

CONCH
海螺水泥

(HK: 00914 SH: 600585)

2021

Corporate Social Responsibility Report
And Environmental, Social and Governance Report



CONCH
海螺水泥

Anhui Conch Cement Company Limited

About this Report

Anhui Conch Cement Company Limited (hereinafter referred to as "the Company" or "Company") issues the Corporate Social Responsibility Report on a consecutive basis after the first release in March 2008. The Corporate Social Responsibility Report and Environmental, Social and Governance Report in 2022 will systematically describe the Company's strategies, policies, measures and achievements in terms of corporate social responsibility and sustainable development in 2021.

Report Time

This report covers the information and data of the Company from 1 January 2021 to 31 December 2021 (hereinafter referred to as the "Reporting Period").

Reporting Scope

The scope of organization of this report is defined based on the principle of materiality. As the operating revenue of overseas production bases dose not account for a significant portion, the environmental data and goals disclosed in this report do not include overseas production bases. Unless otherwise specified, other substantive contents involved in this report cover Anhui Conch Cement Company Limited and its subsidiaries, which are consistent with the disclosure scope of the annual report.

Description of References

For easy reference and reading, "Anhui Conch Cement Company Limited and its subsidiaries" is also referred to as "Conch Cement", "Conch", "Group" and "we" in this report.

Description of Data

The data set out in this report is derived from internal official documents and relevant statistics of the Group, among which the relevant data shown in the financial statements have been audited by KPMG. Unless otherwise stated in the report, all amounts are expressed in RMB.

References

This report is prepared in accordance with the Appendix 27 Environmental, Social and Governance Reporting Guide of the Listing Rules issued by the Hong Kong Stock Exchange ("HKEx") and Guidelines No. 1 on Self-regulatory Rules of Companies Listed on the Shanghai Stock Exchange – Standard Operation (Chapter 8 Social Responsibility)" of Shanghai Stock Exchange, with reference to the ESG rating requirements of Morgan Stanley Capital International (MSCI) and other standards such as Corporate Social Responsibility Reporting in China (CASS-CSR4.0) of Chinese Academy of Social Sciences.

Availability of Report

The report is available on the websites of the Hong Kong Stock Exchange, and Shanghai Stock Exchange and the Group's official website. To obtain a hard copy of the report, please contact us at.

Contact Information

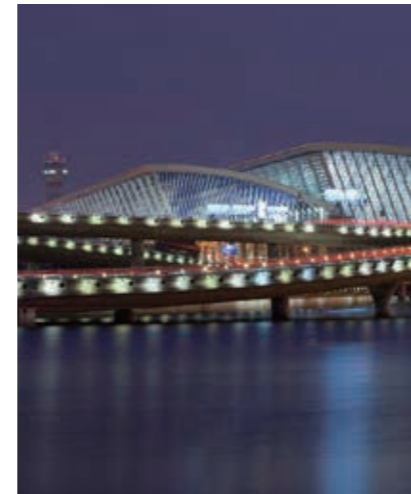
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Confirmation and Approval

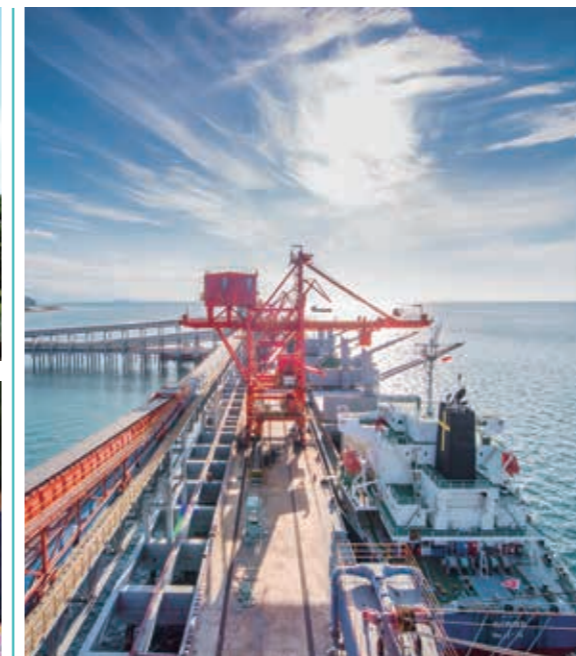
The report is approved by the board of directors on March 25, 2022 after confirmation by the management.

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01 A Message from our Chairman

Dear readers,

Thanks for your interest in the 2021 Corporate Social Responsibility Report and Environmental, Social and Governance Report.

The year 2021 is an extraordinary year in the history of the development of Conch Cement. It is the 100th anniversary of the founding of the Communist Party of China (hereinafter "CPC") and the first year of the "Fourteenth Five-year Plan", and we began a new journey to modernization in this year. During the year, we closely followed the pace of the central government for appropriate and stable development and comprehensively implemented the action plan "Jian 30" for innovative development to build a world-class enterprise, opening a new chapter of "innovation driving, digital enablement and green transformation".

After years of development, our products have been widely recognized at home and abroad. In the process of the Company's continuous development, we have always adhered to the business philosophy of "creating a living space for human being", constantly strengthened our core competitiveness, devoted ourselves to research and development (R&D) and innovation, and strived to produce high-quality cement products. Today, we make our presence in more than 20 provinces and regions in China. Moreover, we continue to explore overseas markets: built 8 large-scale factories in countries along the "Belt and Road" and developed 24 enterprises in Southeast Asia and Central Asia, serving the world with premium products, demonstrating the value of Conch, and thus making Conch a world-renowned brand.

While developing our business, we are also well aware of our social responsibility and mission. We strictly implement the strategic decision of "Carbon Emission Peak and Carbon Neutrality" made by the CPC Central Committee led by General Secretary Xi Jinping, continuously promote energy conservation and consumption reduction, vigorously develop the green and low-carbon industrial chain, actively exploit renewable energy business, accelerate the construction of "intelligent" systems, promote the transformation of scientific and technological achievements to application, and strive to build a green, environmentally friendly and harmonious factory to realize the green transformation of cement industry. In 2021, we established environmental goals and a green and low-carbon development path, and made our best efforts to tackle global climate change. Conch Cement will always take low-carbon development, environmental protection and green transformation as the core theme leading enterprises' sustainable development, so as to continuously create a new engine for energy saving and environmental protection and contribute to building a beautiful China.

In terms of company operation, we insist on integrity-based development, constantly improve the management level of the company, promote the diversified structure of the Board of Directors, and improve the overall development of the Company. We established the Environmental, Social and Governance (ESG) Management Committee, strengthened the Company's ESG management and further improved the responsibility-based operation system. At the same time, we have always maintained close relation and cooperation with all stakeholders, and brought tremendous economic returns to investors.

We firmly believe that talents are the cornerstone of Conch Cement's sustained development. Upholding the tenet of "People first and common development for employees and the Company", we take investment in professionals as an important path to maintain the Company's high-speed development and talent advantage, and formulate our human resources strategy based on the Company's strategic planning for development. We value and protect the basic rights and interests of employees, earnestly safeguard the core development strength of the Company, share our development results with employees, and unremittingly strive to build a world-class enterprise with global competitiveness.

As a forerunner in the building materials industry, Conch Cement knows well that an enterprise cannot develop without the support of society, and, in turn, the progress of society cannot be made without large enterprises. Therefore, in terms of public welfare and charity, we actively undertake corporate social responsibilities, take advantage of our corporate advantages to tackle the challenge of poverty alleviation, and build a beautiful countryside for poor areas in China. At the same time, we actively implement the "Belt and Road Initiative" and make industrial investments in countries such as Indonesia, Myanmar, Cambodia, fully demonstrating the reputable image of Chinese-funded enterprises, integrating into the local society and leading the regional construction and the development of environmental protection industry.

In the future, Conch Cement will continue to strive for leading the world in the industry under the principles of innovation-based development, harmony and environmental protection, and assumption of social responsibilities. We will continue the business layout in the field of sustainable development, promote the development of green and low-carbon economy, develop new technologies, and strive to create a safe environment conducive to the future life of mankind and make more outstanding contributions to the society. Together with our employees, we will work hard for further development and write a new chapter in this land.

Chairman of
Anhui Conch Cement Company Limited
Wang Cheng



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2.1 Company Profile

Anhui Conch Cement Company Limited was founded on September 1, 1997 and listed on the Hong Kong Stock Exchange (H Shares: 0914) in October of the same year, becoming the first Chinese company in the cement industry to be listed overseas. In February 2002, the Company publicly offered A shares (600585) on the Shanghai Stock Exchange, becoming the first A+H listed cement company in China. After years of rapid development, the Company has witnessed increasingly growing production capacity, improved level of process technology and equipment, and expanded development area, forming a new operation and management model combining group based management and international and regional operation, and winning the reputation of "Conch dominates the cement industry of China, the country that produces the most cement in the world". In 2021, the Group ranked first in "Comprehensive Strength Ranking of Listed Chinese Cement Companies" by China Concrete & Cement-based Products Association.

Upholding the business philosophy of "creating a living space for human being", Conch Cement is committed to the quality improvement and technological breakthrough of cement, commercial clinker and aggregate production lines, and continues to explore the green and low-carbon development path, seek sustainable development of the Company with the guidance of more inclusive and far-sighted strategies, build the Company into a world-class enterprise with global competitiveness, and bring benefits to shareholders and society with practical actions and outstanding performance. As of the end of the Reporting Period, the Company had 257 subsidiaries, 10 jointly controlled entities, and invested in 2 associated entity and 1 joint venture. In addition, Conch Cement has actively explored businesses of photovoltaic power generation and acquired several Conch new energy companies during the Reporting Period, aiming at promoting the transformation, upgrading and diversified development of the Company and even the cement industry.

2.2 Business of the Company

Main businesses

The main business of the Group covers the production and sales of cement, commercial clinker, aggregate and commercial concrete. According to the market demand, the Group's leading products are "Conch" brand portland cement clinker and "Conch" brand high-grade cement, and the general-purpose cement produced mainly includes Portland cement, ordinary Portland cement, slag portland cement, composite portland cement, with the capacity of producing special cements, such as sulfate-resistant cement, moderate-heat portland cement, low-heat slag portland cement, road portland cement, oil well cement, non-magnetic cement, cement for nuclear power plants, white cement. The Group's cement products are widely used in key projects such as railways, highways, airports, water conservancy projects, infrastructure construction, urban real estate development, cement products and rural markets.

In 2021, Conch Cement, starting from the original aspiration of contributing to the country through industrial development with the craftsmanship spirit and persistence, continued to specialize in cement business to create a beautiful living space for mankind.

Industrial layout

Produce high-quality cement products

The Group firmly believes in the importance of product quality to the development of an Corporate, and is committed to contribute to the transformation and upgrading of cement industry by strengthening the research and development of technical innovation of special cement and functional concrete products.



Conch Cement

Build a high-quality whole industrial chain syste

Taking cement as the core business, the Group continues to develop extended industrial chain, so as to realize the integrated development of cement, sand aggregate and prefabricated buildings, build a whole industrial chain system and promote the high-quality development of the whole industrial chain. During the "14th Five-Year" period, the Group will also speed up the extension of the industrial chain and promote the development of sand aggregate projects and ready-mixed concrete projects.



Conch Prefabricated building in Quanjiao County

Consolidate the scale of domestic market and increase the layout of overseas industries

The Group is committed to expanding the cement production capacity in the market of China, further enhancing the concentration of production capacity in the region, and continuously developing overseas markets to provide assistance and support for the stable and coordinated development of domestic and international markets under the "3060 dual carbon targets".



Batdambang, Cambodia



2.3 Overview of Operation Development of the Company

The year 2021 marks the first year of the Fourteenth Five-year Plan. In face of regular pandemic prevention and management as well as severe and complicated internal and external economic environment, the Group has made steady progress. While maintaining high-quality production and operation, it comprehensively implemented the action plan "Jian 30" for innovative development, opening a new chapter of "innovation driving, digital enablement and green transformation".

The Group maintained high-quality development for main business in cement industry: put new projects such as Phase II Yunfeng project in Wugang City into operation as planned and successfully acquired Guangdong Hongfeng, Guizhou Xinshuanglong, Yunnan Tengyue and other projects, with newly increased clinker capacity reaching 7.2 million tonnes and cement capacity reaching 14.25 million tonnes throughout the year. In terms of industrial chain extension, the Group obtained many achievements: put aggregate projects such as Yiyang Conch into operation, and successfully acquired commercial concrete projects such as Anhui Guanteng, with newly increased aggregate capacity reaching 7.5 million tonnes and commercial concrete capacity reaching 10.5 million cubic meters. As at the end of the Reporting Period, the Group's production capacity of clinker, cement, aggregate and commercial concrete reached 269 million tonnes, 384 million tonnes, 65.8 million tonnes and 14.7 million cubic meters respectively.

In terms of digital development, the Group actively built a number of information-based application platforms, such as unmanned operation of mine cars, UAV inspection of blasting in mining areas, remote control of dock shipment and Haihui intelligent logistics. Meanwhile, it strengthened the government-industry-university research cooperation, promoted the deep and stable development of "5G+ Industrial Internet Project", thereby contributing to the accelerated digital transformation of traditional manufacturing industry and support of the national sustainable development strategies.

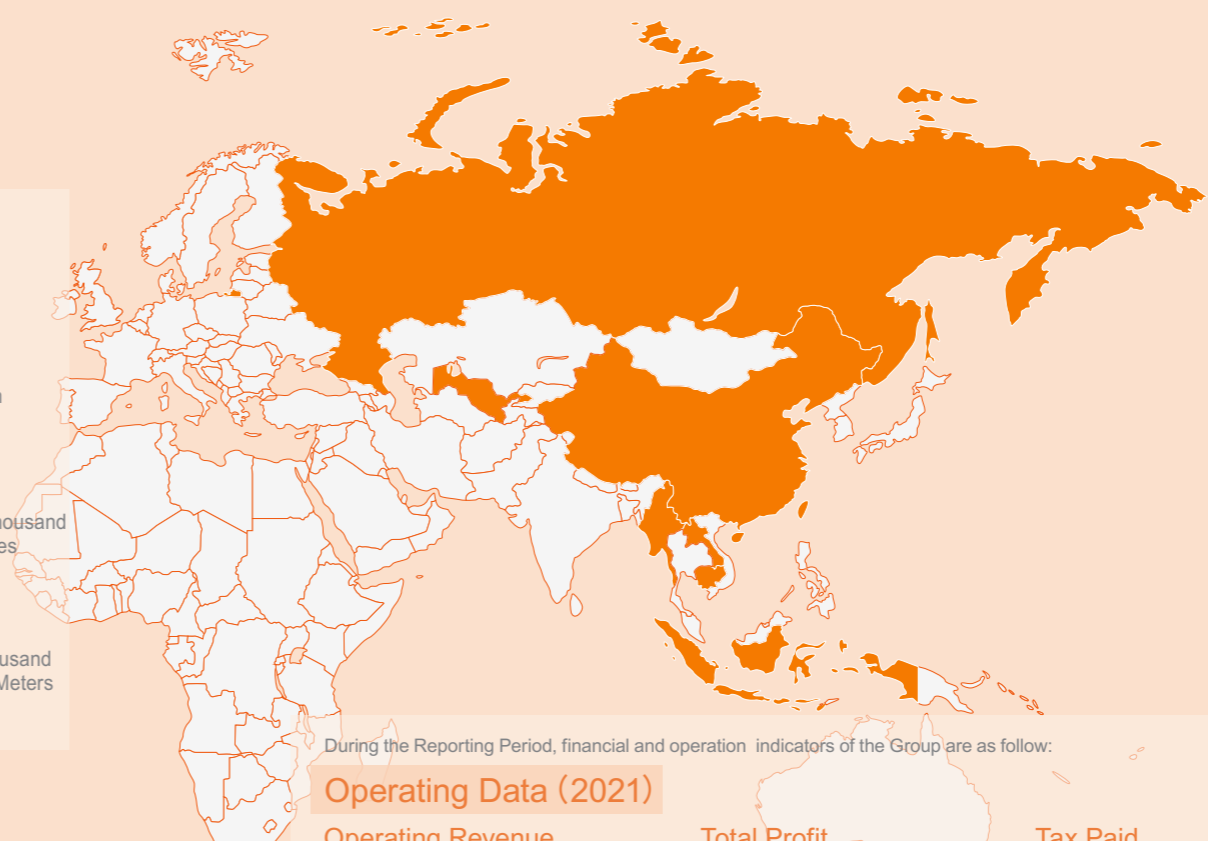
In addition, the Group actively explored the development route of new energy, and acquired 100% equity interest of Conch New Energy Co., Ltd. in August 2021, aiming to provide support for green production and operation and play an assistant role in the development of cement industry, which is in conformity with the relevant requirements of national policies on "emission peak and carbon neutrality", and helps promote the transformation and upgrading of the Group and even the cement industry and the diversified development of industry.

Clinker Production Capacity
2.69 100 Million Tonnes

Cement Production Capacity
3.84 100 Million Tonnes

Aggregate Production Capacity
6,580 10 Thousand Tonnes

Production Capacity of Commercial Concrete
1,470 10 Thousand Cubic Meters



Financial Indicators (2021)

Total Assets
2,305.15 RMB 100 Million

Assets Attributable to Owners of Parent Company
1,836.85 RMB 100 Million

Asset-Liability Ratio
16.78%

During the Reporting Period, financial and operation indicators of the Group are as follow:

Operating Data (2021)

Operating Revenue 1,679.53 RMB 100 Million	Total Profit 441.16 RMB 100 Million	Tax Paid 187.90 RMB 100 Million
Earnings Per Share 6.28 RMB	Net Profit Attributable to Owners of Parent Company 332.67 RMB 100 Million	

1 Data is prepared in accordance with the PRC Accounting Standards

2.4 Honors and Awards for Corporate Social Responsibility



Securities Times

Best Board of Directors of the 12th China Listed Companies by Securities Times
Award for Best Investor Relations of the 12th China Listed Companies by Securities Times



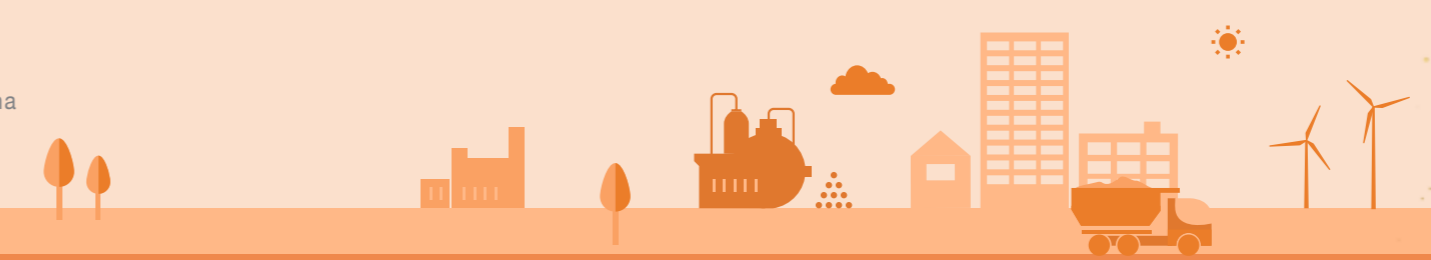
Sina Finance

Industry Pioneer Title for China Carbon Company in the 1st China Carbon Company Selection
Title of Industry Pioneer of China Carbon Companies



China Securities Journal

2020 Golden Bull Social Responsibility Award by China Securities Journal
2020 Golden Bull Most Investment Value Award by China Securities Journal



03

Highlighted Performance in 2021



Financial performance	Operating revenue	1,679.53 RMB 100 million
	Operating profit	441.16 RMB 100 million
	Tax paid	187.90 RMB 100 million
	Social contribution	610.03 RMB 100 million

Honest operation and responsible governance	Established ESG management committee
	29 sessions of education on honest employment, covering 141,700 personnel
	5 members of the Board attended 2 anti-corruption training
	0 incidents related to corruption, bribery and unfair competition

Green and sustainable development	Greenhouse gas reduction goal:	
	Carbon emission intensity (t-carbon dioxide equivalent/t-clinker) declines by 6% by 2025 from 2020 baseline	Invested RMB 6.12 billion in energy conservation and emission reduction
	Energy efficiency goal:	
	Energy consumption intensity (kgce/t-clinker) declines by 6% by 2025 from 2020	Invested in RMB 2.106 billion in technological improvement for environmental protection
	Water-saving goal:	
	Water consumption intensity (t-water consumption/t-clinker) declines by 10% by 2025 from 2020 baseline	44 national green mines 24 provincial green mines
	Waste management goal:	
	100% compliance disposal of hazardous wastes; 100% recycling of non-hazardous wastes	Planned the development path of green carbon neutrality, and the layout of new energy, vigorously developed new technologies, promoted the greenization of energy structure (utilizing alternative raw materials and fuels, carbon sequestration technology, etc.)
Waste gas emission goal:		
Total NOx emissions decline by 50% by 2025 from 2020		



Safety commitment and careful guarding

- Established a **three-level safety management structure**
- Signed Responsibility Statement of Work Safety and Occupational Health Goals with **174 subsidiaries**
- Independently developed the **forecasting and early warning system for work safety**

People foremost and mutual improvement

- Talent planning project of **“six categories and nine grades, and cultivation of five kinds of talents and introduction of one kind of talents”**
- Provided well-developed training programs with **100% coverage** and average training duration of employees reaching **95.5 hours**
- Salary incentive mechanism played an obvious leading role
- Provided supplementary medical insurance, and insurance fund amounted to **RMB 60.12 million**

High quality and sincere service

- 102 subsidiaries won 133 quality awards**
- Sunshine procurement and expanded scope of e-commerce platforms, with annual e-business procurement amounted to **RMB 50 million**
- 100% local sourcing rate** of raw materials and auxiliary material of both domestic and overseas subsidiaries
- 102 projects won the title of “Outstanding Supplier”**
- Implemented the **ESG admission assessment mechanism** for suppliers
- Established a multi-level and multi-channel communication mechanism with customers and customer satisfaction reached **100%**

Sunshine public welfare and community harmony

- Invested a total of **RMB 1,067,957.2** in public welfare and charities



First Prize of China Building Materials Federation



Science and Technology Award Certificate



04

Honest Operation and Responsible Governance

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4.1 Statement of the Board

The data sources used in the Report include public data, relevant internal statistical statements, questionnaires and interviews, etc. of Conch Cement, and the economic data covered in the Report are consistent with the data range in annual report of Conch Cement for 2021.

