard for the healthy and sustainable development of the Company. The Company strictly abides by relevant laws and regulations, such as the Anti-Unfair Competition Law of the People's Republic of China and the Anti-Money Laundering Law of the People's Republic of China, and has zero tolerance for unlawful acts such as bribery, extortion, fraud, and money laundering. In 2019, the Company fully implemented the political duty to practice strict Party self-governance by setting an example and making its subordinates follow suit by transmitting this pressure at every level to promote strict Party administration in a comprehensive and profound manner that extends to the grassroots. The Company diligently implemented an accountability system to promote the Party's conduct and integrity, and had accountability statements signed at all levels. The Company formulated the "Measures for the Implementation of a System of Measures Against Corruption" among other measures, and this anti-corruption system continues to take root and solidify. It revised the "Measures for Administration of Tender" and the "Measures for Administration of Material Resources and Production Service Procurement", thereby strengthening the monitoring and control over the whole tender and bidding process, including tender plans, methods of tender, bidding document review, expert selection, and evaluation of tender decisions. It formulated the "Measures for Administration of Integrity and Compliance among Suppliers" which clarify the negative behaviors of supply and demand sides. When signing cooperation contracts with suppliers, the Company also signs the "Mutual Assurance Agreement on Integrity of Supply and Demand Sides" to guide and restrain both parties to boycott corrupt commercial behaviors. The Company prioritizes rules and disciplines and emphasizes the necessity of immediate investigation of any matter to eradicate all corruption regardless of its scale and imposes strict punishments. The Company has investigated a series of cases of regulatory and disciplinary violations to create deterrents so that employees dare not facilitate corruption. The Company stresses discipline by requiring employees to commit to upholding integrity and coordinates discussions, provides education regarding integrity, warnings, and discipline, holds education

seminars at different levels, organizes employees to watch educational films about combating corruption and upholding integrity, and uses cases around them to alert employees to strengthen their ideological defenses against corruption.

**Supervision through auditing.** The audit departments of the Company at all levels continually enhance their supervision of internal auditing. Aiming to prevent risk and solve problems, their supervision focuses on key management processes such as material purchases, product sales, project tender and bidding and the payment of large sums of money. The problems discovered during audits are rigorously investigated and rectified. The management personnel are consistently urged to exercise their rights in a standardized manner. Investment in construction projects is conducted in accordance with laws and regulations and the internal control mechanisms of the Company are regularly improved. The Company promoted the enhancement of its operation and management levels, with the goal of preventing operational risks.

**Transparent Operation.** The Company has established information disclosure mechanisms and clarified the principles, content, procedures and work plans for information disclosure, focusing on key issues of concern among staff and society, such as recruitment, procurement, bid invitation and the appointment of cadres. The Company insists on transparency of plans, processes and results, accepts social supervision and prohibits operations behind closed doors. The Company insists on an open system of factory affairs and makes regular disclosures on significant matters, such as cadres' work-related expenses and financial affairs through the employee representatives meetings, bulletin boards and suggestion boxes, and encourages staff to offer advice and suggestions and participate in corporate governance. The Company discloses the state of its operations and development and actively responds to the concerns from society through media such as the Company's website, newsletter, the CSR report and its annual report. The Company has designated a press spokesman to answer questions raised by media and investors, thereby building a sound mechanism for communication.



Anti-Corruption Education Event Conducted by Shanghai Datun Energy Resources Co., Ltd.



# Management of Social Responsibilities

## Work System of Social Responsibilities

China Coal Energy is committed to the in-depth implementation of its harmonious development strategy and continuously improving its management of social responsibilities, with a focus on incorporating the concept of social responsibilities into its current management system, production chain, its communication with stakeholders, and its sustainable development. The Company seeks to continuously improve its ability to fulfil its responsibility while pursuing the objective of sustainable development through the “optimization of integrated economic, social and environmental values” by actively exploring suitable social responsibility management models.

The Company has established a corporate social responsibility management system covering three levels including “decision-making, organization and implementation”. It has formulated an implementation strategy and a promotion plan in accordance with the strategy guidance and essential duty performance of corporate social responsibility and encourages different departments and business institutions to incorporate relevant work into their daily operations.

### Decision-making level

The Board of Directors and Board of Supervisors of the Company have participated in the review and decision-making regarding major issues of social responsibility, including the formulation of relevant strategies and policies and the deliberation of its annual social responsibility report and social responsibility practices.

### Organization level

The Publicity Department of the Company has established a social responsibility management team, which is responsible for coordinating daily management work related to social responsibility, including formulating annual social responsibility reports, organizing and conducting training, publicity activities and guidance, collecting

social responsibility performance indicators, collecting and sharing exemplary cases of social responsibility practices and planning and implementing social responsibility practices.

### Implementation level

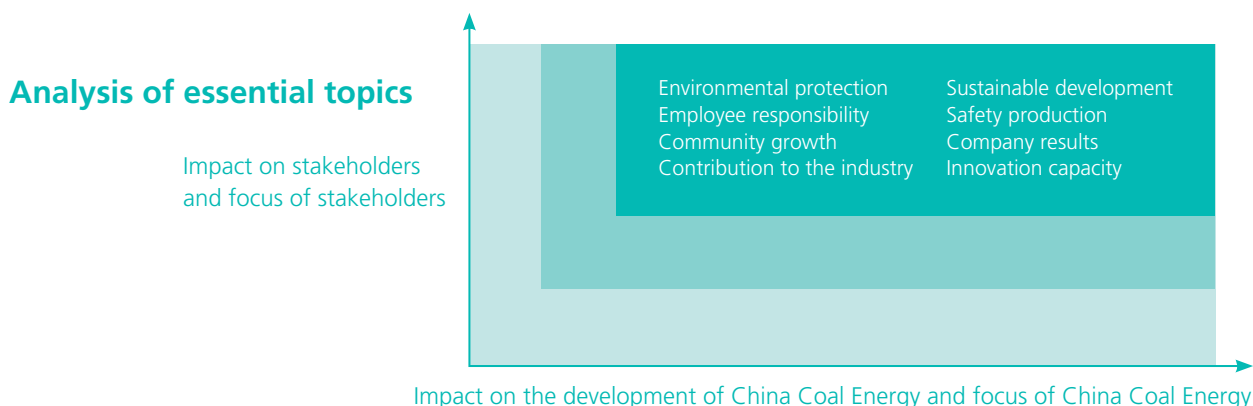
The professional departments of the Company and different business institutions are responsible for the centralized management of social responsibilities issues and the regular reporting of relevant management measures, performance indicators and exemplary cases. The Company has established a preliminary system of social responsibility indicators covering six areas: economy, safety, environment, innovation, employees and community. There are almost one hundred specific indicators, which provide rich historical data on social responsibility, ensure the comparability of indicators in social responsibility reports, and lay a foundation for appraising the incorporation social responsibility into the management and operations of the Company.

## Stakeholder Communication

China Coal Energy has improved the mechanisms of compilation, publication and transmission of the social responsibility report, and has enhanced the procedures for the compilation and publication of the report. The Company convened regional forums for major clients, occasionally invited news media to come to China Coal Energy for interviews, sought suggestions from outside experts on social responsibility and listened to the advice of employee representatives and employees. By incorporating the participation of internal and external stakeholders, the Company has effectively responded to social responsibility concerns of the stakeholders, which has specifically improved the Company's social responsibility performance.

Stakeholder	Ways and channels for communication and participation	Essential topics	Feedback
Government	Regular work meetings, Report of information, Specific agenda meetings	Tax contribution, Job creation, Contribution to social development	Operation in compliance with laws, Tax payment in compliance with laws, Promotion of economic development
Investors	Reports and notification, Daily receptions, Road shows and Reverse road shows	Business operations, Operational risks, Corporate governance, Sustainable operation, Information communication	Preservation and appreciation of the value of the state-owned assets, Protection of investors' rights and interests, Capital appreciation
Suppliers	Public tendering procedures, Work meetings	Business ethics, Fair cooperation, Mutual development	Fair procurement, Performance of contracts in compliance with laws, Formulation of Management Measures for Materials Procurement, Name List of Qualified Suppliers and Name List of Key Suppliers
Customers	Service hotline, Post-sales service, Seminars, Regular visits	Product quality, Service quality, Business ethics, Satisfaction of individual needs	Provision of quality and customized products and services, Establishment of convenient sales network
Employees	Meetings of employee representatives, Satisfaction surveys, Seminars, Mailings and visits, Online college	Basic rights, Occupational health, Remuneration and benefits, Working environment, Career development, Democratic management, Concern for livelihood	Staff training, Provision of good working conditions, Provision of good working environment, Provision of long-term career development opportunities
Peer mining companies	Cooperation, Workshops on specific issues	Industry standards, Fair competition, Promotion of industry development	Cooperation, Experience sharing, Promotion of sustainable growth of the industry
Financial institutions	Specific agenda meetings, Information reports, Timely repayment of principal and interest	Business operations, Operational risks, Corporate governance, Credit facilities	Timely repayment of principal and interest
Media	Information transparency	Publication of reports, Multi-channel information disclosure	Regular disclosure of information on social responsibility and significant events of public concerns
Community and the public	Community activities, Environmental protection	Charity donations, Volunteer services, Community development	Disaster relief, Help for the poor and needy, Environmental protection

## Identification of Social Responsibilities



## Progress of Social Responsibility Work

**Integrating social responsibility into corporate strategy.** When formulating the corporate development strategy, the Company incorporated concepts of social responsibility through parallel planning and implementation, thus forming the top-level design of social responsibility management.

