



2020 CSR

中煤能源社会责任报告
CHINA COAL ENERGY

Description of the Preparation of the Report

Report Summary

The China Coal Energy CSR Report 2020 is the 13th consecutive annual CSR report published by China Coal Energy Company Limited (“the Company”). 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 2020 and fully discloses the Company’s philosophy of sustainable development, practices and results in performing its responsibilities toward the economy, safety, the environment, innovation, the employees and the community.

Range of period

From 1 January 2020 to 31 December 2020. 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”); 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.

Source 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: <https://www.chinacoalenergy.com>

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Chairman's Statement

Dear Friends,

On behalf of the Board of Directors, I would like to extend my sincere gratitude for your continuous attention and support to China Coal Energy.

2020 was an extraordinary year in the history of China Coal Energy. Facing the significant impact of COVID-19 and the difficulties as well as challenges caused by market substantial volatility over the year, China Coal Energy fully committed to the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, thoroughly applied the new development ideas while consolidating the results of supply-side structural reforms. Our management and staff of all levels was concentric with one heart, and actively and steadily focused on the coordination of pandemic control, production and operation amid difficulties. The economic strength of the Company moved to a higher level as we fully accomplished our objectives for the year with record-breaking revenue. In addition, the Company adhered to the values of sustainable development and its corporate mission of "supply quality energy and lead industrial development for a prosperous life", contributed new efforts and achieved new results in corporate governance, value creation, safe production, environmental protection, technological innovation, staff caring and community development. It also continuously empowered its stakeholders and promoted harmonized development among the economy, community and environment.

Supply Quality Energy

The Company coordinated its pandemic control, production and operation, reform and development and sped up the resumption of its production. The output of coal hit a record high in recent years as the coal enterprises strived to overcome negative impact, scientifically organized production, improved production efficiency and enhanced the coordination of production, delivery and sales. The quality of coal was further upgraded as the Company improved its coal quality management system, reinforced its coal quality management and examination, and optimized its product mix. During the reporting period, commercial coal output reached 110.01 million tonnes, representing a year-on-year increase of 8.17 million tonnes, of which output of thermal coal and coking coal reached 98.94 million tonnes and 11.07 million tonnes, respectively.

The Company further proceeded with the restructuring of its coal marketing system, optimized its nationwide network, and expanded its channels of resources and market shares. The company also reinforced the coordination of its production and sales, strengthened monitoring of its marketing activities, innovated its marketing models, boosted the advantages of the China coal brand and its bargaining power as well as influence in the market. The Company's sales of coal hit a record high, of which the sales of commercial coal reached 265.44 million tonnes, representing a year-on-year increase of 14.8%.

The Company established a sense of overall awareness and strived to guarantee the supply of coal during critical periods. In response to the call by the government, the Company stabilized the order of markets, reinforced its long-term strategic cooperation with key users and fulfillment of mid- and long-term coal contracts, thereby taking a major and leading role in the healthy development of the upstream and downstream coal power industry.

Lead Industrial Development

The Company committed to lead the industry development in the directions of "safety, efficiency, green and intelligence".

The Company adhered to the concept of "life and safety first" and implemented the strategy of safe development. 13 coal mines of the Company reached the national first-class safe production standards and 2 coal chemical plants reached the leak-free plant standards. The Company accomplished safe production in 2020 with mortality rate per million tonne in coal mines being zero for 3 consecutive years, and its trend of safe production has been stable and satisfactory.

The Company 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. 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. Many of its coal chemical enterprises have met the standards of "zero discharge" of waste water.

The Company was determined to develop through innovation and increased its R&D investment while proceeding with the application of information, automation and intelligence technologies. Four of its coal mines were selected into the first batch of national demonstration construction project of intelligent coal mine. The high output and efficiency of coal mine production were boosted by the accelerated conversion process of technological innovation achievements. During the reporting period, raw coal productivity of the Company was 36.9 tonnes per worker-shift, maintaining a leading level in the coal industry. The influence of the Equipment Company significantly increased with the awards of the titles of "Leading Quality Development of Energy • Top 10 Technology Equipment Enterprises" and "Innovative Enterprise" of China Coal Machinery Industry.



Contribute to Prosperous Life

Sticking to the cultural principle of “harmony”, the Company 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.

The Company insists on harmonious win-win outcomes and supports the development of the local economies and society. In 2020, the total amount of the Company’s social contribution through the payment of taxes, labor costs, net profit and interest expenses was RMB35,434 million, and the social contribution value per share was RMB2.67, including RMB12,852 million in taxes and fees paid. 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 2020, the Company contributed to fighting against poverty by providing support funds of RMB18.90 million in total (including cash equivalents for material aid). The Company also encouraged its employees to carry out various forms of volunteer activities, thus helping spread positive energy throughout the society.

2021 marks the start of the “14th Five-Year” plan and is also the beginning year of China to advance from building a highly completed moderately prosperous society in all respects to basically achieving modernization. Under the guidance of President Xi Jinping’s Thoughts on Socialism with Chinese Characteristics in

the New Era, the Company will stick to the working theory of “progression amid stability, reform and innovation” as well as the strategy of becoming “a clean energy supplier and an integrated energy service provider”, and coordinate and promote 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. In the meantime, the Company 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.

The Company believes that it is our original aspiration of growing together with customers, our firm belief of creating long-term value, and our persistence of performing social responsibilities and promoting sustainable development that will lead us to make progress among market changes. Under the guidance of sustainable development goals, the Company will continue to promote the mutual promotion and improvement of economic value, social value and environmental value, integrating the ESG concept into every aspects of its corporate development. We believe that every effort we made will eventually drive us towards the realization of our long-term goals.

Peng Yi
Vice Chairman and Executive Director
24 March 2021



ESG Governance Statement from the Board

The Board of Directors of China Coal Energy undertakes that the Company will strictly comply with the disclosure requirements of the environment, social responsibility and corporate governance report guidelines of the stock exchange in the place of listing.

The Board of Directors of the Company has participated in the review and decision-making regarding major issues of ESG, including the formulation of relevant strategies and policies and the deliberation of its annual social responsibility report and social responsibility practices. The Safety, Health and Environmental Protection Committee of the Board of Directors is responsible for monitoring the commitment and performance of key ESG issues of China Coal Energy. Through convening regular meetings and other forms, we discuss and clarify the regulatory responsibilities of the Board of Directors, and improve its regulatory process, so as to integrate ESG into the Company's business operation and long-term development objectives, and ensure that ESG is truly integrated into the Company's corporate culture.

On the basis of corporate strategies, current corporate management status and focus of stakeholders, the Board of Directors benchmarks the Company against enterprises in the industry in terms of sustainable development strategies and management, essential topics, quantitative indicators and best practice, thereby sorts out a pool of ESG issues for China Coal Energy. The Board of Directors of the Company evaluates the importance of these issues and then selects the key ESG issues so as to clarify the annual work highlights.

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.

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 Hujerte, 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. The coal chemical business is mainly located in Inner Mongolia Autonomous Region and provinces such as, Shaanxi, Shanxi, etc.

Power generation industry

Aiming to adjust its industrial structure and absorb self-produced coal, the Company proactively develops environmental-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 provinces such as Shanxi and Jiangsu and Xinjiang Uygur Autonomous Region, with an annual utilization of by-products of cleaned coal such as coal gangue and coal slime of over 10 million tonnes.