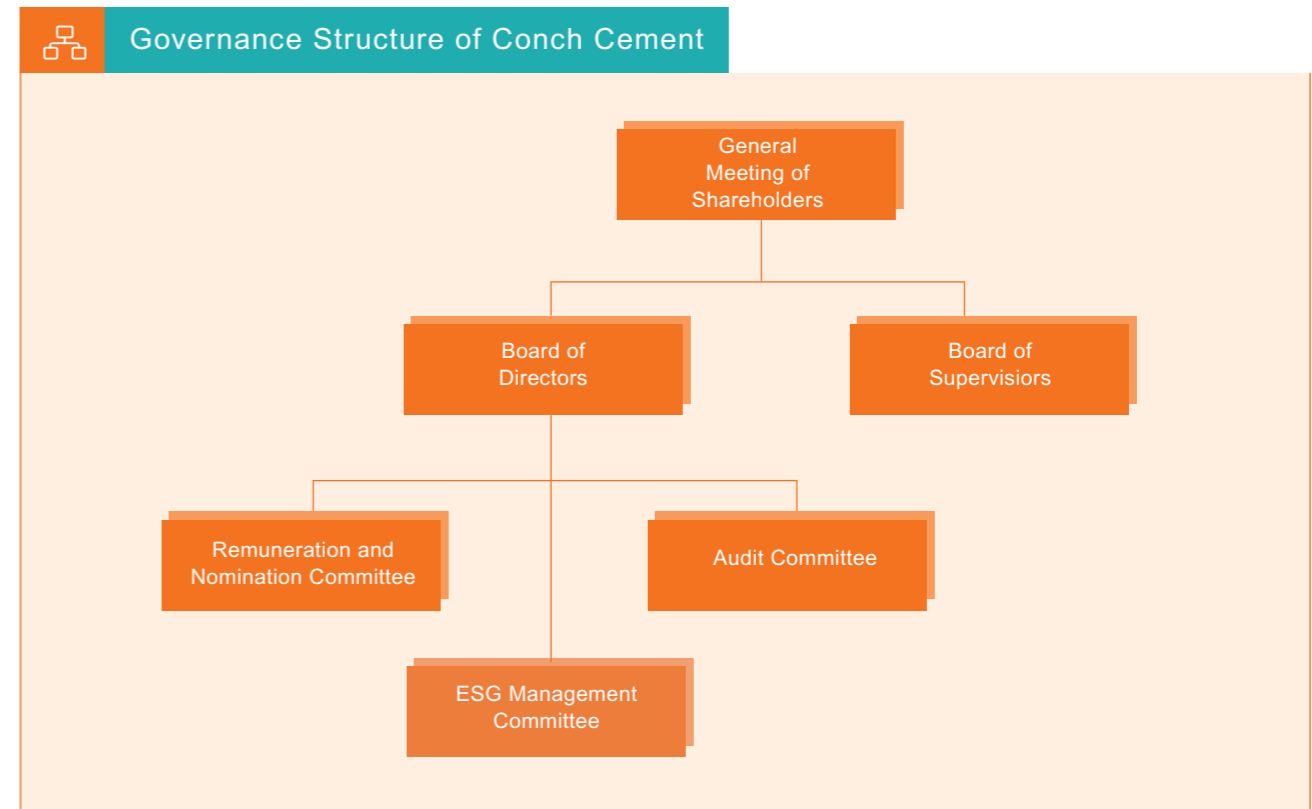


<p> Responsibility of the Board</p>	<p>The Board has ultimate responsibility for ESG management policies, strategies, target setting and target progress review and ESG performance in Conch Cement. During the Reporting Period, Conch Cement established the ESG Management Committee, which is in charge of taking the lead in formulating and monitoring the development and implementation of the Company's ESG vision, objectives and strategies, identifying and determining the Company's significant ESG risks, reviewing disclosures in relation to Company's ESG, coordinating and monitoring the implementation of various work in relation to ESG, and making recommendations and reporting to the Board on a regular basis. The ESG Management Committee consists of three or more members with one chairman, with its responsibilities detailed in the Terms of Reference of the Environmental, Social and Governance (ESG) Management Committee of Anhui Conch Cement Company Limited</p> <p>In addition, in light of the insignificant proportion of operating income of the overseas production bases of the Group, the environmental data and objectives disclosed in the Report do not cover the overseas production bases with the approval of the Board of Directors, and other substantive contents are consistent with the scope disclosed in the annual report.</p>
<p> Daily Implementation</p>	<p>During the Reporting Period, Conch Cement carried out four ESG performance enhancement efforts to integrate ESG management into daily work and continuously improve its sustainability performance:</p> <ol style="list-style-type: none"> 1. System construction: Establish the ESG Management Committee of Conch Cement, include senior executives in relation to ESG management in the Committee and clarify the terms of reference of the Committee; include principals in relation to ESG management in the ESG working group and clarify the responsibilities of ESG team members, and establish a top-down management architecture for ESG work. 2. Formulation of objectives and policies for sustainable development: Analyze and identify the historical trend of environment-related data in Conch Cement, and formulate environment-related objectives in combination with development planning. 3. Perfect information collection system: Define and unify the caliber, standard and source of data collection. 4. Identification of climate change: Conduct initial identification in climate change risk and formulate corresponding measures according to the framework of the Task Force on Climate-related Financial Disclosures (TCFD).
<p> Risk Management</p>	<p>The ESG Management Committee of Conch Cement is responsible for identifying, determining, managing and overseeing the significant ESG risks of the Company and providing risk analysis and decision support to the Board</p>
<p> Analysis of Materiality</p>	<p>Conch Cement maintains close communication with internal and external stakeholders to identify and assess significant ESG risk issues for ESG strategy development. With identified significant ESG risk issues discussed and approved, we will formulate ESG strategies, objectives and management policies based on the relevant issues, follow up the international ESG development trend and peer performance in a timely manner, and review the progress of relevant work on a regular basis.</p>

4.2 ESG Governance

While actively developing core business and creating economic value, Conch Cement continues to deepen the idea of sustainable development, incorporates social responsibility into the Company's internal management and maintains high-standard governance to achieve the balance among development, environmental protection and social benefits and protect the rights and interests of stakeholders. The Board is the operational decision-making body of the Group, and reports to the general meeting of shareholders. The Board functions in accordance with rules and systems set forth under the *Company Law*, and *Articles of Association and Rules of Procedure of the Board of Directors of the Group*. The Group implements multiplex policies for the Board and employs talents. As at the end of the Reporting Period, the Board is composed of eight members, including five executive directors and three independent non-executive directors. The Board members have rich experiences in corporate strategy, risk management, capital operation, marketing and financial management. Moreover, the Board members are diversified in terms of expertise, cultural background, age and gender, and can improve the corporate development from a more comprehensive and diversified perspective, thereby promoting the realization of strategic objectives. The Board of Supervisors is a supervisory body and performs the dual supervision on the Board and the management. The Board consists of two professional committees: the Remuneration and Nomination Committee and the Audit Committee. The Group's management team is made up of 7 members, who are responsible for performing decisions of the Board and oversees the operation of the Group. Members of the management team have rich experiences in corporate management, marketing, production technology management and technological innovation.

To further implement the ESG strategy and management in the governance of Conch Cement, Conch Cement established the ESG Management Committee, which plays a leading role in matters related to ESG of Conch Cement and take full charge of and is responsible for supervision of ESG – related work. The ESG Management Committee is mainly responsible for formulating and monitoring the development and implementation of the Company's ESG vision, objectives and strategies, identifying and determining the Company's significant ESG risks, reviewing polices, reports and disclosures in relation to Company's ESG, coordinating and supervising the implementation of various work in relation to ESG, and making recommendations and reporting to the Board on a regular basis. For responsibilities of the ESG Management Committee, please refer to the Terms of Reference of the Environmental, Social and Governance (ESG) Management Committee of Anhui Conch Cement Company Limited.



In addition, in order to further implement ESG management, Conch Cement set up the ESG working group to assist the ESG Management Committee in coordinating, applying and implementing work related to ESG. The ESG working group is responsible for comprehensively undertaking ESG-related matters, including working out and implementing specific work plans at all levels of ESG, identifying major ESG risk issues and associating them with the ESG strategies, vision and values of the Group, and making statistics of and analyzing data related to ESG on a regular basis. The ESG working group reports the work progress and results to the ESG Management Committee periodically, and the ESG Management Committee reports to the Board, forming the three-level ESG governance structure in a top-down manner, which ensures the ESG decision-making, organization, and implementation of the Group.



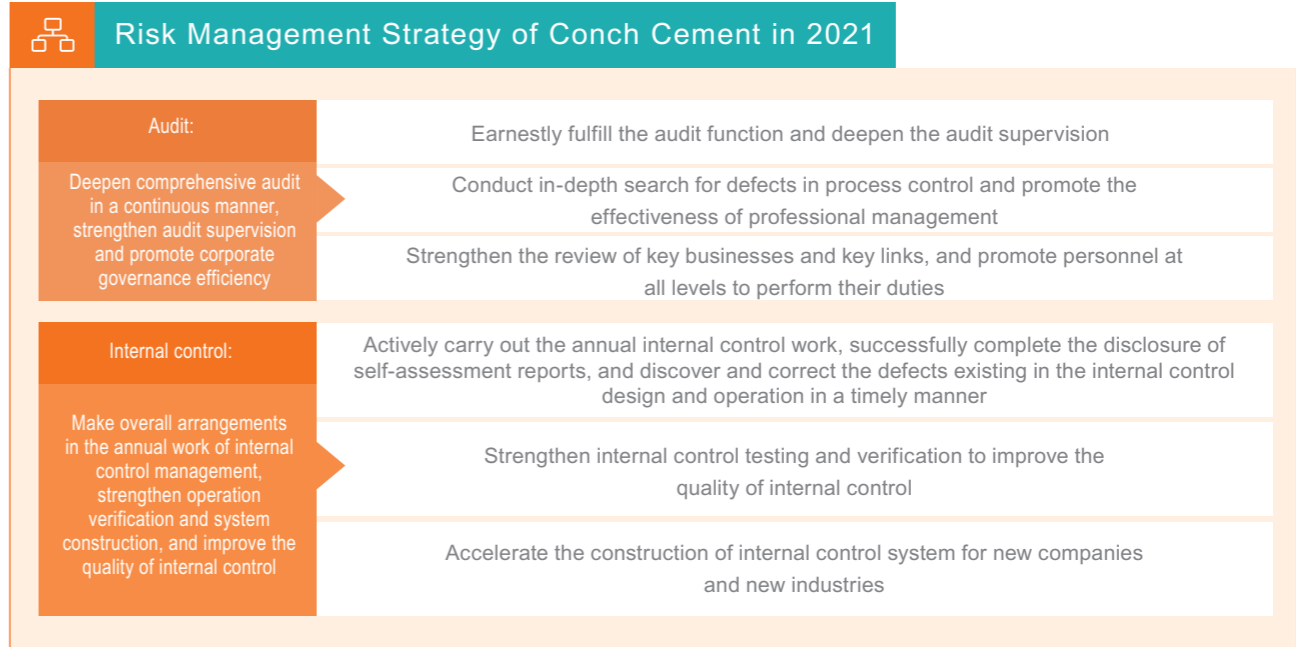
4.3 Risk Management

Conch Cement has always attached great importance to internal risk control, strictly abided by national and Anhui provincial laws and regulations on internal audit and internal control, continuously improved the internal audit and supervision and internal control mechanism of the Company in combination with the actual ever-expanding scale of Company development, and established a risk control system that meets the development needs and management needs of the Company. We have, in order to standardize the risk control system, formulated the Measures for the Administration of Internal Audit, the Measures for the Administration of the Supervision of Internal Audit of Overseas Investment, the Measures for the Administration of the Evaluation of Internal Control and the Measures for the Administration of the Construction of Internal Control System in combination with the operation system of the Company and in strict accordance with the *Audit Law of the People's Republic of China*, the *Regulations for the Implementation of the Audit Law of the People's Republic of China*, the *National Audit Standards of the People's Republic of China*, No.2205 *Specific Internal Audit Standard-Economic Responsibility Audit and Provisions on the Economic Responsibility Audit of Major Leading Cadres of the Party and Government and Major Leaders of State-owned Enterprises and Public Institutions* and other laws and regulations.

The Board of the Group is responsible for the risk management and internal control system which covers all significant aspects of production and operation. In order to ensure the continuous, standardized and healthy development of Conch Cement and standardize the risk control procedures, the Audit Committee under the Board, consisting of three independent non-executive directors, is responsible for identifying, managing, supervising and controlling various risks of the Company, including but not limited to strategic risks, financial risks, market risks and legal risks, and providing risk analysis and decision support to the Board, while the ESG Management Committee under the Board, consisting of two executive

directors and one executive, is responsible for identifying, determining, managing and overseeing the significant ESG risks of the Company and providing risk analysis and decision support to the Board.

In addition, the Group has the Supervision and Audit Office, which plays an important role in risk management in the business management through internal audit and internal control. In terms of internal control, in order to ensure the effective implementation of national laws and regulations and the Group's rules and regulations, the Company has insisted on comprehensive management inspections twice a year for many years to review the implementation of rules and regulations of each subsidiary, pointed out the risk links existing in the production and operation process of each subsidiary, urged rectification, improved the operation efficiency and effectiveness, and promoted the Company to realize its development strategy. In terms of internal audit, the Supervision and Audit Office has established a comprehensive and objective information channel for the senior management by constantly searching for, analyzing and rectifying problems, focusing on key points and making up for weaknesses, continuously promoted the Company to improve professional systems and standardize business processes, enhanced the ability to prevent and resolve major risks and ensured a healthy and sustainable development. In 2021, the Supervision and Audit Office, taking the operating objectives of the Company as the guide, risk control as the main line and economic benefits as the direction, implemented the spirit of annual working conference, and with key points highlighted, well performed project audit, implemented and refined the internal control management and completed 48 audit projects with 832 problems found, as well as promoted the orderly development of internal control management and comprehensively improved the corporate governance and risk prevention capabilities by continuously strengthening internal control, preventing risks and promoting compliance".



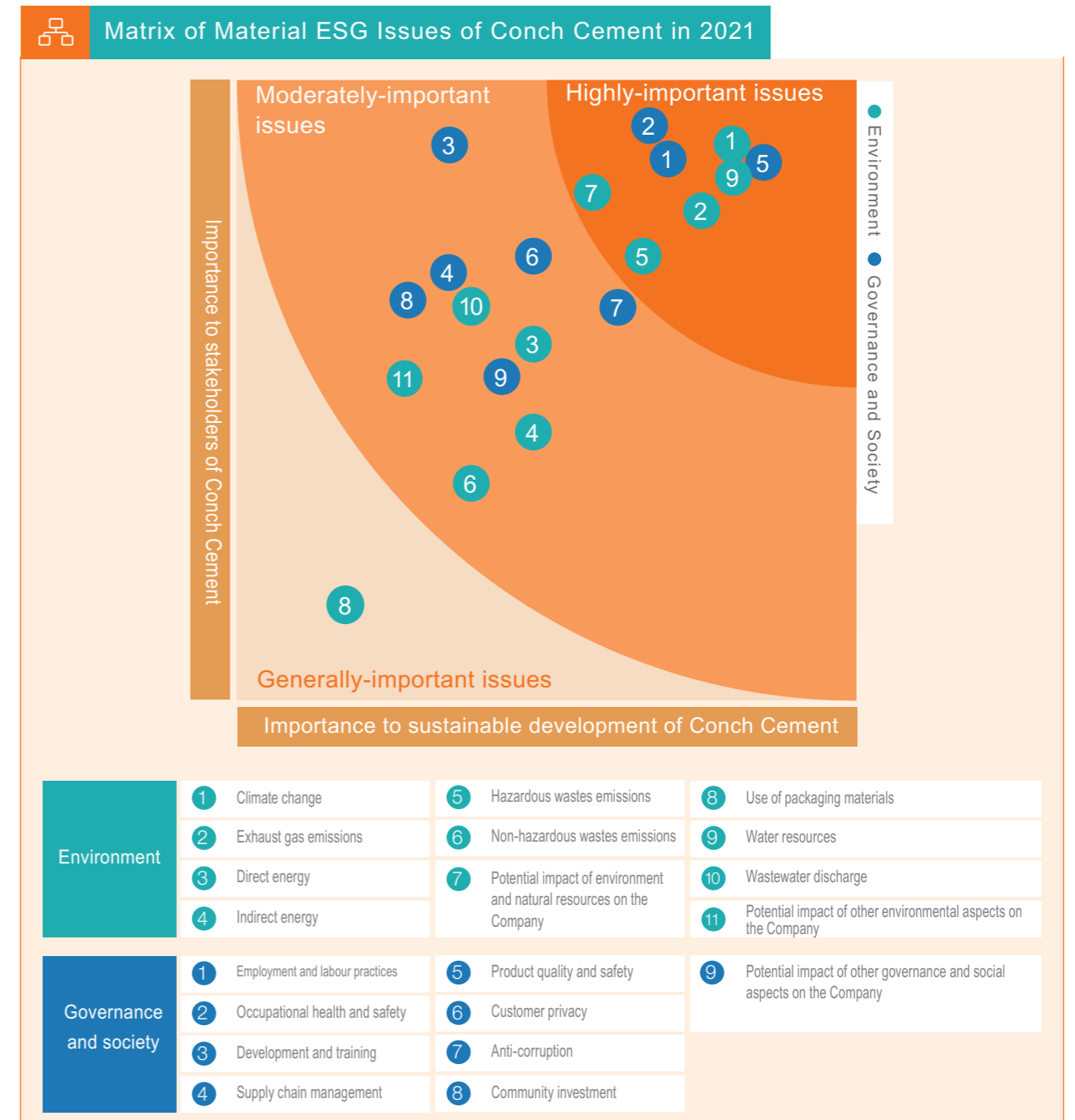
4.4 Communications with Stakeholders

We value the expectations of stakeholders and maintain close and regular contact with them so as to fully understand their opinions and needs and provide reference for the formulation and decision-making of the future sustainable development strategy of the Company. Based on the attributes of our industry, we identified key stakeholders, including employees, government, customers, suppliers, shareholders, investors and the community public. During the Reporting Period, we conducted multi-frequency and irregular communication with various stakeholders in the form of online and offline meetings, face-to-face interviews, opinion surveys and work visits, and actively listened to their opinions and suggestions.

Identification of stakeholders	Main stakeholders	Concerned issues	Communication channels of the Company
Employees	Employees	Employment and labour practices Occupational health and safety Development and training	Labour union Employee activity Employee survey Employee training
Shareholders and investors	Investors who invest in equity or debt of the Company	ESG governance Anti-corruption Climate change Product quality and safety	Investor relations website General meeting of shareholders Information disclosure Letter correspondence Audio conference Web conference Reception of visitors Road show
Government	National ministries and commissions, local governments, securities regulatory commission, market supervisory authority, Ecological environment department, natural resources department, tax authority, etc.	Hazardous wastes discharge Climate change Occupation health and safety Employment and labour practices	Institution investigation Correspondence Policy implementation Information disclosure
Customers	Global distributors, projects, etc.	Production quality and safety Customer privacy	Customer visit Market survey National customer service hotline Customer satisfaction inquiry
Suppliers	Raw material suppliers	Supply chain management Product quality and safety	Supplier evaluation Supplier communication and training
Community public	Community, public, media, etc. at business locations	Community investment Product quality and safety Wastewater discharge Hazardous wastes discharge	Voluntary service Community activity Media communication and interview

4.5 Analysis of Material Issues

The Group attaches great importance to the management of major issues in relation to sustainable development. In consideration of the industry characteristics and based on the Environmental, Social and Governance Reporting Guide of SEHK and assessments of stakeholders, we identify the following issues that have significant impacts on the Company's sustainability, which have been included in key focus areas.



4.6 Business Ethics

4.6.1 Strengthened Anti-corruption Management

In order to improve the supervision and management of the business ethics and anti-corruption work of the Group, we continuously optimize the relevant management requirements and organizational structure and improve the management level.

We strictly abide by the *Anti-Unfair Competition Law of the People's Republic of China*, the *Criminal Law of the People's Republic of China*, the *Anti-monopoly Law of the People's Republic of China* and the relevant laws and regulations of the countries where the overseas projects are located, adhere to operating in compliance with laws and regulations, and consciously safeguard a fair and just market order. The Group has a clear sense of integrity and discipline and strictly prohibits acts of corruption, fraud, improper transfer of interests, etc. The Company has established the Discipline Inspection Commission with an Internal Comprehensive Office and a Discipline Enforcement Supervision Office, conducted personnel selection and established five Teams for Review and Cooperation of Discipline Enforcement, covering the whole region. It has built a three-level management system of "the Discipline Inspection Commission of the Company, regional Discipline Inspection Teams and Discipline Inspection Organizations of subsidiaries", having optimized the management structure and integrated discipline enforcement force resources. It has formulated anti-corruption policies such as the *Implementation Opinions on Implementing the*

Key Responsibilities of the Party Committee and the Supervision Responsibilities of the Discipline Inspection Commission for Improving the Party's Style of Work and Upholding Integrity, the Measures for the Administration of Letters and Visits and Reports for Discipline Inspection and Supervision and the Measures for the Implementation of the Inspection Work of the Party Committee, etc., to continuously strengthen internal supervision, further improve the Party's style of work and uphold integrity, raise the awareness of all employees, suppliers, customers and engineering contractors on the integrity of their work, and build integrity-based culture. During the Reporting Period, we issued the "Twenty Prohibitions" on *Honest Employment for Party Members, Cadres and Employees in Conch Cement*, to guide and regulate the behavior of Party Members, cadres and staff.

During the Reporting Period, the Company received a total of 30 letters and visits and reports and clues to problems assigned by superiors, achieved 100% settling rate within the deadline, and had the handling of letters and visits and reports further standardized and the handling efficiency and quality further improved. And the Group did not have any lawsuits in relation to corruption, bribery and unfair competition during the Reporting Period.

4.6.2 Building Integrity-based Culture

The Company insists on further improving the Party's style of work and upholding integrity, fully implementing the key responsibilities of the Party committees, giving full play to the discipline inspection and supervision functions, strengthening the ideological education on Party members, leading cadres and personnel in key positions, and firmly upholding integrity. During the Reporting Period, we actively built the integrity-based culture in an all-round way.

During the Reporting Period, the Discipline Inspection Commission of the Company successively signed 119 copies of *Key Responsibilities for Improving Party's Style of Work and Upholding Integrity of Conch Cement* and 119 copies of *Supervision Responsibilities for Improving Party's Style of Work and Upholding Integrity of Conch Cement* with party organizations at the primary level, discipline inspection heads and other team members. Each department, office and regional subsidiary signed more than 2,800 copies of *Responsibilities for Honest Employment* and more than 45,000 copies of *Commitment for Honest Employment* with management and key personnel, achieving full coverage. At the same time, the Discipline Inspection Commission of the Company and departments and offices of various disciplines actively urged the subsidiaries to sign integrity agreements with all suppliers.

The Company formulated and issued the *Implementation Opinions of the Party Committee of Conch Cement on the Construction of "Critical Supervision" System (Trial)*

and the *Annual Task List for "Critical Supervision" of Conch Cement*, effectively established the "Critical Supervision" work pattern of "five in one" including political supervision by the Party Committee, special supervision by the discipline inspection and internal audit, functional supervision by the Party's work departments, professional supervision by business departments and democratic supervision by the masses of workers, and built the "Critical Supervision" work system with unified objectives, clear responsibilities, linkage and coordination among different departments and information sharing.

Moreover, the Group actively organized anti-corruption training in various forms of annual meetings, cadres' meetings, annual meetings and various discipline meetings by discipline departments and offices, centralized learning, and APP of Conch University to strengthen the honest employment culture and enhance the staff's awareness of honest employment through full participation. During the Reporting Period, the Group conducted a total of 29 sessions of honest employment education with a total of 141,700 participants, covering all employees and 5 Board members of the Company attended 2 annual anti-corruption trainings

The Discipline Inspection Commission of each subsidiary actively explored and expanded the

channels of education on honest employment, innovated the forms, and independently produced a series of micro-videos on the theme of honest employment, which were novel and intuitive in form and practical in content, and were well received by the majority of cadres and employees, designed and made an incorruptible cultural corridor by using the publicity platform in the factory area, and made a billboard of honest employment targeted at all teams and groups in combination with the "Twenty Prohibitions" on *Honest Employment for Party Members, Cadres and Employees in Conch Cement*, so that the majority of Party members, cadres and staff would be subject to regular learning, comparison and warning, discipline themselves, observe regulations and rules, develop an integrity habit, and create a clean and honest atmosphere for work.



4.6.3 Protection for Whistle blower

Conch Cement has always adhered to the philosophy of honest management and responsible governance to create an open and transparent communication environment, and always conducted the business activities with the highest standards. We conduct discipline enforcement and supervision in accordance with the *Administrative Measures for Letters and Visits and Reports to Discipline Inspection* and the *Supervision and the Detailed Rules for Supervision, Discipline and Law Enforcement* (trail) which clearly stipulates the detailed rules, handling procedures of anti-corruption complaints and reports and protection for whistleblower. The anti-corruption policy of the Company applies to all employees, and comprehensively supervises the economic business between suppliers, customers and engineering contractors etc. and the Company.

The Company has established a smooth channel for letters and visits and reports, and made public the telephone number for reports to discipline inspection on the Company website. For clues involved in the reports, the Company conducts investigation and verification in the principle of "graded responsibility, centralized handling and special acceptance", and any violations found will be dealt with in strict accordance with relevant regulations. We promise to protect the privacy and safety of every Whistle blower and prohibit discrimination, harassment and improper treatment to Whistle blower and employees who provide assistance for reporting investigation, and seriously punished if found encourage all employees, suppliers, customers and engineering contractors to report non-compliant business practices to the Group under the Whistle blower protection mechanism.

