



E-COMMODITIES HOLDINGS LIMITED

易大宗控股有限公司

(Incorporated in the British Virgin Islands with limited liability)

Stock Code: 1733



2021

**ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT**



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I. ABOUT THIS REPORT

This report is the sixth Environmental, Social and Governance Report published by E-Commodities Holdings Limited (the “**Company**” or “**E-Commodities**”). The purpose is to report on the philosophy and practice of the environmental, social and governance (hereinafter referred to as “**ESG**”) responsibilities of the Company and its subsidiaries (collectively referred to as the “**Group**”, “**we**” or “**us**”) in 2021, and to respond to material issues of concern to major stakeholders.

REPORTING SCOPE

Business Scope: This report covers the scope of businesses that are directly controlled by the Group, including supply chain trading, integrated supply chain services (supply chain logistics, clean energy, and internet intelligent platform).

Time Scope: This report covers the period from 1 January 2021 to 31 December 2021 (the “**Reporting Period**” or the “**2021**”). In order to enhance the integrity of the report, parts of the contents may precede or post-date the Reporting Period, as appropriate.



ABOUT THIS REPORT

BASIS AND PRINCIPLES OF PREPARATION

This report is prepared in full compliance with the mandatory disclosure requirements and the “comply or explain” provisions in the Environmental, Social and Governance Reporting Guide in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) revised in 2019 of the Hong Kong Stock Exchange (the “**ESG Reporting Guide**”), and the content indexes are set out in the appendix to this report.

During the preparation of this report, the principles of “materiality”, “quantitative”, “balance” and “consistency” in the ESG Reporting Guide are fully followed. The details are as follows:

- “Materiality” principle: During the preparation of the report, the Group has made important disclosures in this report based on the material issues identified by the stakeholder survey and materiality assessment, so as to respond to the most concerned ESG issues of the stakeholders.
- “Quantitative” principle: This report discloses key performance indicators on environmental and social aspects in a quantitative form as much as possible, and explains the standards, methods and reference sources for relevant data statistics and calculation.
- “Balance” principle: This report follows the principle of balance and objectively presents the current status and performance of the Group’s ESG management.
- “Consistency” principle: Unless otherwise stated, this report adopts statistical and calculation methods that are consistent with those in the 2020 ESG report, so as to make meaningful comparisons with the data of previous years.

APPROVAL AND CONFIRMATION

This report has been reviewed by the board of directors of the Company (the “**Board**”), which is responsible for the authenticity and validity of the information contained, and for ensuring that there is no false record or misleading description in the content.

REPORT DISTRIBUTION CHANNEL

This Report is published in two versions, Traditional Chinese and English. In case of any discrepancy between the two versions, the Traditional Chinese version shall prevail. This report is available for review and download on the websites of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.e-comm.com/tc/IRESGReports.aspx).



I. ABOUT THIS REPORT

FEEDBACK

Thank you for reading this report. The Group highly values the opinions and feedback of various stakeholders, and based on this, improves the ESG management and performance of the Group, and continuously optimizes the level of report disclosure so as to drive the Group to make corresponding contributions to the progress and harmonious development of society in the process of growing together with stakeholders.

If you have any comments and feedback, please contact the Group through the following ways:

Beijing Office: Room 706, Tower B, Tianrun Fortune Center, No. 58, Dongzongbu Hutong, Dongcheng District, Beijing, (86) 10-8517 1200

Hong Kong Office: Unit 1902, Floor 19, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, (852) 2537 0111

Email: e-comm@e-comm.com



II. MESSAGE FROM THE BOARD

First of all, on behalf of the Board, I am grateful to you for your long-term concern and support to the Group. The Group has always actively responded to the calls from all walks of life for the enterprises to improve environmental and social governance, and continuously promotes and improves the environmental, social and governance work of the Company from various aspects including governance structure and risk control.

In 2021, the Company revised the terms of reference of the original health and safety and environment committee of the Board, and renamed it as environmental, social and governance committee (the “**ESG Committee**”), which is responsible for reviewing the overall ESG strategies, ESG management system and objectives, key issues, ESG risks and opportunities and annual ESG report of the Group. We put forward a sustainable development vision that strives for integrating ESG governance thought into corporate development strategic planning, and leading the Company to become “a commodity supply chain integrated service provider with the advantage of people-focused, safe and efficient, green and low-carbon, scientific development”. Meanwhile, we also integrate ESG governance thought into the corporate development strategic implementation plan, achieve an effective integration of “ESG philosophy-corporate strategy-governance implementation-evaluation and review” through the overall promotion of “decision making-management-execution”, and make efforts to fulfill the people-focused, safe and efficient, green and low-carbon, scientific development.

In practice, we have addressed the environmental protection issues caused by cross-border coal transportation, multimodal transport, loading and unloading, and warehousing processes at Sino-Mongolian ports through “non-containerised to container”, “closed coal shed”, “multimodal transport”, and “digitalized reconstruction” as a way to promote the upgrading of logistics industry in an efficient, environmental-friendly, digital and intelligent manner. In 2021, we even proposed to implement China’s leading AGV unmanned cross-border transportation project at the Sino-Mongolian ports. The project has been put into construction and successfully tested, and is currently submitted to the relevant authorities for approval. The AGV unmanned cross-border transportation project realizes a intelligent upgrade based on the traditional vehicle transportation and customs clearance mode, which greatly improves the transportation efficiency. Its characteristics of being “green, intelligent, safe and efficient” provide a vigorous solution as Sino-Mongolian cross-border trade has been plagued by the pandemic, and will further push the cross-border transportation at Sino-Mongolian ports in a more efficient and environmental-friendly direction.



II. MESSAGE FROM THE BOARD

The Group has been actively cooperating with the pandemic prevention measures of the government and the community to undertake corporate social responsibilities, and donates cash and anti-pandemic materials to the government and society. Employees in various places are actively vaccinated, take personal protection, and comply with pandemic prevention requirements. Erlian Haotong (二連浩通), Manzhouli Haotong (滿洲里浩通), E Haotong (額浩通) and E Ruyi (額如意), subsidiaries of the Group, have made active donations to help communities fight against the pandemic. E-Commodities Mongolia Company (易大宗蒙古公司) also donated a mobile cabin laboratory to the South Gobi Province of Mongolia, which has been officially put into use. In terms of caring for and cultivating talents, we organize team building, birthday parties and family days from time to time so as to improve the happiness and satisfaction of all employees. We constantly plan and improve the employee training system to build a scientific career development path for employees.

In 2022, we will sail on the same tack to overcome challenges. We will not only continue to develop our business steadily, but also further advance the sustainable development of the Group. Once again, I would like to express my sincere thanks to all of you for your unremitting care and support to the Group.

Cao Xinyi

Chairman of the Board



III. ABOUT E-COMMODITIES

CORPORATE PROFILE

The Company was incorporated in the British Virgin Islands on September 17, 2007. The Company has offices and branches in Hong Kong, Beijing, Baotou, Nantong, Zhuhai, Macau, Singapore, Ulaanbaatar, Japan, Australia and other locations. E-Commodities was successfully listed on the Hong Kong Stock Exchange on 11 October 2010 (stock code: 01733.HK).

E-Commodities is principally engaged in the processing and trading of coal and other products and providing integrated supply chain services. The Company has two business segments: supply chain trading and integrated supply chain services. The integrated supply chain services segment comprises the supply chain logistics, clean raw materials processing and internet intelligent platform. Since its establishment, E-Commodities has continued to grow and diversify its businesses to become one of the major coking coal importers into China, engaging in businesses such as iron ore, petrochemical products and non-ferrous metals. It has successfully established a comprehensive closed loop system of integrated industrial chain with a combination of purchasing, processing, logistics, sales and finance. By virtue of a wide network of suppliers and end-users, optimized logistics facilities, and extensive management experience in bulk commodities, E-Commodities provides a platform of well-rounded services for each segment of the relevant bulk commodities value chain. The target users of such platform mainly comprise of, among others, mine owners, highway and railway transportation operators, warehousing service providers, clearance declaration and custom clearance agents, shipping agents, financing providers and end-users.





III. ABOUT E-COMMODITIES

Supply Chain Trading

- The supply chain trading sector provides upstream and downstream customers with sales and procurement services for bulk commodities such as coal, iron ore, non-ferrous metals and petrochemicals. While further developing the varieties, it offers customers stable scale trade services.

Supply Chain Logistics

- E-Commodities is one of few companies in the PRC with strategic land reserves and advanced logistics facilities at Sino-Mongolian and Sino-Russian cross-border ports, and continues to provide customers with efficient and accurate warehousing, loading and unloading, delivery and processing. Meanwhile, the Company continues to integrate advanced technological methods into its own superior logistics management system to help intelligent upgrades on every logistic aspect, and connect upstream and downstream ecology by recreating online supply chain business processes to achieve whole-chain collaboration, comprehensively improve the efficiency and reliability of supply chain and establish a competitive service-oriented intelligent logistics platform.

Cleaning Raw Materials Processing

- E-Commodities has advanced washing and processing technology, which can provide clean raw materials that meet both the national environmental protection requirements and the production requirements of steel mills. The Company takes "production capacity", "advanced technology" and "stable quality" as the three pillars for the development of clean raw materials, and currently has a total washing capacity of 23 million tonnes.

Internet Intelligent Platform

- The Internet intelligent platform adheres to the values of "focusing on process with close attention to detail", and strives to empower the commodity supply chain with technologies, and build an open cooperation platform so as to achieve win-win results for all parties. The Company has launched a series of Internet intelligent platform products including "e-chain (易鏈)", "e-coking coal platform (易焦煤平台)" and "e x data center (易X數據中心)" with focus on industries, technology empowerment, scenario approach, and ecological collaboration to boost the upgrade of the industrial chain, making commodity trading more convenient and efficient.

Principal Business of E-Commodities



ABOUT E-COMMODITIES

During the Reporting Period, the quality of products and services of the Group was widely recognized by the industry, and won various honors and awards, including the 2021 “Top 10 Coal Coke Suppliers (十佳煤焦供應商)”, the honor of 2021 “Excellent Logistics Service Platform Case (物流服務平台優秀案例)”, and the “High-tech Enterprise Certificate (高新技術企業證書)”.



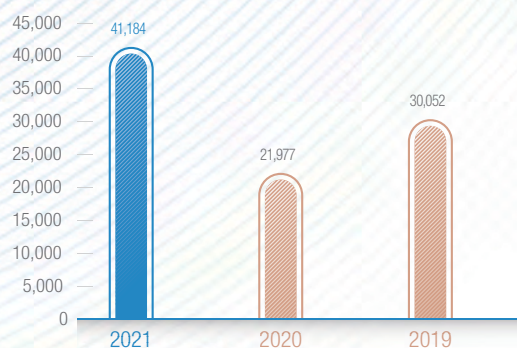
Honors and Certifications Awarded to the Group during the Reporting Period



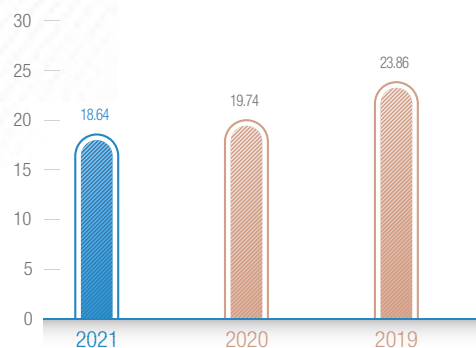
III. ABOUT E-COMMODITIES

OPERATING RESULTS

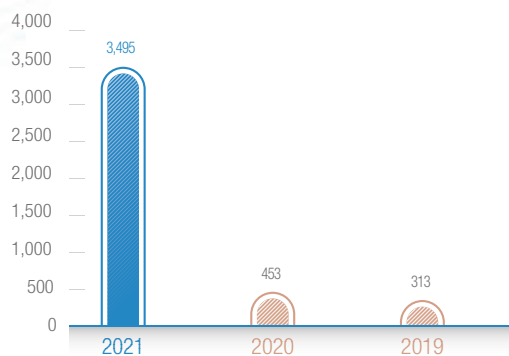
Revenue (in HK\$ million)



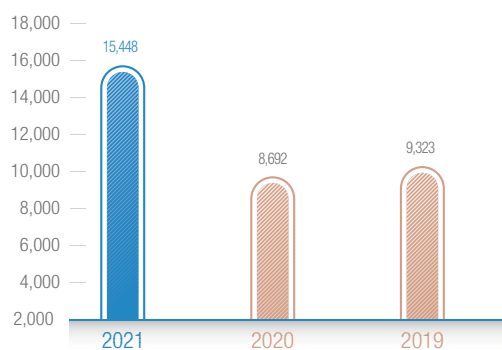
Supply Chain Trading Volumes (in million tonnes)



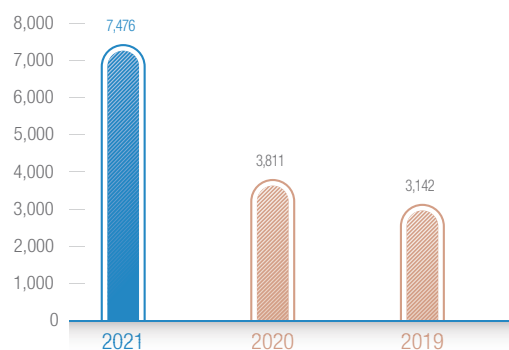
Net Profit (in HK\$ million)



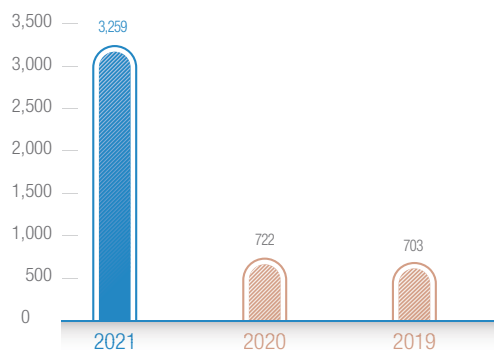
Total Assets (in HK\$ million)



Total Equity (in HK\$ million)



Cash Balance (in HK\$ million)



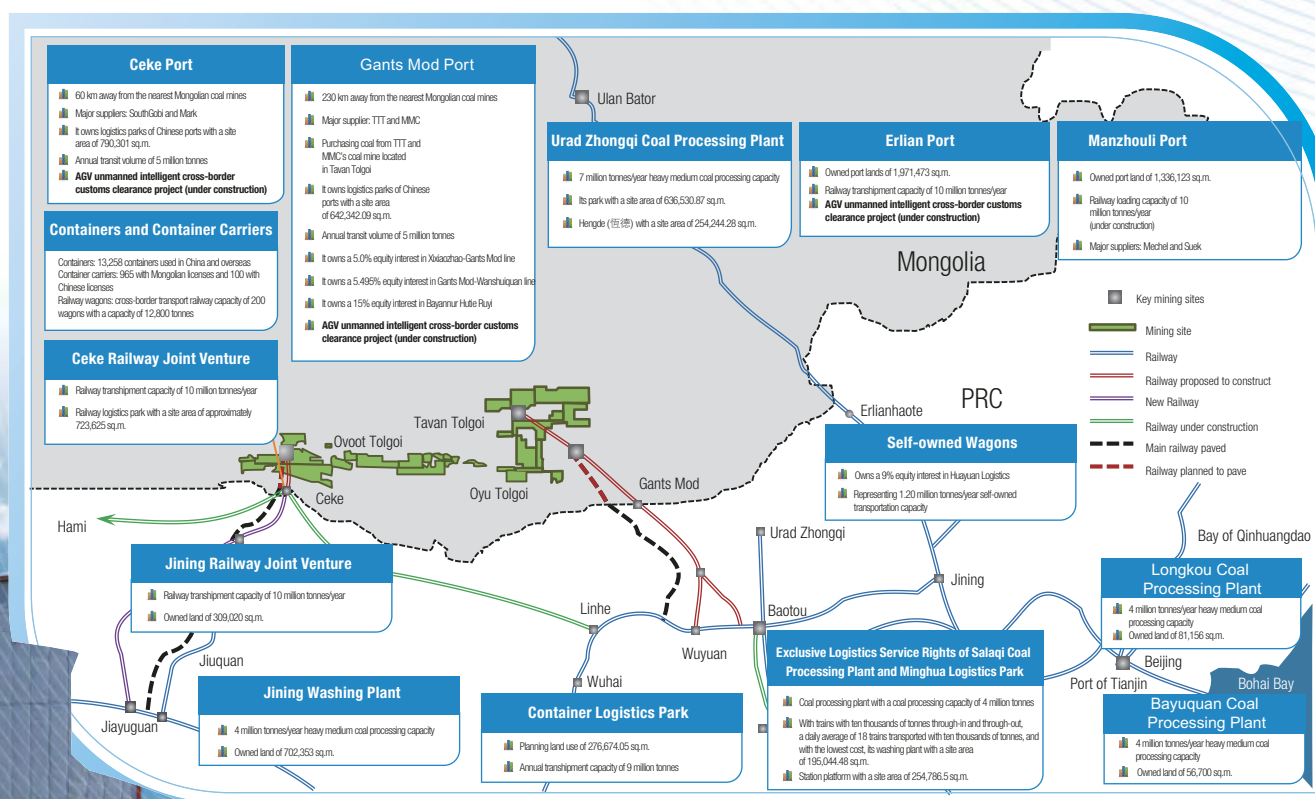


ABOUT E-COMMODITIES

ASSETS FOOTPRINT

The Company deploys border crossing facilities, strategic land reserves and efficient infrastructure, including, among others, logistics parks, railway parks, transshipment lines, railway equity, railway stations, self-owned wagons and coal processing plants, at and along the Sino-Mongolian border crossing to client-side. In addition, the Company carries out intelligent upgrades of various logistic aspects and develops container transportation to comprehensively improve the efficiency and reliability of the supply chain.

