



**中國大冶有色金屬礦業有限公司**

**China Daye Non-Ferrous Metals Mining Limited**

(Incorporated in Bermuda with limited liability)

Stock Code : 00661



**2019**

**ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT**

# Contents

Introduction	2
The Scope of and The Period Covered by the Report	2
Stakeholder Engagement	2
Environmental	2
1. Environmental Protection	2
2. Use of Resources	6
Social	8
1. Safe Development	8
2. Employment Relationship and Labour Standards	16
3. Supply Chain Management	20
4. Product Responsibility	21
5. Anti-corruption	23
6. Community Investment	23
Environmental, Social and Governance Reporting Guide Index	24





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## INTRODUCTION

In 2019, China Daye Non-ferrous Metals Mining Limited (the “Company”) and its subsidiaries (collectively the “Group”) upheld the principle that the economic development should go hand in hand with the environmental protection. Based on the environmental policy of “compliance with laws and regulations, green development, energy conservation and emission reduction, and clean production”, the Group focused on its objectives and tasks and intensified the problem-oriented approach to achieve continuous improvement, proactively creating a new situation for the Company in the ecological environmental protection.

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

## THE SCOPE OF AND THE PERIOD COVERED BY THE REPORT

Unless otherwise stated, this report consists mainly of the relevant operational information of two subsidiaries of the Company, namely Daye Non-ferrous Metals Co., Ltd. (大冶有色金屬有限責任公司) (“Daye Metal”) and Xinjiang Hui Xiang Yong Jin Mining Co., Ltd. (新疆匯祥永金礦業有限公司), during the Reporting Period. This report covers the period from 1 January 2019 to 31 December 2019 (the “Reporting Period”).

## STAKEHOLDER ENGAGEMENT

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

## ENVIRONMENTAL

### 1. Environmental Protection

The Group paves a solid foundation of management and makes steady progress in promoting ecological environmental protection. It proactively promotes the transformation of environmental control, energy conservation and emission reduction to build green mines and clean plants. During the Reporting Period, there was no material non-compliance with relevant environmental protection laws and regulations by the Group.

#### 1.1 Environmental Management

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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

- The committee of ecological environmental protection management was established. The committee set up an office in the corporate management department, which is responsible for the environmental protection management of the Group.
- Starting from daily supervision and promotional education on environmental protection, the Group continuously raises its staff's awareness of environmental protection and standards of environmental protection management. Environmental indexes such as the reutilization rate of smelting industrial water and the cyclic utilization rate of mining wastewater are set to increase the reutilization rate of wastewater and reduce the emission of pollutants, thus minimizing the resulting effect on the environment.
- Automatic surveillance equipment is installed at the emission sites of wastewater and exhaust gas in the main production units to monitor the pollutants at the emission sites in real time. The annual environmental monitoring plan is formulated to conduct regular detection and understand the emission of pollutants at major sites.
- Usable materials in solid wastes produced in the smelting process are further recycled and used by the Company; unusable materials are handed to professional companies for disposal; tailings slag from ore processing is discharged into tailings ponds for non-hazardous storage.
- Measures including sound-proof walls, mufflers and shock absorbers, etc. are employed to minimise noise pollution produced by equipment, and all noisy equipment is placed away from the neighbourhood residential zones and staff quarters.
- The environmental impact assessment on scheduled construction projects is emphasized. The Group conducts an assessment of the potential effect of a project on the environment prior to the construction of the project and takes effective measures to manage the environmental impact of the project throughout the construction period and the operation period.
- The implementation of environmental management system is promoted to form scientific and systematic measures of environmental protection management under ISO14000 series standards, thus enhancing the refined management level of environmental protection.



## ***Illustration: Advanced Technical Transformation Achieved Remarkable Effect in the Emission Reduction of Pollutants.***

The smelting plant of Daye Metal continued to push forward the project of handling particulate matters in environmental smoke collection in May 2019. Electric defogging function was added to the environmental smoke collection system covering 600,000 square meters to further reduce the emissions of particulate matters, obviously improving the visual effect when discharging smoke and exhaust gas.