05

Green and Sustainable Development

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Conch Cement actively responds to the call for comprehensive and sustainable economic and social development of the state and always adheres to the business philosophy of “creating a living space for human being”. By taking green and low-carbon energy development as the core, we continue to increase effort for ecological environment protection, integrate ecological environment protection into all aspects of the Group’s production and operation and take various measures to reduce emissions and pollution, with the aim of building a resource-economical and environment-friendly green enterprise, thereby further promoting the cement industry transforming from “grey manufacturing” to “green and intelligent manufacturing”.

Tracking of Environmental Goals

Indicators	Goals	Data of baseline year	Data in 2021
Greenhouse gas emission	Carbon emission intensity (t-carbon dioxide equivalent/t-clinker) of clinker process declines by 6% by 2025 from 2020	0.8412	0.8392
Energy consumption	Energy consumption intensity (kgce/t-clinker) declines by 6% by 2025 from 2020	110.54	110.20
Water resources	Water consumption intensity (t-water consumption/t-clinker) declines by 10% by 2025 from 2020	0.403	0.352
Wastes	100% compliance disposal of hazardous wastes and 100% recycling of non-hazardous wastes	/	100%



5.1 Strengthening of the Environmental Management

Conch Cement strictly observes laws, regulations and industry standards in relation to environmental protection of business locations such as the *Environmental Protection Law of the People's Republic of China*, *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, *Solid Waste Pollution Prevention and Control Law of the People's Republic of China*, *Emission Standard of Air Pollutants for Cement Industry* and *Measures for Pollutant Discharge Permitting Administration*. While ensuring the compliance with environmental protection regulations, we continue to raise energy efficiency, explore the methods to reduce green gas emissions, improve pollution prevention and control level and reduce emission intensity of pollutants and wastes. We also strive to improve resource utilization efficiency, actively build green mines, strengthen the capability of environmental risk management and control and perfect enterprise development, realizing the harmonious co-existence with ecology.

5.1.1 Environmental Management System

Based on its own characteristics, the Group has established a top-down environmental management system and a systematic environmental protection management assessment mechanism, formed a three-level environmental management framework comprising the "headquarters, regional departments and subsidiaries" and continued to promote the closed-loop optimization of environmental management and various environmental certifications, so as to better implement the long-term strategy of green development. As at the end of the Reporting Period, 95 production enterprises of the Group have declared and passed the ISO 14001 Environmental Management System Certification, accounting for 73%; 100 subsidiaries have declared and passed the Clean Production Examination, with a passing rate of about 77%. In addition, during the Reporting Period, 20 subsidiaries were rated as national "Green Plants" and 20 subsidiaries were rated as provincial or municipal "Green Plants".






Management System Certification Goal:

All subsidiaries of the Company will pass the ISO 14001 Environmental Management System Certification by 2025.





Three-level Environmental Management System of Conch Cement	
 Headquarters	<ul style="list-style-type: none"> ● Set up environmental management goals and annual plans; inspect and supervise the environmental management of the subsidiaries; advocate and implement environmental policy; organize professional environmental management trainings ● During the Reporting Period, the headquarters organized two large-scale environmental inspections on its subsidiaries to comprehensively investigate the existing problems and risks, which enabled the Group to optimize its environmental management measures based on the common problems identified
 Regional Departments	<ul style="list-style-type: none"> ● Implement the Group's medium- and long-term development strategy of energy conservation, emission reduction and environmental protection; integrate ecological and environmental protection into every aspect of production and operation ● Control the environmental management of the subsidiaries in all regions and report to the headquarters
 Subsidiaries	<ul style="list-style-type: none"> ● Implement the environmental management measures issued by the headquarters according to the management

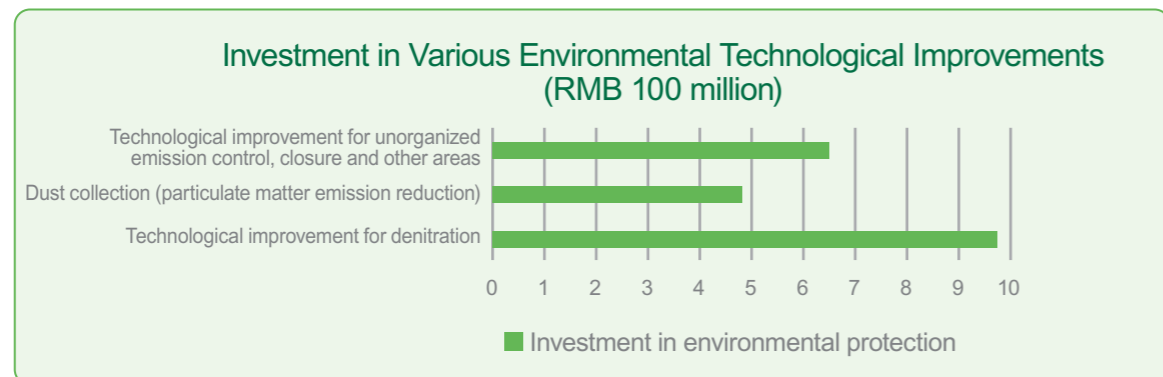
5.1.2 Environmental Risk Management and Control

Conch Cement attaches great importance to environmental risk management and control, incorporates the same into the integrated risk management of the Company, and continuously improves its environmental risk management and control and the internal monitoring systems. We have prepared and periodically updated the *Conch Cement Contingency Plans for Domestic and Overseas Safety Emergencies* in accordance with the *Emergency Response Law of the People's Republic of China*, further improved the environmental risk prevention and control system, formulated preventive measures and contingency plans for major risk points and hazard sources, promptly identified and dealt with environmental risks, fully implemented environmental risk management and control measures and realized the dual management of accident prevention and emergency response.

By identifying environmental impact factors at the production sites and identifying the list of laws and regulations, we help each subsidiary comprehensively investigate problems and risks in production and operation, to implement rectification measures and eliminate environmental risks in a timely manner. All subsidiaries have formulated plans for environmental emergencies and conducted regular environmental emergency drills, so that the risk of emergency environmental pollution can be effectively controlled.

5.1.3 Environmental Protection Investment

We stick to scientific and technological innovation and green development as a main thread of enterprise development, and we adopt multi-pronged approach to increase the "green content" of cement production. Throughout the life cycle of "green transformation" of the Enterprise, we have made breakthroughs on environmental protection technology in key process nodes, continued to explore multiple kinds of environmental protection technology, continuously increased the investment for improving environmental protection technology and implemented multiple environmental technological improvement projects. In 2021, the Company had 362 environmental technological improvement projects in total; the total investment in environmental technological improvement was about RMB 2.106 billion, including an investment of about RMB 970 million in technological improvement for denitration, an investment of about RMB 490 million in technological improvement for dust collection (particulate matter reduction) and an investment of about RMB 646 million in environmental technological improvement for unorganized emission control, closure and other areas.



5.2 Adherence to Green and Low-carbon Development

2021 marks the first year to realize a wide-ranging, profound and systematic economic and social change, namely achieving the goals of peak carbon dioxide emissions and carbon neutrality ("Dual Carbon"). Cement industry is a key industry in need of green and low-carbon transformation in the context of Dual Carbon. As a leading enterprise, Conch Cement implemented the carbon emission management policy, adhered to the green and low-carbon development strategy, focused on both energy conservation and carbon emission reduction, continued to strengthen carbon emission management, reduced carbon emission intensity in production and operation by developing low-carbon technology, and steadfastly followed the guidelines on ecological, green, low-carbon and high-quality development, to drive the overall green transformation of the whole industry and contribute to the achievement of the Dual Carbon goals.

5.2.1 Management of Greenhouse Gas Emission and Energy

Coal and outsourced electric power are our main sources of energy. We also make great efforts to recycle waste. We use some of the waste (such as waste oil, waste solvent and waste residue) as alternative fuels to reduce the consumption of traditional fuels. The Group's greenhouse gases mainly stem from carbonate decomposition during the production of cement clinker, non-fuel coal calcining of raw material, burning of fossil fuel and power consumption. Conch Cement combines greenhouse gas emission management with energy consumption management, takes low-carbon life, environmental protection, energy conservation and consumption reduction as a long-term strategy, and strives to develop renewable energy. Conch Cement, acting in accordance with the Outline for the Fourteenth Five-Year Plan for Economic and Social Development and Long-Range Objectives through the Year 2035, has set up greenhouse gas reduction and energy efficiency and utilization goals which will be regularly reviewed, tracked and verified, to improve the Group's environmental performance in terms of energy conservation and emission reduction.

Conch Cement adheres to green and low-carbon development, proceeds from the strategic perspective of building new national competitive advantages, lays equal stress on both development and standardization, strikes a balance between development and emission reduction, between whole and parts and among short-, medium- and long-term goals, focuses on overall green transformation, to facilitate the achievement of the "dual carbon goals" of the cement industry and the development of the green and low-carbon industry as well as circular economy of China. Under the national guidance for Chinese industrial enterprises to achieve carbon emission reduction and carbon neutrality, we have planned a green development path for carbon neutrality to efficiently reduce carbon emissions.

Greenhouse gas reduction goal:


reduce carbon emission intensity (t-CO₂e/t-clinker) of the clinker process by 6% compared to a 2020 baseline by 2025.

Energy efficiency goal:


reduce energy consumption intensity (kgce/t-clinker) by 6% compared to a 2020 baseline by 2025.




Conch Cement's green development path for carbon neutrality



Improve carbon emission management system
Based on the integrated environmental management system of Conch Cement, improve the three-level carbon emission management system comprising the "headquarters, regional departments and subsidiaries"; further improve the carbon emission management policy of the Group.




Drive digital transformation
Take advantage of digital information technology to improve the Group's carbon trading management system and enhance carbon asset management capability.




Develop low-carbon cement products
Accelerate mature and stable technological improvement for energy conservation and consumption reduction; optimize production processes; develop low-carbon cement products; optimize raw material batching; deeply explore the potential for energy conservation and carbon emission reduction.




Promote clean energy
Continue to increase the promotion of clean energy to further reduce the consumption of traditional energy.



Develop carbon sinks
Build "green plants", "green mines" and "green supply chains"; extensively plant trees in the plant and my areas; actively develop carbon sinks.



Innovative emission reduction technology
Based on existing carbon capture technology, explore and research new CCUS (Carbon Capture, Utilization and Storage) technology; strive to find new solutions for carbon emission reduction.



Carry forward Conch Cement's culture
Implement energy conservation and environmental protection requirements from fine details to truly achieve "Green Office", such as the full adoption of paperless offices; enhance the promotion of low-carbon and environmental protection concept by means of the intranet, We Chat group, posters, etc.; reduce office power consumption by installing energy-saving lamps and using air conditioners more efficiently in office areas.



Promote green transportation and travel
Give preference to means of transport with high efficiency and low unit energy consumption, such as ship and train; we ask our employees to arrange business activities reasonably, choose video or teleconferencing for business negotiations as much as possible and reduce unnecessary travels; we also encourage daily business travel by public means of transport as a first choice.

In 2021, we upgraded our wind power generation system, completed the strategic acquisition of Conch New Energy, expanded our new energy segment such as the technological development of energy storage system and photovoltaic power generation, and increased the proportion of clean energy in cement production to further strengthen clean production and reduce the carbon footprint of our products. As at the end of the Reporting Period, the Group has completed 19 photovoltaic power generation projects with a total capacity of 200 MW. The generated power over the year reached 164 million kWh in total, with an increase of 326% compared to 2020 (38.52 million kWh), equivalent to a reduction of 20,200 tonnes in using standard coal and a reduction of 143,800 tonnes of carbon dioxide emission.



Wind power generation

In 2021, the wind power generation system of Jining Conch was upgraded and some hardware and software systems were replaced, with an output of 1.276 million kWh, equivalent to an increase of 233% compared to 2020 (383,000 kWh). The power generation efficiency was greatly improved.



Energy storage system

The Group completed three energy storage systems for Huaian Conch, Zhangjiagang Conch and Jiande Conch, with a total capacity of 48MW. The systems discharged 24.6396 million kWh of power in 2021, which effectively balanced local power supply and demand.



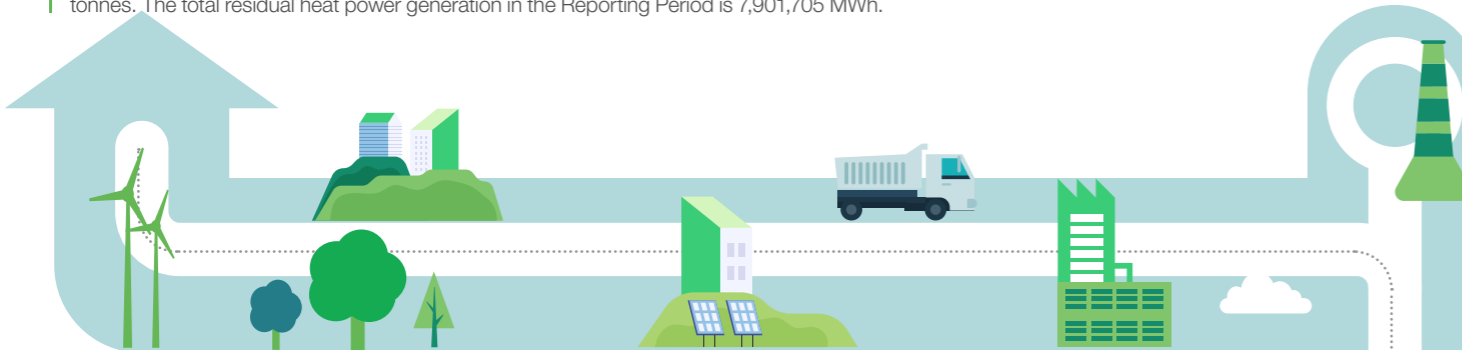
Photovoltaic power generation

Jiande Conch Cement Photovoltaic Power Generation and Energy Storage Integrated Project, which passed the acceptance in 2020, is the first new-energy photovoltaic power generation and energy storage integrated project in the cement industry of Zhejiang Province. The total investment of this project is RMB 100 million to construct a photovoltaic power generation and energy storage station by using the circulating pool in the plant area and part of the available space in the mine area. Phase I of the project has been completed, with an installed capacity of 11.9 MW, 2 grid supply points and an access voltage class of 6KV. The total output in 2021 was 11,531,833kwh, equivalent to a reduction of 7,035 tonnes of carbon dioxide emissions.

During the Reporting Period, the Group invested RMB 6.12 billion in energy conservation and emission reduction. We follow the green and low-carbon development path, rely on scientific and technological innovation, and actively explore in technological improvement for energy conservation and production process optimization, etc. We continuously improve the residual heat power generation technology, implement comprehensive technological improvement for energy conservation and consumption reduction, research environmentally friendly and low-carbon alternative fuels and raw materials, continue to broaden new ways to save energy and reduce emission, and reduce the consumption of traditional fossil energy to accelerate green and low-carbon transformation and development.

Application of residual heat power generation technology to fully recycle residual heat in cement kiln

The Group takes the lead in using pure low-temperature residual heat power generation technology in China. Each cement plant of the Group is equipped with a residual heat power generation system to generate power with the discharged waste gas and residual heat. The generated power is used for production to reduce the consumption of outsourced power and thus indirectly reduce carbon dioxide emission. A clinker production line with a daily output of 5,000 tonnes may generate 220,000 kWh with residual heat per day, saving nearly 23,200 tonnes of standard coal and reducing carbon dioxide emission nearly by 61,900 tonnes per year. Chizhou Conch traded the carbon allowance of residual heat power generation in 2021, with a sales volume of more than 660,000 tonnes. The total residual heat power generation in the Reporting Period is 7,901,705 MWh.

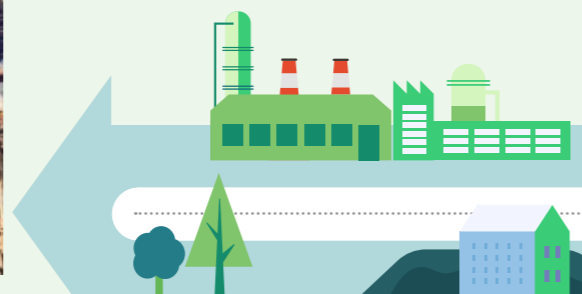


Comprehensive technological improvement for energy conservation and consumption reduction to increase the efficiency of energy use

As a key scientific and technological innovation project of the Group, the comprehensive energy-saving technology aims at "smart, high efficiency and low emission" and integrates the current advanced technology and equipment. The Group focuses on the improvement of grate coolers, capacity expansion of decomposition furnaces, use of high-efficiency variable-frequency fans, use of energy-saving raw material roller presses, use of high-efficiency and low-resistance cyclones and use of new materials such as heat-insulating nanomaterial, to further optimize the energy-consumption indicators of production lines. After the completion of the comprehensive energy-saving technological improvement, it is estimated that the standard coal consumption per tonne of clinker in the clinker production line can be controlled within 98 kg, and the total power consumption per tonne of clinker can be controlled within 48 kWh. Meanwhile, it can reduce nitrogen oxide emissions at source and reduce the use of ammonia water. In 2021, the Group completed comprehensive technological improvement of 9 the production lines with the improvement completed in 10 in total, and is implementing the improvement of 15 production lines to meet the set criteria of energy-consumption indicators.

Comprehensive Energy Efficiency Technological Improvement for the Kiln of Xingye Conch Cement

In September 2021, Xingye Conch Cement completed comprehensive technological improvement for its kiln to increase the energy efficiency by heightening the cyclone volutes of all classes of pre-heaters, replacing the blanking chutes of volutes of all classes, expanding the capacity of decomposition furnace, improving low-nitrogen combustion in the emission-end gas chamber of the kiln and replacing the whole third-generation grate cooler with a fourth-generation grate cooler. After the significant improvement, the standard coal consumption per tonne of clinker can be controlled within 98 kg; the total power consumption per tonne of clinker can be controlled within 48 kWh; the consumption of ammonia water can be reduced by 25%.



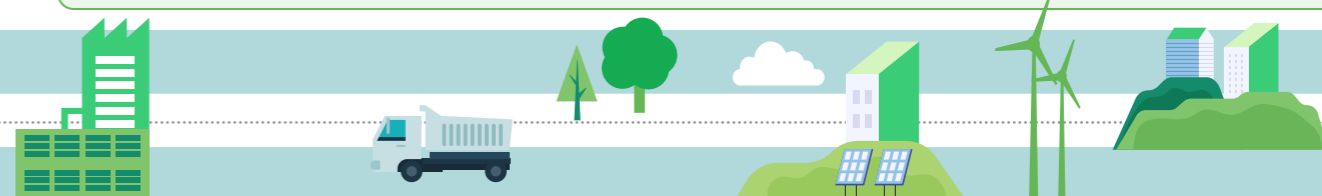
Accelerate the promotion of alternative non-fossil energy fuels to build a green energy structure

The most effective way to reduce carbon emissions of the cement industry is saving fossil energy fuels. Biomass and RDF (Refuse Derived Fuel) are the most direct and useful alternative fuels for this purpose, and they are also being promoted and applied in the cement industry. Compared with coal, biomass fuels are environmentally friendly and economical materials being featured by low pollution and cost with good ecological, economic and social benefits. In the aspect of RDF, Conch Cement is upgrading co-processing and CONCH Kawasaki Kiln system (CKK) projects through the integration and application of stepped furnace and hot plate furnace technology. RDF is directly put into the kiln to further improve the heat utilization efficiency. RDF is expected to replace about 10% of fossil fuels by 2025.

In 2018, the Group completed the first biomass fuel system in Battambang, Cambodia, by taking advantage of large-scale rice cultivation in this region. To explore and build a modern energy system and resolve the problems of troublesome disposal of crop straws and possible environmental pollution arising therefrom, the group completed China's first biomass alternative fuel system in the clinker production line of Zongyang Conch. The system was put into operation in October 2020. It is the first biomass alternative fuel system in China's cement industry, which can consume 150,000 tonnes of biomass fuels including various crop straws, such as rape straw and rice straw. The system replaces more than 40% of raw coal with biomass fuel, which may save 75,000 tonnes of standard coal per year, equivalent to a reduction in carbon dioxide emission of nearly 200,000 tonnes. It greatly reduces coal consumption and carbon dioxide emission, and is an effective way to achieve "low-carbon and environmentally friendly" cement production. In addition, it has a great impact on the energy conservation, resource utilization of agricultural and forestry wastes and emission reduction of the cement industry, with good social, economic and environmental benefits.

Biomass Alternative Project of Zongyang Conch

In 2021, Zongyang Conch used a total of 22,013 tonnes of biomass fuel, saving about 9,000 tonnes of standard coal, equivalent to a reduction of nearly 24,000 tonnes of carbon dioxide emissions. On 17 April 2021, China Construction Materials Federation organized a meeting to appraise the scientific and technological achievements of the "Research, Development and Comprehensive Utilization of Agricultural and Forestry Biomass as an Alternative Fuel for Cement Kiln" in Wuhu City, Anhui Province, and the expert committee agreed that the achievements reached the top level in China.



Use alternative raw materials to build a green energy structure

Carbonate, the main raw material of limestone mainly used for cement clinker production, produces about 63% of the total carbon dioxide during the decomposition. By studying the composition of alternative raw materials and the optimal raw material batching, the Group uses yellow phosphorus slag to reduce the calcining temperature, and replaces some of the raw materials with industrial wastes such as fly ash, sulfuric acid slag and desulphurization gypsum to reduce the carbon dioxide produced by carbonate decomposition.

Replace raw coal with natural gas and set up natural gas — coal mixed burning technology pilots

Natural gas is a cleaner energy source with less carbon emission of about 40% than raw coal. The composition of natural gas has a natural reducibility that can reduce the initial NOx emission concentration by about 15%. Replacing raw coal with natural gas as the fuel to produce cement clinker has attracted the attention of the industry. At present, no domestic large-scale cement base uses natural gas as fuel for production, while some production lines use the resource in foreign regions rich in natural gas. In order to proactively respond to China's policy on "dual control of coal and power", based on thorough research, the Group has decided to set up a natural gas — coal mixed burning pilot in Liangping Conch, and has organized departments such as the Equipment Department to carry out technical exchange and prepare schemes with the technical service providers. The pilot is expected to be operated in June, 2022.

Smart plant

Smart Plant is our major initiative to enable digitization for greater production and management efficiency. The group has built a smart production mode of “taking smart production as the core”, “taking operation and maintenance as the guarantee” and “promoting operation with smart management” via three platforms, namely “smart production platform”, “operation and maintenance management platform” and “smart management platform”, realizing automatic plant operation, visual management, fault pre-control, total-factor coordination and smart decision-making. Meanwhile, the Group is enhancing energy consumption control by digital means, continuously optimizing coal and power consumption indicators for cement production, reducing carbon emission in production and operation, and improving performance in terms of energy conservation and environmental protection. The Group has built the world’s first whole-process smart cement plant in its subsidiary, Quanjiao Conch, and has been successively promoting its implementation in other plants.

Carbon capture and storage (CCS) of flue gas from cement kiln

CCS is of great significance to the reduction and commercialization of greenhouse gases in the cement industry, and is also a helpful exploration of green development by Conch Cement. With the in-depth development, promotion and application of carbon capture technology, carbon dioxide will be turned into wealth and become an important part of the development of circular economy; the traditional cement industry will be revived, and will step onto a sustainable development road with economic growth and sound ecology. Meanwhile, in order to further increase the added value of carbon dioxide products and expand the application of the products, the Group started a dry ice project and Conch dry ice was officially launched into the market. In 2021, the system produced 26,600 tonnes of industrial carbon dioxide, 6,300 tonnes of food-grade carbon dioxide and 1,000 tonnes of dry ice.

CCS Project of Baimashan Cement Plant

In 2017, the Group worked with Dalian University of Technology by combining research with academic study, and invested over RMB 50 million in the first emission-end CCS and purification demonstration project of 50,000 tonnes cement kiln in Baimashan Cement Plant in the global cement industry. The project was officially put into operation in 2018. The core technology of this project is chemical absorption method. Through processing and rectification, we can obtain industrial carbon dioxide with a purity of 99.9% or higher and food-grade carbon dioxide with a purity of 99.99% or higher. In this way, the project can produce 30,000 tonnes of food-grade and 20,000 tonnes of industrial carbon dioxide per year, creating a new situation in the global cement industry to apply CCS technology. It has far-reaching demonstration significance to promote energy saving and emission reduction in China and the global cement industry. The project was awarded the First Prize of Anhui Provincial Science and Technology Award by the People’s Government of Anhui Province in March 2021.