**Conducting social responsibility training.** China Coal Energy has established a learning and communication platform for social responsibility, has internally carried out training activities in a systematic and hierarchical manner, including building intranet, holding meetings, inviting experts and introducing educational special columns on social responsibility, and has actively participated in a range of external professional training courses to broaden its horizons and raise awareness, including the social responsibility training session organized by the SASAC of the State Council, the social responsibility report seminar and forums held by relevant professional organizations.

**Promoting the practice of social responsibility.** At the beginning of 2019, the Company held working sessions on social responsibility to listen to each work unit's report on its social responsibility related efforts last year and arrange the major social responsibility tasks for this year. Through carrying out the voting of excellent cases of the social responsibility, the Company promoted social responsibility awareness and practical ability of its affiliates, and encouraged qualified major subsidiaries to regularly publish social responsibility reports. By strengthening research on social responsibility, and

exploring the concept, implications, objectives and pathways for coal enterprises' fulfilment of social responsibility, the Company has promoted the performance of social responsibility in a more effective manner.

**Enhancing communication about social responsibility.** Since 2009, when its first social responsibility report was issued, China Coal Energy has issued social responsibility reports for 11 consecutive years, and was awarded the title of "CCTV Finance 50 Index • Top 10 Companies of Social Responsibility" two times. In 2019, China Coal Energy and Shanghai Energy were honored as "Excellent Enterprises of Chinese Coal Industry for Issuing Social Responsibility Reports".



"Excellent Enterprises of Chinese Coal Industry for Issuing Social Responsibility Reports" Award



## Improving Quality While Maintaining Stability, Promoting Reform and Innovation

Scientifically Organizing Production

Improving Marketing System

Providing High Quality Products

Improving Quality and Efficiency

Performance in Economic Responsibility

## Economic Responsibility







In 2019, China Coal Energy was motivated to reform and innovate. It thoroughly implemented new development concepts, consolidated the achievements of profound structural reforms on the supply side, maintained its strategic position and actively addressed the impact of negative factors such as falling market prices. Achievements were made in every aspect of this work. Its main economic indicators reached record highs, with improvement in both profitability and operational quality. During the Reporting Period, the revenue of the Company reached RMB129.3 billion, up 24.2% over the previous year, while the total net profit stood at RMB12.14 billion, up 39.4% over the previous year.

## Scientifically Organizing Production

The Company strived to overcome disadvantages, optimize production and fully unleash its advanced production capabilities. There was a breakthrough in coal production volume. Pingshuo Company thoroughly improved its mining, transporting and dumping systems, enhanced opencast stripping and continuously improved product structure, thereby steadily increasing its coal output. Shanghai Energy Company actively coped with production and organization difficulties and worsening geological conditions. It focused on system enhancement. Overall, its coal output remained steady. China Coal Huajin Company improved production distribution and fully employed effective production capabilities, and the quality of operations notably improved. Northwest Energy Company continuously improved production organization, strived to improve production efficiency, and made full use of advanced production capacity, striving to achieve maximum production volume with noteworthy results. During the Reporting Period, the commercial coal output was 101.84 million tons, of which the thermal and coking coal outputs reached 91.45 million tons and 10.39 million tons, respectively.

The Company continued to strengthen precision management of its coal chemical production, improve production techniques, and strengthen production organization. It focused on the elimination of potential accidents, strengthened control of safety risks, strengthened inspection and monitoring of equipment, thoroughly promoted process safety management measures and consolidated the foundation of safe production. It consistently maintained the stable function of devices during production, benchmarked itself against advanced industry standards, improved the output and comprehensive profitability of coal and chemical products and strove to meet production targets. During the Reporting Period, the Company produced 745,000 tons of polyethylene, 708,000 tons of polypropylene, 1,991,000 tons of carbamide and 946,000 tons of methanol.

The Company promoted the transformation and advancement of the coal equipment manufacturing industry and increased revenue from accessory services and non-coal products while consolidating its traditional key businesses. It cultivated new momentum by focusing on intelligent technical equipment in the industries of logistics, environmental protection and clean energy, new energy, tourism, and the health industry. Accessory and non-coal mining machinery business accounted for 38.8% of its revenue. The Company further improved production organization and production management, accelerated production pace, realized short-cycle and rapid output, effectively unleashed production capacity and spared no effort to satisfy our user demand. The total annual production value of coal mining equipment was RMB8.15 billion, representing an increase of 17.3% year on year.

## Improving Marketing System

In 2019, the Company further consolidated its achievements in marketing reconstruction, by optimizing its national network distribution, expanding its resource channels and market share, strengthening synergy between production and marketing, enhancing marketing supervision, innovating marketing models, and vigorously heightening China Coal's brand advantages, market discourse and influence. The Company's coal sales reached a record high. The total annual sales volume of commercial coal was 231.28 million, representing an increase of 38.6% year on year.

The Company's external coal purchases were closely centered on multi-platform construction and high-quality development requirements. It focused on "expanding channels, scaling up, improving quality, and ensuring compliance", laid emphasis on optimizing the connectivity and standardization of operations, and expanded and implemented the purchase platform of the northern ports. It also continued to promote the construction of metallurgical coal purchase platforms, imported coal purchase platforms, direct purchase platforms, source purchase platforms and purchase platforms for sources along the Yangtze River. As a result, the Company deepened the cooperation between supply and demand, cultivated high-quality suppliers, and consolidated the scale base of over 100 million tons of proprietary coal traded. Throughout the year, the sales volume of proprietary coal trading reached 121.27 million tons, representing an increase of 45.1% year on year.

The Company gave full play to the advantages of concentrated sales of coal chemical products, increased market development, accurately assessed the market, flexibly adjusted its sales rhythm, and optimized the logistics assurance system to ensure seamless connection between production and sales. The Company created transportation models and improved the logistics layout of the front end of the market to reduce logistics costs. The Company paid close attention to domestic and foreign market changes, and timely adjusted its sales strategy, improving its market share and brand influence. During the Reporting Period, the sales volume of polyolefin, carbamide and methanol reached 1.450 million tons, 2.291 million tons and 958,000 tons, respectively. The Company gave full play to its regional and industrial chain synergies, increased the scale of internal procurement and supply of methanol products, continuously reduced the cost of polyolefin products, and improved the effectiveness of polyolefin products.

The Company firmly seized market opportunities and the opportunity provided by the national policy of “Going Global”, adhered to its marketing strategy of paying equal attention to the coal machinery business and non-coal machinery business as well as accessories and services, focused on key users, key projects and major needs, and seized effective contracts through market expansion, service transformation, innovation-driven development and other measures. Cumulative annual contract value increased by 14.8%.

## Providing High Quality Products

The Company strictly abided by the *Product Quality Law of the People's Republic of China* and other laws and regulations, built the awareness of “quality first”, and conducted in-depth comprehensive quality management to improve the quality of its products and services. The Company adhered to the principles of honesty and trustworthiness and ensured that advertising for coal mining equipment and other products was true, and that the labels of coal chemical products were regulated and contained true and accurate information pursuant to the relevant regulations. Pursuing the “market-oriented and client-focused” operation philosophy, the Company actively understood the problems encountered by customers in the process of purchasing and using products such as coal, coal chemical products, and coal mining equipment, and provided solutions to customers in a timely manner. The Company also regulated customer information management and emphasized on protecting customer privacy.

### *Improving coal product quality*

The Company further improved coal quality through perfecting coal quality management system, exerting more efforts in the evaluation of coal quality management and inspection and optimizing product structure. The Company made great efforts to optimize sales profitability by enhancing quality control throughout the entire production process of coal, strengthening its coal blending process, improving product quality and promoting the sales of self-produced coal.

The Company fully employed its comprehensive advantages such as brand, transport capacity and capital, strengthened its assurance of transport capacity, made every effort to expand its coal purchasing channels, and vigorously conducted coordinated sales to meet the diversified demand of customers. The scale of purchased coal increased substantially.

### *Improving Brand Influence of Coal Chemical Products*

Fully taking advantage of the centralized sales of coal chemical products, the Company flexibly adjusted its sales pace while taking into consideration the overhaul plan of coal chemical facilities, thereby ensuring continuity in product supply and stabilizing its market share. The Company initiated ongoing improvements of its market structure and marketing strategies and implemented a complementary relationship between its low and peak seasons, improving its market share and brand influence. Keeping abreast with the changes of the market, the Company diversified its product assortment, strengthened its transport capacity assurance and lowered its logistic costs in order to ensure smooth coordination between production and sales. The sales and profits of major chemical products were increased significantly.