## ***Illustration: Green Mines were Built to Improve Development Quality.***

According to the Group's requirements that "developing a mine should bring to the local benefits and environmental protection so as to achieve coordinated and green development between the mine and the local", the Company upheld the principle of "green development" throughout the entire process of planning, exploration, development and protection of mineral resources so as to push forward the transformation and upgrading of traditional mining and enhance the development quality and efficiency. The plan for construction of green mines has been formulated. During the Reporting Period, Tongshankou Mine, Fengshan Copper Mine, and Xinjiang Hui Xiang Yong Jin Sareke Copper Mine passed the selection of green mines by the state.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 1.2 Environmental Protection Activities

The Group actively fulfills its social responsibilities by launching various environmental protection activities to drive and promote the development of regional environmental undertakings. Environmental protection activities such as the rehabilitation and the upgrading and reconstruction of the sewage discharge are effectively carried out to improve the environment surrounding our mining areas and facilitate the discharge in compliance with standards.

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



**Illustration: Publicity and Training Activities on Environmental Protection were Carried Out in Many Ways.**

1. Industrial experts were engaged to give lectures on environmental protection laws and regulations, corporate environmental protection management and other related environmental protection knowledge to the Group's intermediate and senior management responsible for environmental protection to enhance their management level and business ability.
2. Through relevant slogans of environmental protection publicity scrolled on the electronic display screen that can be seen by most staff, the environmental protection concept of the Company is thoroughly understood by all the staff to enhance their awareness of environmental protection.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019



## *Illustration: Closure and Rehabilitation of the Tailings Pond was Actively Advanced.*

The tailings pond of Tonglvshan Mine had to be closed as it failed to meet the demands of production as a result of factors such as safety and environmental protection. In the process of closing the tailings pond, in order to reduce the pollution by the sands on the surrounding areas and the pollution resulting from the flow of tailings, rehabilitation and planting activities were carried out at the tailings pond to make great improvement in the air quality and reduce the emission of dusts.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 1.3 Emission Statistics during the Reporting Period

Total CO <sub>2</sub> emissions (Note):	551,531 tonnes
Total SO <sub>2</sub> emissions:	1,813 tonnes
Total NO <sub>x</sub> emissions:	262 tonnes
Total dust emissions:	82 tonnes
Production of hazardous waste:	82,082 tonnes
Disposal rate of hazardous waste:	100%
Production of non-hazardous waste:	4,592,736 tonnes
Disposal rate of non-hazardous waste:	100%

Note: CO<sub>2</sub> emissions are calculated according to the national "Guidelines for Accounting and Reporting Greenhouse Gas Emissions from the Smelting and Rolling of Other Non-ferrous Metals Industrial Enterprises" (《其他有色金屬冶煉及壓延加工企業溫室氣體排放核算方法與報告指南》). (Including the smelting plant, Tonglvshan Mine, Tongshankou Mine, Fengshan Copper Mine, Xinjiang Hui Xiang Yong Jin)

## 2. Use of Resources

### 2.1 Energy Saving Control

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

#### Measures for Operation Management

- The Group has passed the energy management system certification of ISO50001, improves field management and strictly complies with regulations. Through ongoing effective operation of the energy management system and continuous application of energy control enhancement measures, energy consumption in products is reduced.
- Energy conservation-related technological improvement plans are formulated to further improve energy saving technological transformation. Energy saving technological breakthroughs are made in the production process to reduce energy consumption on large energy-consuming equipment and improve operation stability of key equipment.
- Key technological processes are optimised, and advanced energy-saving technologies are introduced, to reduce energy consumption and improve energy efficiency.
- Annual energy consumption limits for all production units as well as total energy consumption control targets for the Group are formulated, and performance appraisals are carried out, to control energy consumption comprehensively in multiple levels.
- The usage and control of water resources are strengthened to increase recycling and reuse rate of circulation water and underground water. The management measures of water savings are introduced to reduce the new water consumption. The Group did not encounter any issues on seeking for sources of water.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## *Measures for Office and Domestic Management*

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



### **Illustration**

During the Reporting Period, the smelting plant of Daye Metal optimized and transformed the insulation groove route and the insulation structure in the shaft furnace for recycled copper to minimize the length of the insulation groove in the shaft furnace, reduce the loss of total heat in the groove, reduce the gas used by the insulating burner, and improve the field operation condition while fulfilling the normal operation. 6.84 cubic meters of natural gas are saved for insulation per tonne of copper.