BUSINESS AND ASSET DISTRIBUTION MAP OF E-COMMODITIES DURING THE REPORTING PERIOD



IV. MANAGEMENT OF SUSTAINABLE DEVELOPMENT

VISION AND STRATEGIES OF SUSTAINABLE DEVELOPMENT

The Group has always attached great importance to the management of sustainable development, strives for an effective governance system to continuously monitor the performance of the Group's sustainable development, and regularly reviews the management performance of important sustainable development issues so as to continuously improve the ability to fulfill responsibilities. Meanwhile, the Group is committed to maintaining efficient and close communication with stakeholders, to understand and meet the expectations of all parties for the sustainable development of the Group, so as to continuously improve the governance of the Group's sustainable development.

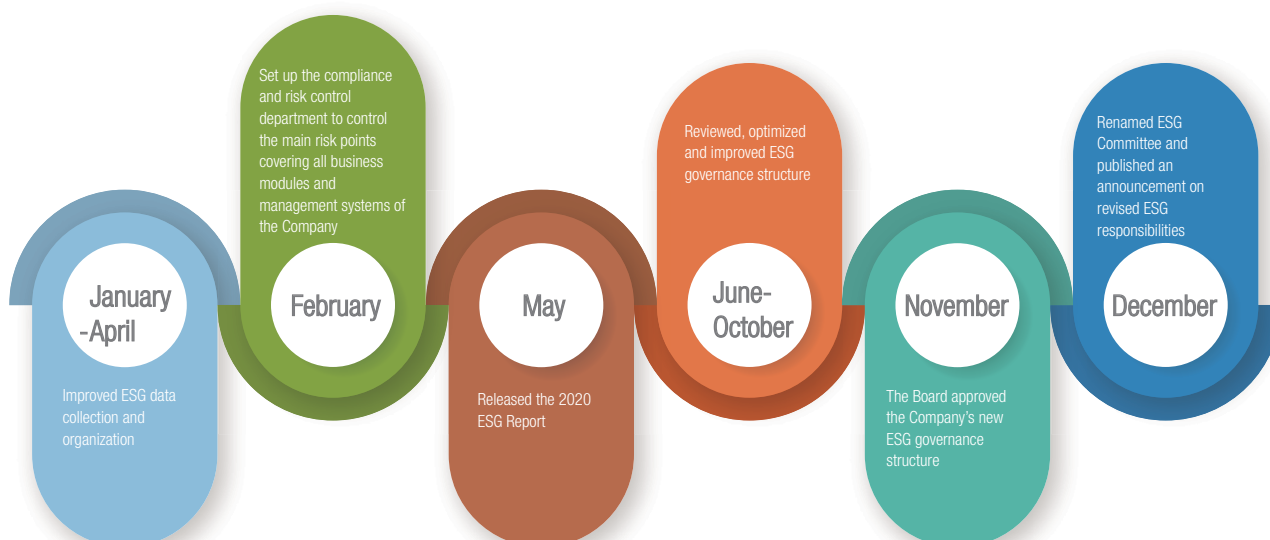
Vision of sustainable development

- Strive for integrating ESG governance thought into corporate development strategic planning, leading the corporate to become a commodity supply chain integrated service provider with the advantage of people-focused, safe and efficient, green and low-carbon, sustainable development

Management strategies of sustainable development

- Integrate ESG governance thought into the corporate development strategic implementation plan, achieve an effective integration of "ESG philosophy-corporate strategy-governance implementation-evaluation and review" through the overall promotion of "decision making-management-execution", and make effort to fulfill the people-focused, safe and efficient, green and low-carbon, scientific development

PROCESS OF 2021 SUSTAINABLE DEVELOPMENT MANAGEMENT





MANAGEMENT OF SUSTAINABLE DEVELOPMENT

SUSTAINABLE DEVELOPMENT GOVERNANCE STRUCTURE

The Group has continued to improve its governance structure of sustainable development, laying a foundation for the Group to continuously improve the governance level in this regard. The Board is the highest decision-making and supervisory body for the Group's sustainable development issues, provides strategic direction for the management of important ESG issues, and is responsible for the formulation and review of the Group's ESG strategies and objectives. Meanwhile, the Board is also in charge of evaluating the ESG-related risks of the Group and ensuring that appropriate and effective ESG risk management and internal control systems are implemented and improved.

In addition, in order to further advance the management of Group's sustainable development, during the Reporting Period, the Board reviewed, considered and updated the scope of functions of its subordinate health, safety and environment committee to fully cover the key ESG issues of the Group, and officially renamed the health, safety and environment committee as the ESG Committee. As authorized by the Board, the ESG Committee is responsible for assisting the Board in formulating ESG-related policy objectives, key performance indicators and action plans, evaluating and following up the Group's identification of ESG risks and the effectiveness of management policies and systems, maintaining long-term communication with internal and external stakeholders on important ESG issues and matters, and assessing and managing the impact of the Group's business activities on various stakeholders. The ESG Committee also regularly follows up the ESG-related policies and regulations applicable to the Group, monitors the position of the Group's performance on sustainable development in the financial market, provides relevant recommendations to the Board as appropriate, and supervises and assists in the preparation and publication of the annual ESG report.



IV. MANAGEMENT OF SUSTAINABLE DEVELOPMENT

Under the leadership of the Board and the overall coordination of the ESG Committee, the management of the Group runs the daily ESG work. The heads of the office of the Board, technical supervision department, human resources department and other major functional departments are responsible for implementing and carrying out ESG-related work, and report regularly to senior management and the Board.





MANAGEMENT OF SUSTAINABLE DEVELOPMENT

ESG OBJECTIVES

In order to further clarify the focus of ESG work in 2022, during the Reporting Period, the Group set up a number of ESG objectives on the environmental and social aspects, and formulated specific action plans. Please refer to the following table for details:

	Content of objectives and indicators	2022 indicator plans	Action plans
Waste gas	In-plant disorganized dust emissions (maximum)	Not exceeding 0.85 mg/cubic meter	Closed containers are phased in to store coal to replace the open storage mode; closed coal sheds are used for coal warehousing, loading and unloading operations.
	Carbon monoxide emissions	Not higher than the emissions under the same business volume in previous years	Save energy and reduce consumption by using clean raw materials to reduce the emission of harmful waste gas. For instance, adopt container transportation; vigorously develop train transportation; and promote AGV at Sino-Mongolian ports.
	Nitrogen oxides emissions	Not higher than the emissions under the same business volume in previous years	
	Sulfur oxides emissions	Not higher than the emissions under the same business volume in previous years	
Waste water	Recycling rate of production wastewater	75%	Ensure the normal operation of the water treatment system and prevent running, spraying, dripping and leaking of water equipment.
Solid wastes	Environmental pollution accident	0	Continue to strengthen the management of pollutants and garbage discharge.
	Coking coal intermediary, power consumption limit of flotation combined coal preparation	8.5 kWh/tonne	Apply production equipment with higher energy efficiency, and install frequency conversion devices on important production equipment to save energy.
Resource saving	Energy saving target	Consume no more than 720 tonnes of standard coal	Carry out water-saving publicity to avoid long-running water; strengthen the management and maintenance of water supply and water usage facilities and appliances to prevent water from running, spraying, dripping and leaking.
	Water density target	No more than 500 tonnes/HK\$'00,000,000 operating income	
	Water saving target	Expenses not exceeding HK\$100,000	
Carbon emissions	Intensity of greenhouse gas emission in total	Not more than 120 tonnes of carbon dioxide equivalent/HK\$'00,000,000 operating income	Promote green travel and green office to reduce vehicle emissions.
Public health safety	COVID-19 confirmed deaths	0	In compliance with the national requirements of fighting the pandemic, all subsidiaries actively cooperate with local pandemic prevention policies to carry out ongoing management of pandemic prevention, disinfect and sterilize workplaces, require relevant staff to measure temperature, and report travel records to help maintain business stability.
	Public safety incident	0	Comply with national laws and regulations related to public safety, and enhance the publicity on and management of prevention of public safety incidents.



IV. MANAGEMENT OF SUSTAINABLE DEVELOPMENT

ESG RISKS

During the Reporting Period, the Board and the ESG Committee conducted a comprehensive assessment and discussion on the Group's ESG risks, identified a number of ESG risks that were most important to the Group, and formulated corresponding action plans. For details, please refer to the following table:

ESG risk factors	Impact on the Group	Coping action	Risk trend
Safe Production	The nature of the Group's business exposes employees to safety risks, such as operating machinery and equipment, driving vehicles, or work-related accidents due to unsafe behavior of employees. Any regulatory actions, legal liabilities and subsequent costs may adversely affect the operation and reputation of the Group.	<ul style="list-style-type: none"> Establish and improve the safety management system, manage, control and implement various safety systems from top to bottom, eliminate the "three violations", and improve employees' safety awareness through various training, organize emergency plan drills and on-the-job training to improve employees' safety skills to create the "safety first, prevention-focused, and human-oriented" concept in the whole Group. 	Maintained
Occupational health and safety	The business of the Group involves coal production, washing, and technical operations, and also emits certain dust. Therefore, employees' unsafe behavior and inadequate protection may cause work-related injuries and occupational health and safety accidents, or damage the lives and health of the Group's employees, thus affecting the normal production and life order of the Group.	<ul style="list-style-type: none"> Strictly control pre-employment physical examination and dismissal physical examination, and arrange daily physical examination for employees every year to prevent occupational diseases. Organize safety training and lectures at all levels to enhance employees' safety awareness and standardize post operation. 	Risk reduced
Employment and employees' rights	As local governments tend to impose stricter labor security regulations and labor inspection, there is a risk of disputes arising from the conclusion, performance, modification, rescission and termination of labor contracts. Failure to mediate disputes may bring litigation risks to the Group.	<ul style="list-style-type: none"> Comply with various labor laws and regulations, with a contract signing rate of 100%. Pay labour reward in a timely manner, and protect employees' rights to be on leave according to law. In case of disputes, the trade unions or third-party manufacturers are invited to negotiate with employees. 	Risk reduced



MANAGEMENT OF SUSTAINABLE DEVELOPMENT

ESG risk factors	Impact on the Group	Coping action	Risk trend
Employee benefits and welfare	With rising commodity prices and inflation, in order to maintain reasonable remuneration and benefits for employees, the Group has been facing the pressure of rising labor costs.	<ul style="list-style-type: none"> – Advance the reform of the remuneration structure to ensure that employees are paid according to their work. – Promote the concept of Total Rewards, pay attention to the internal needs of employees, increase non-cash rewards, and enrich welfare packages. – Advocate a flexible office model in various places to create a good office environment for employees; provide learning and development paths with multiple approaches. 	Risk reduced
Staff training and development	In the field of talent development, the Group faces a problem that the start-up team members have retired successively. Therefore, it is urgent to cultivate backup forces, ensure the transition between the old and the new and the cultural inheritance so as to ease the pressure on staff training and development. Otherwise, the Group will face the risk of talent shortage, which is not conducive to the long-term sustainable development of the Group.	<ul style="list-style-type: none"> – Sort out the existing employees, carry out echelon construction, establish the middle management echelon, and cultivate the second and third echelons of reserve. – Taking Winsway training classroom as a system, offer induction training for new recruits and establish a question bank of mid-level qualifications. 	Maintained
Effective and environmentally friendly logistics	The Group's logistics sector business requires the use of various means of transportation. In the process of transportation, serious material loss and energy loss may lead to an increase in the Group's operating costs, which is not conducive to enhancing the competitiveness of the Group.	<ul style="list-style-type: none"> – Continue to vigorously promote container transportation, vigorously develop train transportation, and use closed coal sheds for storage, loading and unloading operations. – Continue to adopt new technologies, and upgrade the logistics system to push the transit transportation at the Sino-Mongolian ports to a more efficient and environmental-friendly direction. 	Drastically reduced



IV. MANAGEMENT OF SUSTAINABLE DEVELOPMENT

ESG risk factors	Impact on the Group	Coping action	Risk trend
Discard and management of solid waste	The solid waste generated by the Group's supply chain logistics sector is mainly waste tires and waste parts, and the solid waste generated by the clean raw material sector is mainly gangue and dust. If the generated pollutants are not dealt with in a timely manner, they may cause environmental pollution incidents, which will expose the Group to the risk of economic compensation or legal liability.	<ul style="list-style-type: none"> – According to the Solid Waste Management System (《固體廢物管理制度》) of the Group, production units at all levels are required to manage solid waste. Re-repair and reuse waste tires and spare parts, as well as the parts with recyclable value, and sell the unusable parts to scrap buyers. – The by-product gangue generated in the production process is sold by the Group, and part of the gangue is used for road paving in the factory. – Coal dust spilled from the vehicle shall be recycled after being cleaned by a vacuum sweeper. 	Maintained
Emission and management of air pollutant	The Group attaches great importance to the emission and management of air pollutants, vigorously develops clean raw materials, and avoids excessive energy consumption. In the event of a serious air pollution incident, the operating costs of the Group may increase, and the Group may face the risk of legal proceedings, which will also adversely impact the reputation of the Group.	<ul style="list-style-type: none"> – The Group continuously strengthens environmental management and promotes pollution control and emission reduction. By adopting new technologies and new equipment with higher energy efficiency, we will continuously reduce energy consumption, improve resource utilization efficiency and reduce emissions. 	Maintained
Pandemic prevention and control	The COVID-19 affects not only the health of employees and partners, but also business development, customs clearance, import, sea/land transportation, etc. In the event of a large-scale outbreak, the operating costs of the Group may rise, thus affecting the normal operation of the enterprise, and at the same time being detrimental to the further development of the market.	<ul style="list-style-type: none"> – The Group actively cooperates with the government and the community in pandemic prevention measures to undertake corporate social responsibilities, and has donated cash/anti-pandemic supplies to the government and society. – Employees in various places are actively vaccinated, take personal protection, and comply with pandemic prevention requirements. 	Risk reduced



MANAGEMENT OF SUSTAINABLE DEVELOPMENT

COMMUNICATION WITH STAKEHOLDERS

The Group pays high attention to the concerns and demands of various stakeholders, and usually has sufficient communication with them through different channels. We have identified the Group's key stakeholders through assessment from two dimensions of "degree of influence by the enterprise" and "degree of influence on the enterprise", and have established extensive and efficient communication channels with stakeholders to listen to their opinions and feedback on the Group's various work on sustainable development.