The polyolefin products closely responded to market demand. Product grade transition was achieved and its application fields were constantly expanded, and now they have become a leading brand among the Company's chemical products. Leveraging the Company's strength in industrial chains, economy scale, quality and brand, the carbamide products successfully expanded into the southern market while consolidating the market shares in the north-eastern market. The Company gradually achieved a stable exported market step by step with increasing influence of China Coal's large granular carbamide in both domestic and overseas markets.

### *Improving Service Quality for Coal Mining Equipment Products*

China Coal Equipment Company conducted strict management of product quality, reinforced control over the production process, strictly rewarded or punished quality outcomes, and enhanced quality administration. China Coal Equipment Company's main production enterprises passed the international welding quality management system, the review of QEO certification system and CNAS' laboratory accreditation, and the annual review of EN1090 certification for steel products, improving quality management abilities and standard operation and in quality assurance during production and manufacturing. All management and technology service staff visited users on site to understand the product running conditions so as to proactively improve post-sale services and product quality. They conducted customer satisfaction surveys by checking and registering users' main machines, sorted out statistics such as equipment model, operating conditions, user feedback, rectification plan, persons-in-charge and record of return visits, created a ledger on post-sale services for internal use, regularly followed users' feedback, supervised the improvements, and further improved services.



## Improving Quality and Efficiency

The Company continued to optimize coal mine technology to reduce demand for working face, footage and personnel, so as to increase coal recovery and economic benefits. The Company drove the quality and efficiency of coal production with scientific and technological innovation, and achieved close integration of technology and production through innovative research and the development of intelligent mining technology and equipment. During the Reporting Period, the Company's raw coal productivity was of 34.9 tons per worker-shift, maintaining its position as an industry leader. The sales companies strengthened the precision management for all the links in their supply chain, generating revenue by outsourcing coal blending, obtaining refunds from port charges, increasing overflow coal tonnage as well as processing and sales of lump coal.

Coal chemical enterprises laid emphasis on improving safe, stable, long-term, superior operations, with chemical product output hitting record highs. Olefin equipment continued to run in high load, with polyolefin's unit consumption levels of methyl alcohol and ammonia's unit consumption of coal remaining ahead of those of its industry peers.

China Coal Equipment Company capitalized on the intelligent manufacturing capacity of automatic welding robots, automated numerical control production lines, centrally controlled programming blanking and intelligent logistics storage to improve processing quality and production efficiency. It continued to promote sophisticated management, optimize production organization and technological processes, cut the period in preparing drawing and process, reduce personnel and machinery vacancies, and adopt models in which one person oversees the operation of multiple machines, thus continuously improving per capita efficiency.

Power enterprises launched an initiative to improve quality and efficiency, give full play to the advantages of newly built power plants and cogeneration units, to improve the operation level of units, and increase the generating hours and on-grid energy so as to achieve new growth in the power generation segment.

## Performance in Economic Responsibility

Name of Indicator	2017 (Restated)	2018 (Restated)	2019
Production volume of commercial coal (10 thousand tons)	7,554	7,713	<b>10,184</b>
Sales volume of commercial coal (10 thousand tons)	12,829	15,565	<b>23,128</b>
Production volume of polyethylene (10 thousand tons)	49.8	74.1	<b>74.5</b>
Production volume of polypropylene (10 thousand tons)	47.8	71.9	<b>70.8</b>
Production volume of carbamide (10 thousand tons)	199.6	185.6	<b>199.1</b>
Production volume of methanol (10 thousand tons)	62.5	61.8	<b>94.6</b>
Production value of coal mining equipment (RMB100 million)	49.7	69.5	<b>81.5</b>
Total assets (RMB100 million)	2,519.23	2,643.65	<b>2,724.83</b>
Net assets attributable to the equity holders of the listed company (RMB100 million)	893.02	921.07	<b>971.73</b>
Operating revenue (RMB100 million)	815.13	1,041.40	<b>1,292.94</b>
Total profit (RMB100 million)	61.47	87.10	<b>121.4</b>



## Life Is the Most Valuable, Safety Is of Vital Importance

Implementing Safety Responsibility

Strengthening Risk Management and Control

Consolidating Safety Base

Improving Safety Awareness

Performance in Safety Responsibility

## Safety Responsibility





In 2019, the Company implemented China's safety requirements in production and complied with laws and regulations such as "Production Safety Law of the People's Republic of China" and "Law of the People's Republic of China on the Prevention and Control of Occupational Diseases". The Company adhered to the concept of safe development and the concept of life and safety first, implemented shared safety responsibilities, strengthened risk management and control, consolidated safety base and improved the safety awareness. Good results were achieved in production safety, and the death rate per one million tons in coal mines was zero.

## Implementing Safety Responsibility

The Company improved the safety responsibility system, i.e. "Both Party committees and management are held accountable to jointly supervise safety and ensure those who fail to uphold safety standards are held accountable". It implemented strong incentives, strict assessment and strict accountability, and upheld the main responsibility of safety at all levels. The Company clearly guaranteed the safety of 14 institutions, and the responsible persons for second-level enterprises and mines (plants and offices), implemented security assurances at every level, which effectively promoted the implementation of on-site safety responsibility. The Company implemented safety responsibility areas for Party members, youth safety supervision posts, and the "Everyone is a Shift/Team Leader" campaign. The Shanghai Energy Company's Yaoqiao Coal Mine and Beijing Coal Mining Machinery Company were awarded the title of "National Safety Culture Construction Model Enterprise". The relevant team of the Chemical Engineering Branch of China Coal Shaanxi Company and Ordos Energy Chemical Company were awarded the title of "National Youth Production Safety Demonstration Post".

## Strengthening Risk Management and Control

At the beginning of this year, the Company organized the review of security risk reports, sorted out major security risks, and determined the security risks that need to be controlled at different levels. Also, it formulated management and control measures, and adopted measures such as interviewing, listing, supervision and assistance, which improved on-site management. The Company strengthened the

control of major disasters, rolled out business consultations on major disasters such as coal mine gas, water disasters, rock and roof bursts, and worked out targeted countermeasures. The Company carried out a reassessment of major sources of hazardous chemicals and implemented comprehensive control of hazardous chemicals.

## Consolidating Safety Base

The Company continued to promote the construction of four major security tasks: system optimization, equipment upgrading, quality improvement and management improvement, consistently improving security capabilities. Coal mining enterprises made great efforts to implement substitution through mechanization and automation, downsizing the number of employees by 582, and built three more intelligent working surfaces, and 13 coal mines reached the national first class standard. Coal chemical companies vigorously promoted the construction of leak-free plants, and three chemical plants achieved the national second-class standard. A pilot program for the construction of an intelligent safety management system for power plants was activated. The Company improved its capacity for emergency rescue, organized and carried out a technical coal mine rescue competition and a comprehensive emergency rescue drill for liquid ammonia leakages in coal and chemical industries, and issued the revised emergency plan for production safety accidents.

## Improving Safety Awareness

A series of safety activities involving all staff including "March Warning Campaign", "Production Safety Month", "Hundred-Days of Safety" and "Safety Production Remediation" were carried out to create a strong atmosphere of production safety awareness. The Company organized all the staff to learn the responsibility system of post safety production and recognize their own safety responsibilities, and conducted education on alert of accidents, which enhanced employees' safety awareness in daily work and significantly reduced the phenomenon of "low standards, old errors and bad habits". A work plan for improving the caliber of coal miners was made and a three-year campaign to improve their skills was activated. The Company strengthened safety training, and carried out off-job training for the heads of coal enterprises, safety management personnel, rock burst professionals, and coal chemical industry professionals. The caliber of employees was improved.

## Performance in Safety Responsibility

### *Safety Investment in 2015-2019*

Name of Indicator	2015	2016	2017	2018	2019
Safe Production Expenditure (RMB100 million)	16.39	14.3	15.96	13.75	<b>15.64</b>

### *Mortality rate per million tons of coal production from 2012-2019*

Category	2012	2013	2014	2015	2016	2017	2018	2019
Nation-wide coal mines	0.374	0.293	0.257	0.162	0.156	0.106	0.093	<b>0.083</b>
China Coal Energy	0	0	0.013	0	0.017	0.026	0	<b>0</b>





## Low-carbon Development: Building a Green China Coal Energy

Constantly Controlling Pollution and Reducing Emissions

Conserving Energy Resources

Improving Ecological Environment

Performance in Environmental Responsibility

**Environmental  
Responsibility**







Upholding Xi Jinping's thought on Ecological Civilization, China Coal Energy has conscientiously implemented the national policy of resource conservation and environmental protection and consciously practiced the concept of green development. Through giving full play to the guiding role of green strategy, the supporting role of green technology and the leading role of green culture, it has taken green mining, clean utilization and efficient conversion of coal as a foothold, continuously optimized its industrial structure, and made great efforts to drive scientific mining methods, efficient resource utilization, clean production processes and ecological mining environments, so as to comprehensively build a green "China Coal Energy".