## **2.2 Improving Resource Utilisation Rate**

The exploration of mineral resources is conducted in strict compliance with the Mineral Resources Law of the People's Republic of China (《中華人民共和國礦產資源法》). The documents and regulations to guide the development of the internal resources of the Group are formulated to realize "balance between economy and ecology" and "synchronization of development and restoration".

- Research on the deep mining technology and the deep mineral resources is strengthened to seek new ways of resource development.
- New technique and business model are adopted to make use of and reduce raw ore, slag and exhaust gas and make them non-hazardous.
- Exploration in the edge and deep areas of the mine under development is strengthened to make the best use of the existing production system to realize the maximum of resources and benefits.

## **2.3 Indicators of Energy Consumption**

Electricity consumption:	717,813,609 KWh
Natural gas consumption:	16,053,022 m <sup>3</sup>
Total quantity of new water (water other than circulation water):	6,007,558 tonnes
New water consumption per tonne of copper:	8.02 tonnes of water/tonne of copper cathodes

Steel belts are the main packaging material used for finished products with a total quantity of 533.134 tonnes and 1 kg/tonne per unit-of-production.

Notes:

- ① Electricity consumption consists of all of the electricity consumption used for production in the smelting plant, Tonglvshan Mine, Tongshankou Mine, Fengshan Copper Mine, and Xinjiang Hui Xiang Yong Jin.
- ② Natural gas consumption (cubic meter) represents the quantity of natural gas consumed by the smelting plant.
- ③ Total quantity of new water represents the quantity of new water used for production in the smelting plant, Tonglvshan Mine, Tongshankou Mine, Fengshan Copper Mine, and Xinjiang Hui Xiang Yong Jin.
- ④ New water consumption per tonne of copper (tonne of water/tonne of copper cathodes) is the indicator of water consumption for producing copper cathodes, the main products of the smelting plant.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## SOCIAL

### 1. Safe Development

The Group adheres to the concept of safe development, and strictly complies with the laws and regulations of the PRC on production safety. The Group has established and continued to improve the occupational health and safety management system to realise corporate safety development.

During the Reporting Period, there was no material non-compliance with the relevant laws and regulations in relation to safe production.

#### 1.1 Safety Management System

The Group has established an occupational health and safety management system pursuant to ISO45001: 2018 standard and passed the certification test of China Quality Certification Center in March 2020. Its occupational health and safety management system has been improved continuously.

- Safety management organization: the Group strictly follows the Law on Production Safety of the People's Republic of China (《中華人民共和國安全生產法》). It has established a production safety management department equipped with professional production safety management personnel. The Group has established a production safety responsibility system and determined respective production safety duties for each of the positions from the management to the staff of each relevant department.
- Safety risk management and control: The Group has established a hierarchical safety risk control and potential hazard screening, management and prevention system, responsible for the organization of hazard source identification and risk assessment. It has developed a list of hierarchical safety risk control and corresponding risk control measure has been determined against each safety risk thereon. Regular inspection on risk control measures is also performed to make sure that each safety risk is under effective control.
- Safety inspection and rectification: The Group organises safety inspection regularly. Referring to the characteristics of production safety in different periods, it organises special safety inspection on mines, tailings ponds, hazard chemicals and civilian blasting materials and makes rectification in respect of problems and potential hazards identified on a timely basis.
- Emergency management: The Group has established an emergency rescue centre and a mine emergency rescue team, equipped with corresponding rescue equipment. Based on the safety risks of the Group, corresponding emergency plans are formulated. The Group establishes an emergency drill scheme annually and organizes emergency drills of fire, hazard chemicals and flood prevention on a regular basis.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 1.2 Safe Operation

The Group continues to keep its occupational health and safety management system operating effectively and is committed to providing a safe working environment for all employees to protect employees from suffering occupational injury.