Carbon conversion laboratory

The Group pursues green and low-carbon development, focuses on the requirements of “carbon peak” and “carbon neutrality”, and takes a leading role in the application of the carbon conversion technology. After sufficient research and demonstration, the Group carried out all-around technical exchanges with Nankai University and Wuhu Municipal People’s Government in 2021, to jointly promote the integrated development of government, corporate, institute, academy and application, construct Nankai University (Wuhu) Carbon Neutrality Research Institute, namely “Carbon Dioxide Recycling and Comprehensive Utilization” joint laboratory, cooperate in fields such as carbon dioxide recycling and comprehensive utilization, new energy and new materials, strive to build key research & development and innovation platforms, make breakthroughs in key and core technologies, cultivate new business forms and modes, improve the innovation ability and scientific and technological level of the Corporate, speed up the conversion of scientific and technological achievements into practical productive forces and facilitate the high-quality development of the Enterprise. The project is located in Baimashan Cement Plant, which mainly aims to reduce carbon dioxide emissions and recycle it, by importing the carbon dioxide captured at the emission end of the cement kiln into an electrolytic cell and then reducing and converting it to prepare a combustible synthesis gas under the conditions of using green power, electro-catalyst, etc. As at the end of the Reporting Period, Conch Cement has prepared construction plans, listed the required instruments and equipment, recruited some employees and carried out relevant work in order for the laboratory.

Smart agricultural greenhouse

We use carbon dioxide as a gaseous fertilizer to strengthen photosynthesis, control plant diseases and insect pests and produce high-quality organic vegetables by increasing the concentration of carbon dioxide in the greenhouse. One mu of greenhouse may use 40 tonnes of carbon dioxide per year. At present, the Group has determined to construct a smart agricultural greenhouse of 5 mu in Baimashan Plant. It is expected to produce products in the second half of 2022.

Greenhouse gas emission 2021

Scope-I greenhouse gas emission¹/tCO₂e

198,131,964

Scope-II greenhouse gas emission²/tCO₂e

13,010,677

Total greenhouse gas emission (Scope I + Scope II)/tCO₂e

211,142,641

Greenhouse gas emission per unit clinker tCO₂e/ton of clinker

0.8392

Greenhouse gas emission per unit operation revenue tCO₂e/RMB 100 Million

125,715.3

Energy use 2021

Direct energy consumption³ (100 million kWh)

2,115.7

Indirect energy consumption (100 million kWh)

137.8

Total energy consumption (100 million kWh)

2,253.5

Energy consumption per unit clinker (kgce/ton of clinker)

110.20




Energy consumption per unit operation revenue (100 million kWh/RMB 100 Million)



1.3

1 The greenhouse gas emission (Scope I) is calculated in accordance with the GHG Protocol issued by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), the 2006 IPCC Guidelines for National Greenhouse Gas Inventories issued by the Intergovernmental Panel on Climate Change (IPCC), the Calculation Methods and Guidelines on Greenhouse Gas Emissions Accounting for the Cement Industry in China, etc. Scope-I greenhouse gas emission mainly comes from substances such as coal, diesel, gasoline, natural gas, liquefied petroleum gas and coal gangue. The calculated carbon emission has not been verified.
2 The greenhouse gas emission (Scope-II) is calculated in accordance with the 2012 Baseline Emission Factors for Regional Power Grids in China. Scope-II greenhouse gas emission mainly comes from power outsourcing. The calculated carbon emission has not been verified.
3 The energy consumption is calculated in accordance with criteria such as the National Standards of the People’s Republic of China, General Principles for Calculation of Total Production Energy Consumption (GB2589-2020).

5.2.2 Tackling Climate Change

China released forceful macro policies to demonstrate to the world its firm determination to drive carbon peak and carbon neutrality ahead of COP 26 of the *UN Framework Convention on Climate Change*. As international representative corporate in the cement industry of China, Conch Cement has been advocating ecological civilization and pursuing climate governance, and is dedicated to dealing with climate change risks. We started the identification of climate change risks in 2021. In the future, we will continue focus on issues on climate change risks, identify and evaluate potential business risks and formulate strategies to tackle climate change in advance. At the same time, we will seize opportunities to constantly improve the capacity to address the climate change risks.

Class of Risk	Item	Risk Description	Measures
transformation	 Policies and laws	The government is formulating more strict policies, laws and regulations for carbon emissions, and actively promoting the construction of markets of national carbon emission permits trade.	Improve the low-carbon R&D system and strengthen the management and internal adjustment of the Company's carbon assets. Conch Cement entered into the Cooperation Agreement on Capability Building of Carbon Trading Market and Construction of Carbon Management System with Shanghai Environment and Energy Exchange to jointly promote the efficient and professional management of carbon assets, advance the "Double-carbon" goal of enterprises in cement industry and accelerate the development of green and low-carbon industry and circular economy.
	 Technology	Higher requirement for low-carbon environmental protection technologies	Carry out a number of technological improvement projects for environmental protection, including residual heat power generation technology, comprehensive energy-saving technological transformation to reduce consumption and use of alternative fuel and raw materials.
	 Market	Customers are inclined to consume products and services with lower carbon footprints	Comprehensively analyze the risks of product replacement and vigorously develop low-carbon cement products with high quality through research and innovation.

Class of Risk	Item	Risk Description	Measures
Entity risk	 Acute	Extreme weather (rainstorm, typhoon, snow, flood, high temperature, severe cold, etc.)	Carry out comprehensive and systematic analysis of typical cases of flood and typhoon prevention in recent years, summarize experience in a scientific manner, work out contingency plans for emergent disasters, and further coordinate all subsidiaries of the Group to prevent and respond to typhoon, rainstorm, flood and other abrupt natural disasters in an orderly and effective manner and continue to improve the capacity of Conch Cement to prevent and control typhoon and flood disasters of Conch Cement.
	 Chronic	Raw materials and transportation are vulnerable to climate change	Continue to monitor relevant climate change risks.

5.3 Strict Control of Pollutant Emissions

Conch Cement attaches great importance to emission management, and has developed strict control measures for all kinds of emissions. All subsidiaries control pollutant emissions in strict accordance with national and local laws and regulations of business locations, formulate and implement self-monitoring plans for pollutant emissions. They carry out self-monitoring every quarter, obtain monitoring reports in time, regularly submit implementation reports and disclose environmental information such as pollutant emissions data for the supervision of the public. While adhering to the compliance emission, we introduce advanced emission reduction technologies to ensure that all emissions comply with standards and the emission concentration is kept far below the national and local standard limits.



5.3.1 Waste Gas Management

With the progression of the national ecological civilization construction, solving the ecological environment problems and promoting the nationwide battle to prevent and control pollution inevitably become a long-term task in the sustainable development of enterprises. We strictly control the following main indicators, namely NOx (nitrogen oxides), SOx (sulfur oxides) and particulate matters of major outlets while manufacturing cement. We have also incorporated waste gas management and discharge into the long-term strategic business objectives of the Company, and set strong goals to reduce waste gas discharged. In 2021, we will continue to strengthen the technological transformation and innovation for environmental protection, carry out technical exchanges with academic institutions and well-known environmental protection enterprises at home and abroad, enhance the research in cutting-edge technologies for environmental protection, and steadily promote the pollutant control.

Waste gas control targets: The total emissions of NOx of the Company decline by 50% by 2025 from 2020; the emission concentrations of particulate matter, SO2 and NOx are kept below 10 mg/m³, 50 mg/m³ and 100 mg/m³, respectively



Technological improvement for desulphurization

The main source of sulphur in the cement clinker production process includes two parts: raw materials and clinker calcination. In 2021, the Group determined three companies and four production lines to minimize sulphur emission by means of wet desulphurization. As at the end of the Reporting Period, the Group has completed the technological improvement for wet desulphurization for more than 30 clinker production lines. In addition, the Group has explored the technological improvement for hot raw material and dry desulfurization and provided 15 sets of new equipment for preparing pure stone powder, to further improve the desulphurization efficiency and stability.

○ Technological improvement for wet desulphurization

Limestone-gypsum wet desulphurization process is currently the most mature, the most efficient, the most widely used and the most stable desulphurization technology. In the process, limestone is used as desulfurizer, which is ground into powder, mixed with water and stirred to prepare desulfurizer slurry. In the desulphurization tower, when the slurry is exposed to and mixed with flue gas, the SO₂ in the flue gas and the Ca²⁺ in the slurry react with the oxidized air which is blown into the tower. The gypsum produced from the chemical reaction is used as a composite material for cement to minimize sulfur. During the period from 2017 to 2021, the Group invested RMB 800 million to complete the technological improvement for wet desulphurization for more than 30 clinker production lines, and additionally implemented the improvement for 4 production lines in 2021. After the technological improvement, the emission concentration of sulfur dioxide is controlled below 35 mg/m³.



○ Desulphurization of hot raw material

The hot raw material from the cement production process is used as desulfurizer to effectively reduce SO₂ emission. It is a high-efficiency desulphurization technology for cement kiln with small investment, low operation cost and slight influence on the kiln system. Based on the controlled limestone-sulfur mole ratio, the desulphurization efficiency can reach up to 80%, with an average of nearly 50%. When the raw fuel is stable, the SO₂ emission can fall below 50 mg/m³ from 100 mg/m³. In 2021, the Group explored the technology for desulphurization of hot raw material in Suzhou Conch and Jiande Conch, achieving a desulphurization efficiency of nearly 50% to 80%.

Technological Improvement Experiments for Desulphurization of Hot Raw Material by Jiande Conch

Jiande Conch carried out technological improvement experiments for desulphurization of hot raw material in October 2021. The hot raw material containing a large amount of CaO is extracted from the decomposition furnace with a fan, used as desulfurizer and pumped into the top of the humidifier tower. When the humidifier tower sprays water, the high-activity CaO reacts with the SO₂ in the air flow to generate stable CaSO₄, and then the generated substance enters the kiln system with other materials to realize desulfurization. The advantages of this technology include short construction period, simple process arrangement and reliable operation without the need to purchase desulfurizer. The desulfurization efficiency can reach up to 50% to 80%. It has no obvious influence on the output and quality of the kiln system while the power consumption of the system is increased by 1.5KWh/ton of clinker.



Technological improvement for denitration

Conch Cement has always insisted on independent and scientific innovation in denitration. In order to comprehensively reduce NOx emissions, the Group has worked on SCR technology since 2017 based on the all-round promotion of high-efficiency and precise SNCR denitration. The group has made a breakthrough in SCR technology via independent research and development while digesting and absorbing traditional technology, which is another major initiative of the Group to lead the cement industry in technological advancement of low-carbon and green environmental protection. The SCR (Selective Catalytic Reduction) reduces NOx emission through selective reaction of reducing agents such as ammonia with NOx under the action of a catalyst to generate N₂ and H₂O. The technology features a high ammonia utilization rate with a denitration efficiency of up to 90%.

As at the end of the Reporting Period, Conch Cement has completed the SCR technological improvement for 42 production lines (41 lines for high-temperature and high-dust SCR improvement and 1 line for medium -temperature and medium-dust SCR improvement). As indicated by current statistics, the Group's SCR technology improvement projects account for 60% or more of the total number of projects in the cement industry, and the SCR technology is at a leading level. On April 17, 2021, China Construction Materials Federation organized a meeting to appraise the scientific and technological achievements of the "Research, Development and Application of High-temperature and High-dust Flue Gas SCR Denitration System for Cement Calcination System" in Wuhu City, Anhui Province, and the expert committee agreed that the achievements reached the top level in the world.



Site of Chizhou Conch's SCR technological improvement for denitration



Technological improvement for reducing particulate matter emission

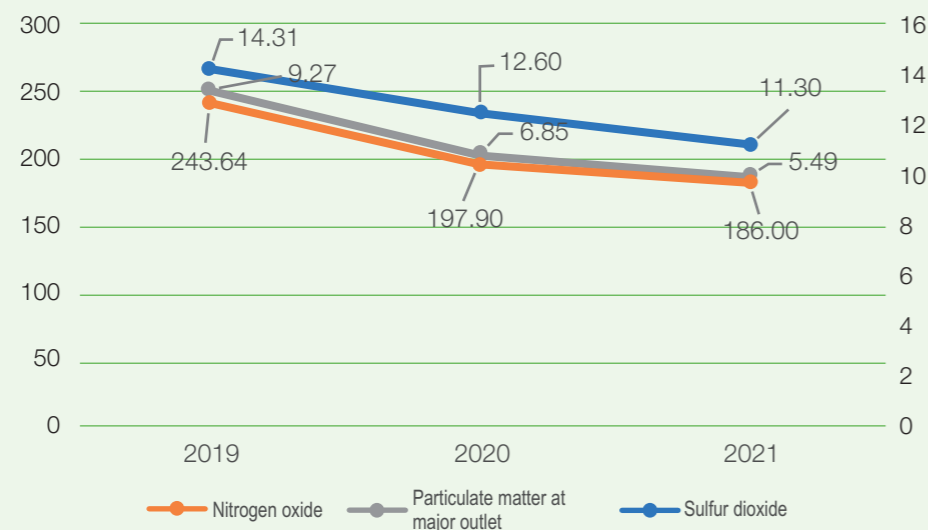
In 2021, the Group focused on the acceleration of technological improvement for "replacement of electric dust collection with bag dust collection" of particulate matter control equipment, i.e., replacing the original electric dust collectors at the main emission port of clinker production line with bag dust collectors with higher dust collection efficiency, with the average emission concentration of particulate matters fell below 10 mg/m³, after improvement. As at the end of 2021, technological improvement has been completed for 52 sets of equipment, and the Group plans to complete technological improvement for 16 sets of equipment in the coming year.

In 2021, after a series of above-mentioned technological improvement projects, the total amount and emission concentration of major pollutant emissions of the Group have been reduced comprehensively, and various pollutant emission indicators continue to be superior to national and local standards, successfully completing the annual pollutant emission reduction targets and tasks. For details of emission concentration of each production base, please refer to Chapter VI of the annual report.

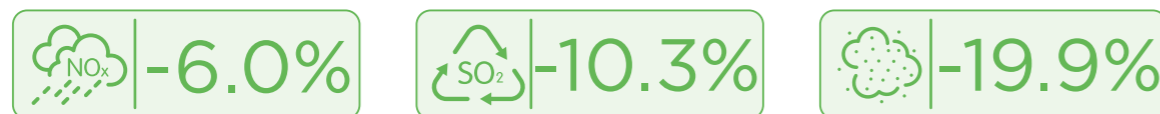
Pollutant category	Total emissions (tonne)				Average concentration (mg/m ³)			
	2019	2020	2021	Year-on-year change (2021 VS 2020)	2019	2020	2021	Year-on-year change (2021 VS 2020)
Sulfur dioxide	8,854	8,292	6,065	-26.9%	14.31	12.6	11.3	-10.3%
Nitrogen oxides	135,453	113,052	84,250	-25.5%	243.64	197.9	186.0	-6.0%
Particulate matters of major outlets	7,531	5,470	3,939	-28.0%	9.27	6.85	5.49	-19.9%

Notes:

- The main pollutants emitted by the Group primarily include SO₂, NO_x and particulate matters, and the above data cover all domestic subsidiaries of the Group, with overseas subsidiaries excluded;
- According to China's Air Pollutant Emission Standards for the Cement Industry (GB4915-2013), the upper emission limits for SO₂, NO_x and dusts in key areas are 100mg/m³, 320mg/m³ and 20mg/m³, respectively.



Trends of Average Emission Concentration of Major Pollutants at Major Outlets in the Past Three Years (mg/m³)



Decline in Emission Concentration of Pollutants at Major Outlets from 2020

5.3.2 Wastewater Management

The wastewater discharged by us is mainly domestic sewage, which is basically for comprehensive utilization such as green conservation, with a small amount discharged after reaching the standard or under municipal sewage control. In terms of wastewater treatment, subsidiary factories, docks, mines, etc. have taken measures to realize rain and sewage diversion, and adopted the secondary biochemical treatment technologies such as A/O for domestic sewage. As at the end of the Reporting Period, there are totally 339 sewage treatment facilities.

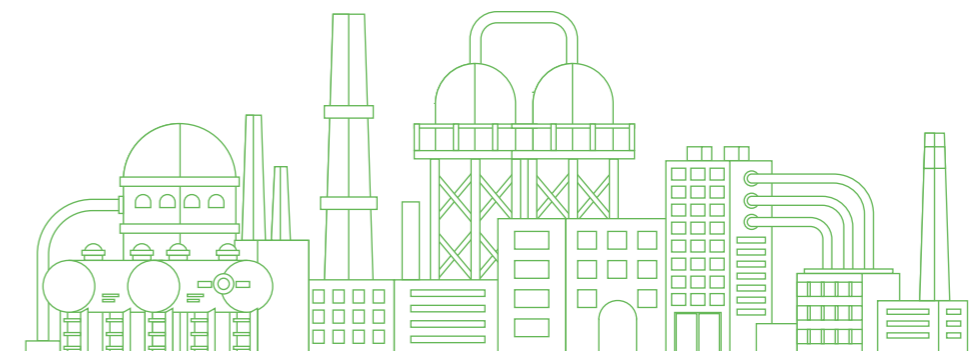
In terms of problems in residual heat power generation for wastewater treatment in cement industry, we decided to carry out technological improvement for residual heat power generation for near-zero wastewater discharge of 5 companies in Shaanxi-Gansu region and 9 companies in Anhui province and planned to put into operation in 2022 after systematically analyzing the residual heat power generation technology for wastewater treatment and summarizing the previous experience in technological improvement for 4 sets of equipment for near-zero wastewater discharge.

Technological Improvement Project of Residual Heat Power Generation for Near-zero Discharge of Wastewater in Jinling River

The technological improvement for treatment of circulating water for power generation in Jinling River mainly utilizes reverse osmosis and electro dialysis technologies to realize the reuse of circulating water. The system is mainly composed of pretreatment system, two-stage reverse osmosis system (two sets of BWRO and SWRO respectively), electro dialysis system and sludge pressing and filtering system, with a designed processing capacity of 20t/h and annual processing capacity of 150,000 tonnes. By using this system, the calcium and magnesium ions in water are replaced, and the qualified water is recycled. After treatment, the quality of circulating water is significantly improved, which can realize the "zero discharge" of wastewater. The circulating water treatment system is in sound operation, and there is no scaling in the cooling and circulation system. During the operation of the circulating water treatment system, the circulating water from the cooling tower is not discharged, saving 180 tonnes of water actually every day. Meanwhile, the conductivity of the circulating water decreases synchronously, with slight increase in the vacuum degree of the system as well as the residual heat power generation.



Wastewater discharge	2021
Domestic wastewater discharge (tonne)	694,988



5.3.3 Waste Management

While rigorously following the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* and relevant laws and regulations, Conch Cement has taken resolute measures to ensure safe and effective disposal of hazardous wastes, and at the same time promoted the efficient recycling of non-hazardous wastes to reduce the impact on environment arising from wastes generated in production and operation, and accelerated the waste reduction for environmental protection of enterprises, making the cement plant the purifier of the city. In terms of hazardous wastes, all companies have built temporary storage warehouses for hazardous wastes, regularly entrust qualified institutions to standardize the waste disposal according to hazardous waste management requirements, and complete the process control of storage, warehousing, transportation, etc.

Waste management targets:

100% compliance disposal of hazardous wastes,
and 100% recycling of non-hazardous wastes.



In terms of non-hazardous wastes, Conch Cement practices the concept of circular economy and follows the principle of "detoxification, minimization and renewability". It purchases and consumes a large amount of industrial waste residues such as coal gangue, volcanic ash and desulfurized gypsum, and puts them into the cement production link as substitutional raw materials and avoids direct discharge on the premise of meeting the requirements of cement quality control and ecological safety. In 2021, Conch Cement consumed a total of 43.661 million tonnes of general industrial solid wastes such as fly ash and coal gangue, not only solving the problem of industrial waste disposing for many enterprises in coal, power and chemical industries, reducing pollutant emissions and saving limestone resources, but also obtaining both operating and social benefits.



Waste	2021
Total amount of hazardous wastes produced (tonne)	3,686
Hazardous wastes produced by xx (t-hazardous waste/RMB100 Million)	2.19
Total amount of non-hazardous wastes produced (tonne)	731,839
Non-hazardous wastes produced by xx (t-non-hazardous waste/RMB100 Million)	435.7

5.4 Strengthening Resource Utilization

Conch Cement actively advocates the resource conservation, intensive use and recycling, and implements the resource utilization principle of "detoxification, minimization and renewability" in every aspect of production and operation. We continue to strengthen water resource management, improve the benefits of water-saving, introduce green packaging of cement products, and vigorously promote cement kilns to facilitate the treatment of urban domestic wastes, thus realizing efficient utilization of resources.

5.4.1 Increasing Resource Utilization Rate


5.4.1.1 Water Resource Management

Conch Cement always sticks to the concept of rational water use and water conservation, and continuously strengthens water resource management. To further improve the efficiency of water resources, we have set targets for water-saving benefits, and continue to review and track the target achievement.

On the premise of satisfying local laws and regulations and obtaining the corresponding compliance documents, a large proportion of production water for our bases along the river is sourced from the surface water of rivers. Meanwhile, we emphasize the rational utilization of water resources in the cement clinker production process, strengthen the water resource assessment management of subsidiaries and strictly prohibit the waste of water resources.

Water-saving goal:

reduce the water use intensity of
the Company by 10% compared to a 2020
baseline by 2025



Usage of water resources	2021
Total water consumption (tonne)	100,344,845
Water consumption intensity per unit of clinker (t-water consumption/t-clinker)	0.352
Water consumption intensity per unit of cement (t-water consumption/RMB100 Million)	59,745.8

5.4.1.2 Management of Packing Materials

Conch Cement continues to optimize the design of cement package bags to reduce the packaging needs for cement products and decrease the use of packing materials, and comprehensively promotes the recyclable package bags to realize green packaging.

Usage of packing materials	2021
Total amount of cement package bags consumed (tonne)	122,003
Cement package bags consumed per unit operation revenue (tonne/RMB100 million)	72.6

5.4.2 Promotion of the Facilitation of Treatment

Relying on own technology advantages, Conch Cement has built the first set of cement kilns to facilitate the treatment of urban domestic waste in China, and comprehensively promoted the technologies to facilitate the treatment of urban domestic wastes, sludge and hazardous industrial solid wastes. By virtue of innovation of solid waste disposing and resource recycling technologies, the difficulty in industrial and urban wastes recycling and disposing is solved and the pollution of ecological environment is minimized, thereby achieving "detoxification, minimization and renewability". At the same time, it is beneficial to alleviate the land occupation and environmental pollution caused by waste incineration and landfill.

In 2021, Conch Cement joined forces with Conch Venture (a company listed on the Hong Kong Stock Exchange, stock code: 0586) to actively work with the local governments of subsidiary factories to build 63 production lines using cement kilns to facilitate the treatment, treat a total of 930,871 tonnes of domestic wastes, 530,173 tonnes of hazardous wastes, 737,624 tonnes of sludge, and 228,149 tonnes of other general waste.



Demonstration Project of Treatment of Urban Domestic Wastes with Cement Kilns of Zunyi Conch

Zunyi Conch connects the urban domestic waste treatment system with the original cement production line, and treats the waste gas, waste water and waste residue from waste incineration in a harmless manner for effective utilization through garbage unloading, crushing, fermentation, charging, vaporization, decomposition, calcination, magnetic separation and other steps. In 2021, it treat a total of 168,568 tonnes of urban domestic wastes, really "making the best use of all wastes" and realizing the urban domestic waste treatment goal of "detoxification, minimization and renewability".