## Constantly Controlling Pollution and Reducing Emissions

The Company has strictly abided by relevant environmental protection laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Water Pollution Prevention and Control Law of the People's Republic of China, and the Environmental Protection Tax Law of the People's Republic of China. It has established and improved the "Green China Coal Energy" management and supervision system, laying a solid foundation for the management of energy conservation and environmental protection. The Company constantly improved monitoring of pollutant indices, and conducted regular supervision and inspection, ensuring the regular operation of environmental protection facilities and meeting pollution standards. Thirteen enterprises of the Company have been rated as key pollutant discharge units by the competent government environmental protection department, involving coal excavation, coal washing, power generation, heat supply, new coal chemical industry and other industries located in Shanxi, Inner Mongolia, Shaanxi, Jiangsu, Beijing and Hebei.

The Company's emissions are mainly sulfur dioxide, nitrogen oxides, chemical oxygen demand, ammonia nitrogen, etc.. In 2019, the Company produced 2,976 tons of sulfur dioxide, 4,002 tons of nitrogen oxides, 370 tons of chemical oxygen demand, and 19 tons of ammonia nitrogen, representing a decrease for three consecutive years.

### Greenhouse gas emission

The Company has paid close attention to the latest developments in global climate change, actively responded to the Paris Accord initiative, and striven to enhance its carbon management capabilities, and is firmly committed to transforming and upgrading toward clean, low-carbon energy. The affiliated companies have preliminarily identified carbon emission management agencies and personnel, organized and participated in carbon emission management and trading training, collected basic data according to the national carbon emission data auditing guidelines, and improved the relevant records. The greenhouse gases emitted by the Company are mainly carbon dioxide and methane. In accordance with the requirements of the Ministry of Ecology and Environment, the Company is auditing greenhouse gas data of 2019. After the auditing, the data will be inspected by government organizations at all levels for confirmation. As such, the data cannot be disclosed for the time being.

### Hazardous waste

The hazardous waste produced by the Company is mainly oil waste, catalyst waste and hazardous chemical waste. The Company has constructed temporary warehouses for hazardous waste in accordance with Standards for Controlling Pollution by Storing Hazardous Wastes (GB18597-2001). The site selection, design, operation, safety, monitoring and closure of storage facilities meet the relevant requirements and hazardous waste is transferred to qualified units for disposal. In 2019, 31,000 tons of hazardous waste, i.e. 4.3kg of hazardous waste per RMB10,000 of production output was generated and disposed of in a standardized manner.

### Non-hazardous waste

The non-hazardous waste produced by the Company is mainly coal gangue. The Company has comprehensively utilized coal gangue in multiple ways, including power generation, production of construction materials, extraction of high value-added products, road backfilling and land reclamation so as to improve the resource utilization efficiency. Solid waste that could not be utilized was disposed of in accordance with Standard for Controlling Pollution from Sites for Storing and Disposing of General Industrial Solid Waste (GB18599-2001). In 2019, the Company produced 27.22 million tons of coal gangue, with 0.3 ton of coal gangue produced for one ton of commercial coal, and with a comprehensive utilization of 25.22 million tons and a comprehensive utilization rate of 89.2%. The Company also produced 4.17 million tons of other non-hazardous wastes including coal fly ash, cinder and chemical waste, with a comprehensive utilization of 2.48 million tons and a comprehensive utilization rate of 59.5%.

### Exhaust emissions

The main air emissions of the Company are soot, sulfur dioxide and nitrogen oxides and the discharge standards implemented are the Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) and the Emission Standard of Air Pollutants for Boilers (GB13271-2014). Following the Action Plan on Prevention and Control of Air Pollution issued by the State Council, the Company has strengthened its efforts in ultra-low emission transformation of coal-fired power plants, and all its public coal-fired power plants have achieved ultra-low emission. It has also implemented environmental protection transformation or clean energy substitution for its coal-fired industrial boilers and cleared small coal-fired boilers from enterprises in Beijing-Tianjin-Hebei and surrounding areas as well as in key areas of the Fen-Wei plain, actively advanced the fully-enclosed transformation of coal storage yards, and accelerated the control of volatile organic compounds (VOCs). Consequently, the emission intensity of major pollutants was greatly reduced, and the ambient air quality in the industrial and mining areas was further improved.

### Waste water

Waste water is mainly discharged by the Company's coal mines and coal chemical companies. The main pollutants are chemical oxygen and ammonia nitrogen and the discharge standards implemented include the Emission Standard for Pollutants from the Coal Industry (GB20426-2006), the Integrated Wastewater Discharge Standards (GB8978-1996) and level-III standard of the Environmental Quality Standards for Surface Water (GB3838-2002). In accordance with the characteristics and methods of reuse of mine water, industrial waste water and domestic sewage, the Company adopted corresponding

processing techniques to maximize the utilization of waste water resources, and discharge the rest up to the standards. The mine water generated from the coal mines of the Company in the Ordos area was used in coal chemical production after advanced treatment. In 2019, the Company produced 40.59 million tons of mine water, with a comprehensive utilization of 36.44 million tons and a comprehensive utilization rate of 89.8%.

### *Emission-reducing measures*

Under the emission reduction principles of “controlling increments, reducing stock, focusing on key points and breaking through difficulties”, the Company strengthened the control of pollution sources and placed equal emphasis on clean production and end management, while focusing on improving the effectiveness of emission reduction. In 2019, the sulfur dioxide, nitrogen oxide, chemical oxygen demand, and ammonia nitrogen emissions of the Company decreased by 49.0%, 36.5%, 0.5% and 17.4% respectively year on year.

Depending on geographical location, the coal industry has actively enhanced various green mining technologies in respect to preserving water resources while mining, mining without coal pillars, semi-continuous manufacturing, mining without entry roadway excavation and “long-distance mining by short-distance filling” in order to exploit coal resources to the fullest extent with the goal of keeping coal gangue in mines to achieve “zero” emission. The Company has also pursued full washing of raw coal and decreased the coal’s ash and sulphur content to provide superior quality clean coal products. The Company’s mining area recovery rate in coal mines, integrated energy consumption in raw coal production, and integrated utilization rate of coal gangue continued to remain ahead of those of its industry peers.

To conduct scientific planning for the utilization of mine water as a resource in the Ordos area, the coal chemical industry, in strict accordance with the construction progress of the project and the environmental protection requirements of the “three synchronizations” system, has built a batch of primary, intermediate and advanced mine water treatment facilities and supporting water transportation pipe networks with high standards, established a four-in-one water resource recycling model integrating “underground filtration, ground treatment, chemical reuse and salt fractionation by crystallization”, as well as constructed a comprehensive recycling system for water treatment featuring “reusing processed hypersaline mine water as production water, recycling all coal chemical wastewater to realize zero emission, and recycling salt separating from strong brine by crystallization as resources”. Ordos Energy Chemical Company’s “zero coal chemical wastewater discharge” case won the Award for Green Environmental Protection.

The electricity industry is based upon pithead power generation, seeking clean, effective and cyclic utilization and intensive development. In combination with the resource conditions, environmental capacity and delivery channels of the mining area, the most advanced energy-saving, water-saving and environmentally-friendly power generation technologies have been applied and large-scale pithead coal-fired power plants and low-calorific coal-fired power plants have been constructed to greatly increase the proportion of on-site coal conversion and promote integrated and synergetic coal-electricity development. The Company’s efforts also included comprehensive upgrading of energy-saving and emission reduction and the ultra-low emission transformation of coal-fired power plants so as to reduce the total amount of pollutants discharged.

## Conserving Energy Resources

The Company has strictly abided by the laws and regulations such as the *Law of the People’s Republic of China on Conserving Energy*, prioritized on energy saving, and striven to consume minimal energy in its production and operations. The conservation of coal, electricity, oil and other energy resources has been fully promoted in each of the Company’s bases, industry sectors, enterprises and fields. In 2019, the Company’s overall energy consumption was 9.797 million tons of standard coal, of which coal consumption accounted for 82.7%, electricity consumption accounted for 13.9%, diesel oil consumption accounted for 2.1%, thermal power consumption accounted for 0.9%, and gas consumption accounted for 0.2%. The comprehensive energy consumption for raw coal production was 4.92 kg standard coal/ton, staying ahead of that of its industry peers.

### *Coal conservation*

The Company conducted overall planning for regional heating by applying centralized heating in power plants, and recycling and using residual heat of water source heat pump, air compressor and flue gas by adopting the contract energy management model to replace coal-fired boilers. The Company strengthened the sealing measures in its transport and storage of coal to reduce coal loss. After the implementation of the heating transformation by China Coal Huajin Group Jincheng Thermal Power Co., Ltd., the heating area increased by 10 million square meters, and the coal consumption for power supply during the heating period decreased by about 100 grams of standard coal/kWh.