Coal mining equipment manufacturing industry

The Company's subsidiary China National Coal Mining Equipment Co., Ltd. provides the most comprehensive range of products and services in China. 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.



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 society.

Strategies of the Company

Mid- to-long-term development strategy: The Company aims to build itself into a world-class clean energy supplier in the world and integrated energy service provider with strong international competitiveness. The Company also strives to become a leader in green and safe production, a model of clean and highly-efficient utilization and a practitioner of providing high quality services, and to maximize the interests of the Company as well as its employees, its shareholders, and the society.

Development direction: The Company adheres to the new energy safety strategy and the “30 • 60” peaking carbon dioxide emissions and achieving carbon neutrality energy development goals in new era. Under the strategy of becoming “a clean energy supplier and an integrated energy service provider” and with focus on quality and efficiency, the Company strives to establish a new cyclical economic business model for the coal, power and chemical industries, and 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, improvement of quality and efficiency, transformation and upgrade, reform and adjustment, and consolidating foundation. The Company will consciously implement the vision for innovative, coordinated, green, open and inclusive development.

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 business. The Company will vigorously promote the construction of integrated projects of coal, power generation and coal chemical, enhance coal production efficiency, increase the on-site transformation ratio of coal, and focus on the advantage of scale and intensive development. By leveraging factors including the endowment 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 scale-and-speed oriented mode to a quality-and-efficiency-oriented model.

Coal chemical industry: The Company will adopt the most advanced coal gasification technology and energy saving and environmental protection standards to focus on building the large-scale coal chemical bases in Inner Mongolia-Shaanxi, Shanxi, etc. The Company will steadily promote the upgrading model projects of coal-based new materials, chemical fertilizers and new energy, and strictly control energy consumption, water consumption and pollutant emissions, so as to cluster the projects, expand the production scale and refine the products. The Company will increase the level of coal-based joint production and the added-value of coal-based products so as to realize the development of refined and high-end coal chemical industry.

Power generation industry: Focusing on the nine 10-million-kilowatts large-scale coal power generation bases in Ordos, north Shanxi, north Shaanxi and Zhundong, etc., and fully integrating with 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 power generation techniques, and focus on constructing the large-scale pit-mouth coal-fired power plants and low calorific value coal-fired power plants in Shanxi, Xinjiang and Jiangsu, etc., so as to enhance the value chain of the coal power generation industry and to achieve integrated and synergetic development of coal and power generation.

Equipment manufacturing industry: By grasping the opportunity of strategic international resource cooperation and responding to the “Made-in-China 2025 Strategy”, the Company will deepen the reform on the management system and adhere to technological innovation and technical cooperation. The Company will also focus on boosting in-depth integration of equipment manufacturing with new information technologies, including IoT, big data, cloud computing, etc. The Company will vigorously promote big scale, high-end and smart equipment manufacturing, strengthen its technology reserve and product research and development to procure the localization of leading technology and equipment as well as the internationalization of coal mining technology and equipment in respect of coal mining. The Company will seek to speed up its equipment manufacturing in a move to make transformation from a production-oriented mode into a production-and-service-oriented model and to turn itself into an equipment manufacturing service provider with relatively strong international competitiveness.

New energy industry: Adhering to the implementation of “30 • 60” peaking carbon dioxide emissions and carbon neutrality, the Company will organize the resources endowment, construction conditions as well as market consumption and acceptance of the concentrated areas of its coal, power generation, chemical industries and other suitable areas. The Company will accelerate the deployment and construction of wind power and photovoltaic projects while accelerating the integration of wind power, photovoltaic, fire and reserve via various means such as self-investment and construction, merger and acquisition and joint venture and cooperation. With compliment, coordination and synergy with the existing major businesses, the scale development of clean energy will be promoted.

Development objectives: The Company will strive to strengthen and optimize major business segments through internal growth and external expansion, scale up operations year-by-year, remain sound profitability, to gradually form a development landscape with significant economies of scale of major business segments, prominently synergetic effect of industries and stronger capabilities in sustainable development and risk resistance, so as to lay down a solid foundation for the Company to become a first-class clean energy supplier and integrated energy service provider with global competitiveness.



Corporate Governance

Regulated Operation

Governance structure. The Company has established a corporate governance structure comprising 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 and coordinating mechanism with clearly delineation of rights and responsibilities as well as standardized operation among the executive, 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 Shareholders' 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 the senior management 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, and major decisions will be discussed first by the special committees before submitted to the Board for review. 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 2020, China Coal Energy organized and convened one General Meeting, four Board meetings and four Supervisory Committee meetings. The Board of China Coal Energy step 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 guide and promote corporate reform and development, thus effectively enhancing the Company's core competitiveness and sustainability.

Corporate governance by the law. The Company adheres to the principles of corporate governance according to the law and in compliance with regulations, establishes 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 includes 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.



China Coal Energy Board Meeting

Corporate Governance



China Coal Energy participated in the 3rd China International Import Expo

Internal Control

Internal control system. The Company continuously improves the standardization, intensification, specialization, elaboration and informatization of its corporate management and enhances 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 has 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 a comprehensive budget management model of “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. Focusing on “target, risk and control”, the Company periodically organizes risk assessment and self-assessment of internal controls, adopts the approach of “unified planning and graded implementation”, and sort out weaknesses and potential risks in the 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 2020*, 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 win-win partnership and attaches importance to the management of responsibility of the supply chain in order to improve suppliers’ awareness and capabilities of responsibility and pursue mutually beneficial cooperation, thus achieving win-win development with its supply chain partners. The Company continuously improves its supplier management mechanism, reduces the environmental and social risks of its supply chain as well as promotes unified management and a graded responsibility system for the entire life circle 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, fully integrates the concept and requirements of fulfilling social responsibility in the whole process of corporate procurement. For rating factors of performance appraisal, performance by key suppliers in areas such as human rights, occupational health and safety, environmental protection, consumer rights and business ethics are considered and acknowledged. The Company continuously improves its institutional system of tender and procurement, calls for fair competition, implements the transparent “Sunshine Procurement” policy, resists corruption and commercial bribery, puts priority in the procurement of reliable products and services, and facilitates the improvement of supplier awareness and capabilities of fulfilling responsibility. In 2020, 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 2020, China Coal Energy actively participated in the Third China International Import Expo and signed contracts with many international suppliers, so as to 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 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 2020, the Company fully implemented the political duty to practice strict Party self-governance by setting an example and making its subordinates follow suit and 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. The Company formulated the "Measures of Bidding Management" and "Procurement Management Measures for Materials and Production Services" to strengthen the control of the whole process of bidding plan, bidding method, bidding review, expert selection, bidding evaluation and fixing, etc. The Company 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. In 2020, the Company commenced 57 integrity education and training and 49,119 employees received integrity education. 245 cases were reported, 293 issues and clues were handled and 175 people received disciplinary or administrative penalties from the Party.