### 1.2.1 Safe Production

The Group focuses on safety education and training carefully. All workers shall receive corresponding safety education and training and pass the qualification test before working. The Group develops a safety education and training scheme annually, pursuant to which, it organizes all employees to attend safety education and training, and organizes production safety management personnel at each level to attend ability test in a periodic manner in order to improve their management strength. Various safety propaganda, education and training activities are also organized from time to time, including "Accident Alert Month" (事故警示月), "Safe Production Month" (安全生產月), "Ankang Cup" (安康盃) and "100 Days with Zero Accident" (百日安全生產無事故).

The Group proactively promotes the application of advanced technologies and equipment, makes research on the optimization of underground mining method and security measures, purchases wagon drill and scaler, modifies remote-controlled load-haul-dump vehicle and other equipment and reduces the number of miners working underground to minimize safety risk. Corresponding safety protection facilities are in place in areas or on equipment where accidents are likely to happen and endanger life safety and health. For example, gas leak alarm system is installed in flammable and explosive areas and protective cover is installed in transmission parts of equipment for isolation, and eye-catching safety warning signs are put in place.

The Group is committed to strengthening the protection of employee occupational health. It carefully implements relevant laws and regulations, including the Law on Prevention and Control of Occupational Disease (《職業病防治法》) and strictly follows the Interim Measures for the Supervision and Administration of "Three Simultaneities" for the Occupational Health of Construction Projects (《建設項目職業衛生「三同時」監督管理暫行辦法》) to perform evaluation on the hazard of occupational disease of construction projects. It also increases investment in occupational disease prevention and control and provides its employees with protective supplies meeting safety standard, such as helmets, dust masks, gas masks, protective glasses and earplugs, etc. Meanwhile, it purchases spray washer, ventilation equipment and other occupational disease protective facilities to decrease dust concentration in the workplace, improve field operating condition and protect the physical and mental health of employees. It develops onsite dust monitoring scheme annually to conduct occupational hazard test in the workplace, arrange employee physical check and rehabilitation and purchase medical insurance, work-related injury insurance and safety liability insurance for eligible employees.

### 1.2.2 Traffic Safety

The Group also values traffic safety management. It appoints traffic safety management personnel responsible for daily traffic safety management and provides regular safety education and training to drivers. All motor vehicle drivers must pass the examination organized by the safety management department before working. The safety management department of the Group also organizes traffic safety inspection on a regular basis. For motor vehicles carrying dangerous chemicals, the GPS dynamic positioning system and video monitoring system are installed to enable real-time monitoring.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 1.2.3 Contractor Safety

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



### Illustration 1

On 7 August 2019, 3M China Limited (Wuhan Office) were invited to organize an occupational safety and health roadshow in the smelting plant. The event was carried out on a container truck to provide occupational safety and health education, training and interactivity, which brought advanced occupational safety and protection concept to the plant. More than 100 employees in the plant visited the static display, panel display and video display of occupational safety and protection-related equipment prepared by the 3M Company and wore them in person. There were also various informative and interesting activities, such as quiz game and luck draw in a form of QR code.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019



## Illustration 2

On 7 August 2019, Tongshankou Mine, a branch of the Company, organized a training session on first-aid knowledge. Due to sustained high temperature recently, it invited medical personnel from Daye Non-ferrous Metals Hospital (大冶有色醫院) to explain first-aid knowledge in order to protect employee health and safety and improve their emergency response capacity in handling sunstroke, cerebral infarction, myocardial infarction and other emergency situations.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019



## *Illustration 3*

On 25 April 2019, Tongshankou Mine, a branch of the Company held a special training session during the occupational disease prevention week, aiming to improve the health awareness of its employees.





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019



## Illustration 4

From 13 to 14 June 2019, Tonglvshan Mine, a branch of the Company invited the production safety experts from the emergency office of Daye City (大冶市應急局) and Huangshi Jie'an Company (黃石捷安公司) to give a lecture on safety to its mine safety management personnel and the underground mining safety management personnel respectively in a "customized" manner so as to improve their management.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019



*Illustration 5*

On 4 June 2019, Fengshan Copper Mine, a branch of the Company collaborated with the emergency office of Yangxin County (陽新縣應急管理局) to held a non-coal mine emergency management training session. More than 80 persons in charge of mine safety and production safety of Fengshan Copper Mine and other mines in Yangxin County attended the training session.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019



## Illustration 6

On 10 November 2019, Sareke Copper Mine, a branch of the Company organized a first-aid drill to improve the emergency rescue and coordinating capacity of the Mine in relation to medical emergencies.