### *Power conservation*

The Company reformed the frequency conversion of belt conveyors in coal mines, and eliminated and replaced outdated electrical equipment to increase the energy efficiency. The Company also monitored the energy efficiency of electrical equipment and strengthened power usage management of on-peak and off-peak periods to reduce power costs. China Coal Beijing Coal Mine Machinery Co., Ltd. replaced 25 old motors, saving more than 30% of electricity.



## Water conservation

The Company strengthened the analysis of water sources, water intake, water use and water conservation measures. The industrial water-saving facilities were simultaneously designed, constructed and put into operation with the relevant construction projects.

The Company strengthened water-saving management throughout the production process, and implemented water-use plans and target management. It strengthened the treatment and regional recycling of mine water, promoted advanced water-saving technology and equipment, realized the cascade utilization and recycling of water resources, improved water use efficiency, and reduced the consumption of fresh water. The total water consumption of the Company was 114.08 million tons in 2019, with water consumption of 16 tons per RMB10,000 worth of production output, including 67.91 million tons of fresh water used, a decrease of 3 percentage points in the total water consumption.

## Comprehensive energy conservation

The Company promoted the use of waste heat and waste energy, and utilized mine water, ventilation air methane, gas drainage and residual heat of air compressor, solar energy, and air energy for heating or cooling according to local conditions to achieve efficient use of low-grade resources. The mine water waste heat utilization projects of three coal mines owned by the Company, including Nalinhe No. 2 Coal Mine, Muduchaideng Coal Mine and Menkeqing Coal Mine, can help save 15,000 tons of standard coal annually and reduce operating costs by more than RMB18 million.

The Company organized the energy conservation promotion week and low carbon day activities to promote energy saving and low carbon concept across the Company. The Company also promoted green office by encouraging employees to start from small deeds like saving a kilowatt hour of electricity, a drop of water, or a piece of paper.

## Packaging materials

The coal products produced by the Company are bulk commodity and do not require the use of packaging materials. Only a few coal chemical products use a small amount of packaging bags, which has little impact on the environment.

## Improving Ecological Environment

The development of coal resources, especially open-pit mining, will inevitably affect the environment, destroy the original landscape and impact the ecological environment to a certain extent. The Company strictly abided by the relevant laws and regulations such as the *Water and Soil Conservation Law of the People's Republic of China* and the *Provisions on the Protection of the Geologic Environment of Mines*, built coal gangue dumping site as a high-standard ecological environment model project, seamlessly synthesized green mine construction concepts into production and construction, land reclamation, and water and soil conservation, and conducted ecological environmental management. Our open-pit coal mining operation realized the integration of "stripping, mining, backfilling, and reclamation". Underground coal mines made full use of coal gangue to backfill the coal mining subsidence area, so as to fully recover and improve the ecological environment of the mining area and coordinate environmental, economic and social benefits. As of 2019, seven mines of the Company, including the Antaibao Coal Mine of Pingshuo Group and the Yaoqiao Coal Mine of Shanghai Energy, were included on the list of National Green Mines by the Ministry of Natural Resources of China, and the case of ecological reclamation of Pingshuo Mining Area was named as an industry benchmark.

## Performance in Environmental Responsibility

Name of Indicator	2017	2018	2019
Integrated energy consumption per RMB10,000 worth of production output (TCE/RMB10,000)	1.352	1.357	<b>1.371</b>
Recovery rate of mining area of coal mine (%)	91.5	90.9	<b>90.6</b>
Utilization rate of coal gangue (%)	88.9	84.7	<b>89.2</b>
Utilization rate of mine water (%)	61.2	68.3	<b>89.8</b>
Emission volume of sulphur dioxide (ton)	8,451	5,831	<b>2,976</b>
Emission volume of NOx (ton)	6,523	6,301	<b>4,002</b>
Emission volume of chemical oxygen demand (ton)	521	372	<b>370</b>
Ammonia nitrogen (ton)	40	23	<b>19</b>

Note: As required by the competent authorities, the output value regarding integrated energy consumption per RMB10,000 worth of production output from 2016 to 2018 was calculated based on 2015 prices. In 2019, the Shanghai Energy Company's 2x350 MW Thermal Power Project and the Project of the Second Power Plant 2x660 MW located in the north of Wucai Bay, Zhundong, Xinjiang were completed and became operation. Both have higher energy consumption intensity than that of the Company's major coal business, contributing to a year-on-year increase in the Company's comprehensive energy consumption per RMB10,000 worth of output value.



## Promoting innovation-driven Development to Take the Lead in the Industry

Enhancing Innovative Capacity

Strengthening Key Technology Research and Development

Deepening Innovation and Entrepreneurship Activities

Performance in Innovation Responsibility

**Innovation  
Responsibility**







## Enhancing Innovative Capacity

As at the end of 2019, the Company had established an independent, open and integrated R&D system comprised of China Coal and Coal Chemical Research Institute, China Coal Equipment Research Institute, one national energy extraction equipment R&D experimental center, three national enterprise technology centers, two national energy technology equipment evaluation centers, five provincial enterprise technology centers, three provincial engineering research centers, one provincial design innovation center, seven nationally recognized laboratories, five postdoctoral research stations, 16 high-tech enterprises, four China Coal Group-level “mass entrepreneurship and innovation” model bases, 133 grassroots innovation studios, the China Coal Energy-China Coal Science and Technology Innovation Strategic Cooperation Alliance, the China Coal Energy-China University of Mining and Technology Collaborative Innovation Center, etc., significantly enhancing its technological R&D capabilities.

The Company vigorously carried out technological breakthroughs relying on the research institutes. In particular, two national projects and 11 projects of the Group undertaken by the China Coal Equipment Research Institute were successfully pushed forward, and 15 research results were completed. China Coal Equipment Research Institute accelerated the building of R&D institutions, established relevant research institutes, identified research directions, recruited more than 10 R&D and management employees, and set up a market-based remuneration distribution mechanism.

## Strengthening Key Technology Research and Development

In 2019, China Coal Energy implemented 34 key science and technology projects and 271 enterprise-level science and technology projects focusing on R&D regarding safety assurance, quality improvement, efficiency enhancement, transformation and upgrade, and green development.

Based on safe and efficient coal mining, the Company carried out research focused on difficult problems such as coal and gas outburst, rock bursts and water bursting in mines, and ultra-low ecological damage, in a bid to improve coal mine safety technology. By organizing and implementing “rapid excavation technology for coal roadways under deeply complex geological conditions”, the support row distance was raised to 1.2 meters by the Shanghai Energy Company, which helped save more than 30% of materials and increase installation speed by over 30% compared with traditional support methods. The results of the “research on mine water control technology in Inner Mongolia and Shaanxi” and “research on co-mining of coal water and utilization of mine water resources in deep mines of Inner Mongolia and Shaanxi” helped improve the prediction accuracy of mine water inflow to over 75% and that of working face to over 85%.

The Company strengthened the research and development of key technologies in the coal chemical industry to support the upgrade of coal chemical technologies and the improvement in quality and efficiency. The Company organized and implemented the project of “research on clean and efficient utilization of fluidized bed pyrolysis coal”, and the research

results could increase the added value of nearly 4 million tons of pulverized coal by almost 20% each year, creating a new growth area. The “system diagnosis optimization and transformation technology” implemented by the Company improved stable operation efficiency for the existing equipment of China Coal Yuanxing Company and ensured the optimal and stable operation of 600,000 tons of methanol per year over a long time period. The “methane hydrogen cryogenic recovery technology for olefin separation units” implemented by the Company realized the efficient recovery of heavy constituents in the methane hydrogen tail gas of China Coal Mengda Company, achieving economic value of RMB13 million for the year.

With the goal of developing intelligent, reduced manpower and unmanned coal mine equipment, the Company conducted research on key breakthroughs to realize the technology upgrades and transformation of mid- to high-end coal mining equipment. The Company completed research on and application of equipment featuring high-level intelligence and reduced manpower in the coal seam with strong bursting pressure tendency in the deep of 3103 working face of Menkeqing Coal Mine, and the complete set of mining equipment at the mining face realized “one-click start-stop”, remote monitoring and video monitoring. The maximum output of single shift reached 10,000 tons, leading its industry peers under the same conditions. At present, the high-end high-power scraper and high-resistance hydraulic support for coal mining equipment are completely made in China, and the 8.8-meter super-large mining hydraulic support developed by the Company is leading equipment domestically.