Supervision through auditing. The audit departments of the Company at all levels continually enhance their supervision of internal auditing. Aiming to risk and problems, they focus on key management processes such as material purchases, product sales, project tender and bidding and the payment of large sums of money, pay close attention to the implementation of the rectification of audit issues, and increase the efforts to pursue responsibility and accountability. 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 insists on transparent operation. 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 timely discloses the state of its operations and development, enhances ESG information disclosure and actively responds to the concerns from society through media and means such as the Company's website, WeChat Public, newspaper, newspapers, the CSR report and the annual report. The Company has established a sound communication mechanism with its stakeholders, and answers and listens to questions and opinions from investors via means such as telephone hotline, email and facsimile, thereby enhancing operation transparency.



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, communication with stakeholders, and its sustainable development. The Company seeks to actively explore suitable social responsibility management models and continuously improve its ability to fulfil its responsibility while pursuing the objective of sustainable development through the "optimization of integrated values of economic, social and environmental".

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 the Supervisory Committee 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 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

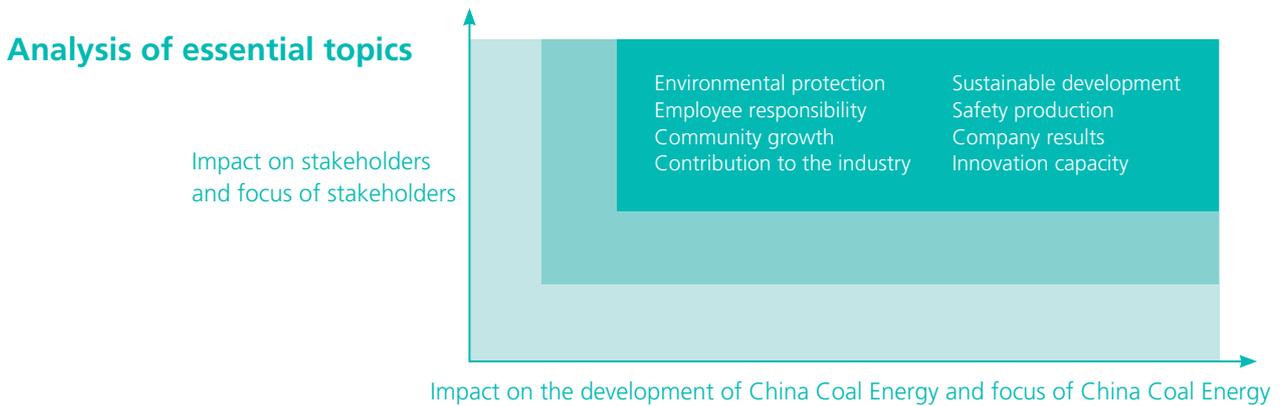
The professional departments of the Company and different business institutions are responsible for the centralized management of social responsibilities issues and the regular reporting of relevant management measures, performance indicators and exemplary cases. The Company has established a preliminary 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, Results release, Daily receptions, Interactive Q&A platforms	Corporate governance, Stable operation, Profit sharing, Information communication, Market value management	High quality development and enhance corporate profitability; Regulate information disclosure and strengthen investor relations; Reinforce market value management and increase investors' confidence.
Suppliers	Public tendering procedures, Work meetings	Business ethics, Fair cooperation, Mutual development	Fair procurement, Performance of contracts in compliance with laws, Formulation of <i>Management Measures for Materials Procurement, Name List of Qualified Suppliers and Name List of Key Suppliers</i>
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 incorporates concepts of social responsibility through parallel planning and implementation, thus forming the top-level design of social responsibility management of China Coal Energy.

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, convening 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 year 2020, 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 arranged 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' fulfillment 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 12 consecutive years, and was awarded the title of "CCTV Finance 50 Index • Top 10 Companies of Social Responsibility" two times. In 2020, 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

A Theme on Responsibilities: Battle Against the Pandemic and Assure Supply in the Pandemic

Since the outbreak of COVID-19, China Coal Energy has been committed to implementing the spirit of the important speeches of General Secretary Xi Jinping and the decisions and deployments of the Party Central Committee. The Company resolutely won the battle of pandemic prevention and control, and achieved “zero infection” among all employees. The company coordinated various tasks in pandemic prevention and control as well as operation and development, took the initiative and acted positively, resumed work and production in an orderly manner, and assured the supply of energy, thereby taking the role of a pillar in this critical battle.

Giving emergency aid to pandemic frontlines: On 31 January 2020, the Parent Company (China Coal Group) swiftly donated RMB30.00 million to the pandemic front-line in Hubei in assisting the pandemic prevention and control there. The Company gathered the donation from its cadres and employees to RMB6.24 million, and donated several batches of anti-pandemic supplies to local governments, targeted poverty alleviation counties and domestic as well as overseas partners. Hospitals affiliated to the Company received more than 800 patients with fever symptoms and 37 medical staff were seconded to Hubei to assist pandemic prevention and control.



China Coal Group donates RMB30 million in fighting against COVID-19

Assuring supply of energy: The Company considered the demand of coal in Hubei as a priority for supply assurance. Amid the outbreak at the beginning of the year, the Company timely transferred 2.96 million tonnes of coal to Hubei and Wuhan in assuring and supporting the fight against COVID-19 in the affected areas. During the pandemic, supply of coal to power and steel enterprises was tense. The Company actively responded to the urgent demand of different parties, coordinated its pandemic control and resumption of production, assured energy supply amid difficulties and therefore largely relieved the urgent demand. Letters and calls have been received from related entities expressing their gratitude to our responsible actions as a state-owned enterprise.

Switching to produce medical supplies: Since the outbreak of the pandemic, the Company has been bearing responsibilities for the overall picture, sparing no prices and saving every second. The Company coordinated its affiliated coal chemical enterprises to switch production for assuring the key medical and pandemic control supplies on the front-line of COVID-19 control. Inner Mongolia China Coal Mengda New Energy & Chemical Company Limited urgently switched to produce raw materials for medical protective clothing and masks. In just more than half month, it produced 15,000 tonnes of polypropylene materials and all were delivered to the factories of medical non-woven fabric, thereby demonstrating the productivity and transport efficiency of China Coal. Coal chemical enterprises including China Coal Ordos Energy Chemical Company Limited and China Coal Shaanxi Yulin Energy & Chemical Company Limited reacted to orders and took the responsibilities of production, thereby assuring the supplies for spring cultivation, production and daily lives and taking the role of a stated-owned and national enterprise. On 22 February, the stories of China Coal Energy fighting against COVID-19 and assuring supplies were reported twice in *Xinwen Lianbo* and *Morning News* of CCTV.



China Coal Mengda Chemical Company urgently switches to produce virus-proof materials



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Improving Quality While Maintaining Stability, Promoting Reform and Innovation

Scientifically Organizing Production

Improving Marketing System

Providing High Quality Products

Improving Quality and Efficiency

**Economic
Responsibility**





2020 was an extraordinary year in the history of China Coal Energy, the Company faced the significant impact of COVID-19, volatility of markets, steeply increased pressure of production and operation and difficult missions on reform and innovation. The Company worked together, maintained its determination, rose to the challenge and took the initiative, and coordinated the work of pandemic prevention and control as well as production and operation. The economic strength of the Company moved to a higher level as we fully accomplished our objectives for the year with record-breaking production and sales of coal as well as revenue.