Facilitation of treatment with cement kiln	2021
Domestic waste (tonne)	930,871
Sludge (tonne)	737,624
Hazardous waste (tonne)	530,173
Other general solid waste (tonne)	228,149
Total quantity (10,000 tonnes)	242.6817

5.5 Promotion of "Green and Smart Mines"

Ecological environment protection in mines is an important component of the ecological civilization construction system. We have continuously improved the mining planning and management system for mineral resources, and adhered to the principle of "protection in development and development in protection" in order to ensure coordination between mineral resource development and ecological environment protection since the establishment. We have realized the safe, efficient and green mining of mineral resources through sound mine management mechanism, green mine building, digital construction, smart mine building and other measures, and will continue to recover and protect the mine ecological environment.



5.5.1 Responsible Mining and Treatment

We actively implement plans and opinions such as *National Land & Resources Information*, *Green Mine Construction Specification of Cement Limestone Industry* and *Implementation Opinions on Accelerating the Construction of Green Mines*, implement the green and scientific mine development and treatment system in the whole process of development, constantly improve the protection of ecological diversity and continue to reduce the environmental impact in the mining, with the aim of building a resource-saving, eco-civilized and environment-friendly mining enterprise.

As at the end of the Reporting Period, 44 mines of the Company have been rated as the National Green Mine and 24 mines as Provincial Green Mine, and the proportion of "green mines" of the Company is over 70%. During the Reporting Period, the Company built 13 green mines of provincial level and above, and will continue to increase the proportion of green mines to achieve full coverage.



● Before mine development

We incorporate the concept of green mine into mine selection and mining programs. To strengthen the protection of mine biodiversity, we have invited qualified institutions as well as agricultural and forestry management experts to prepare the *Feasibility Report on Use of Forest Land*. By doing this, we investigate, identify and monitor the important biological diversity elements and species in related area that require protection. To minimize the impact of mining process on the ecological environment, water source and animal habitat, we implement on-site conservation of creatures and conduct regular patrols in areas that are temporarily not mined. Meanwhile, based on the mining plan for the coming 3 to 5 years, we will migrate and protect main plants of contemplated mining areas in advance.

● During mine development period

We strictly control the on-site dust pollution, solid wastes and off-gas of mines, and formulate scientific and environmentally-friendly mining methods for management during the mine development period.

1. Scientific mining method

We insist on a top-down approach to exploit all mines, and adhere to the principle of "treating while exploiting". We pursue the large-scale and high-value utilization of limestone resources through scientific, reasonable and efficient mining methods. By standardizing systematic arrangement and improvement, the comprehensive utilization rate of mine resources of the Company's bases reached 100% in recent years, and the mining standardability is kept in the leading position in China. To reduce the damage to the original mountain ecosystem and vegetation, we strictly manage the operation behavior of mining equipment by adopting controlled blasting technologies such as smooth surface and presplitting when mining the slope near the mountain.

2. On-site dust control

Conch Cement attaches great importance to dust control during mining and transportation. We have equipped all mine perforation equipment with dust collection and purification devices, and the mines of each production base company have been equipped with 20-ton watering cars and multiple multi-functional dust reducing trucks for road and stope dust reduction. In order to fully realize on-site unorganized dust control in the whole mining process of each production base company, we have installed automatic water sprinkler facilities on the main roads of mines, closed the discharge ports of each mine, promoted the installation of internal dry mist dust suppression spraying systems, and implemented fully-sealed management for all mine transportation corridors and raw material yards.

In addition, we actively promote scientific and technological innovation projects in the field of mining, and jointly developed the Application of Controlled Blasting Technology in Open-pit Mine with a number of prestigious universities. We plan to adopt combined dust control technologies of prewetting-and-water-seal blasting and prewetting-and-water-medium alternating blasting to realize the rapid capture and settlement of the dust after blasting; and the controlled blasting measures to reduce the powdered ore rate during the blasting process, comprehensively realizing the control of blasting dust.

3. Mine solid waste and exhaust emission management

We collect all solid wastes generated in the mining activities under centralized management in independent storage places, and hand them over to qualified third parties for treatment. In terms of exhaust emissions from construction machinery and equipment, in the past three years, 705 sets of exhaust purification devices have been provided in the mines of all base production companies and 348 sets of equipment have been scrapped and replaced with new ones, with a total value of about RMB646 million. The exhaust emissions from construction equipment comply with the national standard Limits and Measurement Methods for Exhaust Pollutants from Diesel Engines of Non-road Mobile Machinery (CHINA III, IV) of the People's Republic of China and have passed the inspection standards and requirements of local environmental protection departments in related provinces and cities.

● Before mine closure

In accordance with relevant national laws and regulations, we have formulated a mine restoration and treatment plan for long-term effective mine treatment, formulated detailed annual, quarterly and monthly restoration and treatment plans, covered the mined slopes with soil and planted trees and grass according to local conditions. In addition, we built drains and permanent pools to avoid soil erosion, protect water resources around mines, and restore the ecological systems of mines. For some mines that cannot be treated on their own, we hired third-party professional geological survey and assessment or disaster treatment institutions to formulate specific treatment plans and commissioned qualified construction units to carry out restoration and treatment. As of the end of the Reporting Period, the Company has invested more than RMB400 million in soil covering and greening of goaf, with a total greening area of about 11 million square meters. The mine site restoration and treatment have achieved obvious progress.



5.5.2 Leading the Construction of Smart Mines

The deep integration of digital technology and building materials industry has been an inexorable trend. Conch Cement persists in integrating and optimizing internal and external technical forces, focuses on solving key problems restricting development, and constantly improves the modernization, upsizing and intensification level of enterprise production and operation through technological innovation. We strive to accelerate the application of industrial Internet, take the lead in building digital smart mines and promote this application in the Group.

As at the end of the Reporting Period, we have invested over RMB 200 million in digital construction, and completed the operation of 24 digital mines, with another 8 digital mines under construction. Digital mine systems, which consist of digital mining platform, production execution platform, three-dimensional visualization platform, smart dispatching and production monitoring system, have visualized and digitalized the mining activities and make mines smarter. Through the systems, we can intuitively manage mine resources and mining environment, and centralize the management of mine resource exploration, mining and transportation. This helps improve mining efficiency, save resources and make mining process safer.



Driverless Mine Cars Project

Unmanned driving in mining area is a breakthrough in the construction of green mines of Conch Cement. In order to promote the unmanned, digital and intelligent driving in mines, technology subsidiary established by us focuses on developing unmanned system and intelligent dispatching system of mine cars. The driverless project in open-pit mining areas is one of the major scientific and technological innovation projects by the Company to implement the national new-generation intelligent development plan, which aims to accelerate the implementation of overall solution for the driverless mine car industry in open-pit mining areas and intellectualization of open-pit mines, with driverless mine cars leading the unmanned operation of mining industry.



At present, marshalling operation of driverless mine cars for this project is carried out in Ruomaoshan mining area of Wuhu Conch. The output meets the minimum output demand per machine-hour of a single crusher, and the failure rate and operation efficiency indicator of driverless mine car under whole-process marshalling operation satisfy the design requirements.

2021 "Green Mines" Activity of Cement Industry Ends Perfectly in Conch Cement

On 16 December 2021, the closing activity and closing ceremony of 2021 "Green Mines" of Cement Industry was successfully held at the headquarters of Anhui Conch Cement, which mainly discussed and exchanged key issues such as achievements and experiences of green mine construction of Conch Cement and the units involved in the "Green Mines" activity, cement digital mines during the "Fourteenth Five-Year Plan" period, and ideas, directions and contents of green mine construction, providing the right guidance for the industry's green mine and digital mine construction and an important information exchange platform, and pooling the wisdom of the whole industry to jointly promote green mine construction.



06

Safety Commitment and Careful Guarding

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6.1 Improvement of the Safety Management System

6.1.1 Strengthened Safety Management

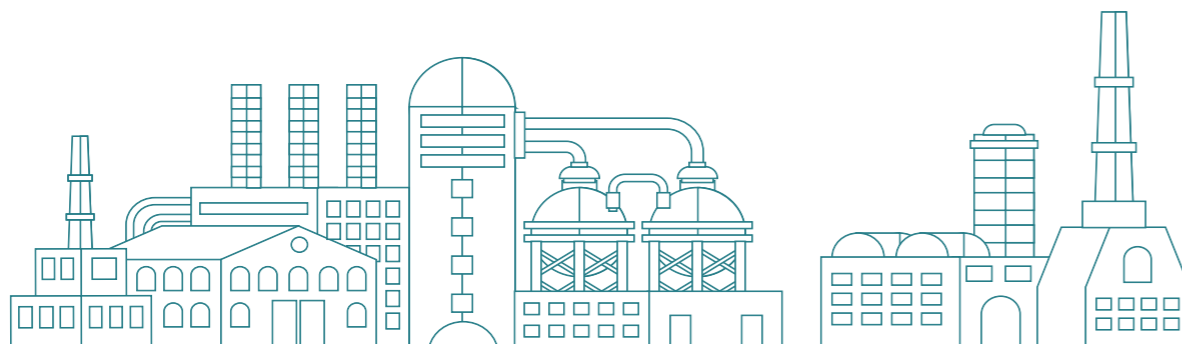
The Group strictly abides by national laws and regulations of business areas, such as the *Law on Work Safety*, the *Law on Penalties for Administration of Public Security*, the *Criminal Law* and the *Measures for Implementation of Work Safety Licenses of Non-coal Mines*, and timely revises the documents associated with safety management system, responsibility system for work safety, etc. of the Company in accordance with the updates of relevant laws and regulations. During the Reporting Period, the Company amended its rules and regulations according to the revised contents of the *Law on Work Safety* in September 2021. Meanwhile, the Group continues to vigorously promote the work safety standardization construction, and each subsidiary has worked out its own performance evaluation and implementation plan for work safety standardization according to the basic standard GB 30001 of enterprise work safety standardization and thirteen key elements, and actively applied for Level 2 and Level 3 work safety standardization construction.

The Group has established a clear safety management framework, which is composed of the management committee for environment, health and safety ("EHS Management Committee"), regional safety professional group and subsidiary work safety committee. The General Manager of the Company is appointed as the head of EHS Management Committee, and an environmental safety and occupational health management office is established under the Committee to take charge of the management of daily affairs. The regional safety professional group, with regional committee member or general manager of subsidiary in the region acting as the head, is responsible for managing environmental safety and occupational health of the Company and supervising the implementation of environmental safety and occupational health work by subsidiaries. The main person in charge of each subsidiary serves as the head of such subsidiary's work safety committee. Safety management departments at all levels play an important role in internal safety management, and they clarify their responsibilities and tasks and

establish relevant rules and regulations to ensure the continuous and effective operation of the safety management system. Daily affairs are reported level by level and can be reported directly to high levels in case of emergency or major events.



According to the principle of "the person in charge shall be responsible", the Group strictly implements the accountability system for work safety and occupational health objective and strengthens the management of work safety and occupational health to set up a comprehensive accountability system for work safety and occupational health. As at the end of the Reporting Period, we signed the *Liability Statement on Production Safety and Occupational Health Objective in 2021* with 174 subsidiaries to implement the responsibilities of all professional departments of the subsidiaries in production safety, and urged subsidiaries to strictly fulfill their legal obligations for production safety to standardize production safety management and ensure compliant business operations.



The "Production Safety Alert System" independently developed by the Group is equipped with mobile APP of safety management system, which enables all employees to take photos and upload pictures of the hazards found in real time, thus realizing total employee involvement in the hazards management and helping the Company to realize safety production. Meanwhile, the system assists managers in daily safety management and hazards screening and control, and also promotes the safety standardization benchmarking and self-inspection of the Group and improves the production safety system and mechanism. Moreover, the Group continues to strengthen the basic management to further improve the corporate production safety and promote the implementation of essence safety.



We take the same safety control measures for suppliers, customers, engineering contractors and other related parties, and fully identify possible safety risks arising from the production and operation activities within the Company by suppliers, customers and engineering contractors through safety notification before mobilization and safety training before operation. We have worked out preventive measures and always put safety in the first place. During the Reporting Period, we set clear production safety management objectives (covering suppliers, customers, engineering contractors and other related parties) according to the requirements of "Three Controls and Three Necessities" stipulated in the *Law on Work Safety*, and decomposed the annual safety management objectives for various professional departments and subsidiaries, and further refined these objectives for each department (affiliated factory), workshop section, team and even each post.

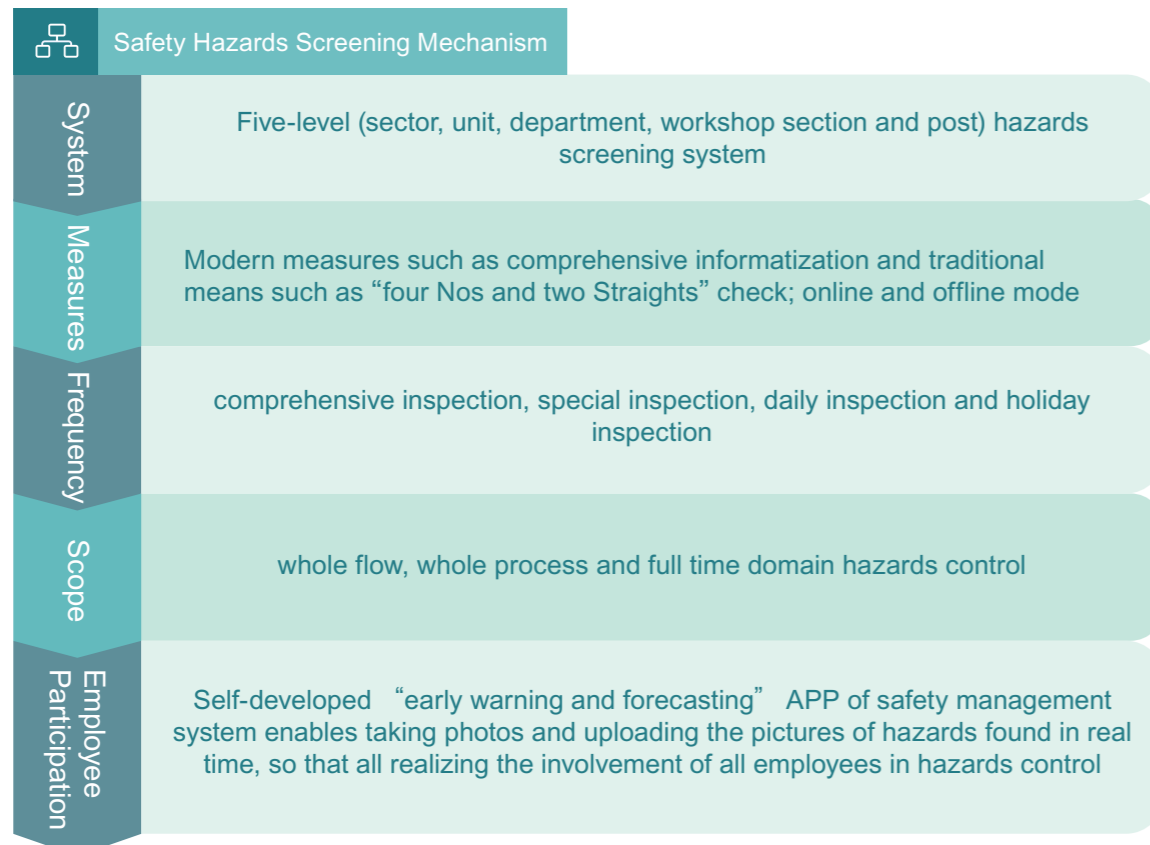
Production safety management objectives	industrial accident	0
	New case of pneumoconiosis occupational disease	0
	Serious fire liability accident in the factory	0
	Traffic fatality in the factory	0
	Casualty rate per 1,000 person	≤0.275‰

During the Reporting Period, two industrial accidents took place in Conch Cement. After the accident, we immediately cooperated with relevant departments to investigate the accident, tracked the cause of the accident, and pacify the family members of the sufferer and gave corresponding compensation. At the same time, we further evaluated and improved relevant safety operation procedures, put forward more detailed requirements for safety operation of tools and equipment by employees, strengthened the safety supervision, and increased the frequency of safety inspection and safety training so as to prevent the recurrence of industrial accidents.

Indicator	2019	2020	2021
Number of deaths caused by industrial accident/person	2	0	2
Fatality rate caused by industrial accident/%	0.0421	0	0.0428
Lost work days due to industrial accident/day	/	/	3,052

6.1.2 Prevention of Safety Hazards

The Group firmly establishes the philosophy of “hazards are accidents”, and always places emphasis on the concept of “adhering to safety rules and controlling hazards in the safety management”. During the Reporting Period, the Group continued to promote the construction of the dual prevention mechanism, tool “preventing and restraining production safety accidents” as the management goal, and established an all-round and whole-process screening and control mechanism of safety hazards while giving priority to “identification and control of major risks” and “screening and control of serious hazards”, so as to boost the safe development of Conch Cement.



6.2 Implementation of Occupational Health Protection

6.2.1 Occupational Health Management

During the Reporting Period, the Group revised and improved the occupational health management systems (including 13 systems such as the *Accountability System for Occupational Hazard Prevention and Control*) and the *Compilation of Laws and Regulations on Occupational Disease Prevention and Control* according to Law of the People’s Republic of China on the *Prevention and Control of Occupational Diseases, Provisions on the Supervision and Administration of occupational Disease in Workplace, Law on Work Safety* and relevant regulations and requirements for occupational health supervision revised by the state. Meanwhile, the Group signed the *Liability Statement on Production Safety and Occupational Health Objective* that targets all the employees with each unit, and included the control indicators and requirements of occupational diseases in the annual inspection and assessment indicators of each unit. The Group also further refined the list of occupational health hazards to strengthen the prevention, identification and control of acute occupational diseases.

6.2.2 Employee Health Protection

In order to effectively improve the safety of the workplace and strengthen the effective management of employees’ occupational health, the Company has taken multiple preventive measures and is dedicated to reducing the actual duration of employee’s disclosure to hazards and guaranteeing work safety.

Improve the safety management system

Set up the workplace safety alert system

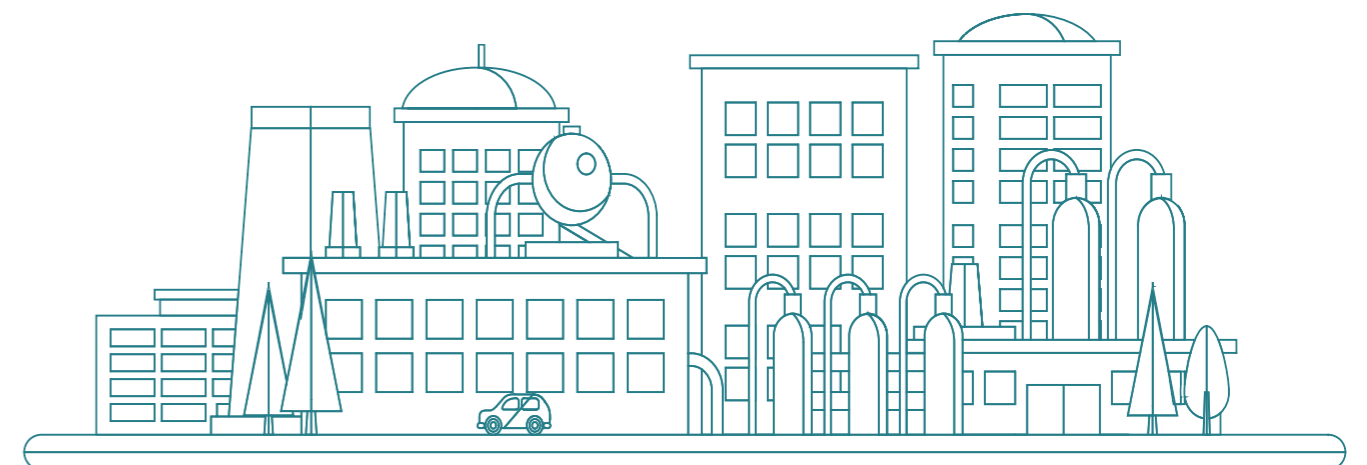
Increase safetyprotection measures

Promote the technical improvement of dust noise in the factory area, add dust collection in the transfer station, add fog cannon to dust removal at the material outlet, and close the noise in the factory area

Prompt intelligen operation

The construction of intelligent factories and unguarded posts, the use of bagged cement robots to load cars automatically, and the upgrading of lounges and control rooms for employees can greatly reduce the actual contact and harm time of employees

We continuously improved the occupational health conditions of the operation areas and rest areas, strengthened the occupational health examination and re-examination of employees, and supervised and urged relevant parties to organize workers who may be exposed to occupational hazards to have pre-job, on-job, and off-job occupational health examination as well as to establish and improve personal occupational health records for these workers so as to monitor and ensure the health of every employee of Conch Cement.



6.3 Strengthened Awareness of Safety Culture

The Group has fully realized in the training and education on safety for employees that the work safety has its focus on the enterprise, difficulties at the primary level and key of enhancing the safety awareness of all employees. Therefore, we continuously carry out all-round and multi-level safety knowledge education and training, popularize safety knowledge, promote safety culture and enhance the safety awareness of all employees with the opportunity of the “Occupational Disease Prevention Law Publicity Week”, “Work Safety Month”, Disaster Prevention and Mitigation Day and “11.9 Fire Prevention Publicity Month” etc. Meanwhile, we establish a Conch Cement University APP education platform with diversified safety training education, visualized training conditions and standardized training forms, through which employees can learn work safety, thus greatly increasing the flexibility of training, and through which we can check their learning conditions or conduct on-line post compliance examinations, further improving employees’ safety knowledge, safety skills and safety awareness, and promoting the transition from “requiring me to be safe” to “I want safety and I will be safe”.



“Work Safety Month”- The 6th Speech Contest on Safety

In 2021, Conch held the 6th Speech Contest with the theme of “Implementing the Safety Responsibility and Promoting the Safety Development”, in which a total of 11 contestants gave ebullient speeches with their own work practices, experiences and safety stories. This activity further promoted the safety culture of the Company, created a safety atmosphere, gathered the safety strength, stimulated the work enthusiasm, and enhanced the ideological awareness and action consciousness of all employees to learn the knowledge of work safety, master the work safety skills, abide by the work safety system and practice the safety development concept. It also played a leading role in further promoting the continuous in-depth development and stability of the work safety of the Company.



The 8th Knowledge Contest on Work Safety

In order to further enrich the ways and means for employees to participate in work safety and strive to create a favorable safety culture atmosphere, the 8th Knowledge Contest on Work Safety kicked off at Liqian Conch Cement in Shaanxi and Gansu regions on 11 June 2021, covering laws and regulations on work safety, fire safety, occupational health and required knowledge in elementary knowledge of emergency, road traffic, electrical safety, etc. More than 130 leaders and employee representatives of the Company watched the contest live, and 146 subsidiaries watched the contest through video online.



07 People foremost and mutual improvement

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Conch Cement has always adhered to the concept of “People-oriented” and “Growing and Advancing Together with Employees”. It regards the joining of professional talents as an important way to maintain the rapid development and talent advantages, and closely revolve the human resource strategy around the company's development strategy plan. Our group focusing on the overall human resources strategy of the “14th Five-Year Plan” every year, the Group inventories the talent teams, aiming to build a world-class human resources management mechanism, cultivate a world-class talent team, shape a world-class organizational capacity, create a world-class corporate culture, support the creation of world-class operating results and build a world-class enterprise with global competitiveness.

Overall Strategy and Planning of Human Resources during the 14th Five-Year Plan

	Vision:	To reposition the lifecycle of future talent resources, devote to “learning organization construction”, and open a new era of humanresources sharing, building and growing together.
	Mission:	“Five-in-one” HR mission: multi-disciplinary organizational transformation, multi-dimensional talent team, diversified compensation system, multi-level training center, multi-functional HR management model, and integrated HR digital sharing platform.
	Goal:	During the “14th Five Year Plan” period, we focusing on “52551” talent project of the group, cultivate 100 successors and introduce 50 doctors through the “Six Categories and Nine Levels, Five Cultivation and One Introduction” talent training and introduction project, further improve the talent training systems, establish an appropriate management mechanism, create a digital talent resource platform, serve the development of talents at all levels, cultivate and create a number of international, professional, innovative and expert talents to meet the strategic development needs of the Company.
	“Six Categories and Nine Grades, Five Cultivation and One Introduction” talent planning project:	Six categories including internationalization, management, technology, youth backbone, operation at the primary level and external introduction: Silk Road Project, Haituo (Overseas Expansion) Project, Pilot Project, Youth Backbone Project, Haigong Project, Haiying Project, Haixing Project, Artisan Project, and Haina Project.