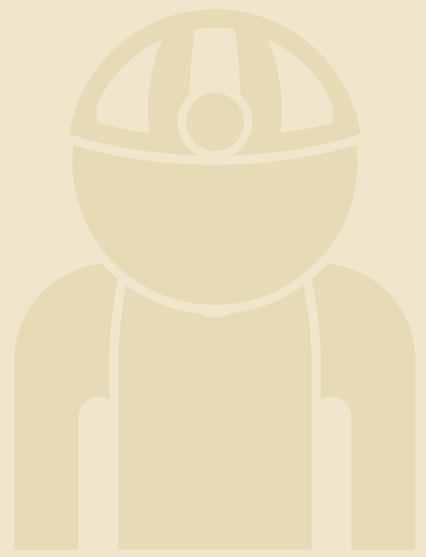
In 2019, the Company made a number of significant scientific and technological achievements, and its core technology competitiveness was thus further improved. In 2019, the Company won 20 industrial science and technology progress awards and was granted 177 patents, further enhancing its ability to support the development of the industry with core technology competence.

## Deepening Innovation and Entrepreneurship Activities

In April 2019, China Coal Energy successfully held the “mass entrepreneurship and innovation” model base construction site promotion meeting at Zhangjiakou Coal Mining Machinery Co., Ltd., gave active play to the exemplary and motivating role of the “mass entrepreneurship and innovation” base, and deepened the close combination of “mass entrepreneurship and innovation” with technological innovation and achievement transformation. It promoted the innovation and transformation of the “mass entrepreneurship and innovation” management model and incentive mechanism, made the coal-based industrial clusters of the Company superior and stronger, and boosted the optimization and upgrading of its industrial structure. The Company further promoted enterprises at all levels to attach great importance to “mass entrepreneurship and innovation”. By means of showcasing results at the “mass entrepreneurship and innovation” model base and introducing the innovation model, enterprises were guided to concentrate advantageous resources for “mass entrepreneurship and innovation” and focus on key technology fields. Innovation should be developed both in scope and in depth, and extended to the grassroots level to make due contributions to the Company’s high-quality development.

## Performance in Innovation Responsibility

Name of Indicator	2017	2018	2019
Technological investment (RMB100 million)	20.54	21.55	<b>24.51</b>
Number of technological advancement awards above industry level	20	21	<b>20</b>
Number of patents received	143	155	<b>177</b>



## Adhering to People-oriented Philosophy and Sharing Results of Development

Safeguarding the Legitimate Rights of Employees

Promoting Career Development of Employees

Sharing the Results of Corporate Development

Performance in Employee Responsibility

## Employee Responsibility







Employees are the foundation of an enterprise and closely tied to its development. China Coal Energy always adheres to the philosophy of people first, safeguards the legitimate rights of employees, actively advocates democratic management, cares for the health and lives of employees, emphasizes on the cultivation of employees' abilities, and strives to build a development platform for employees, thereby promoting the joint development of the Company and its employees.

## Safeguarding the Legitimate Rights of Employees

### *Regulating employment management*

In strict compliance with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and other relevant laws, regulations and policies, China Coal Energy insists on equal opportunities and standardized employment procedures, and has established a selection and employment mechanism that is fair, democratic and competition-based for choosing the best talent. Public announcements are made when candidates are selected, thereby ensuring transparent information disclosure, recruitment processes and result notification. The Company strictly abides by the "Provisions on the Prohibition of Using Child Labor" and other relevant laws and regulations. Employment discrimination of any kind is prohibited, and there is no child labor and forced labor within the Company. The Company actively provides employment opportunities for ethnic minorities and veterans, protects the rights and interests of female employees, implements equal pay for equal work for men and women, and prohibits the employment of female workers in underground coal mines. China Coal Energy has established a system for leave and holidays to ensure that employees enjoy paid vacations, maternity leave, paternity leave and other statutory holidays in accordance with the law, and that each employee has 8.5 days of paid vacations on average during 2019. The Company complies with the requirements of the relevant laws and regulations on work hours, and if it is necessary for employees to work overtime, the Company will arrange other work days off to compensate or pay for the overtime hours according to regulations. As of 2019, China Coal Energy had a total of 44,428 employees, including 7,264 female employees, accounting for 16.35% of the total workforce. In 2019, China Coal Energy entered into employment contracts with all of its employees.

China Coal Energy enhances the competition-based system for talent selection and vigorously promotes a market-oriented approach in talent recruitment and competition-based employment. In 2019, many of the Company's departments, including the Finance Management Department, Legal Affairs Department, Safety and Health Department and Chemical Sales Center launched completely open competitive employment and public recruitment. Its subordinate enterprises, such as Pingshuo Group, Datun Company, Northwest Energy Company, Ordos Energy Chemical Company, Shaanxi Company, Xinjiang Branch, etc., practiced open recruitment and achieved good results.

### *Facilitating democratic management*

China Coal Energy has established and improved its management work systems, including employee representative meetings. By holding employee representative meetings, the Company discusses important development matters and key issues affecting the interests of employees and ensures their rights to information, supervision and participation in decision making. The Company maintains seamless communication with its employees through various means and channels, such as holding forums, listening to employee's requests and widely collecting their opinions and suggestions, so as to draw on collective wisdom and absorb all useful ideas, and stimulate a sense of belonging and ownership among its employees.

### *Emphasizing occupational health*

The Company strictly abides by the Production Safety Law of the People's Republic of China and the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases and other relevant laws and regulations. Adhering to the occupational health guideline of "prevention first, integration of prevention and treatment, and comprehensive treatment", the Company has consistently improved its prevention and control system, strengthened training and education, secured capital investment, enhanced source governance and reinforced supervision and inspection. As a result, the Company's occupational health work has been running effectively in accordance with relevant laws and regulations.

Fulfilling principal responsibilities and improving work mechanisms. The Company has improved the construction of its occupational health management system, established and completed occupational health management system and assessment and assurance measures, fully fulfilling its responsibilities as the principal party for occupational health and creating a people-oriented safe work environment.

Strengthening education and training and improving safeguarding capabilities. The Company promoted occupational health and carried out related education and training as well as strengthened its employees' awareness of occupational hazards, occupational diseases and their prevention and treatment, further improving its employees' ability to protect themselves.

Increasing capital investment, improving prevention and protection facilities. Each year, the Company allocates sufficient fund for the prevention and treatment of occupational hazards from its safety expenses and makes sure that capital is in place, prevention and treatment measures are taken and on-site environment is improved.

Enhancing protection through physical checks to ensure occupational health. The Company follows relevant rules strictly and offers employees engaged in work with occupational hazards health checks to prevent potential occupational hazards. The Company also insists on designing, constructing as well as producing and using occupational hazard prevention and treatment facilities for coal mines, electricity power and coal chemical construction projects simultaneously with the main projects to protect workers' occupational health.

### *Ensuring remuneration of employees*

China Coal Energy always focuses on employees' benefits. The Company continuously perfected and completed reforms of its remuneration system, pushed forward the reform of its distribution system, optimized its remuneration distribution structure and implemented positive incentive method to form a scientific and effective incentive and constraint mechanism and maintain the stability of its staff.

The Company strengthened the assessment of total remuneration to ensure that remuneration provided by its enterprises matches their performance. The newly increased performance-based remuneration was mainly allocated to enterprises that have made positive efforts to reduce costs and boost benefits and enterprises that have achieved outstanding operating results, and the amount of remuneration was flexible. It promoted reform of the distribution system by classification, optimized the remuneration distribution structure of old enterprises, and allocated more remuneration to key positions, key talents, and urgently needed talents; it promoted a new enterprise system and established a basic remuneration system that reflects job value, highlights performance orientation, and balances internal and external fairness and external competition.

The Company established a social security system by law, paying the social insurance fees payable by the Company for its employees and ensuring employees' social benefits including pension and medical treatment. In addition, the Company set up a corporate annuity system in line with government policies, which worked as a supplementary to basic pension for employees to improve their well-being after retirement.

## Promoting Career Development of Employees

### *Improving overall caliber of employees*

China Coal Energy adheres to the talent-driven development strategy and sticks to the concept that "talent investment is the most profitable investment." The Company opened channels for employee learning, perfected the incentive system, carried out employee training and comprehensively improved the overall caliber and individual abilities of its employees in order to mutually benefit employees and the Company.

The Company carried out extensive employee vocational education and training activities, improved the three-level training institution system at the company level, secondary business unit level and factory and mine workshop level, and continuously improved the construction level of the three training bases, namely the China Coal Vocational and Technical College, Pingshuo Group Education and Training Centre and China Coal Chemical Training Centre. In addition, it strengthened the coordination of training, integrated effective resources, and innovatively carried out skill training for various types of work and specialties such as coal mine production, washing and selection, electric power, and coal chemical industry.

In 2019, the Company implemented the talent-driven development strategy, focusing on the establishment of the caliber cultivation system of source training, follow-up training and overall training, stuck to problem orientation and continuously deepened the education reform and training of employees based on improving the caliber of talents in accordance with the working theory of "strengthening loyalty to the Party, valuing virtues, improving capabilities, cultivating talent and improving models". Through specialized and pragmatic training sessions, more than 1,000 employees from the Company attended training, and its secondary enterprises or affiliated training institutions



offered training to employees nearly 115,000 times. The trainings provided skills and knowledge to improve the overall caliber of the team of employees, promoted the realization of the new goal of “a clean energy supplier and an integrated energy service provider” and supported the development of China Coal Energy Group’s superior quality.