IV. MANAGEMENT OF SUSTAINABLE DEVELOPMENT

Main stakeholders	Expectations and demands	Communication or response channels
Government and regulatory authorities	<ul style="list-style-type: none"> ● Healthy and sustainable development ● Compliance with laws and regulations ● Steady growth in tax revenue ● Serving local economy ● Facilitating industry development ● Safe production ● Energy conservation and reduction of emissions 	<ul style="list-style-type: none"> ● Information filing ● Tax returns filing ● Government conferences ● Railway operation ● Business innovation
Shareholders and investors	<ul style="list-style-type: none"> ● Healthy and sustainable development ● Compliance with laws and regulations ● Safe production ● Energy conservation and reduction of emissions ● Risk control ● Return on investment 	<ul style="list-style-type: none"> ● General meeting of shareholders ● Information disclosure ● Daily communication ● Telephone conferences ● Results announcement ● Company website
Business partners and suppliers	<ul style="list-style-type: none"> ● Win-win cooperation ● Quality of products/services ● Commitment 	<ul style="list-style-type: none"> ● Open tender ● Contract negotiation ● Daily business communication ● Supplier access management
Customers	<ul style="list-style-type: none"> ● Quality of products/services 	<ul style="list-style-type: none"> ● After-sales services ● Quality supervision
Employees	<ul style="list-style-type: none"> ● Safe production ● Employees' rights and interests ● Training and development ● Occupational health ● Employee care 	<ul style="list-style-type: none"> ● Staff assembly ● Corporate notices ● Employee satisfaction survey ● Forums with senior management ● "New Talent Pool" scheme ● Employee development activities
Community	<ul style="list-style-type: none"> ● Environment protection ● Community charity 	<ul style="list-style-type: none"> ● Community charity ● Educational promotion activities



MANAGEMENT OF SUSTAINABLE DEVELOPMENT

MATERIALITY ASSESSMENT

In order to identify the most important ESG issues to the Group and determine the focus of ESG work, the Group regularly conducts materiality assessments and continuously improves the working mechanism and methods of materiality assessments. In 2019, the Group entrusted a professional consulting agency to conduct materiality assessment by means of a questionnaire survey. The assessment objects covered the Group's internal and external stakeholders. The assessment process is reviewed as follows:

1. Identify relevant ESG issues

The Group referred to the ESG Reporting Guide and took into account the ESG trends in the energy and logistics industries to identify ESG issues relevant to the Group. We identified 8 ESG issues on the environmental aspect and 12 ESG issues on the social aspect.

2. Conduct a questionnaire survey

Through an online questionnaire survey, the Group invited major stakeholders to rank 8 ESG issues on the environmental aspect and 12 ESG issues on the social aspect. External stakeholders ranked ESG issues from the dimension of "materiality to the stakeholders"; internal stakeholders ranked ESG issues from the dimension of "materiality to the Company's business".

3. Analyze questionnaire survey results

The Group analyzed the results of the questionnaire survey and constructed a materiality matrix. As a result, we identified issues with scores of 5 or above in the two dimensions of "materiality to the stakeholders" and "materiality to the Company's business" as "material issues".

4. Verify materiality issues

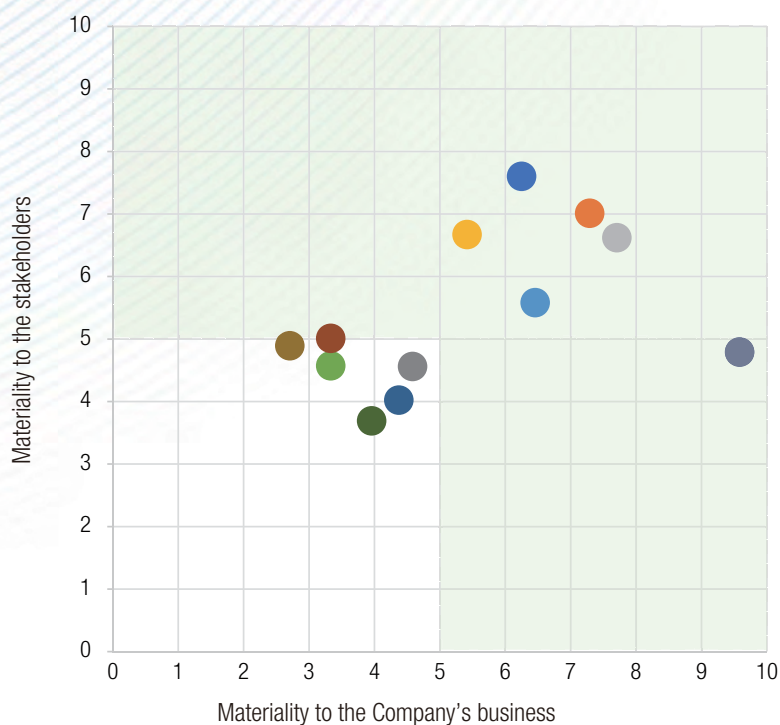
The Board reviewed the results of the questionnaire survey and verified material issues.



IV. MANAGEMENT OF SUSTAINABLE DEVELOPMENT

In the end, the Group identified a total of 13 material issues on environmental and social aspects. The matrix and list of material issues are as follows:

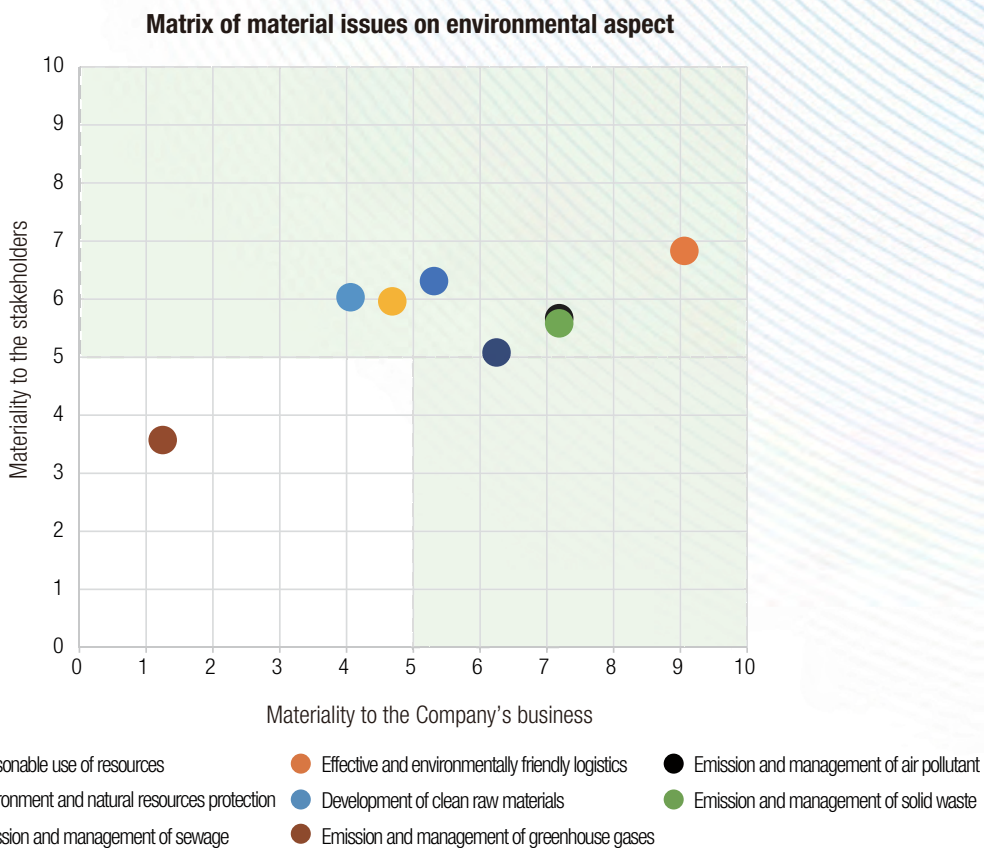
Matrix of material issues on social aspect



- | | | |
|----------------------------------|--|---|
| ● Employee benefits and welfare | ● Employment and employees' rights | ● Occupational health and safety |
| ● Staff training and development | ● Compliance with laws and regulations | ● Labour standards |
| ● Safe production | ● Contribution to the industry | ● Integrity management |
| ● Contribution to local economy | ● Supply chain management | ● Products and services quality management and after-sales services |



MANAGEMENT OF SUSTAINABLE DEVELOPMENT





IV. MANAGEMENT OF SUSTAINABLE DEVELOPMENT

Material issues on social aspect

- Safe production
- Occupational health and safety
- Employment and employees' rights
- Employee benefits and welfare
- Staff training and development
- Compliance with laws and regulations

Material issues on environmental aspect

- Effective and environmentally friendly logistics
- Emission and management of air pollutant
- Emission and management of solid waste
- Reasonable use of resources
- Emission and management of sewage
- Environment and natural resources protection
- Development of clean raw materials

During the Reporting Period, the Group reviewed the results of the survey on material issues in 2019 based on the actual situation, and the Board confirmed that it was still applicable to 2021. In addition, as global climate change continues to intensify, governments in various countries and regions have gradually tightened their regulatory policies on greenhouse gas emissions, which has a certain potential impact on the Group's business. In this regard, the Group added "emission and management of greenhouse gases" as an important issue in 2021. Relevant material issues will continue to be the focus of the Group's management of sustainable development in the future, which will be disclosed in detail in the following chapters hereof. In the future, we will deepen and strengthen the communication with stakeholders, continuously evaluate and review the material issues of concern to the stakeholders, and improve the management of key ESG issues.



V. SAFETY FIRST

The Group considers the health and safety of employees its top priority. The Group strictly complies with the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), the Regulation for Prevention of Dust Lung Disease of People's Republic of China (《中華人民共和國塵肺病防治條例》), the Management Rules for Labor Protection Supplies of Employers (《用人單位勞動防護用品管理規範》), the Regulations on Labor Protection in Workplaces Where Toxic Substances are Used (《使用有毒物品作業場所勞動保護條例》), the Provisions on the Supervision and Administration of Occupational Health at Work Sites, the Administrative Measures for the Supervision of Employers' Occupational Health Surveillance (《用人單位職業健康監護監督管理辦法》) and other laws and regulations of the countries or regions where our business is operated. During the Reporting Period, the Group did not violate any laws and regulations in relation to safe production.





V. SAFETY FIRST

PRACTISE SAFE PRODUCTION

The Group adheres to a safe production policy of “safety first, prevention-focused, human-oriented, and integration of prevention and governance”, continuously strengthens safety management, consolidates safety foundation, and strengthens risk management and control to prevent safety accidents and achieve safe production. The ESG Committee of the Group is responsible for providing advice and assistance to the Board on various matters including health and safety issues, thereby improving the level of safety management and ensuring the safety of employees. In addition, the Group has operated a health, safety and environment (HSE) management model, and has formulated and implemented a comprehensive safety management system, including pre-event identification and assessment, in-process inspection and review, and post-event evaluation on safety operations, fire protection, occupational health, traffic safety, public security aspects, and constantly improves safety management systems.

The Group requires all subsidiaries to increase investment in safeguarding the health and safety of employees. Specific measures include to strengthen work safety inspections, safety assessments, assessments and rectifications of potential accident hazards and sources of danger through on-site assessments; to improve, transform, and maintain safety protection equipment, and increase investment in labor protection equipment, such as regular safety performance testing of special equipment and fire-fighting facilities, and provision of additional labor protection equipment including protective covers; to furnish necessary emergency rescue devices and equipment, and organize safe production education and training as well as emergency rescue drills; and to post eye-catching safety warning signs and slogans in conspicuous locations, and conduct regular maintenance.

In addition, the Group has formulated and implemented the Safe Production Responsibility System (《安全生產責任制度》) to further standardize the Group’s management of safe production. The Mongolian coal operation center (蒙煤運營中心) of the Group is responsible for supervising the safety management of each subsidiary, which is responsible for implementing the safety system. Among them, the principals of each subsidiary shall perform the following duties:

- Establish and improve the enterprise safe production responsibility system
- Organize the formulation of enterprise safe production rules, regulations and operating procedures
- Organize the formulation and implementation of safe production education and training plans in the unit
- Guarantee the effective implementation of investment in enterprise safe production
- Supervise and inspect the safe production work of enterprises, and eliminate hidden dangers of production safety accidents in time
- Organize the formulation and implementation of emergency rescue plans for production safety accidents of the enterprise
- Timely and truthfully report production safety incidents



In addition, The Safe Production Responsibility System regulates the key points of safety management including requirements of safe production rules and regulations, safe production investment, safe production organization and personnel requirements, safe production education, accident management, team safety management, and safe operation procedures, and each subsidiary is required to formulate corresponding systems and management measures. During the Reporting Period, the safe production management systems of the Group's subsidiaries included but were not limited to the following:

Safe Production Responsibility Management System

- Implement a safe production responsibility system, and clarify the responsibilities of all parties to ensure that the responsibility for safe production is assigned to individuals

Safe Production Policy and Target Index Management System

- Clarify the management requirements of the annual safe production targets and indicators, so that there are policies and targets for the work of each unit on safety, with code of conduct, standards for assessment, and a basis for rewards and punishments

Safety Production Inspection and Hidden Danger Investigation and Control System

- Standardize and institutionalize the inspection and control of hidden dangers in safe production, and establish a long-term mechanism for the inspection and control of hidden dangers in safe production to eliminate hidden dangers of accidents

Production Equipment and Safety Facilities Management System

- Adhere to the system management method of the whole production process, uphold the principle of continuous updating and transformation, and improving the level of safety technologies, and strengthen the safety management of equipment and safety facilities to improve the safety and reliability of production equipment

Accident Emergency Plan and Drill Management System

- Regularly revise emergency plans, organize emergency drills and knowledge learning, and maintain emergency equipment. Promptly take emergency measures and disposal work upon the occurrence of an accident

Hazard Identification, Risk Assessment and Risk Control and Management System

- Standardize the work process and specific operations of hazard identification, risk assessment and risk control, so as to minimize risks



V. SAFETY FIRST

In addition, in order to further strengthen the supervision and inspection of work on safe production, the Group stipulates that each subsidiary shall properly record the details of on-site safety supervision and inspection, and ensure that the supervision and inspection shall at least cover the following items:

- Implementation of safe production rules and regulations and safe operation procedures
- The use of labor safety protection products
- Special operating personnel holding valid certificates to work
- Rectification of potential safety hazards



In October 2021, the Group organized employees to participate in first aid training