Scientifically Organizing Production

The Company coordinated its pandemic prevention and control, speeded up the resumption of its operation and production, and therefore its production and operation swiftly recovered. The coal enterprises strove to overcome adverse effects. Despite of insufficient coal production in the first quarter, the enterprises optimized the relationship between excavation, stripping and extraction and scientifically organized production to improve production efficiency and strengthen the coordination of production, transport and sales, achieving a record high in annual coal output in recent years. Pingshuo Company took full advantage of its scale and high output and efficiency, continued to ramp up stripping to fully release the production capacity of open-cast coal mines, and maximized production, leading to a stable increase in coal output. Shanghai Energy Company and China Coal Huajin Company proceeded with the relocation of villages and reasonably coordinated processes of mining and tunnelling, which laid a solid foundation for the continued stability of mine production. Northwest Energy Company strengthened production organization and optimized its excavation process to improve efficiency, resulting in a record high in commercial coal output. During the reporting period, the commercial coal output was amounted to 110.01 million tonnes, of which the thermal coal and coking coal outputs reached 98.94 million tonnes and 11.07 million tonnes, respectively.

In facing the adverse impact caused by the COVID-19 outbreak and the sharp decrease in global oil prices, the Company actively took measures to optimize production organization amid the pandemic to maintain safe and stable production of coal chemical products. The Company stocked to bottom-line thinking and the basis of completing “physical quantity” targets, pushed ahead its operation system in compliance with the requirements of “work safety, stable production, long-period operation, fully-loaded operation and producing quality products”. It coordinated overhaul management and improved work cooperation, continued to promote the refined management of equipment. It solidly adhered to targets and schedules, sought to reduce costs and consumption, and enhance quality and efficiency in every aspect of production, technology and management to steadily increase its productivity. Through measures such as operation optimization, technological transformation and management enhancement, the coal chemical operation was lifted to a new level. During the reporting period, the Company completed the production of 743,000 tonnes of polyethylene, 721,000 tonnes of polypropylene, 1,886,000 tonnes of carbamide and 690,000 tonnes 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 major 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 optimized production organization, innovated production management, accelerated production pace, achieved short-cycle and rapid output, effectively unleashed production capacity and spared no effort to satisfy our users’ demand. The total annual production value of coal mining equipment was RMB8.7 billion, representing a year-on-year increase of 6.7%.

Improving Marketing System

In 2020, the Company further deepened the restructuring of the coal marketing system, optimized its national network distribution, expanded its resource channels and market share, strengthened synergy between production and marketing, enhanced marketing supervision, innovated marketing models, and vigorously heightened China Coal’s brand advantages, bargaining power and market influence. The Company’s coal sales reached a record high. Its total sales volume of commercial coal for the year was 265.44 million tonnes, representing a year-on-year increase of 14.8%.

The Company innovated its mechanisms and models, enhanced its sourcing of resources and fully leveraged on the advantages of its marketing network and multi-platform purchases. It further co-operated with its upstream suppliers and downstream users and developed purchases through various channels and categories. By expanding the size of its external purchases and sales, its capability in supplying high-quality coal has been increasing. Throughout the year, the sales volume of its proprietary coal trading reached 146.44 million tonnes, representing a year-on-year increase of 20.8%.

The Company gave full play to the advantages of concentrated sales of coal chemical products, closely monitored market changes, and adopted strategies of complementation between regional markets, domestic and foreign trading as well as various pricing and sales models. By reinforcing the coordination between production and sales as well as flexibly adjusting pricing strategies, the Company still maintained a balance between the production and sales of coal chemical products for the year amidst significant fluctuation in prices. The Company continued to strengthen the fine management of logistics, further improved its logistics system, innovated its sales models, enriched its delivery methods and improved the efficiency of product delivery. The Company fully leveraged on 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 its profitability. During the year, the total sales volume of polyolefin, carbamide and methanol reached 1,474,000 tonnes, 2,248,000 tonnes and 688,000 tonnes, respectively.

As for the sales of coal mining equipment products, the Company adhered to its marketing strategy of paying equal attention to coal and non-coal machinery businesses as well as accessories and services. It focused on key users, key projects and major demands, taking the initiative to seize the opportunities of intelligence technology upgrade and has been expanding overseas. It also strived to explore markets through market expansion, service transformation, innovation-driven development and other measures. Its accumulated contract value for the year amounted to RMB12.0 billion, representing a year-on-year increase of 4.8%.

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 improving the construction of 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 strengthening quality control in the whole 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 amount 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 constantly improve the market layout, optimize the sales strategy, and implement the complementary off-peak season to enhance the market share and the influence of China Coal brand. Keeping abreast with the changes of the market, the Company diversified its product assortment, strengthened its transport capacity assurance and reduced its logistic costs in order to ensure smooth coordination between production and sales.

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 coal 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 export market 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 fulfilled quality rewards and punishments, and enhanced quality management level. China Coal Equipment Company's major production enterprises have 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, so that enterprise quality management standard operation capacity, manufacturing quality assurance capacity continued to strengthen. All management and technical service staff at all level went deep into customer sites to understand the product running conditions so as to proactively improve post-sale services and product quality. They conducted customer satisfaction surveys, mapped and registered 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

Adhering to the development directions of “safety, efficiency, green and intelligence”, the Company focused on strengthening investment in research and development and vigorously promoted the application of information, automation and intelligence technologies. A total of six intelligent coal mining working faces have been built, and four mines have been listed in the country’s first batch of intelligent coal mine examples. Through accelerating the conversion of technology innovation results, the Company drove the quality and efficiency of coal production. It also achieved close integration of technology and production through innovative research and development of intelligent mining technology and equipment. The Company continued to optimize coal mine technology to reduce demand for working faces, footage and personnel, with an aim to increase coal recovery and economic benefits. During the reporting period, the Company’s raw coal productivity was of 36.9 tonnes per worker-shift, maintaining its position as an industry leader.

The coal chemical enterprises laid emphasis on improving the operation of “work safety, stable production, long-period operation, fully-loaded operation and producing quality products”. With the competitive advantages of low costs, the enterprises strived to conserve energy and reduce consumption and maintained profitability amid significant decrease of product prices.

China Coal Equipment Company formulated the *Plan for Improving Quality and Efficiency 2020*, pursuant to which 48 initiatives on 8 areas were proposed to reinforce the management for the company as a whole and improve the efficiency at every level. With ongoing improvement in operating efficiency, the operating profit margin and ratio of profit to cost of China Coal Equipment Company increased by 1.3 and 1.4 percentage points, respectively.

The power enterprises launched an initiative to improve quality and efficiency. On individual plant basis, the enterprises formulated specific measures to reinforce coordination and supervision, thereby fully leveraging their advantages on sectoral and professional management. By increasing the synergy of coal and electricity businesses, the enterprises effectively reduced their coal-fired costs and therefore resulting in significant decrease in loss and increase in profit.