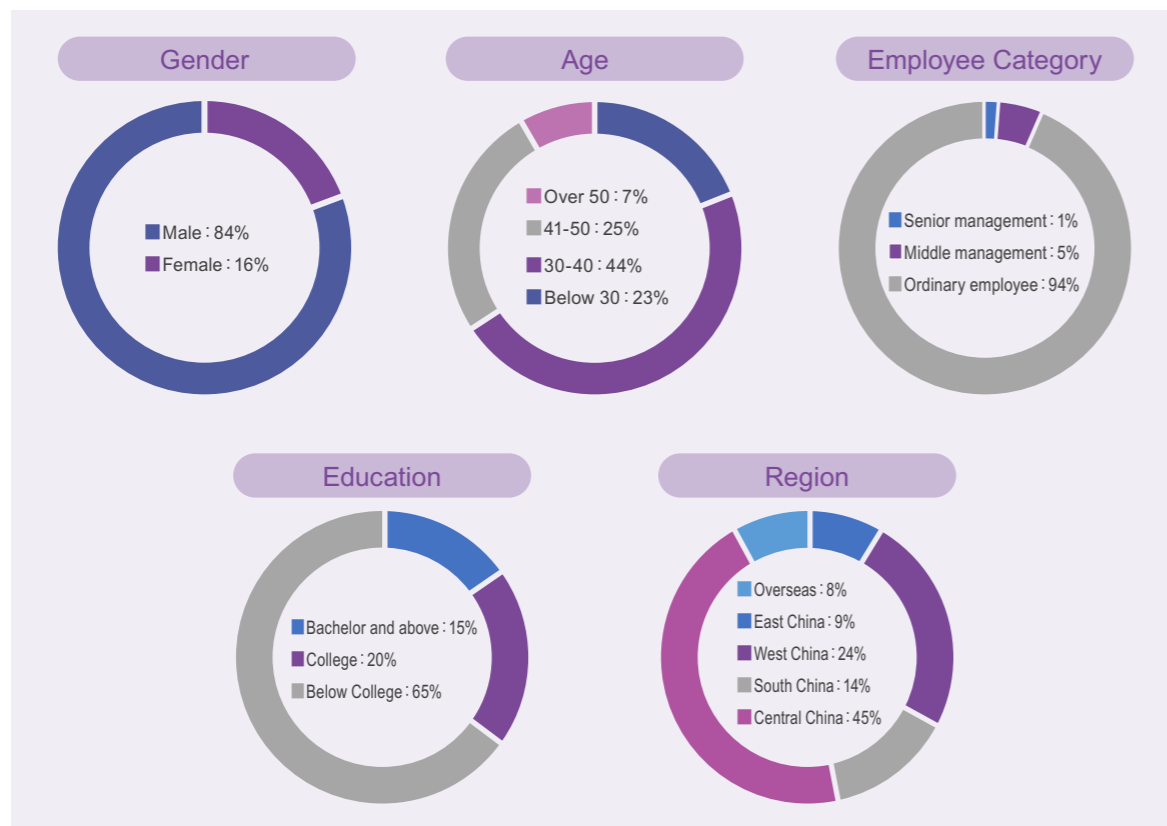


7.1 Standardized Employment

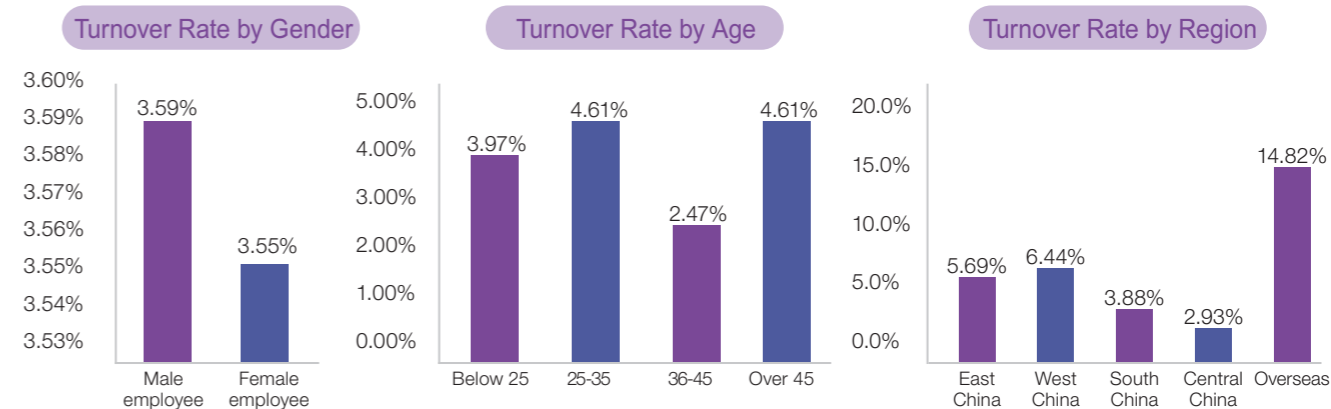
Conch Cement and subsidiaries strictly abide by the laws, regulations and policies related to talent recruitment of business areas, including but not limited to the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and the *Employment Promotion Law of the People's Republic of China*. Adhering to the principle of people-oriented and fair competition, Conch Cement has formulated a sound and standardized recruitment and management system. Through multiple channels such as campus recruitment, online recruitment and social recruitment, Conch Cement has built a high-quality talent team, and each subsidiary is authorized to recruit employees in a flexible and independent manner and can carry out social recruitment openly according to its employment needs.

Conch Cement adheres to the principle of equal employment, actively creates a diverse and inclusive workplace and prohibits employment discrimination. We respect and treat employees of different nationalities, genders, ages, educational background, nationality, religious beliefs and cultural backgrounds with fairness, and provide equal employment opportunities for employees. At the same time, Conch Cement strictly abides by the Law of the *People's Republic of China on the Protection of Minors* and other relevant laws and regulations of the countries where overseas projects are located, prohibits employing any child labour and forced labour, and has established a strict recruitment review mechanism for periodical review of the recruitment procedures and employment data to ensure employment compliance. In case of any non-compliance, we will contact and report to relevant departments timely and cancel the contract concurrently. During the Reporting Period, child labour nor forced labour have not been found in Conch Cement.

As at the end of the Reporting Period, Conch Cement had a total of 46,714 employees. All on-the-job employees are full-time employees and there are no part-time employees, of which 16.4% are female and 8.7% are ethnic minority employees. Among the Company's middle and senior management, female members accounted for 5.20% and ethnic minority members accounted for 3.20%. We actively promote localized management and employment in our overseas operations, in a bid to provide more job opportunities for local people. Now we have 3,718 employees working in overseas projects, of which foreign employees account for 79.5%.



During the Reporting Period, the Group's middle and senior management team and its workforce as a whole have been relatively stable. The Company recruited 1,221 new domestic employees, 1,685 employees resigned, with an employee turnover rate of 4.39%. The core talent turnover rate was controlled within the range of 6% for the year.



7.2 Talent Development

7.2.1 Training System

Based on the three-level training management system comprising the "headquarters, regional departments and subsidiaries", the Group has established a holistic employee training system, worked out categorized, multi-level and multi-channel training programmes for employees, and provided plenty of resource support to improve the work skills, management capabilities and professionalism of employees. We have offered employees at different levels with training of different forms and contents. For senior managers and reserve cadres, we leverage the training resources in domestic universities and study from outstanding domestic companies as well as conduct "Conch Lecture" to impart advanced management concepts, broaden the management ideas of senior managers and improve their leadership and decision-making ability. For middle-level manager, the joint management of regional subsidiaries and the headquarters is adopted, with the former being mainly responsible for the training. The professional departments and offices of the Company headquarters also organize training programmes on professional knowledge and management ability, invite external experts, hold internal seminars and exchanges, and carry out other forms of trainings to improve the management ability and professionalism of middle-level managers. For ordinary employees, subsidiaries are authorized to conduct knowledge training for specific post. Training at the subsidiary level focuses on combining theory with practice in the development of employees' professional ability, and integrating the training into employees' daily work through the "teaching, helping and leading" by the master of the apprentice and between teams and groups.

In terms of training methods, we have established a training system consisting of pre-job training, on-job training and (half) off-job training for various employee groups:



Pre-job training
All newly-recruited and post-shifted personnel of the Company must receive pre-job training. Compare with the job standard, only those who pass the examination and assessment can be employed



On-job training
In order to improve the professional Competence and operation skills of employees, the Company has provide rich training resources and employees have train an average of 95.5 hours per year.



(Halfly) off-job training
Based on occupational demands of technical management personnel and personnel with special skills, the Company provided them with (halfly) off-job training.

In 2021, we further improved our training ways and methods, comprehensively upgraded the training system and provided diversified and targeted training for employees.



Focus on key development target according to the talent development objective

According to the Company's talent strategy implementation plan and the career development planning objectives of the Haiying Talents, the Company focused on the training achievements of all previous Haiying Talents, organized and carried out the Phase I and Phase II "Advancing Wave by Wave" training and assessment of the Haiying Talents, and helped the Haiying Talents to understand the gap and find a correct position. Through the assessment, 8 employees took up the director posts of department / office or middle management posts of subsidiaries, and 13 people got rank promotion, providing a reference model for the later training, selection and appointment of Haiying Talents.



Strengthen the training of cadres with the opportunity of regional materialization

Explored the construction of regional training center, carried out training on regional middle management of production category, centralized training on regional discipline inspection personnel, training on supply chain management platform, financial management training, etc. in Hunan by relying on Hunan "Regional Training Center", continuously improved the quality of training services, and initially formed a relatively complete cadre training system.



Implement the "Rainbow Plan" within the discipline to unblock the training channels for technical talents

Each regional subsidiary conducted skill level H1-H4 assessment on employees of its own discipline against the standard organization, and the Human Resources Department organized H5 level assessment. A total of 27 professional employees passed the H5 assessment of the Company and were successfully listed in the middle-level reserve talent pool.



Build online micro-class training courses and innovate foreign affairs training model abroad

According to the new normal of the COVID-19, in combination with adult learning habits and in accordance with the principle of "system design, pilot first, and full implementation", created and developed 13 themes such as recruitment management, and successfully launched a total of 115 micro-courses have been at Conch University. At the same time, taking into account the difficulty in travelling caused by the COVID-19, led overseas units to develop 9 micro-courses in foreign affairs education and set up a new online foreign affairs training platform; organized 56 overseas project executives and relevant personnel of the departments and offices to attend the first international operation and management personnel network training course of Conch Cement Group organized by China Diplomatic Academy to further improve the ability of overseas project executive teams to cope with risks and public relations in crisis.

"Conch Talents" Training in 2021

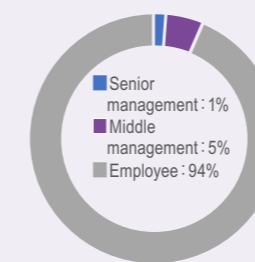
In order to strengthen the training and introduction of innovative, professional and high-level talents, and promote the further development of the strategy of strengthening enterprise with talents, the Company held the pre-job training course of "Conch Talents" in 2021, adopting the "1+6+N" model (i.e. an opening ceremony six theme modules and various professional tutoring), taking the integration of corporate culture as the main line, and taking the understanding of professional management model as the core, helping students to complete the role change, improve workplace skills, lead students to understand Conch culture, and enhance their sense of identity and belonging to Conch through classroom teaching, discussion and communication, field visits and outdoor expansion, etc.



HRD Training

In order to further help HR practitioners broaden their horizons, free their minds, improve the professional HR level, promote the carrying capacity building of regional professional groups, and successfully complete the annual work objectives. From June 3 to June 4, 2021 in Wuhu Conch International Hotel, the HRD training in Conch was conducted, with professors from Wuhan University of Technology and Anhui University invited to present in-depth introduction and discussion on organizational innovation and change, strategic HR management and other topics. In addition, Huawei was invited to share HRBP and successor plan. The theoretical training played a guiding role in the daily work of personnel majors at all levels, with study serving the practical purpose.

Employee Raining Percentage by Job Grade



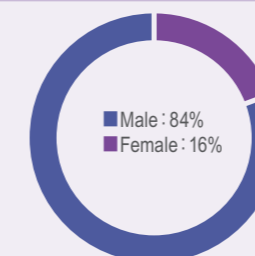
Employee training hours by position



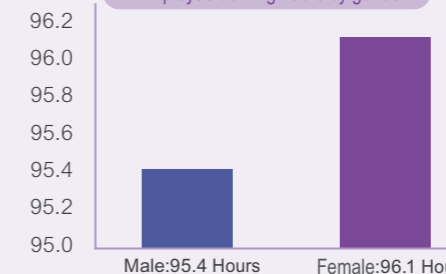
Total training hours
4,461,600Hours

Average training hours for each employee
95.5Hours

Percentage of trained employees by gender



Employee training hours by gender



Total trained employees
892,320people

As at the end of the Reporting Period, training hours of employees of Conch Cement amounted to 4,461,600 hours, with average training hours per employee of 95.5 hours and trained employees of 892,320.

7.2.2 Cultivation and Motivation

Conch Cement attaches great importance to the cultivation of employees' professional competence, supports in-depth study and development in the expertise of employees, and provides them with corresponding subsidies. During the Reporting Period, we implemented the *Guiding Opinions on Encouraging Employees' Learning and Education*, and encouraged employees to receive professional education in line with their speciality or job to promote the technological transformation and technological innovation of the Group, thereby satisfying the demands of current and future development.



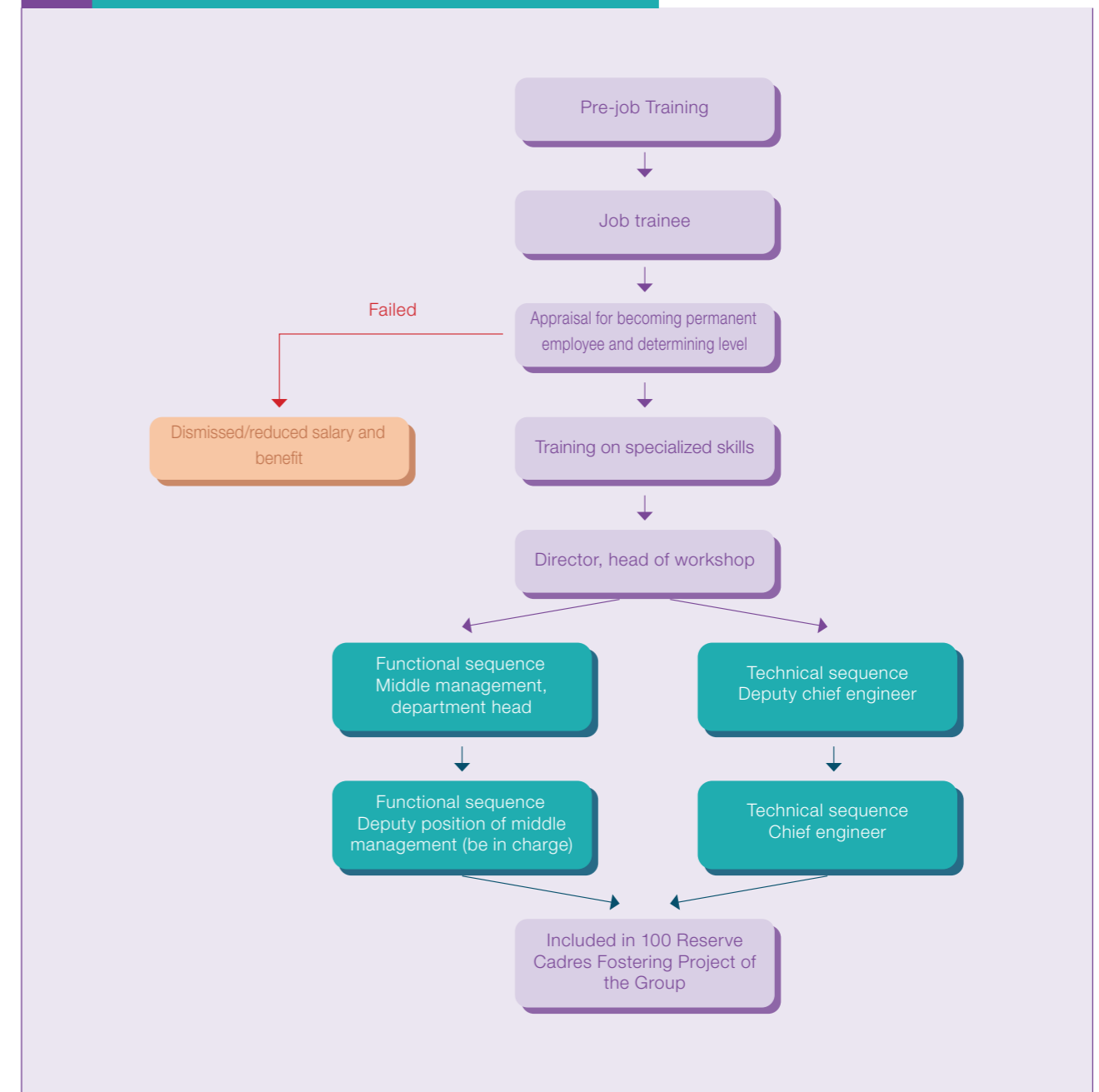
7.3 Promotion and Development

Conch Cement pays great attention to the career promotion and development of employees and is committed to constructing a multi-disciplinary, multi-level and professional talent team. We continue to improve the performance assessment and evaluation system, salary and welfare system and optimize multi-channel career development planning. Meanwhile, we attach importance to internal promotion and are willing to promote outstanding young talents. We strive to build a platform enabling continuous promotion and development of employees, and create value to enterprises, cement industry and employees.

7.3.1 Promotion Channel

We have established a sound training channel for employees through six steps, namely "pre-job training, post practice, professional and technical post training, workshop section head training, middle-level manager (or engineer) post training, and entering into the 100 Cadres Fostering Project", to promote professional and technical training of employees and improve their comprehensive quality. We also provide employees with two promotion channels, which include technical posts and management posts based on the professional categories, to help employees to bring their ability into full play.

Career Development and Promotion Channel



7.3.2 Promotion Assessment

The Group implements open selection and employment in accordance with the principle of "openness, impartiality and fairness" and ensures that procedures are open and transparent. We adopt all-round evaluation, written examination, debriefing evaluation and other methods, and the personnel departments of each subsidiary manage the comprehensive evaluation and employment procedures in a unified way. We value equal and fair promotion opportunities of employees and are committed to boost employees' vigor and inspire their work enthusiasm through fair and open competition mechanism for job vacancies.

During the Reporting Period, for the first time, Conch Cement adopted the "Rainbow Plan" H5 rating method in the position of assistant director of office systems, explored the mode of personnel administration professional rating and separation of appraisal and engagement and standardized the selection, education, use and retention of HR practitioners. In addition, we actively implemented the *Pilot Work Plan for the Construction and Reform of Industrial Workforce* to promote pilot work and publicity in various units in the form of innovative work demonstration site construction, labor and skills contests, etc.



Rainbow Plan

In order to solve the problems of uneven professional level in various regions, uneven quality in professional team and the ability of professional personnel to perform their duties to be improved, the Company continuously improves the closed-loop management mechanism of evaluation, development and withdrawal in personnel administration professionals, unblocks the professional technology channel, enhances the team's specialization, and continuously enhances the professional performance ability. In 2021, the Company implemented the H1-H7 Level 7 Rainbow Project on a pilot basis, and implemented a model of professional rating and separation of appraisal and engagement for middle-level and lower-level personnel.

As of the end of the Reporting Period, the regional self-assessment of each regional Rainbow Plan H1-H4 has been completed. The Human Resources Department has organized the Phase I H5 rating assessment, and will further improve the promotion and implementation of the plan on the basis of summarizing the assessment experience of the Rainbow Plan in the later period.



7.3.3 Compensation and Performance

Conch Cement is fully aware of the positive role of scientific and reasonable salary incentives in reinforcing the Company's talent competitiveness and enhancing employees' professional identity. It strictly abides by the national and local regulations on salary management, and developed a number of special incentive programs during the Reporting Period, with salary incentives playing an obvious leading role. The Group revised the *Conch Cement Special Award Program*, and effectively increased the production capacity of cement clinker by strengthening the incentive for project development; formulated the *Interim Measures for Investment Assessment and Incentive Management of Conch Cement*, enabling the early completion of the Company's annual investment plan; developed Special Assessment and Incentive Program for Aggregates in 2021, which effectively boosted aggregate production capacity of the Company and ensured that all production and marketing tasks were completed.

At the same time, Conch Cement fully mobilizes the working enthusiasm of employees and stimulates their work ethic through a scientific and reasonable performance distribution system and a competitive compensation system. We have established a comprehensive performance management system to standardize the employee performance assessment, and attach importance to the continuity and consistency of performance management and the openness, fairness and transparency of performance assessment. In 2021, we formulated the *2021 Guiding Opinions on Employment and Payroll Management*, in a bid to better the employment and salary control system, and restricted the payroll assessment and extraction based on the achievement of targets concerning profit, sales, revenue and labor productivity. The remuneration structure of employees includes basic salary, position bonus and performance bonus, in which the basic salary is fixed and paid on a monthly basis, and the position bonus and performance bonus are linked to the work performance of employees.

During the Reporting Period, we further improved the assessment and incentive methods in the fields of safety management, production and operation and project development, implemented the senior executive annual salary system for senior management and signed the Annual Target Responsibility Statement for the assessment, incentive and restraint of senior managers; at the end of the year, we built a professional group for comprehensive examination and performance assessment, which is responsible for checking the accomplishment of annual operating performance and KPI of senior managers and members of subsidiaries' management teams, comprehensively evaluating the performance of their annual duties, with their annual salary paid according to the assessment and liquidation results as well as the comprehensive assessment results as declared in the *Annual Target Responsibility Statement*. By constantly improving the salary distribution incentive mechanism, Conch Cement realized the positive assessment incentive for employees, established a sound compensation recourse mechanism for business leaders, and effectively promoted the construction of high-quality teams. Meanwhile, employees are able to share benefits of the Company's reform and development, and their sense of achievement and happiness is boosted.



“Sixth Civilization Unit of Provincial Enterprise”

Wuhu Conch, Chizhou Conch, Tongling Conch, Zongyang Conch, and Xuancheng Conch



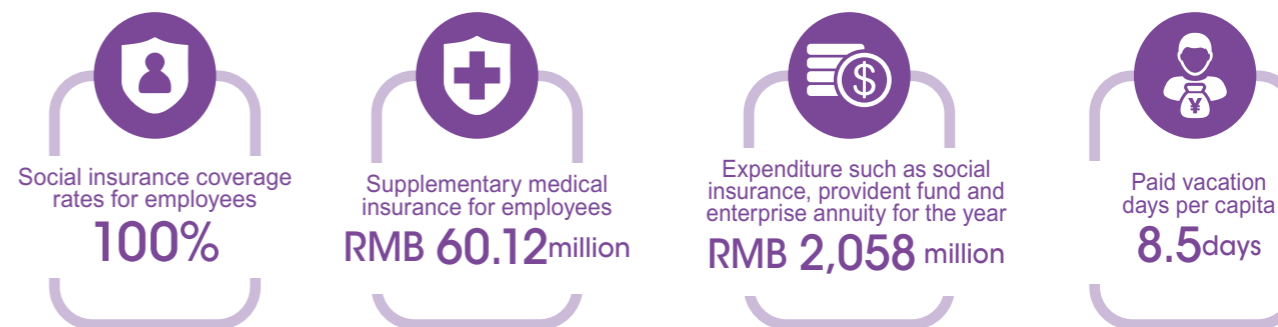
“Anhui Advanced Unit for Labour Competition”

Huangshan Conch

7.4 Rights and Interests Guarantee

7.4.1 Employee Welfare

We strictly observe the laws and regulations related to labor and social welfare, and fully pay the endowment, unemployment, injury, medical and maternity insurances and housing provident fund for all employees according to the law, and also pay the enterprise annuity for employees. We highly value the physical and mental health of employees, and have established a sound attendance and vacation management system. Besides, we strictly implement the paid vacation system for employees to protect their legitimate rights and interests. At the same time, we always attach importance to and protect the rights and interests of female employees, and make sure that they are entitled to reasonable sick leave, personal leave, marriage leave, maternity leave, paid annual leave and legal holidays. During the Report Period, the social insurance coverage rate for employees was 100%, with supplementary medical insurance for employees amounting to RMB 60.12 million, and the total annual expenditure on social insurance, provident fund and enterprise annuity was RMB2.058 billion, and the paid vacation days per person were 8.5 days.