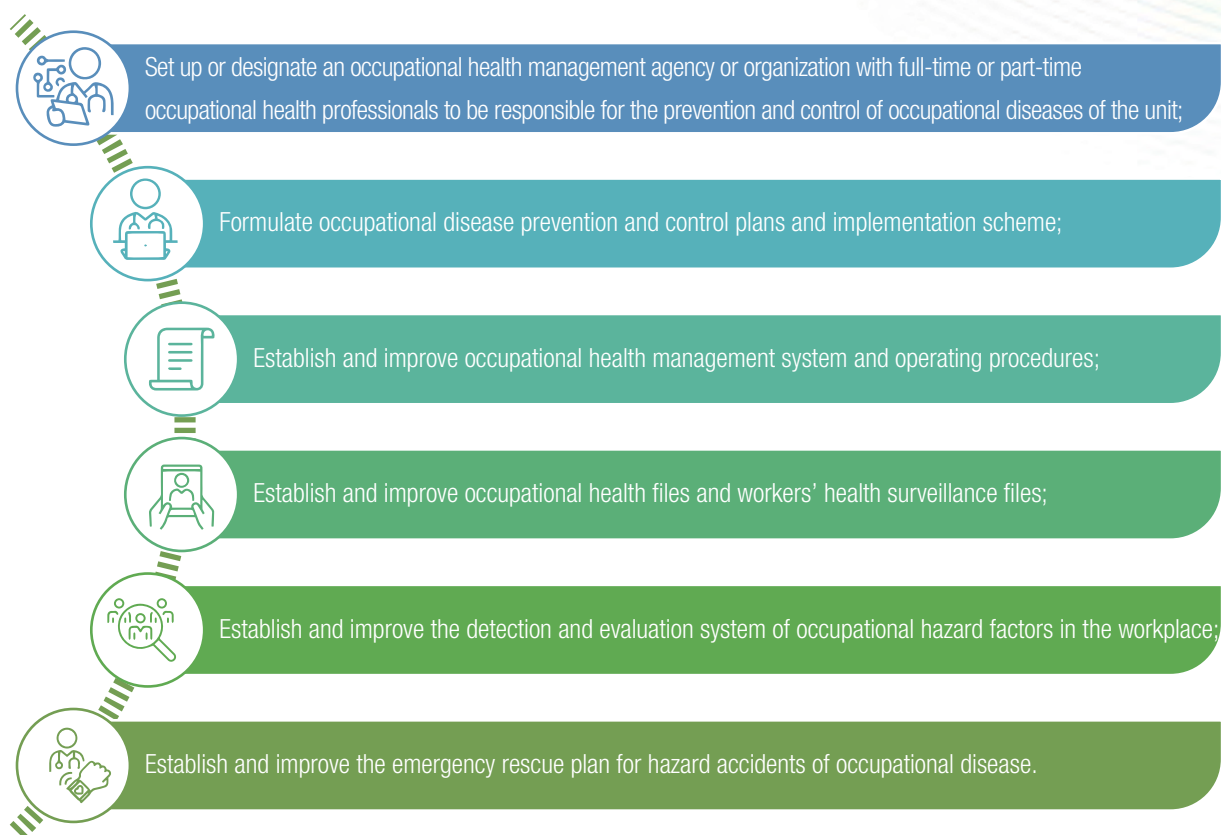
In November 2021, the Group organized employees to participate in fire drills



EMPLOYEE HEALTH CARE

The Group provides employees with a series of health and safety-related benefits and care, and strives to safeguard the health and safety of employees and prevent them from being harmed by occupational diseases and other unsafe factors. The Group regularly arranges health examinations for all employees every year, and organizes health lectures and activities to popularize health knowledge from time to time. In addition, on the basis of fully paying social insurance for all employees, the Group also purchases accident insurance for all employees and medical insurance for some management employees, and opens WeChat self-help claims service for them. Meanwhile, the Group also requires all subsidiaries to increase investment in safeguarding the health and safety of employees, and actively prevent occupational hazards, detect and inspect occupational hazard factors and perform occupational health examination, so as to provide employees with a healthier and safer working environment.

In addition, in order to strengthen the prevention and control of employees' occupational diseases and effectively protect employees from occupational diseases, the Group has continuously improved occupational health management. The relevant measures include but are not limited to the following:





V. SAFETY FIRST



A subsidiary of the Group arranges physical examination for employees

JOIN HANDS TO FIGHT THE PANDEMIC

The spread of the global COVID-19 pandemic in 2019 has severely challenged human health and social and economic development. In 2021, in the face of the prolonged global pandemic, the Group never let up, and insisted on fighting the pandemic with the highest standards and increased investment, so as to ensure the health and safety of employees and maintain normal production order.



The Group actively formulated and implemented plans and measures to prevent and control the pandemic, including but not limited to the following:

COVID-19 pandemic prevention and control management measures

- Actively encourage employees to participate in community vaccination campaigns against COVID-19, and earnestly cooperate with pandemic prevention requirements of communities.
- During the pandemic prevention and control period, factories adopt closed-off management to reduce the flow of personnel.
- All departments have strengthened the temperature detection and registration of their personnel and reported it to the department of safety and environmental protection (the “**Department of Safety and Environmental Protection**”) in a timely manner, require all employees in the factory to wear masks in public places. The Group arranges personnel to distribute masks, disinfectants and other anti-pandemic supplies to employees in a timely manner.
- The staff restaurant cancels meals in public areas and adopts staggered time for meals. The Group distributes tableware to employees in the factory, and all employees return to the dormitory for meals.
- The logistics department disinfects public areas including staff dormitories, canteens, and bathhouses every day.
- The Department of Safety and Environmental Protection adopts quarantine measures for those returning to the factory, and employees in the factory are not allowed to go out or have meals together to minimize gatherings of people.
- Through WeChat groups and other means, timely release health tips, pandemic prevention and control knowledge and medical guidance, and publicize key content such as “symptoms after infection with the COVID-19” and “how to protect them” to employees, guide employees to correctly understand the COVID-19, and promote the positive energy of fighting against the pandemic.



V. SAFETY FIRST



A subsidiary of the Group conducts pandemic prevention presentations in the Erlianhaote Port Park



Yiteng Mining, a subsidiary of the Group, conducts disinfection work in Gants Mod Port Park



SAFETY FIRST

INTENSIVE SAFETY TRAINING

The Group has formulated an annual education and training plan on safe production in accordance with the System of Promotion, Education and Training for Prevention and Control of Occupational Hazards, with an aim to improve the safety awareness of all employees and improve the safety management level of the Group. The Group requires all employees of production units to attend safety training, and the person with chief responsibility together with safe production management personnel must possess corresponding safe production knowledge and management capabilities and obtain corresponding qualification certificates. New recruits shall receive a three-level safety education at the company, department, and team level. After mastering the relevant safety knowledge and skills, they can officially enter the factory to work. In addition, special operations personnel such as electricians, motor vehicle drivers in the factory and mechanical operators must attend specialist safety knowledge training before commencing their duties and participate in periodic reviews.



V. SAFETY FIRST



Case:

“Safe Production Month” of Urad Zhongqi Haotong Clean Energy Co., Ltd.

In order to implement the national safe production policy, carry out the safe production responsibility system, and create a good atmosphere of “safety management is the responsibility of everyone”, in June 2021, Urad Zhongqi Haotong Clean Energy Co., Ltd., a subsidiary of the Group, launched the “Safe Production Month” activity. The event was themed “fulfilling safety responsibilities to develop safely”. The event aimed (1) to firmly establish the concept of “people-oriented, safe development”, put safe production in a more important position, improve the emergency plan system for safety, and further fulfill safe production responsibility; (2) enhance employees’ safety awareness; (3) further strengthen safety management; and (4) improve the level of rectification of hidden dangers.

This activity was directed and carried out by the leading group of the “Safe Production Month” activity in 2021. The leading group also set up an office under the Department of Safety and Environmental Protection which is responsible for the daily work of the “Safe Production Month” activity. A series of activities in relation to safe production were carried out successively, including:

- The launching ceremony of mobilization meeting during the “Safe Production Month” activity in the coal washing plant
- Safety laws and regulations knowledge publicity and learning activities for the management
- Safe production publicity and consulting activities
- Accident warning education activities for all staff
- Electrical hidden danger investigation and management activities
- Accident emergency plan drill
- Safety knowledge contest for staff



SAFETY FIRST



2021 "Safe Production Month" Launching Ceremony



2021 "Haotong Ankang Cup (浩通安康杯)" Knowledge Contest



V. SAFETY FIRST

SAFETY PERFORMANCE OVERVIEW

During the Reporting Period, the Group formulated and implemented the safety management objectives and indicators for 2021, and earnestly inspected and examined the equipment on a regular basis. The operating staff with certificates have been trained regularly to work to prevent fire, explosion, serious injury and other accidents.

Type	Indicator	Unit	Expectation Value	2021	2020	2019
Production (including occupational health and safety)	Fatality in the course of production	person	0	0	0	0
	Serious injury in the course of production	person	0	0	0	0
	Slight injury in the course of production	person	≤10	0	0	0
	Lost days due to work injury	day	0	0	0	0
	Accident related to large equipment	person	0	0	0	0
	Explosion of pressure vessel (including boiler)	person	0	0	0	0
	Identified occupational disease (including occupational poisoning)	person	0	0	0	0
Fire safety management	Accident of explosion of inflammable materials (fire and accident of explosion in production)	case	0	0	0	0
Public health safety	Mass food poisoning	case	0	0	0	0
	Outbreak of infectious diseases of Class I and Class II	time	0	0	0	0
Transportation safety management	General and traffic accident	case	≤2	0	0	0
Safety education and training	Rate of three-tier safety education	%	100%	100%	100%	100%
Safety inspections and rectifications of hidden dangers	Monthly safety inspection at the Company's level and completion rate of rectification	%	100%	100%	99%	100%



VI. CARE FOR ENVIRONMENT

The Group has always been committed to improving environmental management and practicing environmental protection operations. Strictly abiding by the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Energy Conservation Law of the People's Republic of China, and other laws and regulations of the countries or regions where the business is operated, we have formulated and implemented the Environmental Protection Responsibility System (《環境保護責任制》), the Environmental Monitoring Management System (《環境監測管理制度》), the Environmental Protection Management System During Production (《生產過程中環境保護管理制度》), the Energy Management System (《能源管理制度》) and other internal management systems to further regulate the management of environmental impact of construction projects, waste water and waste gas and solid waste emissions, environmental pollution accidents, continuously promote the implementation of energy conservation and emission reduction, and earnestly fulfill the Group's environmental protection responsibilities. During the Reporting Period, the Group did not have any violations of the above-mentioned laws and regulations related to waste gas and greenhouse gas emissions, pollution to water and land, and waste generation and disposal.

PROMOTE POLLUTION CONTROL AND EMISSION REDUCTION

The Group is committed to reducing pollutant emissions. By strengthening environmental construction, promoting the upgrade of efficient, environmental-friendly and intelligent logistics, and comprehensively strengthening environmental management and control, it promotes the development of transit transportation at the Sino-Mongolian ports in an efficient and environmental-friendly manner. The Group has formulated the Solid Waste Management System (《固體廢物管理制度》), the Environmental Protection Management System During Production and other rules and regulations, and has strictly abided by the requirements of the national environmental protection management system. It constantly promotes "non-containerised to container", "closed coal sheds", "multimodal transport", "digitalized reconstruction" and other environmental protection practices to control and reduce pollutant emissions caused by coal transportation, loading and unloading, and warehousing.



VI. CARE FOR ENVIRONMENT

The impact of the Group on the environment and natural resources in the course of business operations is mainly from dust, sewage, solid waste and noise caused by coal washing and coal transportation. In order to control and reduce the impact, the Group has conducted an environmental impact assessment, and constructed environmental protection equipment and facilities and auxiliary structures for environmental protection projects in accordance with national environmental protection requirements including the Law of the People's Republic of China on Environmental Impact Assessment. Meanwhile, we formulated the Administrative Measures for Safety and Environment of New Projects, Reconstruction Projects and Expansion Projects to strengthen the control and management of these projects in the bases and their design, implementation and acceptance process as a way to ensure compliance with national and local emission standards.

EMISSION AND MANAGEMENT OF AIR POLLUTANT

Air pollutants generated by the business operations of the Group mainly come from dust emissions during production and transportation. To this end, the Group actively takes various measures to reduce the generation and emission of dust. In terms of transportation, in response to the national environmental protection policy, the Group vigorously promotes the “non-containerised to container”, actively purchases containers and distributes them to various departure stations and coal washing plants, so as to facilitate the transportation of coal in containers and reduce the transportation of gondolas. These containers are widely used in cross-border transportation at ports and railway container transportation, which greatly reduces coal spillage and dust. Meanwhile, the Group requires that the container be covered with sheet cloth or sprayed with dust suppressants during coal transportation to further reduce the generation of dust. In terms of warehousing, the Group has constructed fully enclosed and environmental-friendly coal sheds in various port areas to effectively reduce the flying of coal dust. In addition, with regard to vehicle emissions, the Group adopts an economical vehicle speed. It sets the vehicle speed within the economical vehicle speed through technical means, and further reduces vehicle exhaust emissions by using vehicle urea. The Group also actively encourages employees to use public transportation to reduce exhaust emissions from private cars.



CARE FOR ENVIRONMENT

Dust reduction at the source

- To fully implement site hardening on outdoor storage areas, with the coals continuing to be covered by crepe or sprayed with crust-forming dust suppressant to reduce the spread of coal dust
- To gradually adopt closed containers to replace the outdoor storage model and increase the proportion of transportation by container
- To adopt closed-type coal sheds for coal storage, loading and unloading, and put fast loading station into service
- To exercise strict speed limit of 5km/h on vehicles entering relevant venues
- To gradually change the form of transportation - coal from foreign coal storage yards in Mongolia are directly dispatched to domestic train stations through cross-boundary transportation to reduce pollution arising from the second unloading

Active dust reduction

- To fully operate dust-reducing facilities and increase the frequency of water spraying in the factory to reduce dust
- To increase the frequency of coal dust cleaning

Operation to avoid dust

- In case of bad weather such as strong winds and sandstorms, coal storage venues will suspend loading work
- In severe pollution weather, stop part or all of the operations to prevent aggravation of air pollution



VI. CARE FOR ENVIRONMENT

During the Reporting Period, the total transportation volume of the Group reached 5.46 million tonnes, including Motor vehicles, Containers, Large gondola car and Small gondola car.

EMISSION AND MANAGEMENT OF SEWAGE

The wastewater of the Group mainly comes from domestic sewage. The Group strictly manages the operation and maintenance of sewage treatment facilities to ensure that sewage is treated by sewage treatment facilities such as septic tanks, oil separators and other sewage treatment facilities and can be discharged only after reaching the corresponding standards, and to prevent any untreated sewage or direct discharge of sewage due to equipment failure and other reasons. In addition, the Group regularly maintains wastewater treatment equipment and facilities including pools and canteen wastewater treatment tanks, and formulates special anti-leakage measures for toxic and harmful liquids such as mineral oil, paint, and acid, and strictly prohibits the leakage or related hazards of related substances.

EMISSION AND MANAGEMENT OF SOLID WASTE

The solid waste generated during the production and operation of the Group mainly comes from automobile tires and waste parts in the supply chain logistics sector, as well as gangue and coal slime in the clean raw materials sector. The Group has formulated and implemented the Solid Waste Management System to scientifically classify, collect, store and treat solid waste, take necessary measures in each link to prevent the scattering, loss and leakage of relevant substances, and prevent unauthorized dumping, stacking, discarding and littering solid waste. Meanwhile, the Group requires all production units to actively recycle industrial solid waste in light of their own economic and technical conditions. For automobile tires and scrap parts, the Group recycles the usable parts and sells those unusable to qualified scrap buyers. As for the by-product gangue and coal slime produced during the production process, the Group uses part of the gangue for road paving in the plant, and mixes part of the coal slime from the sedimentation tank into the raw coal for recycling. The coal dust spilled by the vehicle is also cleaned by a vacuum sweeper and then recycled for reuse.



CARE FOR ENVIRONMENT

MAKE GOOD USE OF ENERGY RESOURCES

The resources and energy consumption of the Group mainly come from the use of electricity and diesel in the production process of the clean raw materials sector and the supply chain logistics sector. In addition, as the raw materials and products of the Group are bulk materials, they are transported by vehicles or trains in containers or in bulk without packaging materials. In order to rationally utilize resources and improve energy utilization efficiency, the Group has formulated the Energy Management System, and has established an energy management system to standardize the management of the use of various energy resources, and clarify relevant planning, supervision, approval and other work. Meanwhile, a national standard Technical Guides for Evaluating the Rationality of Electricity Usage in Industrial Enterprise (GB/T3485) was adopted as the criteria of the Group for rational electricity usage.