By the end of 2019, China Coal Energy boasted two employees selected as State-level Candidates of the New Age Hundred-Thousand-Ten Thousand Talent Project, 253 senior professional managers in the coal industry, 56 “master technicians in the coal industry” four “excellent technicians in the coal industry” and 21 studios for master technicians in the coal industry. One employee was selected as one of the “Hundred Outstanding Craftsmen” of central enterprises, and five employees were awarded the honorary title of “national technical expert” by the State Ministry of Human Resources and Social Security. China Coal Shaanxi Company was selected as one of the “Model Enterprises Deepening the Reform of the Mechanisms for Talent Development Systems”.

### *Facilitating staff development*

According to the features of the industry and development needs of employees, the Company formulated Guidance on Further Strengthening and Improving Work for Employee Career Development, offering three paths, namely managerial and administrative job path, professional skill job path and technical expertise job path, for employees’ career advancement. Promotion evaluation systems are improved from time to time in order to provide diverse paths and fair chances for staff development.

In 2019, a total of 806 employees participated in six series of professional title evaluations covering engineering, political and ideological work and economy, and 517 of them passed the evaluations, with a passing rate of 64.14%. Assessment and management of professional skills were also strengthened. In 2019, 558 employees from coal technicians and senior technicians were assessed for the qualification of respective work types, and 348 of them passed the evaluation, with a passing rate of 62.36%.

## Sharing the Results of Corporate Development

China Coal Energy provides more benefits to employees while developing the Company, so that the employees can share the results of development of the Company. By improving the working and living environment, the Company creates great atmosphere in which it cares for employees and employees love the Company, promoting the comprehensive development and overall progress of both the Company and employees.

### *Balancing work and life*

With the aim of building a harmonious enterprise, China Coal Energy organizes various cultural and recreational activities to enrich the spare-time and cultural life of employees, so as to help them achieve work and life balance and cultivate a corporate culture with distinctive characteristics, thereby constantly raising the happiness index of its employees.

### *Helping employees in need*

The Company always pays attention to the disadvantaged and employees in need. Surveys are conducted for targets of assistance, relief cases are properly filed, and relief funds are reasonably utilized. We care about and express sympathy for employees in need, injured employees and retired employees. Therefore, they can feel warmth from the corporate family.

## Performance in Employee Responsibility

Name of indicator	2017	2018	2019
Number of on-the-job employees	46,838	42,194	<b>42,112</b>
Contract signing rate (%)	100	100	<b>100</b>
Social insurance coverage (%)	100	100	<b>100</b>
Trade union participation rate (%)	100	100	<b>100</b>
Staff turnover rate (%)	1.7	1.4	<b>1.2</b>



## Targeted Poverty Alleviation and Giving Back to Society

Facilitating Targeted Poverty Alleviation

Benefiting Local People's Livelihood

Partaking in Social Welfare Activities

Performance in Community Responsibility

**Community  
Responsibility**





A company's development depends on the long-term support and assistance from the communities of its operation locations. China Coal Energy attaches great importance to economic and social development at its operation locations, actively takes social responsibility and supports the construction of local economy, while ensuring its own operations and development. Activities were carried out, including helping and supporting those in need, making financial donations to help develop education as well as disaster relief and rescue, developing together with communities at its operation locations and achieving mutual benefits and mutual success.

## Facilitating Targeted Poverty Alleviation

2019 was a crucial year for fighting the battle against poverty. China Coal Energy actively followed and implemented the basic national policy of targeted poverty alleviation, integrated the advantages of the enterprise and the actual circumstances of the poverty-stricken areas. With the goal of poverty alleviation, the Company focused on aid and establishing mechanisms with long term effects, innovated aid mechanisms and consolidated the effects of poverty alleviation. The Company accurately grasped the responsibility of poverty alleviation, stuck to the leadership of the government and cooperation of enterprises and conducted the task of helping in an all-round way in accordance with the Implementation Scheme for Positively Supporting the Three-Year Action of Winning the Tough Battle Against Poverty. The Company focused on strengthening publicity, actively guided the employees to pay attention to and participate in poverty alleviation and strove to cultivate a good atmosphere for poverty alleviation.

In 2019, China Coal Energy allocated donation funds of more than RMB17.5 million (including the value of material aid) mainly to provide support for poverty alleviation efforts in Xinjiang, industry-based poverty alleviation, employment-related poverty alleviation, education-based poverty alleviation, consumption-based poverty alleviation, and infrastructure construction.

### *Providing aid for Xinjiang*

China Coal Energy Xinjiang Branch closely focused on the overall goal of maintaining social stability and long-term peace in Xinjiang, made powerful efforts to win the battle to alleviate poverty and furthered the guidance and management for the movement to "Visit the People, Benefit People's Livelihood and Gain People's Support" and the "first secretaries" for villages in extreme poverty. In 2019, Xinjiang Branch of China Coal Energy sent 15 core officers for poverty alleviation to three designated poverty alleviation villages, provided funds of RMB7.99 million for poverty alleviation, strove for and obtained local funds of RMB10.15 million for poverty alleviation, organized and conducted 48 projects of targeted poverty alleviation. It paved asphalt roads for villages in poverty, constructed infrastructure and solved problems including the lack of safe drinking water, mobile phone signals, the Internet and TV for two villages in deep poverty. The Company donated water-sprinkling cars worth RMB850,000, which could generate RMB100,000 of collective revenue for each of the two villages in deep poverty; donated RMB200,000 to Boerbosong Village to build five sheds for mushrooms, which provided 15 jobs and had considerable economic effect; over the year, there were 572 people from 180 households in Dakang Village, Heishan Village and Nisa Village who successfully got rid of poverty. The Company provided funds to 180 students in poverty, transferred or employed 632 poor people and generated labor revenue of more than RMB14 million. As of the end of 2019, all the 1,522 people from 453 poor households of South Xinjiang got rid of poverty. The incidence of poverty dropped to zero. The goal of poverty alleviation was realized ahead of schedule.

### *Poverty alleviation*

The Company provided funds of RMB7.45 million to conduct 36 industrial poverty alleviation projects and improve the ability to continuously develop. It helped promote poverty alleviation through e-commerce in poverty-stricken areas and strove to solve issues hindering the exports and sales of local products. The subsidiaries of the Company purchased agricultural produce of poverty-struck areas. In 2019, more than RMB1.5 million was spent on the purchasing.

### *Poverty alleviation via employment*

The Company organized technical trainings for poor workers. Local people experiencing poverty were given priority for some positions.

### *Poverty alleviation via education*

The Company provided funds of RMB1.25 million to help improve the teaching conditions in the schools in poverty-stricken areas, donated money and goods to poor students, conducted pairing help activities and strove to help the students finish their studies.

### *Poverty alleviation via Party building*

The Company organized and conducted education of patriotism, developed branches of the Party together with the poor villages and continuously improved the capabilities of building the Party and alleviating poverty.

### *Infrastructure construction*

The Company helped poor villages strengthen the construction of roads and facilities for water and power, construct or reconstruct venues for entertaining activities, and purchase corresponding equipment and facilities so as to continuously improve the production and living conditions.

## Benefiting Local People's Livelihood

China Coal Energy, with its own funds, labor and technology, actively participated in local economic construction and offered assistance to communities through project construction, production, sales, etc., to promote local industries and economic development, achieving the harmonious mutual development with local governments. In 2019, the Company's social contribution through the payment of taxes, labor costs, net profit and interest expenses totaled RMB35.843 billion, including RMB13.753 billion in taxes and fees paid, and the social contribution value per share was RMB2.7. The company actively responded to and implemented the basic national strategy of targeted poverty alleviation, and employed its own advantages to help targeted poverty alleviation. In 2019, the Company provided support funds of RMB17.5 million in total (including cash equivalent of supplies).

### *Promoting local employment*

China Coal Energy has always insisted on the employment models which include open recruitment and labor dispatching to actively create and offer job opportunities in the places where its business operations are performed.

Implementing relevant local policies, China Coal Shaanxi Company gives priority to introducing local talent as regular employees to promote employment in Shaanxi Province and Yulin City. Now, there are 1,237 registered employees in the Company, 616 are from Shaanxi province (including 490 employees from Yulin, accounting for about half of the total employees). Shaanxi Company also works together with local employment agencies to give priority to the recruitment of local workers. In 2019, 53 firefighters were employed, including 52 from Yulin, accounting for 98%. Eight of the 10 platform loading and unloading workers are from Yulin. The Shaanxi Company cooperates with many externally commissioned operations, repair and maintenance teams, giving priority to local labor and promoting local employment. At present, there are 1,636 externally commissioned people in the Company, among whom 925 are from Shaanxi and 884 are from Yulin. More than a half of the workers are local workers.