Performance in Economic Responsibility

Name of indicator	2018	2019	2020
Production volume of commercial coal (10 thousand tonnes)	7,713	10,184	11,001
Sales volume of commercial coal (10 thousand tonnes)	15,565	23,128	26,544
Production volume of polyethylene (10 thousand tonnes)	74.1	74.5	74.3
Production volume of polypropylene (10 thousand tonnes)	71.9	70.8	72.1
Production volume of carbamide (10 thousand tonnes)	185.6	199.1	188.6
Production volume of methanol (10 thousand tonnes)	61.8	94.6	69.0
Production value of coal mining equipment (RMB100 million)	69.5	81.5	87.0
Total assets (RMB100 million)	2,643.65	2,725.65	2,816.86
Net assets attributable to the equity holders of the listed company (RMB100 million)	921.07	972.02	1,008.57
Operating revenue (RMB100 million)	1,041.40	1,293.35	1,409.61
Total profit (RMB100 million)	87.10	121.51	123.25



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Life is Most Valuable, Safety is of Vital Importance

Preventing and Defusing Material Risks

Enhancing Safety Assurance Capability

Implementing Safety Responsibilities at Every Level

Developing Strong Safety Awareness

Safety
Responsibility





In 2020, the Company strictly complied with related laws and regulations such as the Production Safety Law, conscientiously implemented the deployment of production safety of the competent authorities, stuck to the principle of life and safety first, overcame the negative impact from COVID-19 on production safety, focused on the control of material risks, proceeded with the development of capability on safety assurance, enhanced the fulfillment of responsibilities and site management, thereby achieved production safety with ongoing stable trend.

Preventing and Defusing Material Risks

The Company further developed its dual-prevention mechanism, proceeded with the identification of safety risks at each level, fulfilled control measures and responsibilities, monitored the whole process of high-risk operations, and supervised as well as resolved key issues. The Company activated its 3-year rectification campaign on production safety, formulated implementation plans at every level and updated the “two lists” of potential problems and system measures. All the coal chemical enterprises developed matrix diagrams on the levels of safety risks. The power enterprises prepared a list of standardized prevention measures for operating risks. The mechanism of business meeting and consultation was established, 152 meetings were convened on material safety technical issues, and technical consultations were conducted on 11 coal mines, coal chemical plants and power plants. The Company pressed on with both pandemic control and production resumption, innovated approach on safety supervision and performed stringent acceptance procedures, thereby assuring its resumption of safe operation and production.

Enhancing Safety Assurance Capability

At the beginning of the year, the Company organized and commenced safety risk reporting and evaluation to rationalize material safety risks. The Company comprehensively proceeded with the tasks of system optimization and equipment upgrading. 13 mines, including Anjialing Mine were awarded the title of the National First-Class Safe Production and Standardized Mines, while 2 coal chemical enterprises, including China Coal Mengda Company met the standards of leak-free plants, implying increasing capability in safety assurance. The Company actively

proceeded with system optimization and the reduction of levels, working faces and headcount, and upgraded the core equipment in coal mines, thereby significantly improved the operation environment. Significant progress was made in the development of intelligent coal mines, with 4 intelligent working faces built in 2020. The coal chemical and power enterprises were actively developing smart plants.

Implementing Safety Responsibilities at Every Level

The Company improved its 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”. More than 5,000 places on the job safety responsibility list were amended. Control from the source was enhanced with the launch of accountability rules on risk incidents, by which the investigation on casualty events was extended to the responsibilities of risk incidents. The Company implemented strong incentives, strict assessment and strict accountability, and upheld the main responsibility of safety at all levels. The Company guaranteed the safety of 12 mines (plants) at every level and promoted the implementation of on-site safety responsibility. The system of regular meetings and monthly production safety video conferences between Safety Committee and Director of Safety Supervision Bureau was maintained for ongoing safety supervision and inspection as well as the execution of key safety tasks.

Developing Strong Safety Awareness

A series of safety activities involving all staff including “March Warning Campaign”, “Production Safety Month” and “Hundred-Days of Safety” were continuously carried out to create a high-pressure situation and a strong atmosphere of production safety awareness. Seminars on safety education were held for the Company and education regarding warnings were developed at each level, with more than 1,000 cadres received warning education. The safety awareness among staff was therefore steadily improved. 43,000 staff attended safety training and 31,000 staff participated in drills and skill competitions. The Company implemented youth safety supervision posts and conducted “Everyone is a Shift/Team Leader” campaign. The safety standards of our staff have been enhancing, and the Wangjialing Coal Mine of China Coal Huajin Group was awarded the title of “National Safety Culture Construction Model Enterprise 2020”.

Performance in Safety Responsibility

Safety Investment in 2016-2020

Name of indicator	2016	2017	2018	2019	2020
Safe Production Expenditure (RMB100 million)	14.3	15.96	13.75	15.64	21.67

Mortality rate per million tonnes of coal production from 2016-2020

Category	2016	2017	2018	2019	2020
Nation-wide coal mines	0.156	0.106	0.093	0.083	0.058
China Coal Energy	0.017	0.026	0	0	0



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Low-carbon Development: Building a Green China Coal Energy

Constantly Controlling Pollution and Reducing Emissions
Conserving Energy Resources
Improving Ecological Environment

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. Fifteen enterprises of the Company, involving coal, coal chemical, power generation and equipment manufacturing industry and other industries located in Shanxi, Inner Mongolia, Shaanxi, Jiangsu and Xinjiang, have been rated as key pollutant discharge units by the competent government environmental protection department.

The Company's emissions are mainly sulfur dioxide, nitrogen oxides, chemical oxygen demand, ammonia nitrogen, etc. In 2020, the Company produced 2,724 tonnes of sulfur dioxide, 4,006 tonnes of nitrogen oxides, 183 tonnes of chemical oxygen demand, and 8 tonnes of ammonia nitrogen.

Greenhouse gas emission

The Company resolutely put the national decision and deployment about "peaking carbon emissions" and "carbon neutrality" into practice, optimized its systems and mechanisms in response to climate change, focused on improving carbon emission management capability, and continued to foster industry structure optimization, adjustment, transformation and upgrade. The Company researched and determined the general idea, construction goals, management structure and business system for carbon emission management, and organized and commenced respective training. The Company commenced actual testing on key parameters for carbon emissions from its coal power generation plants, and underwent carbon emission inspection on its power generation and coal chemical enterprises. Fundamental data were collected pursuant to the requirements of the national assessment and calculation guidelines on carbon emission to optimize relevant accounts. 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 listed as one of the key emission entities of carbon emission transaction and is checking and auditing greenhouse gas data of 2020. Since the greenhouse gas emission report is subject to the review by third-party review authorities designated by competent governmental organization, which is later than the publication of this report, the Company will make disclosure in the social responsibility report next year.

Hazardous waste

The hazardous waste produced by the Company is mainly oil waste, catalyst waste, hazardous chemical waste, etc. 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 2020, 64,000 tonnes of hazardous waste, with 8.8 kg of hazardous waste per RMB10,000 of production output were 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. Those 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 (GB 18599-2001). In 2020, the Company produced 24.13 million tonnes of coal gangue, with approximately 0.2 tonne of coal gangue produced for one tonne of commercial coal, and with a comprehensive utilization of 21.82 million tonnes. The Company also produced 3.64 million tonnes of other non-hazardous wastes including coal fly ash, cinder and chemical waste, with a comprehensive utilization of 1.77 million tonnes.