7.4.2 Employee Communication

Conch Cement pays high attention to employees' feedback, and continuously improves the employee suggestion and feedback mechanism to build a two-way communication channel. We are willing to listen to employees' ideas to constantly optimize and improve the corporate management. We are committed to building harmonious labor relations, promoting the democratic management of enterprises, improving the democratic system, maintaining democratic participation channels for employees, and protecting employees' legal rights to information, participation, expression and supervision. We exchange internal information of the Company through Office Automation System (OA) and company mailbox. We hold regular employee colloquiums and logistics meetings, build “Employees' Home” and conduct questionnaires and set up staff suggestion boxes to have a deep understanding of employees' demands and ideas. We encourage employees to carry forward the sense of ownership and actively bring forward individual opinions and suggestions. Meanwhile, we actively respond to the concerns of employees and meet their reasonable demands.



7.4.3 Care for Employees

We are concerned about the life and physical and mental health of employees and take a series of measures to create a warm and comfortable working and living environment for them. All of the 115 subsidiaries of the Group that meet the requirements for union establishment have set up Labour Union, of which 111 have set up Female Employee Committee, the proportion of employees participating in labor unions in subsidiaries eligible for unionization reaches 100%. The Group implements the system of congress of staff and workers, and fully protects the democratic rights of the workers by convening the congress of staff and workers to collectively discuss and vote on system documents and related matters involving the vital interests of the staff and workers. During the Reporting Period, we held regular consultation meetings to promote communication between employees and enterprises and enhance employees' rights to participate and speak, with 100% coverage rate of collective negotiation and collective contract.

 <p>Living environment</p>	<p>We hope to enhance the employee's working experience and improve the employees' quality of life by means of rich and varied welfare benefits. The subsidiaries are equipped with high-standard staff restaurants and standardized staff dormitories, and regularly carry out various cultural and sports activities to strengthen the staff's interactive communication and enrich their sparetime life.</p>
 <p>Health of employees</p>	<p>In order to safeguard the health of employees, we insist on arranging health examination for all employees every year. During the Reporting Period, the staff medical expenses amounted to RMB 82.4 million.</p>
 <p>Assistance to employees</p>	<p>We conduct a thorough investigation of the families of the employees in difficulty every year, establish the files of the employees in difficulty and provide necessary assistance. In the context of the COVID-19, we have intensified our care and family support for overseas employees and launched welfare initiatives such as online video consultation, psychological counseling hotline and COVID-19 vaccination assistance, and we have also opened up a channel of family support for overseas employees, and conducted condolence and visits. During the Reporting Period, we expressed condolences to 2,531 family members of overseas employees including employees in difficulty and retirees.</p>

Condolence Activity for Families of Overseas Employees

In the face of continuous spread of COVID-19 abroad, the Labour Union of the subsidiaries in Conch Cement have taken active actions to express condolences to families of the overseas employees as arranged by the Party Committee of the Company and in accordance with the requirements of the "Four Ones" activities, and comprehensively combed the situation of the overseas employees and their families, coordinated the resources of various parties, helped to solve the problems, formed a strong working force, and shouldered the responsibility of caring for the families of the overseas employees. At present, the Labor Union has extended its condolences to 656 families of overseas employees, covering all families of employees who have held fast to their positions in overseas projects.



Remote Interrogation for Overseas Employees

In 2021, the Labor Union of Conch Cement coordinated Wuhu Conch Hospital to open a green channel of remote interrogation for overseas staff. On April 28, one employee of Sulawesi Utara Conch Mine was given a video interrogation on the mild intestinal obstruction by the attending physician of the Internal Medicine Department of the Conch Hospital, which solved the problem of poor medical conditions in the nearby clinic and inability to recover from illness. Later, such employee recovered after online treatment and rest.



Consultation Meeting on the Protection of Rights and Interests of Female Employees

In 2021, Lushan Conch organized and held a Consultation Meeting on the Protection of Rights and Interests of Female Employees, organizing the study on the Special Provisions on the Labor Protection of Female Employees in Jiangxi Province to help the Company and employees understand the protection matters of female employees in marriage, pregnancy, childbirth, lactation, menstrual period, health examination and other aspects and the labor scope that female employees are forbidden to engage in, discussing the contents of the protection regulations and how to reduce and solve the special difficulties caused by the physiological characteristics of female employees during work and widely listening to the opinions and demands of female employees, so as to provide support for the protection of the rights and interests of female employees.



Creative Baking Activity for Female Employees

In order to enrich the part-time life of female employees in departments and offices and to show the mental attitude of female employees of Conch, the Labour Union and the Committee of Female Employees held a creative pastry baking activity on October 23, and the director of the Committee of Female Employees sent sincere greetings and blessings to the female employees present.



Pilot Work of Construction and Reform on Industrial Workforce

During the Reporting Period, Conch Cement carried out a series of work on the implementation of the construction and reform on the industrial workforce, including the construction of an innovation demonstration site based on a technology innovation demonstration platform; labor skills and model selection activities jointly held with local labour unions, universities, etc.; mass innovative activities with the theme of "five smalls" (small inventions, small creations, small renovations, small designs and small suggestions); the construction of an innovative workshop for model workers with the aim of studying the cutting-edge technology in the industry; and the cultivation of high-level talents based on the local talent incentive policies.



Employee Commendation

During the Reporting Period, the Group actively recognized the advanced, set up models, created a strong atmosphere of respecting skills and talents, and held the second "Conch Artisan" honorary title recognition activity, which encouraged employees to pursue the craftsmanship spirit of dedication, excellence and meticulousness, and demonstrated the ages appearance of Conch people in the new era. In addition, the Group also established the titles of "Excellent Labour Union Worker of the Company in 2021" and "Company's Excellent Female Employee of the Company in 2021" to commend the outstanding achievements of advanced individuals, further develop the Conch spirit of unity, innovation and dedication, and strive to open up a new era of the Labour Union.



08

High Quality and Dedicated Service

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8.3 High-quality Service	78

Adhering to the service philosophy of “enhancing product quality and operating efficiency; improving service level; maintaining customer stickiness; reflecting the added value in our products and services”, Conch Cement implements the customer-oriented ideas and follows the craftsmanship spirit of “making perfection more perfect” to constantly strengthen the core competitiveness of main business and improve product quality and service. Conch Cement is committed to building a world-class enterprise with superior quality.

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8.1 Responsible Supply

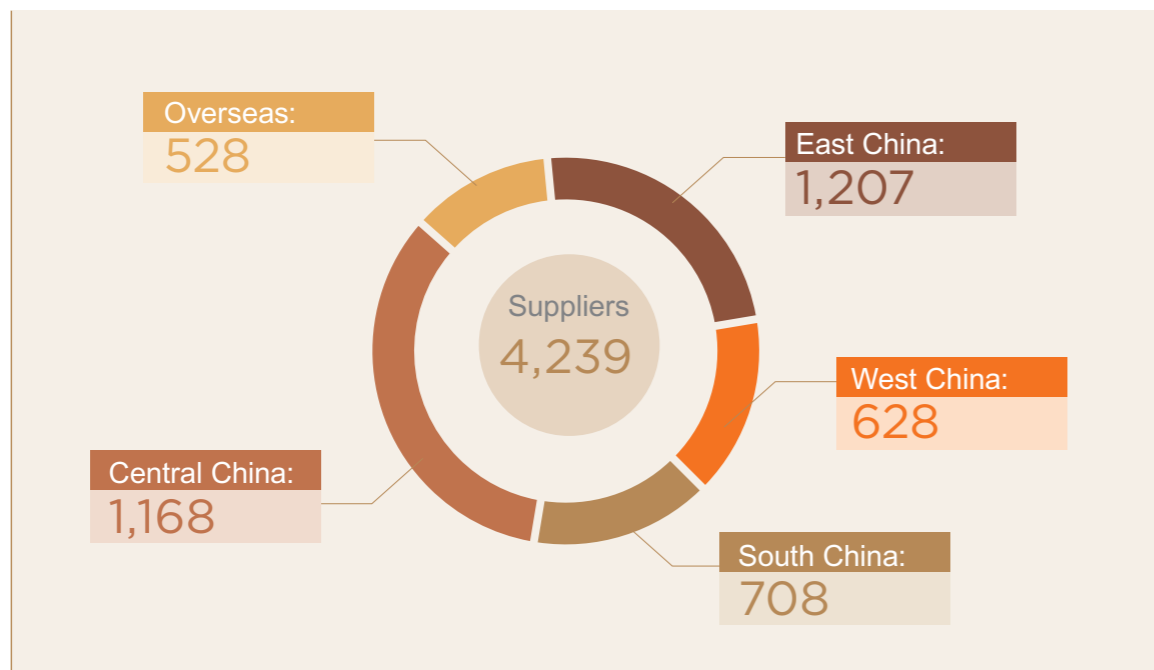
8.1.1 Adhering to Transparent Procurement

Conch Cement fully implements open bidding and holistic sunshine procurement of raw materials, and strictly follows a number of systems, which include the *Measures for Material Supply Management*, *Administrative Measures for Tendering of Material Procurement* and *Administrative Measures for Supplier Management*. Conch Cement has established the three-level material supply management system comprising the headquarters, regional departments and subsidiaries to ensure the stability, compliance and efficiency of material supply in an all-round way. In addition, we organize purchasing personnel at different levels to take professional training according to the training programs every year, invite external personnel for training and exchanges, and use the platform of "Conch University" to guide professionals at all levels to learn online throughout the year, thereby continuously strengthening the sunshine procurement culture of Conch Cement.

Since 2016, Conch Cement has made use of the "Online Sunshine Purchase Platform of Conch" to open up more procurement channels, enabling the self-registration and bidding application of suppliers, with results published on the Platform for supervision. During the Reporting Period, Conch Cement has improved and optimized the procurement platform, and apart from bidding of materials through the online platform, the information of materials undergoing third party bidding or offline bidding are also published on the Platform, helping build a sound and relatively independent procurement supervision and management mechanism and strengthen the openness

and transparency of bidding and procurement. As at the end of the Reporting Period, a total of 15,707 suppliers have registered on the "Online Sunshine Purchase Platform of Conch", with 878 tender projects carried out on the Platform. In addition, to enhance the procurement transparency, Conch Cement turned into procurement through e-commerce platform in 2019, and started with trial projects in four regions including Anhui and Jiangsu provinces. During the Reporting Period, Conch Cement expanded the pilot program and introduced 3 e-commerce platforms in each region, with an annual e-commerce procurement amount of RMB 50 million, accounting for nearly 15% of the self-purchased auxiliary materials of the Company, up 278% year-on-year.

Conch Cement always follows the principle of localized procurement, and actively fulfils local social and environmental responsibilities while further ensuring stable production and supply. With regard to the procurement of raw materials and auxiliary materials, the Company purchases materials locally or nearby considering factors such as resource distribution and logistics advantages. Domestic and overseas subsidiaries purchased 100% materials through local procurement. As at the end of the Reporting Period, the materials purchased by Conch Cement throughout the year amounted to about RMB 48.946billion, with a total of 4,239 suppliers.



8.1.2 Supply Chain Management

8.1.2.1 Supplier Admission and Assessment

Conch Cement is committed to building a green, safe and sustainable supply chain. We have formulated the *Administrative Measures for Supplier Management*, which stipulates the admission and performance evaluation of suppliers, and focus on strengthening the lifecycle management of the selected suppliers. We conduct market research and due diligence on suppliers before selection; perform qualification examination and verification through third-party credit platform for suppliers involved; carry out professional inspection and audit on admitted suppliers. At the same time, we always consider their performance in fulfillment of social responsibilities. We implement ESG admission evaluation mechanism for suppliers, and carry out comprehensive evaluation from the perspective of cooperation integrity, supply safety and business compliance, which covers clean employment, procedures for registration, environmental protection, traffic safety, resolution to climate change, labor rights and other aspects. We continue to improve the supply chain admission mechanism to guarantee the responsible operation of business. As at the end of the Reporting Period, all of our key suppliers had passed the ISO14001 international environmental quality management system certification.

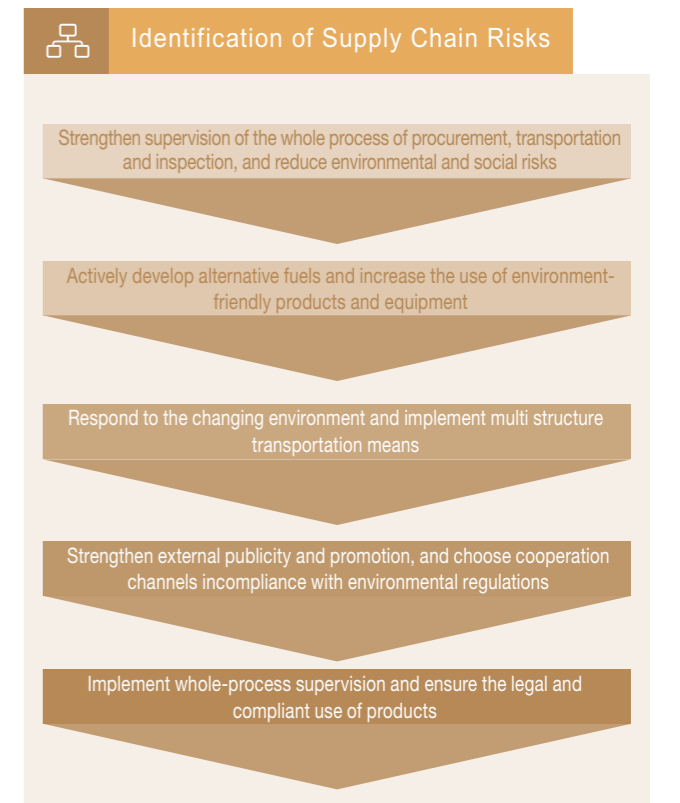
The Group applies hierarchical management of suppliers, conducts annual verification of suppliers as well as assessment on the suppliers' basic qualifications, service ability, technical capability, quality management and environmental safety, and gives them scores with suggestions for improvement. In addition, the Group has established a comprehensive anti-corruption system for the supply chain, and signs a *Clean Government Construction Agreement for Material Procurement* with cooperative suppliers every year, specifying the provisions on clean employment. The Discipline Inspection and Supervision Department, the Finance Department and the Supply Department of the Company are responsible for supervision. For suppliers who violate the requirements of the Group, the Group will terminate the procurement contract and cancel its business cooperation for two years.

Supplier Admission Mechanism



8.1.2.2 Supply Chain Risk Evaluation

In 2021, Conch Cement actively identified, evaluated and tracked possible environmental and social risks in the whole process of supply chain management, and took corresponding measures so as to continuously improve the supply chain risk management system.



8.1.2.3 Cooperation with Suppliers

Conch Cement maintains close communication with suppliers and conducts regular exchanges and cooperation with them. Meanwhile, we have strengthened and expanded the cooperation with suppliers in the field of direct supply, and advanced the process of supplier warrant handling. We also cooperate with suppliers to promote the use of new varieties and cost-effective products, thereby creating a win-win situation.



8.2 Quality Assurance

As a leading enterprise in domestic cement industry, Conch Cement is well aware of the importance of product quality to the existence and development of enterprises. Adhering to the philosophy of “producing top-quality cement and enhancing core competitiveness” and sticking to the management goal of “pursuing clinker of high quality, cement of consistent quality and services of superior quality”, the Group strengthens technological R&D and innovation, and is always committed to manufacturing high-quality products.

8.2.1 Streamlining Quality Management

We built a three-level quality management system comprising “headquarters, regional departments and subsidiaries”, and strictly implemented national standards, laws and regulations such as *General Purpose Portland Cement*, *Quality Control Regulations for Cement Manufacturers* and *Confirmation Methods for Delivering Common Portland Cement* as well as manufacturing technical specifications. We set more stringent product standards and inner quality control standards than those promulgated by the state, and conducted quality control in the whole process of raw material procurement, production organization and product delivery to ensure the stable and reliable product quality. As at the end of the Reporting Period, all domestic subsidiaries of Conch Cement had passed the ISO 9001 quality management system certification. No product quality accident took place in Conch Cement, nor product recalls arising from safety and health problems for years.

Conch Cement has been committed to intelligent construction. The Company’s first intelligent quality control system was put into use in Quanjiao Conch in 2018, opening a new chapter in the development of quality management. The intelligent quality control system integrates automatic sampling, sample transmission, on-line inspection, automatic testing, automatic verification



and intelligent dosing, realizing “one key input and whole process smart control”, which can reduce labor intensity and labor employment, increase the sample inspection efficiency by 50%, and make product quality inspection more accurate and stable. During the Reporting Period, the Group promoted and constructed the intelligent quality management system in five companies, including Chizhou Conch and Zongyang Conch. In addition, the Group attached great importance to the construction of quality culture, and subsidiaries carried out activities such as “Quality Month” knowledge contest and quality management case sharing themed “One Concentration, Six Unifications” on a regular basis, which reinforced the corporate culture of streamlining quality in Conch Cement and further improved the enterprise quality management level.

During the Reporting Period, a total of 102 subsidiaries of the Group won 133 quality honors, of which 100 subsidiaries won the 17th National Cement Chemical Analysis Grand Comparison Special Award, Overall Excellence Award, Excellence Award and Overall Qualified Award. Eleven companies won the 11th Special Award for Anhui Cement Physical Investigation and Chemical Analysis Grand Comparison and were awarded the title of Overall Excellence Unit.



8.2.2 Protection of Intellectual Property Rights

Conch Cement attaches great importance to the protection of intellectual property rights, insists on the trademark usage with compensation and resolutely maintains the brand image. The Company formulated and issued the *Administrative Measures for Trademarks of Conch Cement*, actively handled the infringement and lawsuit of the exclusive right to use trademarks. Moreover, the Company continuously promoted the patent application and innovation within the Company according to the law, and effectively promoted the trademark registration rights and legal rights protection of the Group, with brand unified steadily and brand awareness enhanced. As at the end of the Reporting Period, Conch Cement had 470 effective patents (49 patents for invention, 413 patents for utility models and 8 design patents).

8.3 High-quality Service

With the business purpose of “high quality and dedicated services” and the goal of “creating the customer’s most preferred brand”, Conch Cement has established a five-in-one service concept of “enhancing product quality and operating efficiency; improving service level; maintaining customer stickiness; reflecting the added value in our products and services”. Relying on excellent quality and superior service, Conch Cement strives to create value for customers and realize the vision of “creating a better living space for human being”.

8.3.1 Empower Customers

Conch Cement has its production plants located in more than 20 provinces, cities and autonomous regions across the country and in many countries along the “the Belt and Road Initiative”, forming an extensive and perfect marketing network. Our cement is widely used in landmark projects at home and abroad, as well as various key projects such as railways and highways and infrastructure construction, such as the Burj Khalifa in Dubai, the Empire Hotel in Brunei, Hong Kong International Airport, the Beijing-Shanghai High-speed Railway and the Hangzhou Bay Bridge. In addition, we provide customized services according to the needs of our customers, such as nuclear cement, nonmagnetic cement,

medium-low heat cement and other high-end special cement, which are recognized by customers for their excellent quality. During the Reporting Period, the Group participated in and won the bid for 119 key projects such as Nanchang -Jingdezhen -Huangshan High-speed Railway, Hefei- Zhoukou Expressway, Guangzhou- Zhanjiang High-speed Railway and Guiyang -Jinsha Expressway. During the Reporting Period, the Company was awarded the title of “Excellent Supplier” for 102 projects such as Nanchang -Jingdezhen- Huangshan High-speed Railway, Mile-Mengzi High-speed Railway and Yancheng -Nantong High-speed Railway.



Centian River Reservoir Project

The Centian River Reservoir Project is one of 172 major water conservancy projects determined by the State Council. Jianghua Conch has successfully won the bid with excellent cement quality and high-quality sales service, and has become the exclusive cement supplier for the expansion project of the Weitian River Reservoir. Since the first truck of cement was supplied on 11 December 2013, it has supplied approximately 250,000 tonnes of Conch cement to the project, and has been awarded the title of “Excellent Supplier” by the owner for many times.

At the same time, Conch Cement continues to exert its strength and increase its distribution in overseas markets to empower overseas customers and help the construction of “the Belt and Road Initiative”.



Delong Industrial Park Project in Indonesia

Delong Industrial Park, located in Sulawesi Province, southeast of Indonesia, is the first overseas industrial park for ferronickel and stainless steel of Jiangsu Delong Nickel Industry Co., Ltd. in cooperation with China First Heavy Industries. The Park has a planned area of 2,200 hectares, with the first investment of USD1 billion to build a project with an annual production of 600,000 tons of ferronickel and the second investment of USD2 billion to build an integrated smelting project with an annual production of 3 million tonnes of ferronickel and stainless steel together with Xiamen Xiangyu Co., Ltd. Both major projects are included in the key project bank along “the Belt and Road Initiative” jointly built by China and Indonesia and the national strategic project of Indonesia.

The Project is of key representative significance to Conch in Indonesia. Conch Cement has been selected by Delong Industrial Park as the main cement supplier for its project construction after many rounds of investigation and negotiation, and has supplied nearly 500,000 tonnes of cement to Delong Industrial Park up to now.

General Manager of Delong Industrial Park Project said:



Conch’s service spirit has deeply affected me. Over the years, Conch Cement has overcome the difficulties of long rainy season, stormy weather and shortage of shipping resources in Indonesia, and has continuously guaranteed the normal construction of the Park Project with excellent product quality and quality service. The dedication of their employees, from the planning consultation of cement demand, ship schedule arrangement, supply guarantee service, etc., all reflects their customer-oriented thinking and achieves “supreme quality and sincere service”. Therefore, we have reached a long-term cooperation with Conch as they are trustworthy partners.

8.3.2 Customer Service

8.3.2.1 Optimizing Customer Experience

Conch Cement attaches great importance to customer experience, and continuously improves customer service experience based on customer demands. The Group built a perfect standardized assessment system of sales service and a three-level telephone inquiring mechanism comprising the (headquarters, regional departments and subsidiaries), and formulated *the Measures for Quality Complaint and Dispute Resolution, the Instructions for Internal Control and Inspection of Sales Business and other management system*. Each subsidiary formulated *the Service Standardization Implementation Rules* accordingly to standardize the customer service procedure, quality complaint handling procedure and recall procedures, etc. We have formulated corresponding processing procedures according to the category of customer complaints.

400 service hotline for compliants

We have formulated *the Interim Provisions on 400 Customer Service Hotline Management*. Complaints are handled by relevant departments and subsidiaries according to the Company’s management process after being carefully recorded by specially-assigned person. Among them, general problems are handled by relevant responsible departments, while major problems are settled by special team established by the Company. After handling of complaints, specially-assigned person will call back customers to find out whether customers agree with the results and are satisfied with the handling process.

Customer complaints about product quality

The Company formulated *the Measures for Quality Complaints and Disputes Resolution*. It stipulates that subsidiaries shall inform the quality complaint and dispute handling team as soon as possible after receiving complaints, and this team shall assign personnel to handle the complaints after research; the specially-assigned person shall go to the site for verifying relevant conditions within 4 hours of working day (or within the time agreed by both parties), communicate with customers and fill out the Registration Form of Customer Complaints, which requires the signature of customers. If it is verified as products of the Group, a Customer Complaint Handling Card for cement or clinker shall be filled on site and complaints shall be settled in a proper manner.

In addition, the Group conducted sales service standardization supervision and customer telephone inquiring every month, while subsidiaries and the headquarters conducted customer satisfaction surveys every quarter and every year respectively to actively obtain customer feedback on product quality, loading and shipping, sales service and other aspects, thus solving customer demands in a timely manner. Through improvement, we deepen the emotional connection with customers, improve loyalty and satisfaction of customers and develop a deeper relation with customers.