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 2. Employment Relationship and Labour Standards

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

### 2.1 Employment

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

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

### 2.2 Caring for Employees

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

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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 2.3 *Remuneration and Incentives*

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

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

## 2.4 *Employee Development*

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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019



## Illustration 1: 2019 New Employee Orientation

From 2 to 30 August 2019, the Company organized the 2019 New Employee Orientation, aiming to help the new recruited college students to adapt to the transition of their identity and psychology, build career awareness, cultivate professional integrity, improve professional skills and integrate into the corporate environment pursuant to each regulation and requirement of the Company to become a qualified employee of the Company. During the four weeks' training, the Company designed the course content in a systematic manner, organized courses and activities in five different themes, including political education and team building, corporate culture and system introduction, career planning, practical skill and learning practice, explored innovative training model, and adopted strict management on the educational and academic affairs. The training was characterized by diverse contents, tense learning atmosphere and high participation, enabling the new recruited college students to think diligently, interact actively and study hard according to the training scheme and requirement. The participants showed positive spirit of college students in the new era, as well as strong discipline and team spirit. The Company has issued a series of motivation policies, such as providing talent allowance and housing subsidy to the new recruited college students, as well as price incentive policy to those purchasing the economically affordable housing of the Company. It has established and issued the Guidance to Implementing Pair Work of Leader and Young Talent (《關於開展領導人員與青年人才結對工作的指導意見》), Measures of Position and Duty Management (Trail) (《公司職務職級管理試行辦法》) and Measures of Management Technique (Skill) Personnel Remuneration Management (《管理技術(技能)人員薪酬管理辦法》) to broaden the career development path of its employees. The Company requires each unit and department to care for the work and life of the new recruited college students, help them to solve practical difficulties in basic necessities, focus on their mindset and get to know their mental needs to help them to establish correct view of life and sense of value, improve talent development mechanism, identify suitable development targets and teach, support and lead them, and also select excellent calibers to be career counsels for new employees to help them grow up quickly. At the graduation ceremony of the training session, the manager of the human resource department of the Company announced the Decision on Rewarding Outstanding Students in 2019 New Employee Orientation (《關於表彰公司2019年新入職大學生培訓班優秀學員的決定》). 10 outstanding students were awarded by the leader of the Company and two representatives of the new recruited college students, Li Fuqiang and Leimeng, gave a speech respectively, sharing their performance and feelings after the training session. They expressed that they would accelerate their transition from college students to professionals, integrate into the big family of Daye Non-Ferrous, work hard in their position and do their largest contribution to the development of Daye Non-Ferrous.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019



## *Illustration 2: The Company Held a Training Session on Compliance Management and Legal Practice*

On 29 November 2019, the Company held a training session on compliance management and legal practice in the Vocational Education Center, aiming to improve the compliance management level of the management personnel and professional skill of the legal personnel of the Company. The legal representative and general manager of the headquarter, persons in charge of the units and departments of the headquarter, contract managers and legal clerks of the Company attended the training session, during which, each of Xie Xihua, director of Hubei Baoshutang Law Firm (湖北寶樹堂律師事務所), Shi Keyi, Senior partner of Hubei S&H Law Firm (湖北山河律師事務所) and Zhangli, Senior partner of Beijing Zhong Lun (Wuhan) Law Firm (北京中倫(武漢)律師事務所) gave a lecture titled Contract Review and Risk Control of Civil and Commercial Contract (《民商事合同審查與風險防控》), Legal Risk Prevention of State-Owned Enterprise (《國有企業法律風險防範》) and Duty Performance of Legal Representative and General Manager (《法定代表人及總經理如何履職》), respectively. With diversified and targeted contents, such lectures further improved the ability of the operation and management personnel of the Company in respect of legal operation and legal control.





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 3. Supply Chain Management

Combining the annual production schedule of the Group and the actual production status of each production unit, the Group formulated an annual raw material procurement plan to organise raw material procurement as planned, so as to ensure the supply of raw materials necessary for production while maintaining a certain amount of inventory, and to enhance its risk resistance capacity in the event that there is material change in the production or raw material procurement. The Group will gradually adjust its direction and strategy of procurement with changing raw material procurement market, thus meeting the requirements of smelting and production.