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 maintained its efforts in ultra-low emission transformation of coal-fired power plants and chemical boilers while proactively implementing the elimination and upgrade of small coal-fired boilers and clean energy substitution, and all its public coal-fired power plants have achieved ultra-low emission. Companies located in the Beijing-Tianjin-Hebei region and its peripheries as well as Fenwei Plain (汾渭平原) had closed down all the small coal-fired boilers with 35 steam tonnes or below. The Company 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 different characteristics and methods of reuse of mine water, industrial waste water and domestic sewage, the Company adopted corresponding processing techniques, continuously promote the deep treatment and reuse of mine water and chemical wastewater to maximize the utilization of waste water resources, and discharge the rest up to the standards. In 2020, the Company produced 42.65 million tonnes of mine water, with a comprehensive utilization of 39.78 million tonnes and a comprehensive utilization rate of 93.3%.

Emission-reducing measures

Under the emission reduction principles of "controlling the emission increase, reducing the stock, seizing the key points and breaking through the difficult points", 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 2020, the sulfur dioxide, chemical oxygen demand, and ammonia nitrogen emissions of the Company decreased by 8.5%, 50.5% and 57.9% respectively year-on-year, while nitrogen oxide emissions remained the same.

Depending on geographical location, the coal industry has actively enhanced various green mining technologies in respect to mining without coal pillars, mining with small coal pillar, backfill mining and co-mining of coal and gas, 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". Shaanxi Company was listed in the "2020 List of Key Leading Enterprises in terms of Water Utilization Efficiency" by the Ministry of Industry and Information Technology.

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 the active promotion and application of processes and technologies such as ventilation optimization of steam turbine and upgrading for parameters of mechanical sets, 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 in its production and operations, and strived to consume minimal energy to guarantee normal production and operation activities. 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, achieving good results in cost reduction, efficiency, energy saving and emission reduction. In 2020, the Company's overall energy consumption was 10.22 million tonnes of standard coal, of which coal consumption accounted for 85.74%, electricity consumption accounted for 10.87%, diesel oil consumption accounted for 2.02%, thermal power consumption accounted for 0.75%, gas consumption accounted for 0.16%, and other energy accounted for 0.46%. The comprehensive energy consumption for raw coal production was 4.38 kg standard coal/tonne, representing a year-on-year decrease by 11.0% and 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 steam turbine, high pressure and heating transformation by China Coal Huajin Group Jincheng Thermal Power Co., Ltd., the coal consumption for power supply during the year decreased by about 10 grams of standard coal/KWh year-on-year, generating RMB78.00 million.

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 and demonstration of water sources, water extraction, water use and water conservation measures. Industrial water-saving facilities in construction projects were designed, constructed and put into operation with the main project at the same time. 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 94.14 million tonnes in 2020, with water consumption of 12.9 tonnes per RMB10,000 worth of production output, including 48.70 million tonnes of fresh water used. Reclaimed water utilization was 45.44 million tonnes and the proportion of reclaimed water utilization amounted to 48.3%.

Comprehensive energy conservation

The Company promoted the use of waste heat and waste energy, and utilized mine water, ventilation air methane, gas drainage, 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 five coal mines owned by the Company, including Nalinhe No. 2 Coal Mine, helped save 19,000 tonnes of standard coal annually and reduce operating costs by more than RMB27 million.

The Company organized activities such as the energy conversation promotion week and low carbon day 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 KW 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 the end of 2020, seven coal mines of the Company were included into the State Green Mine Catalogue. Ecological reclamation case in Pingshuo Mining Areas was listed as an industry benchmark and credited as "2019 Classical Case of Brand Building for Central Enterprises".

Performance in Environmental Responsibility

Name of Indicator	2018	2019	2020
Integrated energy consumption per RMB10,000 worth of production output (TCE/RMB10,000)	1.357	1.371	1.396
Recovery rate of mining area of coal mine (%)	90.9	90.6	89.4
Utilization rate of coal gangue (%)	84.7	89.2	89.4
Utilization rate of mine water (%)	68.3	89.8	93.3
Emission volume of sulphur dioxide (tonne)	5,831	2,976	2,724
Emission volume of NOx (tonne)	6,301	4,002	4,006
Emission volume of chemical oxygen demand (tonne)	372	376	183
Ammonia nitrogen (tonne)	23	19	8



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

**Innovation
Responsibility**





In 2020, China Coal Energy adhered to the directions of “safety, economy, green, intelligence”, worked on priorities, remedied shortcomings, strengthen weaknesses and focused on actual results. Its science and technology innovation work has made positive progress, science and technology innovation system was increasingly perfect, science and technology innovation capabilities continued to enhance, and innovation and efficiency dynamics continued to improve. Technological innovation, results conversion and technical optimization have led to cost reduction, efficiency enhancement, savings and investment, contributing to quality development of the Company.

Enhancing Innovative Capacity

The Company has been improving its technology management system, refined its management system and innovated its incentive schemes. It adhered to combining the approach of issue orientation with technological breakthrough and constructed a new system in coal chemical technology R&D with 3 coal chemical research institutes established. China Coal Equipment Research Institute inspired corporate innovation by rewarding effective results and projects and introducing a system of professional managers. The Company established the “China Coal Artisan” award and selected 6 China Coal Artisans for the first time with the objectives to cultivate the spirit in innovation of artisan, leverage on the leadership in innovation of outstanding and skilful talents and inspire the initiative of its employees on innovation.

The Company has been developing open and collaborative innovation models and has signed high-level collaboration agreements with outstanding academic and research institutes, including China Coal Technology & Engineering Group, China University of Mining and Technology – Beijing, Anhui University of Science & Technology and Wuhan University of Technology for establishing strategic partnership. The Company also joined the Alliance for Coal Mine Intelligent Technology Innovation and the Alliance for Intellectual Property of the China Mining Industry.

As at the end of 2020, the Company has established an independent, open and integrated R&D system comprised of China Coal and Coal Chemical Research Institute, China Coal Equipment Research Institute, 1 national energy extraction equipment R&D experimental center, 3 national enterprise technology centers, 2 national energy technology equipment evaluation centers, 5 provincial enterprise technology



National Energy Extraction Equipment R&D Experimental Center

centers, 3 provincial engineering research centers, 1 provincial design innovation center, 7 nationally recognized laboratories, 5 post-doctoral research stations, 15 high-tech enterprises, 4 China Coal Group-level “mass entrepreneurship and innovation” model bases, the China Coal Energy-China Coal Science and Technology Innovation Strategic Cooperation Alliance, and the China Coal Energy-China University of Mining and Technology Collaborative Innovation Center, significantly enhancing its technological R&D capabilities.

Strengthening Key Technology Research and Development

In 2020, China Coal Energy increased its investment on R&D demands such as safety assurance, quality improvement, efficiency enhancement, transformation and upgrade, and green development, speeded up its development on technologies in key areas, improved its innovation capabilities and led the development of the industry. Progress was made in 30 key technology projects and more than 20 material technical results were obtained.

Fruitful results achieved in developing technologies on safety and efficiency. Safety and efficiency standards of coal mines were improved by working on technology projects such as rock bursts, gas control, water disaster prevention and speedy excavation. Material technology project “Key Technologies for Preventing Rock Bursts in Deeper Mongolia-Shaanxi” was initiated to solve the common technical difficulties caused by the rock bursts in the coal mines in deeper Mongolia-Shaanxi, which led to effective decrease in the risks of rock bursts in mining areas and more accurate, efficient and intelligent prevention of rock bursts, and became standards and criteria in the industry.