In order to strengthen power saving, the Group regularly formulates power consumption plans, strictly approves and controls new power consumption and temporary power consumption, and at the same time continuously monitors the power consumption of each production link and conducts energy consumption assessment for each power consumption unit. In addition, the Group adopts the staggered power consumption method of “peak-load shifting”, actively promotes the application of various new energy-saving technologies, and renews power-consuming equipment, such as replacement of stacking screens and high-efficiency production equipment, and equips coal feeders, flotation pumps and other equipment with frequency conversion devices to further reduce equipment energy consumption.

In order to reduce the fuel consumption of transportation vehicles and save energy, the Group implements comprehensive energy management measures for vehicles. The Group has established a vehicle-specific refueling record system to calculate the monthly total fuel consumption and fuel consumption per 100 kilometers of each vehicle, and rank them. It reminds and trains drivers of vehicles whose fuel consumption exceeds the experience value. In addition, the Group’s container vehicles adopt an economical speed of 80 to 100 km/h, and are required to ensure that the maximum speed of all vehicles is within the economical speed to avoid unnecessary fuel consumption.



VI. CARE FOR ENVIRONMENT

The Group's production and domestic water comes from the municipal water supply system. Among them, Yiteng Mining Co., Ltd. in the supply chain sector is located at Gants Mod Port. As it is located in the northernmost part of the central region of Inner Mongolia, the climate is arid, with little precipitation in summer. During the peak period of customs clearance and imports, the water demand for port operations increases. Therefore, there will be occasional water difficulties such as intermittent government water cutoff and off-peak water use, but it basically does not affect the normal production and living in the park of the Group. Apart from this, neither the Company nor its other subsidiaries have water problems.

In order to improve water efficiency, the Group has strengthened water management and vigorously promoted the full utilization of the circulating water system. For instance, it uses reclaimed water to spray roads to reduce dust, so as to reduce the use of fresh water. Meanwhile, the Group continuously improves the efficiency of circulating water treatment and strives to achieve zero discharge of waste water. In addition, in terms of water use, the Group also requires all subsidiaries to formulate water use plans on a regular basis, and take effective water saving measures to strengthen the management, maintenance and upkeep of water supply, water use facilities and appliances, and ensure that the unit using water controls its leakage rate of water resource within 1% or less, and makes the reuse rate of water reach more than 50% and the reuse rate of water in the production workshop reach more than 90%, as a way to effectively improve the efficient use of water resources.

In addition, the Group's operation process also partly involves the consumption of coal for heating in winter. In this regard, the Group has adopted new technologies to replace traditional boilers with air-energy boilers, and has used clean raw materials to replace coal combustion, thereby effectively reducing coal consumption while saving energy and reducing emissions.



CARE FOR ENVIRONMENT



Case:

Water reuse measures in a coal washing plant

In order to implement the water-saving policies of the Group, Urad Zhongqi Haotong Clean Energy Co., Ltd. established a management office for reused industrial water for washing, to actively control and rationally utilize the reused industrial water for washing, and to carry out various measures, including but not limited to each of the following:

- Strengthen the environmental protection awareness of personnel in various departments, and publicize the importance and necessity of industrial reuse of water
- The coal washing plant adopts a closed loop method for washing, and in principle, it is not allowed to add circulating water at will to avoid the overflow of circulating water
- Maintain the equipment of slime water system to prevent running, spraying, dripping and leaking, thereby helping reduce the amount of supplementary water and the concentration of coal slime water
- Conduct water balance test, and the utilization rate of industrial reused water reaches more than 75%, a standard level of industrial reuse water rate
- Each workshop uses circulating water as much as possible when cleaning the floor and flushing the chute to reduce the amount of fresh water
- Ensure that the concentration of circulating water is kept below 50 grams per liter. If it is higher than this level, the amount of washing should be immediately reduced or stopped, and the coal slime water shall be treated separately at the same time

PRACTICE GREEN OFFICE

The Group adheres to the concept of “environmental friendliness” and “harmonious development”, advocates green office, and is committed to improving the office environment and building a garden-style enterprise. In order to continuously promote energy conservation and emission reduction and achieve the target of energy conservation, the Group issues the Targets for Energy Conservation and Reduction of Emissions every year as a way to require all subsidiaries to carry out energy conservation and emission reduction in offices in accordance with the requirements of the Group. In 2021, the Group required all subsidiaries to take 2020 as the benchmark and ensured that each unit shall achieve the following energy-saving goals:

- Average annual electricity saving target of 100 kWh per capita
- Average annual water saving target of 6 tonnes per capita, with an annual decrease of not less than 3%
- Fuel consumption of vehicles within 12.5 liters per 100 km, and annual vehicle consumption cost reduced by 5%
- Average annual office supplies saving of RMB100 per capita
- Average annual office telephone expenses of RMB50 per capita



VI. CARE FOR ENVIRONMENT

In order to realize the targets of saving water and electricity, the Group issued the Notice on Advocating Environmental Protection, Energy Saving and Emission Reduction (《關於倡導環保、節能減排的通知》) to employees in all offices during the Reporting Period. In terms of energy consumption management in office areas, energy consumption such as water, electricity, heating, and official vehicle fuel consumption in all office areas must be counted separately, managed by special personnel, and accounted for independently. The design, construction and materials used in all new buildings must meet the requirements of energy-saving standards. When purchasing energy-consuming office facilities, products with low energy consumption must be selected as far as possible. In terms of employee practice, the Group encourages employees to turn off the lights when leaving to prevent the occurrence of “lights burning day and night” in the office area, and to make full use of natural light; turn off computers, printers, electric kettles and other electrical facilities when off-duty or when not in use to reduce standby energy consumption; when setting the temperature of the air conditioner, strictly ensure that it is not lower than 26 degrees in summer and not higher than 20 degrees in winter; encourage employees on low floors to use stairs and reduce the frequency of elevator use; and minimize the use of official vehicles, and encourage employees to practice green travel by riding bicycle, walking, and taking public transportation. The Group also posts water-saving signs in office areas to encourage employees to save water.

The waste generated in the Group’s office premises mainly includes waste paper, household waste, kitchen waste, etc. In order to reduce and properly dispose of waste paper, the Group encourages employees to print on both sides, and the waste paper that has been used on both sides will be collected at designated collection points in the building for recycling. The Group also advocates ERP system process review, and implements electronic office procedures to reduce the use of paper documents. For example, online banking is used as much as possible to operate financial matters so that the procedures for arranging payments on paper are reduced. In addition, in order to reduce plastic waste, the Group encourages employees to bring their own lunch boxes when eating out, and reuse the packaging bags for purchases, thereby reducing the use of disposable plastic products. For other wastes, including household waste, recyclable waste will be handed over to recyclers for recycling, and non-recyclable waste will be placed at designated waste collection points.

Through various measures to protect environment and reduce emission, during the Reporting Period, the Group successfully achieved the 2021 annual targets of energy conservation and emission reduction, and will continue to advance the relevant work on energy conservation and emission reduction to further reduce the impact of the Group’s operations on the environment.



CARE FOR ENVIRONMENT

COMBAT CLIMATE CHANGE

As climate change intensifies, extreme weather and other climate events occur frequently, posing major risks to the global economy. Physical risks (such as extreme weather) and transition risks (such as low-carbon policies) directly or indirectly affect all walks of life. The Group pays attention to the impact of climate change on its business, and will continue to pay attention to related risks and opportunities, so as to better cope with climate change.

The main physical risks to the Group caused by climate change include extreme weather events including heavy rainfall, thunderstorms and strong winds. To this end, the Group has formulated the Summer Emergency Plan (《夏季應急預案》) to establish emergency measures for severe weather in summer, such as heavy rainfall, thunderstorms and strong winds, and arrange various departments to coordinate the prevention and response of severe weather, so as to protect the health and property safety of the Group's personnel and minimize losses. Specific emergency measures include but are not limited to the following:

- Prevention of flood, thunderstorm, and electric shock: all departments are required to prepare flood prevention materials in advance, and check the status of electrical equipment, water proofing buildings, and lightning protection facilities before the flood season. During heavy rain, personnel should be positioned to increase surveillance to ensure the safe operation and maintenance of equipment. Personnel in various positions shall stay indoors as far as possible and stop outdoor operations according to actual conditions.
- Windproof: check outdoor hanging objects to remove or reinforce by binding. All vehicles park at designated area to avoid other secondary accidents. Personnel shall stay indoors as much as possible and avoid walking under buildings. Before resuming production after strong winds, conduct a comprehensive inspection and confirmation of all production positions and equipment.



VI. CARE FOR ENVIRONMENT

In addition, in response to the transition risks brought by climate change to the Group in terms of policies, laws and regulations, the Group will coordinate and deploy departments at all levels, closely follow national policies and market trends, and take relevant contingency measures in a timely manner, so as to reduce the impact on the Group's business. In the future, the Group will also continue to improve the identification and response mechanism for climate change-related risks to further ensure that related risks are effectively controlled and managed.

ENVIRONMENTAL PERFORMANCE OVERVIEW

During the Reporting Period, we compiled environmental data on emissions and the use of resources of 55 subsidiaries¹ within the scope of this report.

Name	Unit	Amount in 2021
Emission of air pollutant ^{2,3}		
Nitrogen oxides (NO _x)	kilograms	35,136.40
Sulfur oxides (SO _x)	kilograms	2,650.83
Carbon monoxide (CO)	kilograms	27,484.90
Fine particulates (PM _{2.5})	kilograms	2,144.02
Respirable particulate matter (PM ₁₀)	kilograms	2,316.07
Smoke and dust	kilograms	160.15

¹ The statistical scope for 2020 is 40 subsidiaries. Due to the expansion of the statistical scope, the environmental performance value of 2021 may increase.

² The calculation method of air pollutant emission data is based on the Technical Guidelines for the Preparation of Emission Inventory from Road Motor Vehicles (Trial) (a small number of vehicles under the national six emission standards have not been updated because the calculation standards have not been updated, so they are calculated based on national five emission coefficient), the Technical Guidelines for the Preparation of Emission Inventory from Non-road Mobile Source (Trial) published by the Ministry of Ecology and Environment of the People's Republic of China, the First National Survey of Pollution Sources on Urban Waste Source Discharge Coefficients Handbook and the First National Survey of Pollution Sources on Industrial Pollution Source Discharge Coefficients Handbook issued by the State Council, the EMEP/EEA Air Pollutant Emission Inventory Guidebook – 2016 published by the European Environmental Agency, and the Internal Combustion Engine Emission Estimation Technical Manual Version 3.0 (《內燃機排放估算技術手冊3.0版》) issued by the Department of Agriculture, Water and the Environment of Australia

³ Among the air pollutant emissions, the calculation scope of nitrogen oxides and sulfur oxides includes road mobile sources (vehicles), non-road mobile sources (construction machinery), boilers, canteen cooking in Mainland China, and road mobile sources (vehicles) in Hong Kong, Singapore and Australia; the calculation scope of carbon monoxide and fine particulates includes Group's road mobile sources (vehicles) and non-road mobile sources (construction machinery) in Mainland China, as well as road mobile sources (vehicles) in Hong Kong, Singapore and Australia; the calculation scope of respirable particulate matter includes the Group's road mobile sources (vehicles) and non-road mobile sources (construction machinery) in Mainland China, as well as road mobile sources (vehicles) in Australia; the calculation scope of smoke and dust includes boilers and canteen cooking in Mainland China. Due to the limitation of calculation methods, the calculation scope of air pollutant data does not include road mobile sources (vehicles) in Japan and Mongolia, and cooking gas in Japan.



CARE FOR ENVIRONMENT

Name	Unit	Amount in 2021
Resource consumption and intensity		
Total electricity consumption	kWh	32,413,677.00
Intensity of electricity consumption	kWh/HK\$'00,000,000 operating income ⁴	78,704.54
Total consumption of liquefied petroleum gas ⁵	kilograms	8,326.54
Intensity of liquefied petroleum gas consumption	kilogram/HK\$'00,000,000 operating income	20.22
Total natural gas consumption ⁶	cubicle meters	109.00
Intensity of natural gas consumption	cubicle meter/HK\$'00,000,000 operating income	0.26
Total coal gas consumption ⁷	cubicle meters	288.40
Intensity of coal gas consumption	cubicle meter/HK\$'00,000,000 operating income	0.70
Total coal consumption	tonnes	803.00
Intensity of coal consumption	tonne/HK\$'00,000,000 operating income	1.95
Total petrol consumption	litres	440,933.75
Intensity of petrol consumption	litre/HK\$'00,000,000 operating income	1,070.64
Total diesel consumption	litres	8,488,518.15
Intensity of diesel consumption	litre/HK\$'00,000,000 operating income	20,611.20
Total energy consumption ⁸	MWh	98,545.04
Intensity of energy consumption	MWh/HK\$'00,000,000 operating income	239.28
Total water consumption	tonnes	195,836.90
Intensity of total water consumption	tonne/HK\$'00,000,000 operating income	475.52

⁴ During the Reporting Period, the operating revenue of the enterprises within the reporting scope of this report was HK\$41.184 billion

⁵ The total liquefied petroleum gas consumption is mainly attributable to the liquefied petroleum gas used in the canteens of some of the Group's subsidiaries

⁶ The total natural gas consumption is mainly derived from the gas used by some subsidiaries of the Group for canteen cooking

⁷ The total coal gas consumption is mainly derived from the coal gas used by some subsidiaries of the Group for canteen cooking and heating

⁸ The scope of total energy consumption includes the use of coal, gasoline, diesel, liquefied petroleum gas, natural gas, coal gas and electricity by the 55 subsidiaries of the Group



VI. CARE FOR ENVIRONMENT

Name	Unit	Amount in 2021
Volume and intensity of greenhouse gases emission		
Scope 1 ^{9,10}	tonnes of carbon dioxide	25,000.13
Scope 2 ¹¹	tonnes of carbon dioxide equivalent	18,927.47
Total emission of greenhouse gases	tonnes of carbon dioxide equivalent	43,927.60
Intensity of total emission of greenhouse gases	tonne/HK\$'00,000,000 operating income	106.66
Volume and intensity of hazardous wastes generated		
Amount of waste tires, auto parts, construction machinery parts generated	tonnes	20.00
Intensity of waste tires, auto parts, construction machinery parts generated	tonne/HK\$'00,000,000 operating income	0.05
Volume of waste battery generated	kilograms	15.00
Intensity of waste battery generated	kilogram/HK\$'00,000,000 operating income	0.04
Waste ink cartridges generated	box	168.00
Intensity of waste ink cartridges generated	box/HK\$'00,000,000 operating income	0.41

⁹ The calculation scope of greenhouse gases (Scope 1) includes the Group's road mobile sources (vehicles), non-road mobile sources (construction machinery), boilers, and canteen cooking in Mainland China, as well as road mobile sources (vehicles) in Hong Kong, Singapore, Japan, Mongolia and Australia, and gas use in Japan

¹⁰ The calculation method of greenhouse gases (Scope 1) emission data is based on the Greenhouse Gas Emissions Accounting Methodology and Reporting Guidelines for Land Transport Enterprises (Trial) (a small number of vehicles under the national six emission standards have not been updated because the calculation standards have not been updated, so they are calculated based on national five emission coefficient), the Technical Guidelines for the Preparation of Non-road Mobile Source Air Pollutant Emission Inventory (Trial), the Enterprise Greenhouse Gas Emissions Accounting and Reporting Guidelines – Other Industries (Trial), and the First National Survey of Pollution Sources on Urban Waste Source Discharge Coefficients Handbook published by the Ministry of Ecology and Environment of the People's Republic of China, and the Guidelines to Account for and Report on Greenhouse Gases Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 Edition) jointly published by the Electrical and Mechanical Services Department and the Environmental Protection Department of Hong Kong, the 2008 National Greenhouse and Energy Report (Measurement) Assessment (《2008年國家溫室和能源報告(測量)評定》) of Australia, the Calculation Method and Emission Factor List in Calculation/Reporting/Publication System (《計算/報告/公佈系統中的計算方法和排放因子清單》) issued by the Ministry of the Environment of Japan, and the Calculation Tool for Greenhouse Gases Emissions from Combustion of Transport or Mobile Sources published by the Greenhouse Gas Protocol