### *Strengthening local purchases*

Adhering to mutually beneficial development, China Coal Energy strengthens the cooperation with local authorities and drives the development of local industries such as transportation and service industry, making contribution to the local economic development and social stability. For the tender purchasing of the bulk materials, local enterprises and products would be preferred under the circumstance of same quality and price. In 2019, the total amount of purchasing contracts of China Coal Shaanxi Company was RMB2.6 billion. The local purchasing amount was RMB2.3 billion, accounting for 88.5%.

### *Supporting construction of local economy*

In accordance with the requirements of the national economic development policy, industrial policy and regional planning, China Coal Energy actively supports economic and social development of the places where it operates by making use of its own business advantages and focusing on the needs of the local people's livelihood.

China Coal Shaanxi Company solidly and quickly promotes project construction in accordance with the standards it employs to build first-class energy and chemical companies around the world. It constructed Phase I of the project of producing coal-based methanol from alkene of 1.2 million tons/year (methanol of 1.8 million tons/year and polyolefins of 600,000 tons/year), provided 15 million tons/year of corresponding chemicals for the manufacturing and maintenance of the coal mine and coal mining machinery and equipment project of Dahaize. In addition, it cooperated with Yan'an Chacun Coal Mine to develop and construct the 5 million tons of coal/year project of the Hecaogou Coal Mine. Meanwhile, it cooperated with Shaanxi Yanchang Petroleum to construct chemical project of Yulin Jingbian and participated in the construction of Wanggedu Reservoir and the project of Jingshen Railway. As at the end of 2019, the Company had invested RMB32.9 billion on a cumulative basis.





## Building harmonious communities

China Coal Energy has always been focused on the impact of its enterprise development on the surrounding community and insists on achieving mutually beneficial results for the enterprise and the locality and building a harmonious community.

Pingshuo Community is the only residential area in the ancillary construction of Pingshuo Group. Pingshuo Group followed the requirements of “high starting point, high standards and high quality” since the early stages of planning for the Pingshuo Community, which was built separately from the mining area in order to be liveable for employees and their families. To establish the Pingshuo Community as a first-class mining community in China, the Pingshuo Group followed the requirements of the “Guidance on the Construction of Harmonious Communities in the National Coal Industry,” by regularly conducting specific studies on community planning and cultural development and formulating working plans. Special funds for community development were raised and investment in infrastructure was increased to implement a series of measures for people’s benefit and to ensure rapid community development. In recent years, Pingshuo Community has been awarded the title of “Civilized and Harmonious Community” by Shanxi Province, and ranked among the first-tier of “Model Areas of Harmonious Community Development in the National Coal Industry” and “Safe Communities in China”.

## Partaking in Social Welfare Activities

### Participating in social aid

China Coal Energy gives full play to the professional advantages of mine emergency rescue centers, makes efforts to improve its emergency rescue capacity and actively participates in local mine rescue work, emergency rescue and disaster relief. Thus, the Company plays an important role in guaranteeing life and property safety of the general public.

### Supporting social welfare

China Coal Energy actively participates in social benefit undertakings. With a donation management system in place, the Company selects public welfare projects following the principle of “willingness, clear responsibilities, actions based on ability, and creditability,” and the Company’s annual business performance. China Coal Energy helps and supports poverty-stricken people through the donation of money and goods, and advocates cultural and recreational undertakings, serving society wholeheartedly.

### Providing volunteer service

China Coal Energy is concerned about public welfare. The Company supports and encourages employees to participate in various kinds of volunteer service activities. The Company often carries out volunteer activities such as “Conveying True Love, Giving Warmth, Showing Love, One Helping One and Making Pairs” to send care and warmth to local households in difficulties, especially for the senior citizens and people in need, transferring positive energy to the society.

## Performance in Community Responsibility

Name of indicator	2017	2018	2019
Tax paid (RMB100 million)	107.90	129.85	<b>137.53</b>
Donations and poverty alleviations (RMB10,000)	440.30	1,680	<b>1,750</b>
Total social contribution (RMB100 million)	266.19	319.27	<b>358.43</b>
Social contribution per share (RMB)	2.01	2.41	<b>2.70</b>



## 2020 Outlook

In 2020, the task of thoroughly constructing a well-off society and the 13th Five-Year Plan will come to a close. In the new year, it is obvious that different risks and challenges shall increase. The COVID-19 epidemic has had a negative impact on the Chinese economy and society, and the pressure of economic downturn has increased. Coal demand growth is slowing, the capacity under construction is being unleashed, and the competition in the coal market has intensified. Meanwhile, the basic trend of great resilience and good and long-term momentum of economic growth based on high-quality development has not changed. Coal will continue to play a leading role in the Chinese energy structure for a relatively long time. With the reform, innovation and development of China Coal Energy over recent years, the advantages of synergy between coal, power, chemicals and related industries continue to increase, and the capital quality and of risk prevention have made notable improvements, which sets a solid foundation for sustainable high-quality development. In 2020, under the guidance of President Xi Jinping's thoughts on socialism with Chinese characteristics in the new era, the Company will stick to the new development theory, the main theme of which has been to push forward supply-side structural reforms, and the working theory of "progress amidst stability, reform and innovation" as well as the strategy of becoming "a clean energy supplier and an integrated energy service provider", and coordinating and promoting the tasks to ensure safety, stabilize growth, adjust structure, focus on reforms, facilitate innovation, improve benefits, prevent risks, and spare no effort to promote the high-quality development of the Company.

**The Company will stabilize its production, improve sales and strive to improve quality and efficiency.** The Company will scientifically organize production and sales, strive to increase output, revenue and efficiency, steadily improve operation results and ensure the realization of the annual operation objectives. The coal enterprises will unleash safe production capacity and advanced production capacity in an orderly manner to produce safer and more efficient coal. Coal chemical enterprises will further promote sophisticated management and devote themselves to long-term, stable operation to maintain stable production and high output. Power companies will improve their professional management levels, promote energy conservation, reduce energy consumption, make innovations, and improve quality and efficiency. Coal mining equipment companies will strive to improve their R&D capabilities, manufacturing and marketing, and operating profitability to ensure stable operations, maintain growth, and improve quality.

**The Company will strengthen safety standards with a comprehensive approach.** We will firmly establish the concept of safe development, carry forward the idea of life first and safety first, focus on strengthening major safety risk management and control, treat both the symptoms and the root causes, pay attention to the root causes, and promote the four major tasks of system optimization, equipment upgrading, quality improvement and management improvement, and enhance intrinsic safety ability. We will eradicate major disasters, minimize minor casualty accidents and pursue "zero mortality", so as to ensure sustainable safe production for the Company.

**The Company will protect the environment and insist on green development.** We will thoroughly implement the overall deployment of the national ecological civilization construction, practice the concept of green development, actively promote the green development and clean and efficient use of coal, and fight the battle against pollution. We will further promote energy conservation and consumption reduction, continue to promote pollution control and emission reduction, strengthen mine ecological restoration and management, and strive to build a "resource conservation and environment-friendly" enterprise.

**The Company will pursue growth through innovation and stimulate development vitality.** We will firmly implement the innovation-driven development strategy, be oriented to the company's main business, face the forefront of coal energy technology, increase R&D investment, focus on deepening the reform of the science and technology system, improve the R&D platform, focus on achieving breakthroughs in key core technologies, and accelerate the transformation of scientific and technological achievements. We will also build a high-level scientific and technological talent team, deepen entrepreneurship and innovation activities, continue to deepen the technology cost reduction, continuously enhance our independent innovation and collaborative innovation capabilities, and strive to create a new situation in the company's scientific and technological innovation work.

**The Company will embrace people-oriented principles and safeguard employees' legitimate rights and interests.** Sticking to the philosophy of "harmony", China Coal Energy has built harmonious labor relations and safeguarded the rights and interests of its employees. We will continue to care for the health and life of employees, improve the quality of life and working environment of employees, and make them feel more comfortable, happy and safer. We will also pay attention to the cultivation of employees' ability and make full efforts to create a development platform for our employees to achieve the common growth of employees and the Company.

**The Company will contribute to the society and strive for a win-win situation.** The Company will adhere to the notion that one who prospers should give back to society. While seeking our own growth, we will continue to support the economic and social development in locality so that a harmonious and win-win situation can be attained. The Company will continue to support public welfare causes, push forward targeted poverty alleviation and fulfil its corporate social responsibility in order to become a good corporate citizen.

China Coal Energy will be steadfast in fulfilling its corporate mission of "providing quality energy and leading the industrial development for a prosperous life". The Company will integrate the concept of corporate social responsibility and sustainable operation into its development strategy and daily operations to create greater economic, social and environmental benefits. The Company will continue to enhance its ability to create overall economic, social and environmental value, seek quality improvement amid stability with reform and innovation, achieve harmonious development with its stakeholders, and strive to achieve the goal of building a first-class clean energy supplier and an integrated energy service provider with global competitiveness.



中国中煤能源股份有限公司  
CHINA COAL ENERGY COMPANY LIMITED

中煤能源欢迎您对报告提出建议和意见

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