The results in the application of intelligent technologies in coal mines were outstanding. The Company formulated guidelines on the application of intelligent technologies on coal mines, enhanced technology development and project implementation, upgraded the key technology standards and equipment manufacturing capabilities of China Coal, developed as a supplier of coal mine intelligent integrated solutions and led the development of the industry in the direction of intelligent technologies. In 2020, the Company initiated the first batch of material technology projects on the intelligent



Trial of the first unmanned truck in China Coal Pingshuo's open-pit mine achieved success



mines of China Coal Energy, and proceeded with the “Application of Intelligent Technologies on Dahaize Coal Mine” and the “Application of Intelligent Technologies on Pingshuo East Open Coal Mine”. 4 of its coal mines were included in the list of the government as the first batch of model intelligent coal mines, which would lead the development of the industry after completion. 4 intelligent working faces were built in 2020, making a total of 6. After an industrial trial of 6 months, the intelligent top coal caving system on the working faces built in Shanxi operated normally, with 30% less headcount on coal caving working faces, 5% higher in recovery efficiency, 2% higher in recovery rate and 12% less in overall energy consumption by equipment on working face. The intelligent system on the working faces built in Jiangsu under deeply complex geological conditions operated normally, with 4,000 tonnes raw coal produced per day, 8 less in the headcount per single shift in mine. Phase 1 of the intelligent coal selection plant project completed in Ordos has actually reduced 10 personnel, saving more than RMB2.30 million of production cost per year.

Equipment manufacturing benchmarked first-class technical standards in industry. The intelligent integrated conveying system for ultra-high mining developed with Zhangjiakou Coal Mining Machinery Company achieved breakthroughs in several technical areas such as single machine capacity of 2,000KW-3,000KW transmission, application of valve control coupler on 1,200KW heavy-duty crushers, multi-level primary crushing for larger sized coal as well as digital and intelligent fastened chain of motor. Outstanding results of maximum monthly production of 2.02 million t and daily production of 79,000 t were achieved, and all the products possess the capacity of 20 million t per year. The project of “intelligent integrated mining technologies and equipment for extra-thick coal seam in the west” supported by innovation results was awarded the Grand Technology Prize 2020 of China National Coal Association. In 2020, the Company made a number of significant scientific and technological achievements, and its core technology competitiveness was thus further improved.

Technology facilitated development of green mines. Some of the Company’s mines proceeded with the “technology research and application of zero coal gangue emission” and explored a new way of combining the technologies in keeping coal gangue in mines and retaining gob-side entry. Ordos Energy Chemical Company’s “advanced treatment for coal chemical wastewater and mine water and development and application of zero emission techniques and technologies” were the first integrated technical model of “zero coal chemical wastewater discharge, advanced treatment for mine water and utilization of crystalline salt resources” in China.

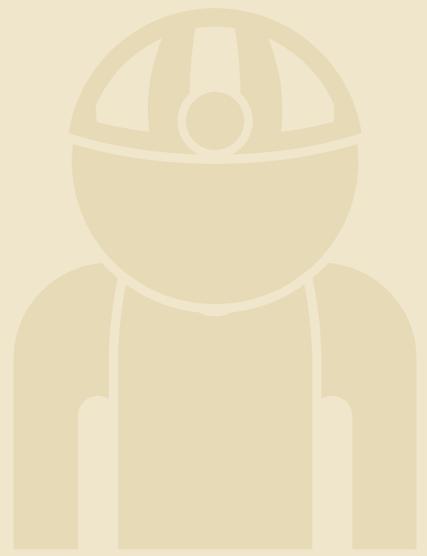
During the year, China Coal Energy won 22 science and technology progress awards at the industrial and provincial levels, and was granted 205 patents, of which 9 were invention patents. 315 patent applications were accepted, representing a year-on-year increase of 30%, of which 117 were invention patents, representing a year-on-year increase of 50%.

Deepening Innovation and Entrepreneurship Activities

The Company solidly proceeded with the development of its “mass entrepreneurship and innovation” (MEI) base with emerging results on collective innovation and efficiency creation. The equipment manufacturing MEI model base of Zhangjiakou Coal Mining Machinery Company was recognized by the Ministry of Industry and Information Technology as one of the first batch of energy equipment manufacturing platforms. The coal industry MEI model base of Huajin Company made significant contribution to the development of Wangjialing Mine as a national ultra-safe and effective mine. The coal chemical MEI model base of Shaanxi Company reduced its costs by RMB135 million. In 2020, a total of 136 grassroot innovation studios were built, of which the numerical control innovative maintenance studio of Zhangjiakou Coal Mining Machinery Company was recognised as a national innovation studio.

Performance in Innovation Responsibility

Name of Indicator	2018	2019	2020
Technological investment (RMB100 million)	21.55	24.51	26.83
Number of technological advancement awards above industry level	21	20	22
Number of patents received	155	177	205



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

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. Through labor and staff supervision and examination system, irregular checks are conducted on staffing to ensure legal employment. In 2020, 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 2020. 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 2020, China Coal Energy had a total of 43,909 employees, including 7,637 female employees, accounting for 17.4% of the total workforce. In 2020, China Coal Energy entered into employment contracts with all of its employees.

Age structure of employees

Age	Under 30	31-40	41-50	51-55	56 or above
Number of employees	7,660	16,132	11,705	5,455	2,957
Proportion	17.45%	36.74%	26.66%	12.42%	6.7%

Regional distribution of employees

Region	Huabei	Dongbei	Huadong	Zhongnan	Xibei	Others
Number of employees	27,927	439	13,125	59	2,356	3
Proportion	63.60%	1.00%	29.89%	0.13%	5.37%	0.01%

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 2020, enterprises such as China Coal Huajin Company, Northwest Energy Company and Development Company 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 know, rights of supervision and rights to participate 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 system construction, 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.

In the recent three years of 2018, 2019 and 2020, the Company recorded 0 work-related fatality and the employee fatality rate was 0.

Ensuring remuneration of employees

China Coal Energy always focuses on employees' benefits. The Company continuously improved and perfected 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. The Company 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. The Company 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 in accordance with the law, paid social insurance fees that should be borne by the enterprise for employees, and protected employees' social welfare benefits such as pension and medical treatment. The Company established an enterprise annuity system according to the national policy, as a supplement to the basic pension of the employees, to improve the happiness of the employees 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 attain mutual development of its employees and the Company.

The Company carried out extensive employee vocational education and training activities, improved the Company's employee education and training system, established 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 2020, the Company implemented the talent-driven development strategy, adhered to the establishment of the caliber cultivation system of source training, follow-up training and overall training, took the promotion of talent quality improvement as the fundamental, focused on innovative, professional and high-level talents, stuck to problem orientation and continuously deepened the education reform and training of employees. Through specialized and pragmatic training sessions, more than 550 employees from the Company attended training, and its secondary enterprises or affiliated training institutions offered training to employees nearly 62,000 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 in terms of talents and intelligence.