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

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

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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 4. Product Responsibility

The Group strictly complies with relevant laws and regulations including the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》) and the Metrology Law of the People's Republic of China (《中華人民共和國計量法》), etc. in the production process. All our products and labels meet the applicable national and industrial quality standards. Our qualification rate of product quality is 100% in various product quality sampling inspections conducted by national, provincial and municipal government authorities. During the Reporting Period, no penalty was imposed on the Group due to violation of laws and regulations in relation to product quality and technical supervision.

- The Group has established comprehensive quality management systems, under which all the products must be thoroughly tested according to customer's requirements and relevant national standards before leaving the factory. Daye Metal has passed and obtained ISO9001 Quality Management System Certificate, ISO10012 Measurement Management System Certificate, ISO14001 Environmental Management System Certificate, ISO45001 Occupational Health and Safety Management System Certificate and ISO50001 Energy Management System Certificate. Daye Metal aims for zero defect in product quality by insisting on the quality policy of "first-class products, services in good faith, management excellence and market development".
- A strict product inspection system has been established to ensure high product quality in highly-effective production process. In addition to its established customer communication platform, Daye Metal also conducts annual customer satisfaction surveys, aiming to understand customers' opinions on the services of Daye Metal. Apart from regular technical seminars, Daye Metal also has a customer complaint mechanism. Containment actions will be taken within 24 hours upon receiving customer complaint to ensure that once a defective product is reported, the cause will be found out within seven days and preventive measures will be implemented, and the customer will be informed of follow-up measures on a timely basis, while internal review will be made and internal management will be improved.
- Daye Metal attaches great importance to the protection of customer privacy and undertakes to avoid disclosing customer information when signing contracts with customers to protect customer's privacy. Daye Metal did not receive any complaint resulted from the disclosure of customer information.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019



## Illustration

The Group's products, including "Dajiang" (大江) branded copper cathodes, "Dajiang" branded gold ingot and "Dajiang" branded silver, have obtained the award of "Hubei Name-Brand Products", of which "Dajiang" branded gold ingot and "Dajiang" branded silver have passed the qualification certification of the London Bullion Market Association (LBMA) and the quality of "Dajiang" branded Grade A copper has obtained international official recognition as it was registered as a brand for settlement on the London Metal Exchange (LME). During the Reporting Period, the Group's products, including copper cathodes, sulphuric acid, gold ingot and silver, have registered on the domestic and overseas exchanges and passed examinations of prestigious domestic and overseas inspection institutions, respectively, confirming that their quality fully meets the requirements of the standards and reaches international level of similar products. Daye Metal was awarded with the title of "Outstanding Member Unit and Supplier of Standard Gold Ingot" by the Shanghai Gold Exchange, while "Dajiang" branded copper cathodes and sulphuric acid were also awarded the Gold Cup Champion in Quality Non-Ferrous Metal Products by the China Nonferrous Metals Industry Association (中國有色金屬工業協會).



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 5. Anti-corruption

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

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

## 6. Community Investment

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



### Illustration

The labour union of Daye Metal established a “520-Volunteer Service Team” (520志願者服務隊); the volunteers of the team actively participated in caring services and public welfare activities.





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## Environmental, Social and Governance Reporting Guide Index

Scope set out in the Environmental, Social and Governance Reporting Guide	Key environmental, social and governance issues of the Group	Page
<b>A. Environmental</b>		
A1. Emissions	Environmental Protection	2
A2. Use of Resources	Use of Resources	6
A3. The Environment and Natural Resources	Environmental Protection	2
	Use of Resources	6
<b>B. Social</b>		
B1. Employment	Employment Relationship and Labour Standards	16
B2. Health and Safety	Safe Development	8
B3. Development and Training	Employment Relationship and Labour Standards	16
B4. Labour Standards	Employment Relationship and Labour Standards	16
B5. Supply Chain Management	Supply Chain Management	20
B6. Product Responsibility	Product Responsibility	21
B7. Anti-corruption	Anti-corruption	23
B8. Community Investment	Community Investment	23