¹¹ The calculation scope of greenhouse gases (Scope 2) includes the use of purchased electricity by 55 subsidiaries of the Group. The calculation method of emission data is based on the average emission coefficient of the national power grid in 2021 in the Greenhouse Gas Emissions Accounting Methodology and Reporting Guidelines for Power Generating Equipment of Enterprises (《企業溫室氣體排放核算方法與報告指南-發電設施》) published by the Ministry of Ecology and Environment of the People's Republic of China, the "Carbon Calculator" from HK Electric Investments Limited, and the Calculation Tool for Greenhouse Gases Emissions from Purchased Electricity published by the Greenhouse Gas Protocol



CARE FOR ENVIRONMENT

Name	Unit	Amount in 2021
Volume and intensity of non-hazardous wastes generated		
Volume of waste plastic bottles generated	kilograms	550.00
Intensity of waste plastic bottles generated	kilogram/HK\$'00,000,000 operating income	1.34
Volume of waste paper generated	tonnes	7.00
Intensity of waste paper generated	tonne/HK\$'00,000,000 operating income	0.02
Volume of domestic waste in office generated	tonnes	256.44
Intensity of domestic waste in office generated	tonne/HK\$'00,000,000 operating income	0.62
Disposed office supplies	kilograms	15.00
Intensity of disposed office supplies generated	kilogram/HK\$'00,000,000 operating income	0.04
Volume and intensity of solid waste ¹² generated		
Volume of gangue generated	tonnes	79,259.44
Intensity of gangue generated	tonne/HK\$'00,000,000 operating income	192.45
Volume and intensity of sewage generated		
Volume of sewage generated	tonnes	29,495.80
Intensity of sewage generated	tonne/HK\$'00,000,000 operating income	71.62

¹² Since the Group will produce by-product slime for external sales, slime will not be included in the statistical scope of solid waste



VII. HUMAN-ORIENTED

The Group regards talents as the cornerstone of the Group's development. Having always been human-oriented, the Group safeguards the rights and interests of employees, and is committed to building a broad development and growth platform for employees and creating an equal, open, harmonious and mutually helpful working environment.

STANDARDIZE EMPLOYMENT MANAGEMENT

The Group strictly abides by the laws and regulations and management regulations including, the Labour Law of the People's Republic of China, Labour Contract Law of the People's Republic of China, the Employment Promotion Law of the People's Republic of China, the Labour Dispute Mediation and Arbitration Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors, the Individual Income Tax Law of the People's Republic of China, the Regulation on the Implementation of the Employment Contract Law of the People's Republic of China, the Regulations on the Paid Annual Leave of Employees, Regulations on the Management of Employment of Foreigners in China, the Regulations for the Recruitment of Personnel for Technical Professions, the Special Regulations for the Protection of Female Workers, the Underage Workers Special Protection Provisions (《未成年工特殊保護規定》) and the Prohibition of Child Labour Provisions (《禁止使用童工規定》). During the Reporting Period, the Group did not receive any report of events in violation of laws and regulations with respect to the recruitment, dismissal, remuneration, promotion, working hours, holidays, equal opportunity, diversity and anti-discrimination of employees, and there is no use of child labor or forced labor.

The Group has formulated the Human Resources Management System to make specific specifications in seven aspects of the Group's employee recruitment, salary, incentives, selection and deployment, training and development, cross-regional management and supervision, and has established and smoothed communication channels with employees. The Group opposes any form of discrimination to effectively protect the rights and interests of employees. The Group implements standardized management of the human resources of each subsidiary. It mainly adopts local recruitment supplemented with group deployment. In light of the Group's business management needs and the needs of all-round development of talents, post exchange activities for key employees of subsidiaries in various regions are carried out to promote the growth and development of employees.

The Group adheres to the recruitment principles of taking into account of "morality, avoidance of relatives' interference, teamwork, professionally focused, putting less emphasis on formality and scientific evaluation", and insists on open recruitment, equal competition, merit-based admission, and internal first. In order to ensure the Group's ability to select various talents in a scientific and reasonable way and to recruit them in a timely and effective manner, the Group has established a talent evaluation system to improve recruitment evaluation methods, clarify evaluation indicators and specific evaluation contents, and has set evaluation teams to evaluate candidates scientifically and effectively, and has signed labor contracts with recruits in accordance with the law.



HUMAN-ORIENTED

The Group adheres to the dynamic management method of human resources, continuously promotes human resources planning, and formulates periodic human resources goals and plans on the basis of analyzing and grasping the current situation of human resources. The Group has formulated the Advanced Talent Recruitment Management System (《高級人才招聘管理制度》) to actively recruit senior talents to meet the Group's sustainable development needs. Meanwhile, the Group has formulated the Internal Competition Management Measures for Key Positions (《關鍵崗位內部競聘管理辦法》). When there are vacancies in key positions, it will give priority to the selection of substitutes through internal competition, so as to fully tap the internal talents of the Group, introduce a competition mechanism, and optimize the allocation of human resources. In addition, the Group also actively builds a reserve talent team, and prioritizes job rotation, training and promotion opportunities for reserve talents, so as to cultivate high-potential talents who can take over key positions for the long-term development of the enterprise.

The Group strictly abides by the relevant laws, regulations and management regulations including the Law of the People's Republic of China on the Protection of Minors, the Prohibition of Child Labour Provisions, and the Underage Workers Special Protection Provisions to strictly prohibit the employment of child labor and forced labor, and has formulated and implemented the Elimination of Child Labor and Forced Labor System (《杜絕童工及強制用工制度》). The Group requires that in the process of recruiting and handling employee induction procedures, it is necessary to carefully check and compare the applicant's ID card, household register and other personal information, and check the age and other relevant information. If an applicant is found to be under the age of 18, it will not be accepted, and the relevant employment registration and verification materials shall be kept properly. If child labor is found, the Group will immediately take remedial measures, report to the local labor department, immediately stop their work and undergo a physical examination. With the confirmation of the labor department, the Group will pay salaries and designate personnel to escort them home. It will also find out the reasons and strictly hold the relevant personnel accountable. In terms of preventing forced labor, the Group also implements relevant management measures. During the recruitment process, the Group clarifies the labor relationship by signing labor contracts with recruits in accordance with the law, and based on the principle of fairness and voluntariness, prohibits any forced or deceptive means to recruit employees. The Group strictly prohibits seizure of valid documents of employees such as ID cards, collection of deposits, and any violent means to force employees to work or making illegal requests. Once discovered, relevant personnel will be dealt with in accordance with factory regulations, and if serious consequences are caused, they will be sent to the public security department for processing.



VII. HUMAN-ORIENTED

As at 31 December 2021, there were 1,749 full-time employees in the Group (no part-time employee). The number of employees by category is detailed as follows:

Indicator	Unit	2021
By gender		
Male	person	1,568
Female	person	181
By age group		
Below 35	person	200
35 to 44	person	755
Above 45	person	794
By region		
Beijing	person	115
Shanghai	person	2
Jiangsu	person	5
Shanxi	person	3
Inner Mongolia	person	152
Tianjin	person	6
Liaoning	person	4
Shandong	person	11
Hainan	person	27
Zhejiang	person	10
Guangdong	person	2
Hong Kong	person	12
Macau	person	6
Mongolia	person	1,372
Singapore	person	15
Japan	person	3
Australia	person	4



HUMAN-ORIENTED

Employee turnover rate ¹³		
By gender		
Male	percentage	2.00%
Female	percentage	9.95%
By age group		
Below 35	percentage	10.31%
35 to 44	percentage	2.71%
45 and above	percentage	1.00%
By region		
Beijing	percentage	14.18%
Shanghai	percentage	71.43%
Inner Mongolia	percentage	11.11%
Liaoning	percentage	33.33%
Hong Kong	percentage	7.69%
Mongolia	percentage	0.36%
Singapore	percentage	6.25%

¹³ The formula for calculating the turnover rate of each category of employees is: the number of employees in this category/(total number of employees in this category as of the end of the Reporting Period + the number of employees who quit in this category during the year) × 100%



VII. HUMAN-ORIENTED

GUARANTEE EMPLOYEE BENEFITS

According to the Human Resources Management System, the Group stipulates remuneration, working hours, holidays and other treatment and benefits of employees, with an aim to provide employees with reasonable and diversified remuneration, holidays and other benefits. The Group adheres to a principle of standardized management, job-based remuneration, and leading remuneration to manage remuneration, and ensures that it fully pays social insurance and commercial accident insurance for all regular employees in a timely manner. By practicing the incentive policies of paying equal attention to spirit and material, enhancing the sense of belonging of the team, emphasizing the development of personality, prompting rewards, and encouraging innovation, we actively provide employees with comprehensive benefits, effectively enhance their happiness, and inspire their sense of mission. The Group requires each subsidiary to set working hours according to the actual situation in each region. Among them, the daily working hours of subsidiaries located in first-tier cities is 7.5 hours.

In addition, the Group guarantees that employees in various regions can enjoy various statutory holidays stipulated by the state, as well as paid annual leave, personal leave, sick leave, and public leave¹⁴, marriage and funeral leave, maternity leave, paternity leave, breastfeeding leave, family visit leave and other holiday benefits. During statutory holidays, the Group will also arrange for employees who need to be on duty due to production and work needs to take time off after work. In addition, the Group strictly regulates overtime management, incorporates overtime management regulations into the attendance system of each subsidiary, which is detailed in the employee handbook. For those who need to work overtime, employees must fill in an overtime application form, and work overtime only after approval. Meanwhile, the Group will provide overtime employees with time off compensation or overtime pay.

¹⁴ Public leave refers to holiday approved by the unit to participate in meetings, training and social activities, etc.



HUMAN-ORIENTED

During the Reporting Period, the Company and its subsidiaries carried out a variety of employee activities to help employees relieve work pressure, promote friendship and interaction among colleagues, and enhance team cohesion and sense of belonging.



"Summer Family Day" Activity at E-Commodities Beijing Office



VII. HUMAN-ORIENTED



Multi-departmental Exchange Activities



Cultural and Sports Activities for Employees of Urad Zhongqi Coal Processing Plant



HUMAN-ORIENTED



Jining Washing Plant Spring Festival Gala



Staff Birthday Party in July of Salaqi Coal Processing Plant



Outstanding Staff Commendation Conference of Yiteng Mining



VII. HUMAN-ORIENTED

PAY ATTENTION TO TALENT TRAINING

The Group attaches great importance to the vocational education and training of talents, continuously establishes and improves the training system, and is committed to providing a broad development platform for employees. The Group encourages and supports employees to continuously improve their own abilities by providing various forms of training resources and development platforms, as well as adequate work training opportunities, and combines personal development of employees with corporate progress to meet the needs of change and innovation.

The Group has adopted the Human Resources Management System to specifically regulate the training-related work. The human resources and administration department of the Company is responsible for carrying out the overall training of the Group, and planning, guiding and supervising the training content. The human resources department of each subsidiary can formulate and implement specific training plans in light of their own actual conditions. The training process of the Group includes the demand survey before the training, the formulation of the annual training plan, work arrangements in training, and the effect evaluation and summary after the training. Taking the “Winsway Academy (永暉書院)” as a platform, the Group has built a training course system that conforms to the corporate culture and characteristics, so as to enhance the overall management level of the Group and competence of employees for key positions. The training are mainly categorized into “management training”, “knowledge and skills training” and “corporate culture training” by content, and are carried out through internal training, external training, online training and event training.



Training System of the Group



HUMAN-ORIENTED

During the Reporting Period, the Group held a number of training activities with different themes, including but not limited to the following:



In January 2021, the Group organized official document writing training



In May 2021, the Group organized a training activity with the theme of "Self-evolution in New Logistics (新物流的自我进化)"



In June 2021, the Group organized an introductory training activity on reading annual reports of listed companies



VII. HUMAN-ORIENTED



Case:

Urad Zhongqi Coal Processing Plant — Training Activities Themed “Shaping a Sunshine Mentality, and Releasing Work Enthusiasm (塑造陽光心態，激發工作熱情)”

In order to release positive energy and create a positive working attitude of employees, on 26 May 2021, Urad Zhongqi Haotong Clean Energy Co., Ltd., a subsidiary of the Group, held a one-day training activities themed “Shaping a Sunshine Mentality, and Releasing Work Enthusiasm” for front-line management.

The training was highly valued by the leaders of the Company. Mei Haibin (梅海斌), general manager of Zhongqi Haotong (中旗浩通), attended the training and delivered a speech: “during the special period of this year, in the face of the impact of the pandemic on our production and the mentality of employees, it is very necessary to hold this training, because a good attitude is the source of a happy life and a happy work. As long as we work with a positive attitude and treat it as a career, we can experience the joy of work, feel the joy of success, and share the fruits of development together.”





During the training, the training teachers mainly adopted a way of “interactive games + sharing insights + professional guidance”, with focus on teamwork, team communication and guiding everyone to treat life and work with an optimistic attitude. All the trainees actively interacted with the trainers.



Among them, in the “Drawing Your Corporate Vision” section, employees in the training were divided into three groups, and created paintings with the theme of good expectations for the Company, and went on stage to illustrate the connotation and implication of the group paintings as a way to send expectations and best wishes for the Company’s development. In the last session, employees put their paintings and dream lists into balloons to fly, pushing the whole training activity to a climax. After the training, the teachers and employees sang the Same Song (同一首歌) hand in hand, which also marked the successful conclusion of the training activity.



This training enabled employees to re-know themselves and the team, and have more confidence in themselves and the team, which helped them relax their minds and work in more active and happy manner.



VII. HUMAN-ORIENTED

During the Reporting Period, the percentage of employees trained¹⁵ and the average training hours¹⁶ by category are as follows:

Percentage of employees trained		
By gender		
Male	percentage	86.10%
Female	percentage	13.90%
By employee category		
Senior management	percentage	0.77%
Middle management	percentage	3.61%
Grass-roots employees	percentage	95.62%
Average training hours		
By gender		
Male	Hour	0.25
Female	Hour	2.42
By employee category		
Senior management	Hour	2.05
Middle management	Hour	7.82
Grass-roots employees	Hour	0.26

¹⁵ The formula for calculating the percentage of employees trained by relevant category is: number of employees trained by relevant category/total number of employees trained × 100%.

¹⁶ The formula for calculating the average training hours of employees in each category is: total training hours of employees in this category/total number of employees in this category × 100%.



VIII. SINCERE QUALITY

The Group is committed to continuously improving quality control and insists on operating with integrity to ensure product quality. The Group strictly abides by laws and regulations, adheres to integrity and self-discipline, and effectively protects the legitimate rights and interests of enterprises and shareholders. Based on customer needs, the Group strictly controls product quality, continuously improves service standards, and continues to create social and economic benefits as a way to lay a solid foundation for development.