By the end of 2020, China Coal Energy boasted 260 senior professional managers in the coal industry, 67 “master technicians in the coal industry”, four “excellent technicians in the coal industry”, 23 studios for master technicians in the coal industry and 17 personnel entitled to special government allowances. 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.

Competency evaluation was continually conducted. In 2020, a total of 517 employees participated in six series of professional title evaluations covering engineering, political and ideological work and economy, and were conferred the corresponding titles. Occupational skills assessment and management were enhanced. The management of vocational skills evaluation was strengthened. In 2020, 105 employees from coal technicians and senior technicians were assessed for the qualification of respective work types, and 284 technicians passed the evaluation.

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	2018	2019	2020
Number of on-the-job employees	42,194	42,112	41,593
Contract signing rate (%)	100	100	100
Social insurance coverage (%)	100	100	100
Trade union participation rate (%)	100	100	100
Staff turnover rate (%)	1.4	1.2	1.5



Targeted Poverty Alleviation and Giving Back to Society

Facilitating Targeted Poverty Alleviation
Benefiting Local People's Livelihood
Partaking in Social Welfare Activities

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, to develop together with communities at its operation locations and to achieve mutual benefits and mutual success.

Facilitating Targeted Poverty Alleviation

2020 was the year for completing the battle against poverty. China Coal Energy actively followed and implemented the basic national policy of targeted poverty alleviation, and 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 enhancing the ability to help, improving the effectiveness of help and establishing mechanisms with long-term effects, intensified its work, 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 2020, China Coal Energy allocated donation funds of more than RMB18.90 million (including cash equivalents for 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, healthcare-related poverty alleviation, party-based poverty alleviation and infrastructure construction.

In 2020, the Company carried out a total of 27 industrial poverty alleviation projects, helping 8,642 poor people to get rid of poverty, 311 poor households to transfer or get employed, and schools in poverty areas to improve teaching conditions. Love and caring activities were organized for donating funds and supplies to the caring supermarkets and the people in poverty areas. Around 2,000 tonnes of "caring coal" and 425 tonnes of ammonium sulphate were provided to the poverty areas at discounted prices or through donation in order to solve the heating problem in winter. As for poverty alleviation through consumption, unsaleable agricultural products in the poverty areas and Hubei were purchased for a total amount of more than RMB23 million.

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 2020, donation funds of RMB5,069,400 were allocated to three poverty alleviation villages for activities including party-based poverty alleviation, employment-related poverty alleviation, industry-based poverty alleviation, education-based poverty alleviation, consumption-based poverty alleviation and life-based poverty alleviation. 19 assistance projects were carried out and therefore the income of the per capita income in 3 villages exceeded RMB13,000 and 1,522 poor people got rid of poverty. The Company was rated as an "Outstanding Dispatched Unit" by the autonomous region, our team for "Visit the People, Benefit People's Livelihood and Gain People's Support" was rated as a "Progressive Team", poverty alleviation on designated villages received the "Good" rating and our poverty alleviation villages passed the national examination and general poverty alleviation survey with the results of "zero problem". The Company accurately worked on both pandemic control and poverty alleviation, and its relevant experience was reported by the *People's Daily* as submitted an outstanding paper in the "final exam" of poverty alleviation.

In 2020, 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, and 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 labour revenue of more than RMB14 million. As of the end of 2020, 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 fulfilled ahead of schedule.

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 the upgrading of local industries and economic development, achieving the harmonious mutual development with local governments. In 2020, the Company's social contribution through the payment of taxes, labor costs, net profit and interest expenses totalled RMB35.434 billion, and the social contribution value per share was RMB2.67, including RMB12.852 billion in taxes and fees paid.

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 1,578 registered employees in the Company, 894 of which are from Shaanxi province (including 750 employees from Yulin), accounting for more than half of the total employees. Shaanxi Company also works together with local employment agencies to give priority to the recruitment of local workers. In 2020, 115 firefighters were employed, including 108 from Yulin, which accounts for 93.9%. 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 1,600 externally commissioned people in the Company, among whom 931 are from Shaanxi and 887 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 and supplies, local enterprises and products would be preferred under the circumstance of same quality and price. In 2020, the total amount of purchasing contracts of China Coal Shaanxi Company was RMB2.193 billion. The local purchasing amount was RMB1.811 billion, accounting for 82.6%.

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 tonnes/year (methanol of 1.8 million tonnes/year and polyolefins of 600,000 tonnes/year), provided 15 million tonnes/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 Checun Coal Mine to develop and construct the 5 million tonnes 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 projects such as Wanggedu Reservoir and Jingshen Railway. As at the end of 2020, the Company had invested RMB35.8 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 batch 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 credibility” 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 other people in need, transferring positive energy to the society.

In 2020, the care voluntary service team of Shanghai Energy Company was conferred the “National Coal Youth Pandemic Prevention Wusi Medal”, being one of the two advanced entities receiving such award in the national coal system. During the pandemic, the team voluntarily participated in pandemic prevention and control, consolidating the “anti-pandemic wall” and safeguarded the “health gate” for colleagues and the public. Upon work resumption, the team also involved in staff safety and protection amidst emergency, coordinated for stable corporate development and gave a helping hand to showcase the accountability as a volunteer with its practice.

Performance in Community Responsibility

Name of indicator	2018	2019	2020
Tax paid (RMB100 million)	129.85	137.53	128.52
Donations and poverty alleviations (RMB10,000)	1,680	1,750	1,890
Total social contribution (RMB100 million)	319.27	358.43	354.34
Social contribution per share (RMB)	2.41	2.70	2.67



Outlook 2021

2021 marks the start of the “14th Five-Year” plan. It is also the beginning year of China to advance from a highly completed moderately prosperous society to basic modernization. Currently, the development of the COVID-19 pandemic and the external environment are still clouded by uncertainty, global economic situation remains complicated and challenging and the economic recovery of China is not yet solid. In the meantime, the development of China is still, and will be, in the phase of strategic opportunities for a prolonged period, and its long-term favourable economic fundamentals have not been changed. As an important and basic source of energy in China, coal will still have the effect of “ballast stone” in the energy mix of the country for a certain period. On the foundation of its results accumulated in the “13th Five-Year” plan, China Coal Energy will thoroughly apply new development ideas with the major direction of supply-side structural reforms and guideline of quality development. The Company will capture the strategic opportunities amid China’s transformation to new energy, strengthen, improve and expand its coal, power and chemical industrial chains, actively participate “carbon emissions peak and carbon neutrality” activities while promoting efficient and clean utilization of coal, thereby promoting the development of new energy industry and establishing a new development picture. In 2021, under the guidance of President Xi Jinping’s Thoughts on Socialism with Chinese Characteristics in the New Era, the Company will adhere to the work theory of “progress amid 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.

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 fulfillment of its 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. The coal chemical enterprises will further promote sophisticated management and devote themselves to long-term, stable operation to maintain stable production and high output. The power companies will improve their professional management levels, promote energy conservation, reduce energy consumption, make innovations, and improve quality and efficiency. The 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, 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 construction of 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 picture 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 labour 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 safe. 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 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, linking up the results of poverty alleviation with the revival of rural areas 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, thereby enhancing its ability to create overall economic, social and environmental value, achieving harmonious development with its stakeholders, and striving 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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