During the Reporting Period, the Group received a total of 110 customer complaints about services and products, accounting for 0.3% of the total complaints received by the Company, and all complaints were handled with a 100% customer satisfaction.

8.3.2.2 Strengthening Customer Communication

The Group highly values customer communication, continuously optimizes the communication mechanism from three levels, namely headquarters, regional departments and subsidiaries, and maintains a multi-level and diversified communication channel. We communicate with customers mainly through on-site visits, supplemented by telephone communication.

Headquarters	Visit central enterprises, state-owned enterprises, key projects and strategic cooperation groups at least once a year
	Headquarter telephone inquiring, at least 8 times per month and no less than 20 customers each time
Regional departments	Visit key customers and strategic customers in the region at least once every six months
	Regional department telephone inquiring, covering all customers in the region of the year
Subsidiaries	Sales personnel visit customers within the jurisdiction at least once a month, and the head of the sales department visits major customers in the region every month
	Organize customer seminars at least twice a year

8.3.2.3 Protection of Customer Privacy

Conch Cement places great emphasis on the protection of customer privacy, keeps customer information strictly confidential, and sets permissions for information acquisition. In addition, each subsidiary has entered into confidentiality clauses with customers in the sales contract and signed *Non-Disclosure Agreement* with sales staff, which has clearly defined duties and responsibilities, so as to effectively protect customers’ privacy and business secrets. In 2021, no complaints related to customer privacy took place within the Group.



09

Sunshine Public Welfare and Community Harmony

Since its establishment in 1997, Conch Cement has been actively fulfilling its corporate social responsibility, contributing to the society with gratitude, building a harmonious community with practical actions and realizing the social value of the enterprise. In 2021, Conch Cement invested a total of approximately RMB 1,067,957.2 in public welfare and charity.

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9.1 Poverty Alleviation

Conch Cement, adhering to its original mission of working for people's happiness, has always been actively consolidating the results of the national decisive initiatives for poverty alleviation and earnestly upholding the tenet of "Truly Serving the Masses". For a long time, we have been sticking to the front line of poverty alleviation, focusing on extremely poor areas, helping rural revitalization, strengthening mechanism guarantee, suiting measures to local conditions, applying precise measures, helping poor areas improve their infrastructure, enhancing the quality of life of the masses, and solidly pushing forward the progress of poverty alleviation.

Chaohu Conch Helps Build Beautiful Villages

In order to further improve the medical and schooling conditions of the villages which the Company helps, and to improve the villagers' satisfaction degree in medical treatment nearby and the village children's learning environment, Chaohu Conch, in cooperation with the stationed task force, has hardened the ground and painted the exterior walls of the clinic in Pingding Village, the village the Company helps, donated medical beds, medical tables and chairs, and rest chairs; donated school uniforms and school bags to each student in the kindergarten, laid suspended and softened flooring on the playground, installed stainless steel gates, and drew standard logos and cartoon paintings on the new exterior walls. With the help of Chaohu Conch, Pingding Village has gradually become a demonstration site of beautiful village with livable ecology and rich villagers.



Conch Cement Helps Families in Difficulty



On 4 February 2021, before the Chinese New Year, the Party Committee and Labor Union of Ganzhou Conch Company organized a visit to a total of 35 families in difficulty in Shanglong Village, Changlong Village, Hugang Village and Xiniu Village around the plant area, and gave out a total of RMB 21,000 and goods (rice and other materials, about RMB 6,160) to the families in difficulty.



On 6 February 2021, the Party Branch and Labor Union of Kunming Conch paid visits to five low-income families in Beixiao Village, gave them money and goods and offered them best wishes for the New Year.



On 24 August 2021, Yueqing Conch carried out the activity of "Truly Serving the Masses" to help villager, visiting more than 20 families, especially the ones with children studying in the villages, and to whom the Company sent them school bags and milk.

9.2 Commitment to the Community

Conch Cement is fully aware that the development of an enterprise is not possible without the support of the local community. In order to actively practice the socialist core values, further promote the traditional virtue of "respecting the elderly and loving the children" of the Chinese nation, and advocate positive social energy, we take it our duty-bound responsibility to build a harmonious, friendly and green community.

Yiyang Conch Visits the Lonely Elderly

On 5 March 2021, on the 58th Lei Feng Memorial Day, Yiyang Conch, together with Sanxianling Branch of Yiyang County Volunteer Association, organized Youth League members to carry out centralized volunteer services at Yaofan Village Nursing Home to help the lonely elderly, practicing the spirit of Lei Feng and carry forward the traditional virtue of "respecting, loving and honoring the elderly" of the Chinese nation with practical actions.



Chizhou Conch Care Welfare Home Children's Activities

On 30 October 2021, the Party Branch of Chizhou Conch Cement Plant organized Party members to visit the orphanage in Guichi District, Chizhou City for the themed activity of "Conch's Love and Care to Orphanage". Conch employees went to the orphanage, gave out milk, cookies, bread and other children's favorite foods, visited the learning and living areas of the orphanage, exchanged and interacted with the children, and encouraged them to bravely face the difficulties in life, study hard and contribute to the society when they grow up.



9.3 Commitment to Public Welfare

Conch Cement has been committed to public welfare for a long time while creating corporate value. Integrating our commitment to public welfare into our corporate culture, we have continuously strengthened investment in public welfare and encouraged every Conch employee to participate in various public welfare volunteer activities.

Conch Cement's Blood Donation Activities

In April 2021, Maoming Dadi organized a blood donation activity, in which 23 employees signed up and donated 5,700 ml of blood.



In August 2021, in response to the call of "donating blood to save lives" from Yiyang City Blood Center and Anhua County Government, and to carry forward the traditional virtues of unity and mutual assistance of the Chinese nation, Yiyang Conch organized its employees to participate in voluntary blood donation activities, and the employees enthusiastically participated in the donation, passing on positive energy with their practical actions.

In October 2021, in order to further advocate the virtue of blood donation and support the clinical blood supply for the normal prevention and control of the Covid-19 epidemic, Lianyuan Conch, together with Loudi City Central Blood Station, organized a blood donation activity for employees, donating a total of 11,200 ml of blood.



The regular epidemic prevention and control of the Covid-19 epidemic dominated the year of 2021. Conch Cement has unwaveringly implemented epidemic prevention and control works, and actively donated funds and materials to help local epidemic prevention and control, contributing Conch's part to the normalized epidemic control.

Conch's Epidemic Prevention and Control Works

On 22 April 2021, Taizhou Conch Party member volunteers came to the vaccination site of Qiansuo Clinic. Under the guidance of the leaders of the Clinic, the volunteers carries out the works of entrance guidance, guidance for pre-examination and diversion, vaccination guidance, online filing, answering questions. The volunteers carried out the work with patience, organized the works in an orderly manner, and fully performed their duties.



On 14 October, 2021, Yingjiang Yunhan Company organized personnel to donate drinking water, instant food and other epidemic prevention materials to the border guards in Nongzhang Town, Yingjiang County to help prevent and control the border epidemic.

In 2021, under the continuous impact of the Covid-19 epidemic, a large number of epidemic prevention personnel stuck to the front line of epidemic prevention and control around the clock. To offer thanks to the epidemic prevention personnel, on August 3 and October 29, Longling Conch organized visits to frontline epidemic prevention personnel at Shuangpo checkpoint, expressway checkpoint, Tenglong Bridge checkpoint, Zhen'an expressway checkpoint and epidemic prevention headquarters in Longling County, and extended gratitude to them for their work since the outbreak of the epidemic and for their important contributions to curbing the spread of the epidemic.



9.4 Performing Responsibilities Overseas

Conch Cement adheres to the strategy of “international development”, and has made industrial investment in Indonesia, Myanmar, Laos, Cambodia, Uzbekistan and other countries along the “Belt and Road”, which has promoted the continuous development and improvement of local cement industry and public infrastructure, and made important contributions to the economic and social development of countries along the “Belt and Road”. Over the past years, Conch Cement has fully respected the culture and customs of the project countries, actively integrated into the local society, fulfilled its social responsibilities, established Conch presence with practical actions, and set up a good image of Chinese-funded enterprises.

Kalimantan Selatan Conch Assists Post-disaster Reconstruction

On 22 February, 2021, the donation ceremony of Kalimantan Selatan Conch Cement was held in Kalimantan Selatan Provincial Government Building. At the ceremony, Mr. Wang Haiqing, Deputy General Manager of Kalimantan Selatan Conch Cement, handed over 200 tonnes of cement as aid materials to Mr. Safrizal, Acting Governor of Kalimantan Selatan, for post-disaster infrastructure reconstruction in Kalimantan Selatan Province. The donation ceremony was attended by the procurator, the police chief, the army chief and relevant government personnel of Kalimantan Selatan Province.



Mandalay Conch Helps Local Residents in Need

Affected by the epidemic and world situation in 2021, the lives of local residents in Myanmar were difficult. Conch company in Myanmar took the initiative to fulfill its social responsibilities. On 25 September, 2021, Mandalay Conch donated rice, vegetables and other materials worth RMB 17,393 to 7 villages near the Company.



10 Looking Forward 2022

2022 marks an important node of the great history and is an important year for the Group to move towards the second “Centenary Goal”. In the new wave of scientific and technological revolution and industrial transformation, the Group will continue to promote the innovative development of high-quality industries, seize the development opportunities in the new era, address development challenges through innovation and strengthen our advantages for development, thus realizing the vision of “creating a better living space for human being”.

In 2022, the Group will continuously promote the construction of a green and low-carbon system, thoroughly implement the concept of sustainable development, continue to track environmental objectives such as greenhouse gas reduction, accelerate the transformation of energy structure, vigorously promote the application of digital intelligent technologies, and strive for “green and intelligent manufacturing”.

In 2022, the Group will stick to the people-oriented concept, attract and cultivate diversified, versatile and international high-quality professionals, and continuously invigorate enterprises, customers and cement industry. We will continue to strengthen the construction of talent team, optimize the salary incentive mechanism, and accelerate the construction of talent highland with world-class competitiveness.

In 2022, the Group will adhere to the business tenet of “high quality and dedicated service”, comprehensively strengthen the responsible sales and responsible supply links, fully protect the legitimate rights and interests of customers and suppliers, and deepen cooperation to achieve a win-win situation based on the principles of fairness, impartiality and openness.

In 2022, the Group will actively participate in public welfare, earnestly fulfill corporate social responsibilities, increase effort for welfare projects, and struggle to build a beautiful homeland with grateful hearts.



Appendix I GLOSSARY

Terms	Definitions
Greenhouse Gases	Includes carbon dioxide (CO ₂), methane (CH ₄), nitrous oxide (N ₂ O), hydrofluorocarbons (HFC _s), perfluorocarbons (PFC _s) and sulphur hexafluoride (SF ₆).
Nitrogen Oxides (NO _x)	Includes a number of compounds such as nitrous oxide (N ₂ O), nitric oxide (NO), nitrogen dioxide (NO ₂), dinitrogen trioxide (N ₂ O ₃), nitrogen tetroxide (N ₂ O ₄) and dinitrogen pentoxide (N ₂ O ₅), etc. Except for NO ₂ , all other NO _x variants are extremely unstable and, when exposed to light, moisture or heat, are liable to converting into NO ₂ and NO, and then from NO into NO ₂ . Therefore, the gas to which workers are exposed to in the working environment is usually a mixture of several types of gas, which is called smoke (gas) and is mainly comprised of nitric oxide and nitrogen dioxide, with nitrogen dioxide being the main component. Nitrogen Oxides are all toxic to a varying degree.
Pure low-temperature Residual Heat Power Generation	Power generation using the residual heat of medium-and-low temperature waste gas discharged from the emission ends of the kilns of the cooling machine, with no fuel consumed or pollutants produced.
Denitration Technology	A technical measure to prevent excessive emission of NO _x from the combustion process within the cement kilns for the purpose of environmental protection by reducing the amount of NO _x and eliminating the NO _x in the flue gas.
Desulphurization Technology	A technical measure to prevent excessive emission of SO ₂ from the combustion process within the cement kilns for the purpose of environmental protection by reducing the amount of SO ₂ and eliminating the SO ₂ in the flue gas.
Electric dust collector	A dust collecting device to separate particulates from flue gas by electrostatic force.
SNCR	Selective non-catalytic reduction, a process of converting nitrogen oxides in the flue gas to nonhazardous nitrogen gas and water by injecting reductants into the "temperature window" for denitration reactions without using a catalytic agent.
SCR	Selective catalytic reduction, a process of selective reaction of reducing agents such as ammonia with NO _x under the action of a catalyst to generate N ₂ and H ₂ O.
Carbon Capture and Storage (CCS)	A process where the CO ₂ captured is treated through desulphurisation, purification, compression, dehumidification and liquefaction and then sold to the market for reuse.
Domestic waste treatment technology with the use of cement kilns	A technology for treatment of urban domestic waste by using the high temperature of the cement kilns, and is an ideal alternative to traditional landfill treatment method that takes up large area of lands and results in environment pollution. This technology is the first of its kind in the world, which, without classification of wastes, enables degradation of dioxins without producing any undesirable odours and allows solidification of heavy metals and purification of sewage at the same time.
Cement grinding aid	A chemical admixture, the addition of a small amount of which in the cement grinding process can improve the grinding efficiency.
Ceramic ball	A cement grinding medium composed mainly of aluminium oxide and a small amount of microelements which improves performance and enhances toughness, lighter and harder compared with steel balls, capable of reducing mill load.
RDF	RDF is the short name for Refuse Derived Fuel, it has the characteristics of high calorific value, stable combustion, convenient for transport and storage, low secondary pollution and low emission of dioxin-like chemicals and is widely used in the fields such as dry process, cement manufacturing, heating engineering and power generation project.

Appendix II SUMMARIZATION OF INDICATOR DATA

Tracking of Environmental Goals			
Indicators	Goals	Data of baseline year	Data in 2021
Greenhouse gas emission	Reduce carbon emission (clinker process) intensity (t-carbon dioxide equivalent/t-clinker) by 6% compared to a 2020 baseline by 2025.	0.8412	0.8392
Energy consumption	Reduce energy consumption (clinker process) intensity (kgce/t-clinker) by 6% compared to a 2020 baseline by 2025.	110.54	110.20
Water resources	Reduce Water consumption (clinker process) intensity (t-water consumption/t-clinker) by 10% compared to a 2020 baseline by 2025.	0.403	0.352
Wastes	100% compliance disposal of hazardous wastes and 100% recycling of non-hazardous wastes.	/	100%

All Performance Indicators	Unit	Data for Performance Indicators
Clinker production capacity	100 million tonnes	2.69
Cement production capacity	100 million tonnes	3.84
Aggregates production capacity	10,000 tonnes	6,580
Commercial concrete production capacity	10,000 cubic meters	1,470
Revenue from principal operations	RMB100 million	1,679.53
Total profit	RMB100 million	441.16
Earnings per share	RMB	6.28
Net profit attributable to owners of parent company	RMB100 million	332.67
Payment of taxes	RMB100 million	187.90
Total assets	RMB100 million	2,305.15
Assets attributable to owners of parent company	RMB100 million	1,836.85
asset-liability ratio	%	16.78
Investment in environmental technological improvement	RMB100 million	21.6
Investment in energy conservation and emission reduction	RMB100 million	61.2
Total Sulfur dioxide emissions	Tonne	6,065
Average emission concentration of Sulfur dioxide	mg/m ³	11.3
Total Nitrogen oxides emissions	Tonne	84,250
Average emission concentration of Nitrogen oxides	mg/m ³	186.0
Total particular matter emissions	Tonne	3,939
Average emission concentration of particular matter	mg/m ³	5.49
Greenhouse gas direct emission (Scope I)	tCO ₂ e	198,131,964
Greenhouse gas indirect emission (Scope II)	tCO ₂ e	13,010,677
Total greenhouse gas emission (Scope I + Scope II)	tCO ₂ e	211,142,641
Greenhouse gas emission per unit clinker (clinker process)	t-carbon dioxide equivalent/t-clinker	0.8392
Greenhouse gas emission per unit operation revenue	t-carbon dioxide equivalent/t-clinker/ RMB100 million	125,715.3

All Performance Indicators		Unit	Data for Performance Indicators
Direct energy consumption		100 million kWh	2,115.7
Indirect energy consumption		100 million kWh	137.8
Total energy consumption (direct + indirect)		100 million kWh	2,253.5
Energy consumption per unit clinker (clinker process)		kgce/ton of clinker	110.20
Energy consumption per unit operation revenue		100 million kWh/RMB 100 million	1.3
Total amount of hazardous wastes		Tonne	3,686
Hazardous wastes per unit operation revenue		t-hazardous waste/RMB 100 million	2.19
Total amount of non-hazardous wastes		Tonne	731,839
Non-hazardous wastes per unit operation revenue		t-non-hazardous waste/RMB 100 Million	435.7
Total water consumption		Tonne	100,344,845
Water consumption intensity per unit clinker		t-water consumption/t-clinker	0.352
Water consumption intensity per unit operation revenue		t-water consumption/RMB 100 million	59,745.8
Quantity of cement package bags consumed		Tonne	122,003
Cement package bags consumed per unit operation revenue		Tonne/R MB100 million	72.6
Total treatment with cement kiln		10,000 tonnes	242.6817
Total number of employees		Person	46,714
By gender	Male	Person	39,070
	Female	Person	7,644
By position	Senior management	Person	559
	Middle management	Person	2,502
	Employee	Person	43,653
By age	Under 30	Person	10,756
	30-40	Person	20,761
	41-50	Person	11,769
	Above 50	Person	3,428
By region	Eastern	Person	4,077
	Western	Person	11,345
	Southern	Person	6,495
	Central	Person	21,079
	Overseas	Person	3,718
By service years	Under 5 years	Person	12,231
	5-10 years	Person	14,781
	11-20 years	Person	16,101
	Above 20 years	Person	3,601
By educational level	Bachelor degree or above	Person	7,197
	College degree	Person	9,267
	Below college degree	Person	30,250
Employee turnover rate		%	4.39
By gender	Male	%	3.59
	Female	%	3.55
By age	Under 25	%	3.97
	25-35	%	4.61
	36-45	%	2.47
	Above 45	%	4.61

All Performance Indicators		Unit	Data for Performance Indicators
By region	Eastern	%	5.69
	Western	%	6.44
	Southern	%	2.88
	Central	%	2.93
	Overseas	%	14.82
Number and rate of work-related fatalities	2019	Person	2
		‰	0.0421
	2020	Person	0
		‰	0
	2021	Person	2
		‰	0.0428
Lost days due to work injury		Day	3,052
Total number of trained employees		Person	46,714
Total training time		Hour	4,461,600
Percentage of trained employees		%	100
By gender	Male	%	84
	Female	%	16
By position	Senior management	%	1
	Middle management	%	5
	Employee	%	94
Average training hours of employees		Hour	95.5
By gender	Male	Hour	95.4
	Female	Hour	96.1
By position	Senior management	Hour	60.3
	Middle management	Hour	72.0
	Employee	Hour	97.3
Number of suppliers		/	4,239
By region	Eastern	/	1,207
	Western	/	628
	Southern	/	708
	Central	/	1,168
	Overseas	/	528
Percentage of products recalled for safety and health reasons		%	0
Number of compliant relating to service and products		/	110
Percentage of compliant relating to service and products		%	0.3
Number of cases regarding corrupt practices		/	0
Money contributed to the charity		RMB	1,067,957.2
Anti-corruption training for members of the Board	Number of individuals		5
	Time		2
Integrity education for employees		person-time	141,700

Appendix III HKEX ESG Guide Index

The ESG Reporting Guide Content Index

ESG aspects, General Disclosure and KPI (KPI)		Chapter
Environment		
A1: Emissions	General Disclosure	Information relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer. Green and Sustainable Development
	KPI A1.1	The types of emissions and respective emissions data. Green and Sustainable Development
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). Green and Sustainable Development – Adherence to Green and Low-carbon Development
	KPI A1.3	Total hazardous wastes produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). Green and Sustainable Development Strict Control of Pollutant Emissions
	KPI A1.4	Total non-hazardous wastes produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). Green and Sustainable Development Strict Control of Pollutant Emissions
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them. Green and Sustainable Development – Adherence to Green and Low-carbon Development – Strict Control of Pollutant Emissions
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction target(s) set and steps taken to achieve them. Green and Sustainable Development Strict Control of Pollutant Emissions
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Green and Sustainable Development – Strengthening Resource Utilization
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). Green and Sustainable Development – Adherence to Green and Low-carbon Development
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility). Green and Sustainable Development – Strengthening Resource Utilization
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them. Green and Sustainable Development – Adherence to Green and Low-carbon Development
	KPI A2.4	Description of issue in sourcing water, water efficiency target(s) and steps taken to achieve them. Green and Sustainable Development – Strengthening Resource Utilization
KPI A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced. Green and Sustainable Development – Strengthening Resource Utilization	

ESG aspects, General Disclosure and KPI (KPI)		Chapter
Environment		
A3: Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources. Green and Sustainable Development – Promotion of "Green and Smart Mines"
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. Green and Sustainable Development – Promotion of "Green and Smart Mines"
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. Green and Sustainable Development – Tackling Climate Change
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. Green and Sustainable Development – Tackling Climate Change
Society		
B1: Employment	General Disclosure	Information relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer. People foremost and mutual improvement
	KPI B1.1	Total workforce by gender, employment type (e.g. full-time or part-time), age group and geographical region. People foremost and mutual improvement-Standardized Employment
	KPI B1.2	Employee turnover rate by gender, age group and geographical region. People foremost and mutual improvement-Standardized Employment
B2: Health and Safety	General Disclosure	Information relating to providing a safe working environment and protecting employees from occupational hazards: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer. Safety Commitment and Careful Guarding
	KPI B2.1	Number and rate of work-related fatalities for each year in the past three years (including the reporting year). Safety Commitment and Careful Guarding-Improvement of the Safety Management System
	KPI B2.2	Lost days due to work injury. Safety Commitment and Careful Guarding-Improvement of the Safety Management System
	KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored. Safety Commitment and Careful Guarding
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. People foremost and mutual improvement-Talent Development
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management). People foremost and mutual improvement-Talent Development
	KPI B3.2	The average training hours completed per employee by gender and employee category. People foremost and mutual improvement-Talent Development
B4: Labour Standard	General Disclosure	Information relating to preventing child and forced labour: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer. People foremost and mutual improvement-Standardized Employment
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour. People foremost and mutual improvement-Standardized Employment
	KPI B4.2	Description of steps taken to eliminate such practices when discovered. People foremost and mutual improvement-Standardized Employment

ESG aspects, General Disclosure and KPI (KPI)		Chapter	
Society			
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	High Quality and Dedicated Service
	KPI B5.1	Number of suppliers by geographical region.	High Quality and Dedicated Service-Responsible Supply
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, as well as how they are implemented and monitored.	High Quality and Dedicated Service- Supply Chain Management
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	High Quality and Dedicated Service- Supply Chain Management
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	High Quality and Dedicated Service- Supply Chain Management
B6: Product Responsibility	General Disclosure	Information relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	High Quality and Dedicated Service
	KPI B6.1	Percentage of total products sold or shipped subject to recall for safety and health reasons.	High Quality and Dedicated Service-Quality Assurance
	KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	High Quality and Dedicated Service-Quality Assurance&Professional Service
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	High Quality and Dedicated Service-Quality Assurance
	KPI B6.4	Description of quality assurance process and product recall procedures.	High Quality and Dedicated Service-Quality Assurance
	KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	High Quality and Dedicated Service-Professional Service
B7: Anti-corruption	General Disclosure	Information relating to bribery, extortion, fraud and money laundering: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Honest Operation and Responsible Governance
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Honest Operation and Responsible Governance-Business Ethics
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Honest Operation and Responsible Governance-Business Ethics
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Honest Operation and Responsible Governance-Business Ethics
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Sunshine Public Welfare and Community Harmony
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Sunshine Public Welfare and Community Harmony
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Sunshine Public Welfare and Community Harmony