ABIDE BY INTEGRITY

On the basis of strictly abiding by the Criminal Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China and other laws and regulations on the prevention of bribery, extortion, fraud and money laundering, the Group has formulated and implemented the Anti-Fraud Policy (《反舞弊政策》) to strengthen the Group's efforts to monitor internal anti-fraud, create a good atmosphere of integrity and diligence, and prevent acts that harm the interests of the Company and shareholders. Under the leadership of the Board, the Group is led by the technical supervision department to carry out disciplinary inspection and supervision. The department is responsible for regulating the occupational conduct of the Company's president, directors, management and employees, supervising each business department and subsidiary, receiving and handling complaints and reports, and taking a zero-tolerance attitude towards any conduct that violates discipline and damages the interests of the Company. In addition, in order to prevent conflicts of interest, the Group also regulates and guides the practice of personal business ethics in the employee handbook. During the Reporting Period, the Group did not receive any report of events in violation of laws and regulations related to bribery, extortion, fraud and money laundering, and there was no corruption lawsuit brought against the Company or its employees and concluded.

The disciplinary inspection and supervision department of the Group are responsible for handling the use of deception and other illegal means by internal and external individuals of the Group to seek personal illicit interests, and damage the legitimate economic interests of the Company, or an act to seek illegitimate economic interests of the Company and likely bring illegitimate interests to individuals. In addition, the Group has established a comprehensive and effective internal reporting system. Employees can report concerns and information regarding frauds and violations committed by relevant companies, employees or company agencies to the discipline inspection and supervision department or the Human Resources Department in real names or anonymously through various channels such as visits, letters, reporting phone calls, and emails. Reporting matters include but are not limited to:



VIII. SINCERE QUALITY

- Violations of the Company's regulations and systems, provisions and employee code
- Acceptance of bribes and kickbacks; illegal use of the Company's assets, corruption, embezzlement, encroachment, theft of the Company's assets
- Non-compliance with provisions or failure to perform duties properly; intentional concealment or incorrect report of any transaction, resulting in significant economic losses to the Company
- Conduct involving any conflict of interest of employees, including senior management
- Fabrication and misrepresentation of documents for personal interests
- Disclosure of any trade or technical secret of the Company, and other corrupt practices which are detrimental to the Company's financial benefit

Disciplinary inspection and supervision personnel will promptly register the report after receiving it. When the reported case is determined to be necessary for investigation, the relevant discipline inspection and supervision personnel will immediately start the inspection mechanism, and establish an investigation team of at least two people with relevant functional departments including Human Resources Department, legal affairs department, finance department, and company-level leaders. The team is responsible for promoting the investigation and handling, and making full use of the Company's Internet technology to collect evidence comprehensively, objectively and fairly in accordance with the law through on-site inspections. After the investigation, the discipline inspection and supervision department will issue an Investigation Report to explain the investigation results and take corresponding follow-up actions. The discipline inspection and supervision department also includes the reported matters into the report log, and uniformly codes all the investigation materials for filing.

The Group strictly keeps confidential the information of whistle-blowers, and will seriously deal with the leakage of the report according to the circumstances. Meanwhile, illegal retaliation is prohibited. If there is illegal discrimination, retaliation or hostilities against the informant, information provider or the person in charge of investigating fraud, or intentional provision of false information to retaliate against or slander others, the Group will deal with it seriously in accordance with the rules and regulations, and acts violating the law will be transferred to the judicial authority for handling according to the law.

The Group continued to conduct anti-corruption training in 2021. Among them, legal knowledge training was included in the induction training for new employees, especially the special education and training on anti-corruption, position embezzlement, and theft. At the same time, the legal and anti-corruption training was not limited to new employees. The Group also invited directors and all employees to participate in the training through online conferences. During the Reporting Period, the Group conducted a total of 3 anti-corruption training sessions with a total of 27 participants. The lectures were given by the legal affairs department, and participated by the finance department, technical supervision department, personnel department, asset management department, business development department and other departments.



SINCERE QUALITY

SINCERE AND LASTING QUALITY

The Group has established the concept of “Quality First”, and strictly complies with the Production Safety Law of the People’s Republic of China, the Law of the People’s Republic of China on Road Traffic Safety, the Regulations on the Administration of Railway Safety, the Coal Industry Law of the People’s Republic of China, the Mineral Resources Law of the People’s Republic of China, the Regulations on Coal Safety Supervision (《煤炭安全監察條例》), the Mine Safety Law of the People’s Republic of China, the Product Quality Law of the People’s Republic of China (《中華人民共和國產品質量法》) and relevant laws and regulations to continuously improve the construction of quality management system. During the Reporting Period, the Group had no incidents of violating the laws and regulations related to product and service on aspects of health and safety, advertising, labeling and privacy matters and remedies, and no products sold or shipped needed to be recalled due to safety and health concerns.

QUALITY MANAGEMENT

The Group has formulated and implemented the Technical Supervision and Management System and the “Three Prohibitions” Management System for the Release of Substandard Products (《不合格品「三禁」管理制度》) to further strengthen the control of substandard products, improve quality control, prevent quality accidents, and ensure product quality is up to standard. The Group’s “Three Prohibitions” are as follows:

- Products not inspected are prohibited from leaving. Allocation, sales and delivery of products which have not been tested by the laboratory are prohibited.
- Prohibit shoveling unqualified products into qualified products for delivery. After unqualified products are identified, on-site personnel or other management personnel are prohibited from shoveling the unqualified products into qualified products for delivery without approval.
- Direct loading of contaminated coal or substandard products on the platform is prohibited. All contaminated coal or unqualified products on the platform must be returned to the factory for processing, and on-site personnel or other management personnel are prohibited from arranging direct loading or on-site shoveling and loading without approval.

On the basic principles of “products not inspected are prohibited from entering” and “products unqualified are prohibited from leaving”, the Group has carried out prosecution and control from the aspects of procurement and storage, production and delivery, indicators and settlement, and automobile transportation quality (details are shown in the figure below) to ensure quality control at source. And after receiving feedback on product quality issues, we will promptly investigate and recover substandard products without delay.



VIII. SINCERE QUALITY

Procurement and storage

- Calculate and monitor the pass rate based on the purchase contract index and the test and inspection data of each port

Production and delivery

- Calculate and monitor the pass rate based on the quality standards issued by the operation dispatcher, and the test and inspection data of each washing base

Indicators and settlement

- Based on the results of the outgoing inspections of each washing base, the settlement will be made according to the range of indicators such as moisture, ash, and sulfur, and deductions and penalties will be imposed on the parts that exceed the range

Automobile transportation quality

- Based on the outgoing test and inspection indicators, and with on-site business delivery and check as the nodes for inspection, deductions and penalties will be imposed on those that exceed the scope of the indicators

CUSTOMER SERVICES

The Group continues to improve the customer feedback mechanism and unblock the feedback channels with an aim to continuously improve customer satisfaction. Customers can give feedback to the Group's technical supervision department, design committee or legal affairs department through monitoring emails, monitoring hotlines and other channels for their opinions or complaints about products and services. The Group has established a complaint management mechanism. A special investigation team will be formed after the complaint is received. Surveys are conducted through on-site investigation, evidence collection, interviews with personnel, account checking and auditing and other ways. On the basis of adequate communication and knowledge of the facts, the Group will issue investigation conclusions and take corresponding legal measures. During the Reporting Period, the Group did not receive any complaints about products and services.

REASONABLE MARKETING

Strictly abiding by laws, regulations and management regulations such as the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》) and the Regulations on Advertising Management (《廣告管理條例》), the Group has formulated and implemented the Sales Management System (《銷售管理制度》) to further regulate the advertising and labeling of product sales and marketing services to avoid the occurrence of misleading information, and clearly require sales staff to be honest and self-disciplined, act impartially, and not to seek personal gain in sales business, effectively promote legal and reasonable marketing, and protect consumers' rights and interests.



SINCERE QUALITY

INTELLECTUAL PROPERTY

The Group attaches great importance to the protection of intellectual property rights and encourages employees to invent and create. Strictly abiding by the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Regulations for the Implementation of the Trademark Law (《商標法實施條例》), the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), the Intellectual Property Law of the People's Republic of China (《中華人民共和國知識產權法》), the Tort Liability Law of the People's Republic of China (《中華人民共和國侵權責任法》) and other relevant laws and regulations as well as management regulations, the Group has formulated and implemented the Intellectual Property Management System (《知識產權管理制度》). The legal affairs department of the Group is responsible for applying for intellectual property registration, drafting and signing agreements in relation to intellectual properties and other related management work. Any contract involving intellectual property rights in the technology development, technology transfer, technical consultation, technical service, contract processing and other contracts entered into by the Group must strictly abide by the relevant provisions of the Group's confidentiality system, and must specify the provisions in respect of intellectual property protection in the contract.

During the Reporting Period, the Group applied for 5 new software copyrights, covering the entire circulation aspects such as multimodal transport, container management, online freight, warehousing, and cross-border transportation, and also applied for a total of 64 new trademarks to protect the creative intellectual achievements and industrial, commercial marks of the Group and its employees and prevent intellectual property rights from being squatted by others. In addition, the Group was actively developing computer software systems in 2021, and is expected to formally submit three applications for computer invention patents in 2022.



VIII. SINCERE QUALITY

PRIVACY PROTECTION

In strict compliance with the Consumer Rights Protection Law of the People's Republic of China (《中華人民共和國消費者權益保護法》), the Several Provisions of the State Administration for Industry and Commerce on Prohibiting Infringement of Commercial Secrets (《國家工商行政管理局關於禁止侵犯商業秘密行為的若干規定》), the Network Security Law of the People's Republic of China (《中華人民共和國網絡安全法》), the Administrative Measures for Internet Information Services (《互聯網信息服務管理辦法》), the Regulations on the Protection of Personal Information of Telecommunications and Internet Users (《電信和互聯網用戶個人信息保護規定》), the Guidelines for the Security Protection of Internet Personal Information (《互聯網個人信息安全保護指南》) and other relevant laws, regulations and administrative regulations, the Group has formulated and implemented the Confidentiality System (《保密制度》) and Administrative Rules on Internet Behavior (《上網行為管理規則》) to perform confidential management of confidential information including customer information, which is described in the Employee Handbook (《員工手冊》). The Group has signed the Employee Confidentiality Agreement (《員工保密協議》) with its employees to strengthen their confidentiality awareness and protect the information security of the Group and customers. Based on the nature of the private information, the Group divides such information into different levels of confidentiality, and then determines the scope of the secret-related personnel accordingly as a way to reduce the number of people who have the information, and thus lower the risk of information leakage. For information that demands to be kept confidential for a long time, the Group will sign confidential information and non-competition agreements with secret-related personnel to ensure that the information remains confidential for a long time. The Group's supervision department and legal affairs department will continuously and closely track the security management of the privacy of the Group and customers, adopt a zero-tolerance attitude towards violations, and take legal measures when necessary, so as to safeguard the privacy and business interests of the Group, its customers and partners.



SINCERE QUALITY

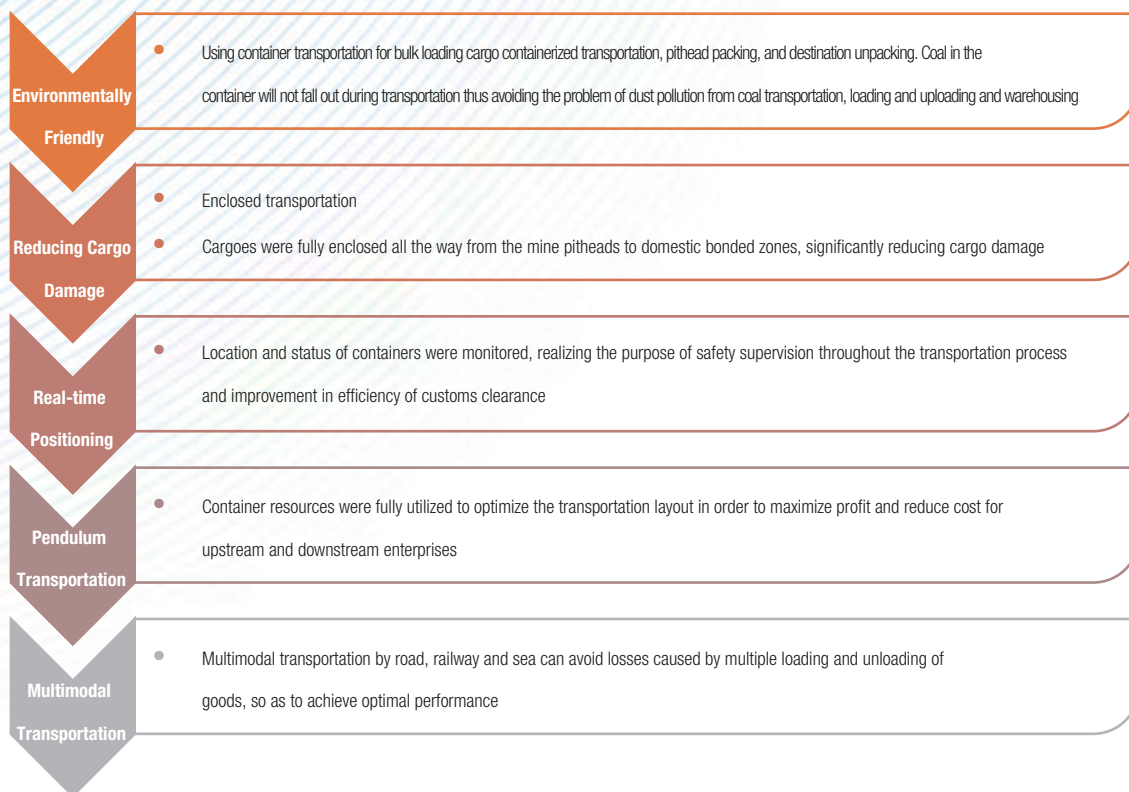
DEVELOPMENT DRIVEN BY INNOVATION

The Group focuses on continuous improvement of technology and intelligent applications, and works to advance working efficiency, improve the working environment of employees and ensure the safety of cargo transportation. In response to the national development direction of “carbon peaking” and “carbon neutrality”, the Group will continue to invest resources in technological progress and intelligence, and practise green transportation.

Intelligent control is one of the main development goals of the Company. Its technical advantages lie in the functions of unmanned autonomous driving and intelligent obstacle avoidance, which can effectively create a safe and efficient transportation environment. In the construction of intelligent control, the Company widely applies high and new technologies such as the Internet of Things, artificial intelligence, unmanned driving, and blockchain. The advantages of intelligent traffic management, safety protection capability, emergency braking and warning functions can secure the goods of customers, and also strengthen the protection of employees' working environment. Unmanned autonomous driving and intelligent control can reduce the contact of offline personnel, and realize intelligent, innovative customs clearance, namely “unmanned customs clearance (貨通人不通)” to help prevent and control the pandemic. The coordination of management efficiency and environmental benefits in the logistics process is another major development goal. Adhering to the concept of environmental protection, the Group has continuously promoted the sustainable upgrade of coal storage and transportation for the purpose of environmental protection. The Group has vigorously advanced the logistics practice related to railway container transportation, and has fully utilized its multiple advantages including high environmental benefits and low transportation losses, so as to achieve the dual goals of reducing environmental pollution and improving logistics efficiency.



VIII. SINCERE QUALITY





SINCERE QUALITY

Technological progress and intelligence not only ensure the safety of employees, goods and working environment, but also advocate the concept of environmental protection. In the cross-border transportation scenario, the Company takes the lead in applying the AGV (Automatic Guided Vehicle) unmanned cross-border transportation management system. The AGV is driven by pure electricity and oil-electric hybrid, effectively reducing carbon dioxide emissions. In addition, the application of shipping containers complies with the requirements of “non-containerised to container” for bulk commodity and environmental protection.



The Group's AGV Fleet



VIII. SINCERE QUALITY

In addition to the AGV unmanned cross-border transportation management system, the Group also has a number of systems that have been applied in different business scenarios to efficiently solve corresponding problems. Details are as follows:

Multimodal transport system

- Designed for the scenario of coal bulk cargo and container transportation, the system covers the whole process of shipping, subcontracting, dispatching, and actual carrier transportation, and realizes data exchange in the whole chain.
- It covers the complete upstream and downstream business of cargo owners, shipping companies, warehousing, parks, and container owners, and connects the business roles of shippers, carriers, transport drivers, dispatcher, and finance in various scenarios.

Container system

- By installing GPS positioning equipment and RFID tags on the container, the collection and tracking of container information can be realized by connecting with IOT equipment and transportation systems.

Network freight platform

- Solve the problem of massive waste of transportation cost and information mismatch.
- It can not only facilitate its own application of network freight qualifications and operation of business in the future, but also export services for building a network or cloud platform.

Warehousing system

- System functions include but are not limited to yard management, warehousing contract signing, warehousing fee settlement, cargo release process, vehicle entry and exit procedures, cargo title transfer, customs release, coordination with transportation business, etc.

E-coking coal trading management system

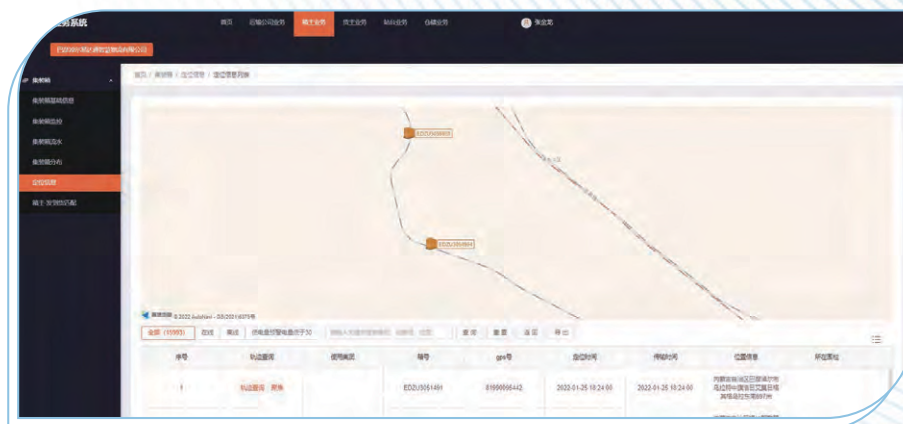
- Better develop market supply, comprehensively obtain market information, grasp market dynamics, describe the extension resources for service personnel, better promote business transactions, and at the same time cooperate with the Company's account manager management system to standardize and promote the Company's domestic trade management.

Customs system

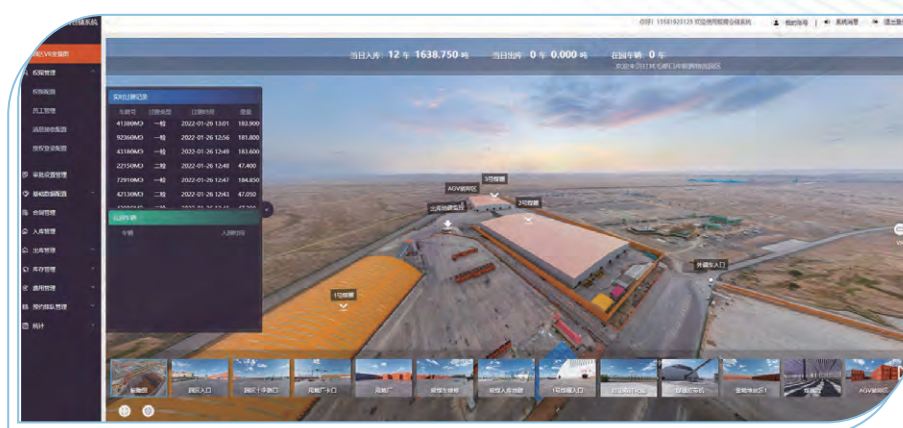
- Solve the problems in customs declaration operation including multiple process links, repeated input of information, and timely communication.



SINCERE QUALITY



Container System



VR Perspective of Warehousing System



Mobile APP of E-Coking Coal Trading Management System



VIII. SINCERE QUALITY

The brand new warehousing system and cross-border transportation system allow relevant staff to avoid face-to-face operations, and thus greatly reduce offline personnel contact during the pandemic, improve work efficiency and cooperate in the fight against the pandemic. In addition, the above intelligent software has realized the whole chain management of coal transportation, which helps reduce pollution and contribute to environmental protection. As at the end of the Reporting Period, the Group owned 68 registered trademarks covering coal, warehousing, logistics, computer software and business-related categories. In addition, the Group has also applied for another 64 new trademark registrations in total to protect the Group's creative intellectual achievements and industrial, commercial marks.

In the future, the Group will continue to strengthen technology research and development and intelligent transformation, and take ecological synergy and policy orientation as the development direction. The Group strives to improve the level of synergy and supply chain efficiency, reduce the cost and risk in each link and the supply chain as a whole, protect the environment, effectively conserve energy and reduce emission in the upstream and downstream of the supply chain. In addition, the Group has also started to improve the intelligent level of the port infrastructure and supervision system, and promote the application of technologies including intelligent checkpoints and unmanned container truck. By doing this, it is hoped that intelligent supervision can be strengthened with the assistance of machine, so as to ensure employee safety, enhance the Company's business efficiency and improve environmental benefits.

PREFERRED RESPONSIBLE SOURCING

The Group continuously improves supplier management, with an aim to establish a sustainable supply chain, and achieve win-win development with suppliers. The Group has formulated and implemented supplier management regulations including the Management System for Construction Suppliers, thereby evaluating suppliers, and continuously improving the procurement management system and process.

In order to manage the environmental and social risks in the supply chain, the Group has formulated a strict company access system, and clearly regulates the management of potential risks arising from suppliers in the Risk Control System (《風險控制制度》). The Group thoroughly examines the environmental and social performance of suppliers during the procurement process, including inspection and evaluation on aspects of whether obtaining the environmental management system certification or not, the 5S conditions on-site (Seiri, Seiton, Seiso, Seiketsu, and Shitsuke), and safety management facilities (such as fire-fighting equipment, safe passages, signs for hazardous area). In addition, in accordance with the requirements of the Administrative Measures for Safety and Environment of New Projects, Reconstruction Projects and Expansion Projects, the Group shall incorporate safety clauses when signing supply contracts with material suppliers. When a supplier provides hazardous chemicals, special equipment, and other hazardous materials or equipment, both parties shall sign a safety and environmental protection agreement to properly manage product quality, safety and environmental protection issues involved in the cooperative operation.



SINCERE QUALITY

The procurement center of the Group is responsible for the initial review, assessment and examination for suppliers, and conducts comprehensive evaluation of supplier quality in terms of data integrity, quality control, production capacity, price, environment, storage and packaging. It will establish a file of qualified suppliers and compile a list of qualified suppliers for the Group to select suitable suppliers from. For suppliers with excellent performance, the Group will prioritize procurement from such suppliers; for suppliers with mediocre performance, the Group will require them to rectify any shortcomings and confirm the results upon rectification; for suppliers with poor performance, the Group will stop purchasing from them and remove it from the list of qualified suppliers.

Meanwhile, the Group fully considers the environmental impact brought by the procurement behavior in the procurement process, and actively implements the principle of “green procurement”. The Group requires all office premises to purchase energy-saving products with an energy efficiency label of 1-2 in strict accordance with the relevant national procurement catalogues when purchasing energy-consuming office equipment, so as to promote the Group’s energy conservation and emission reduction. During the Reporting Period, the material procurement center of the Group conducted a strict selection of products provided by suppliers, product production process, product transportation process, screened out a total of 24 suppliers that met the Company’s green supplier selection criteria, and preferred to cooperate with them in procurement activities. In the future, the Group will continue to improve the selection criteria for green suppliers, establish and improve relevant systems, and comprehensively promote the Group’s green procurement.



VIII. SINCERE QUALITY

During the Reporting Period, the Group had a total of 366 cooperative suppliers, the specific distribution of which is as follows:

Number of suppliers by geographical region	
<i>Countries and regions</i>	<i>Number of suppliers</i>
China	263
Mongolia	23
America	22
Russia	19
Australia	16
Canada	7
Japan	7
Taiwan China	3
Indonesia	2
Saudi Arabia	2
Mozambique	1
Korea	1



IX. COMMUNITY CARE

As a responsible corporate citizen, the Group pays close attention to the needs of the communities where it operates, and invests in giving back to society through various channels as a way to actively assume corporate social responsibilities. The Group actively offers job opportunities for the places where it operates, and pays taxes in accordance with the law to contribute to community residents and the local economy. During the Reporting Period, the Group indirectly employed more than 700 local laborers in Inner Mongolia, Hainan, Shanxi, Shandong, Liaoning and other regions. The investment in Inner Mongolia also increased the local income, and directly promoted the local economy. In 2021, the Group paid a total of HK\$223.221 million in taxes in Inner Mongolia¹⁷, HK\$81.738 million in North China, HK\$173.036 million in South China, HK\$38.017 million in East China and HK\$8.239 million in Northeast China, making due contributions to local economic development.

In addition, the Group has established good relationships with the banners, counties and villages where it operates, and purchased local residents' self-produced agricultural and sideline products from time to time to help local residents in need. The Group also maintains efficient communication with local communities, and provides donations and assistance to local communities during natural disasters. For instance, it donated money to villages and towns to rebuild washed-out bridges after heavy rains. During the Reporting Period, the Group's subsidiaries in Singapore donated SGD10,000 to the children's charity long-distance running event jointly organized by POSB Singapore and the People's Association in Singapore to help children from poor local families. They also set up graduate scholarships or rewards for local colleges and universities, with donations of SGD30,000 to the International Commodity Trading Training Institute Fund (國際商品交易培訓學院基金) of Singapore Management University, and SGD4,000 to Temasek Polytechnic in Singapore to help education and actively practice corporate social responsibility.

As the COVID-19 pandemic continues to spread, the Group has actively donated anti-pandemic supplies to help the society fight the pandemic together. During the Reporting Period, the Group actively donated cash, medical masks, nucleic acid testing equipment and other anti-pandemic supplies to the society, with a total donation amount of HK\$2.975 million. In addition, the Group actively supported the sales of agricultural products as affected by the pandemic, and proactively purchased a large number of watermelons that were unsalable due to the pandemic from local melon farmers to help local people in need.

¹⁷ The tax amount here does not include the customs value-added tax and customs duties paid at the import stage.

IX. COMMUNITY CARE



A subsidiary of the Group in Mongolia cares for the local children. On the occasion of the Children's Day in China, it held a children's painting exhibition in Mongolia, and received paintings from the children of the families of front-line freight drivers. They painted their fathers' work scene with brushes, and each painting revealed the children's pure hope and best wishes for the Company.



During the pandemic, many subsidiaries of the Group actively donated money to the local communities through the Red Cross and other channels to help the local society and residents fight the pandemic and tide over the difficulties.



COMMUNITY CARE



The Group's employees at home and abroad showed great love. During the outbreak in Erlian Port, Singapore and other places, local employees of the Group actively applied to serve as community volunteers, and distributed pandemic prevention supplies to local communities to support their anti-pandemic work.



X. APPENDIX: CONTENT INDEX OF ESG REPORTING GUIDE

Requirements, key areas, aspects, general disclosures and key performance indicators		Disclosure location or remarks
Mandatory Disclosure Requirements		
Governance Structure	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses. 	<p>Message from the Board</p> <p>Vision and Strategies of Sustainable Development</p> <p>Sustainable Development Governance Structure</p> <p>ESG Objectives</p> <p>ESG Risks</p> <p>Communication with Stakeholders</p> <p>Materiality Assessment</p>
Reporting Principles	<p>A description of, or an explanation on, the application of the reporting principles in the preparation of the ESG report</p>	<p>Materiality: (i) The process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.</p>
		<p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the statistical methods or KPIs used (if any), or any other relevant factors affecting a meaningful comparison.</p>
Reporting Boundary	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report.</p> <p>If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	



APPENDIX: CONTENT INDEX OF ESG REPORTING GUIDE

Requirements, key areas, aspects, general disclosures and key performance indicators		Disclosure location or remarks
<i>"Comply or Explain" Provisions</i>		
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Promote Pollution Control and Emission Reduction Combat Climate Change
Indicator A1.1	The types of emissions and respective emission data.	Environmental Performance Overview
Indicator 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).	
Indicator A1.3	Total hazardous waste produced (in tonnes) and (where appropriate) intensity (e.g., per unit of production volume, per facility).	
Indicator A1.4	Total non-hazardous waste produced (in tonnes) and (where appropriate) intensity (e.g., per unit of production volume, per facility).	
Indicator A1.5	Description of emissions target(s) set and steps taken to achieve them.	ESG Objectives
Indicator A1.6	Description of how hazardous and non-hazardous waste are handled and description of reduction target(s) set and steps taken to achieve them.	Promote Pollution Control and Emission Reduction Practice Green Office



X. APPENDIX: CONTENT INDEX OF ESG REPORTING GUIDE

Requirements, key areas, aspects, general disclosures and key performance indicators		Disclosure location or remarks
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Make Good Use of Energy Resources
Indicator 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).	Environmental Performance Overview
Indicator A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	
Indicator A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	ESG Objectives
Indicator A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, and water efficiency target(s) set, and steps taken to achieve them.	Make Good Use of Energy Resources
Indicator A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not Applicable ¹
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Promote Pollution Control and Emission Reduction
Indicator A3.1	Description of the significant impacts of activities on the environment and natural resources and the action taken to manage them.	
Aspect 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.	Combat Climate Change
Indicator 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.	

¹ Since the principal business of the Group is bulk commodity logistics and coal processing, the Group does not involve the use of packaging materials for finished products.



APPENDIX: CONTENT INDEX OF ESG REPORTING GUIDE

Requirements, key areas, aspects, general disclosures and key performance indicators		Disclosure location or remarks
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Standardize Employment Management
Indicator B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	
Indicator B1.2	Employee turnover rate by gender, age group and geographical region.	
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Safety First
Indicator B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Safety Performance Overview
Indicator B2.2	Lost days due to work injury.	
Indicator B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Safety First



X. APPENDIX: CONTENT INDEX OF ESG REPORTING GUIDE

Requirements, key areas, aspects, general disclosures and key performance indicators		Disclosure location or remarks
Aspect B3: Development and Training		
General Disclosure	<p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p>Note: Training refers to vocational training and may include internal and external courses paid by the employer.</p>	Pay Attention to Talent Training
Indicator B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	
Indicator B3.2	The average training hours completed per employee by gender and employee category.	
Aspect B4: Labour Standards		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.</p>	Standardize Employment Management
Indicator B4.1	Description of measures to review employment practices to avoid child and forced labour.	
Indicator B4.2	Description of steps taken to eliminate such practices when discovered.	
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Preferred Responsible Sourcing
Indicator B5.1	Number of suppliers by geographical region.	
Indicator B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	
Indicator B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
Indicator B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	



APPENDIX: CONTENT INDEX OF ESG REPORTING GUIDE

Requirements, key areas, aspects, general disclosures and key performance indicators		Disclosure location or remarks
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Sincere and Lasting Quality
Indicator B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	
Indicator B6.2	Number of products and service related complaints received and how they are dealt with.	
Indicator B6.3	Description of practices relating to observing and protecting intellectual property rights.	
Indicator B6.4	Description of quality assurance process and recall procedures.	
Indicator B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Abide by Integrity
Indicator 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.	
Indicator B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	
Indicator B7.3	Description of anti-corruption training provided to directors and staff.	



X. APPENDIX: CONTENT INDEX OF ESG REPORTING GUIDE

Requirements, key areas, aspects, general disclosures and key performance indicators		Disclosure location or remarks
<i>Community</i>		
<i>Aspect B8: Community Investment</i>		
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.	Community Care
Indicator B8.1	Focus areas of contribution (e.g. education and environmental concerns, labour needs, health, culture, sport).	
Indicator B8.2	Resources contributed (e.g. money or time) to the focus area.	



E-COMMODITIES HOLDINGS LIMITED
易大宗控股有限公司