



**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



ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT **2022**





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# I. ABOUT THIS REPORT

This report is the seventh 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 2022, 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 2022 to 31 December 2022 (the “**Reporting Period**” or the “**2022**”). In order to enhance the integrity of the report, parts of the contents may precede or post-date the Reporting Period, as appropriate.



### 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 (the “**ESG Guide**”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) revised in 2019 by the Hong Kong Stock Exchange, and the content indexes are set out in the appendix to this report.

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

- “Materiality” principle: 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 2021 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.



# I. ABOUT THIS REPORT

## 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](http://www.hkexnews.hk)) and the Company ([www.e-comm.com/tc/IRESGReports.aspx](http://www.e-comm.com/tc/IRESGReports.aspx)).

## FEEDBACK

Thank you for reading this report. The Group highly values the opinions and feedback of various stakeholders, upon which it improves its ESG management and performance. Meanwhile, the Group 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:

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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](mailto:e-comm@e-comm.com)



## II. MESSAGE FROM THE BOARD

First of all, on behalf of E-Commodities, I would like to thank all shareholders, partners and customers for their long-term care and support to the Group, and all employees for their efforts and contributions. 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 its environmental, social and governance work from various aspects including governance structure and risk management and control.

In 2022, to align with our operation, we formulated new four-year ESG objectives and set relevant indicators and action plans. The Group has continued the sustainable development vision that strives for integrating ESG governance values into corporate development strategic planning, and leading the Company to become “an integrated commodities supply chain services provider with the advantage of being people-oriented, safe and efficient, green and low-carbon, scientific development”. Meanwhile, we also integrate ESG governance values 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 achieve the advantages of being people-oriented, safe and efficient, green and low-carbon, scientific development.

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 intelligent logistics park, multimodal transport, and Automatic Guided Vehicle (“AGV”) unmanned cross-border transportation management system. The AGV unmanned cross-border transportation project is a new cross-border transportation operation mode that changes the traditional mode from manned transportation to unmanned transportation driven by hybrid power. The project went trail operation at Gants Mod Port in mid-July 2022, and completed its first operation test in mid-December of the same year. In addition, we are committed to establishing an intelligent logistics park with the implementation of paperless and unmanned management, electronic warehousing logistics, digital warehousing management, 5G, VR, unmanned driving and other technologies to provide customers with more efficient supply chain services.



## II. MESSAGE FROM THE BOARD

The Group adheres to the performance of corporate social responsibilities and actively participates in various charitable and community public welfare affairs to show our care about the society. During the Reporting Period, Zhongqi Haotong, a subsidiary of the Group, assisted the Urad Zhongqi Fire Brigade in fighting fires and rescue in the local area and planted trees to improve the local environment. The Group also made charitable donations through various channels. Zhongqi Yiteng, a subsidiary of the Group, and our Singapore subsidiaries donated to local schools to nurture the pillars of society in the future. In terms of caring for and cultivating talents, we organize team building, birthday parties and family days from time to time as a way to prioritize the happiness and satisfaction of all employees. We constantly plan and improve the employee training system to provide employees with people-oriented career development path while encouraging them to balance work and life.

In 2023, we will brave difficulties with perseverance. We will not only continue to steadily develop business, but also promise that sustainable development will be an important consideration of our future business decisions. 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 17 September 2007. The Company has subsidiaries and branches in Hong Kong, Beijing, Baotou, Nantong, Zhuhai, Macau, Singapore, Ulaanbaatar, Japan, Australia and other locations. E-Commodities was successfully listed on the Main Board of 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 logistics services across the commodity supply chain. The business of E-Commodities covers two major aspects: supply chain trading and integrated supply chain services. The supply chain trading provides intermediary services between customer needs and upstream ore owners. The integrated supply chain services comprise the supply chain logistics, clean energy, and the internet intelligent platform, specifically including road transport, warehousing and customs clearance in Mongolia and cross-border ports, as well as domestic multimodal transport, warehousing, washing and processing. The effective integration of various businesses and the linkage among various sectors of the Company bring synergistic advantages. 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 commodities, E-Commodities provides a platform of well-rounded services for each segment of the relevant 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 commodities such as coal, iron ore, non-ferrous metals and petrochemicals, resolving the discrepancy between supply and demand. 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 transportation services and advanced logistics facilities at Sino-Mongolian cross-border ports, and continues to provide customers with efficient and accurate warehousing, railway transportation, cross-border transportation and new mode of transportation. 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

- E-Commodities has advanced washing and processing technology with stable quality, which can provide clean raw materials that meet both the national environmental protection policy 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 per year

#### 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 strengthen logistics management, improve logistics process and reduce logistics costs, so as to achieve win-win results for all parties. The Company has launched a series of internet intelligent platform products including “E-Link (易鏈)” 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, able to trace and locate, and raising money become easier

#### 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 2022 Excellent Innovative Enterprise of Logistics Digital Transformation (Warehouse Park Port Category) (中國物流數字化轉型優秀創新企業(倉儲園區港口類)), and the 2022 Excellent Case of Applying Digital Warehousing and Intelligent Urban Distribution (數字化倉儲和智慧城配應用優秀案例). In addition, 6 subsidiaries of the Group obtained the Evaluation Certificate for Integrated Management System of Informatization and Industrialization (兩化融合管理體系評定證書) by virtue of their management practice in integrating informatization with industrialization.



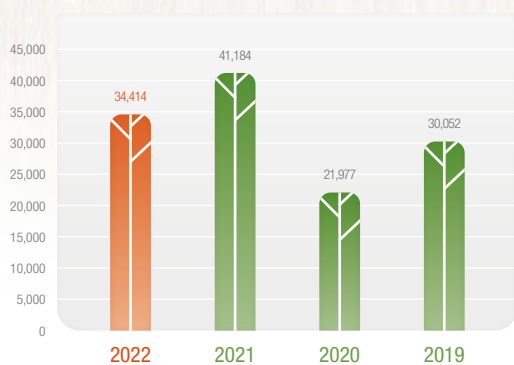
Honors and Certifications Awarded to the Group during the Reporting Period



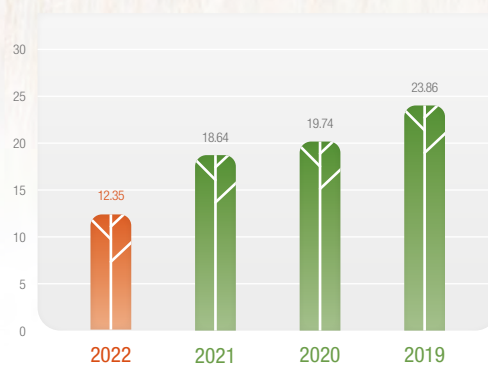
### III. ABOUT E-COMMODITIES

#### OPERATING RESULTS

Revenue\* (in HK\$ million)

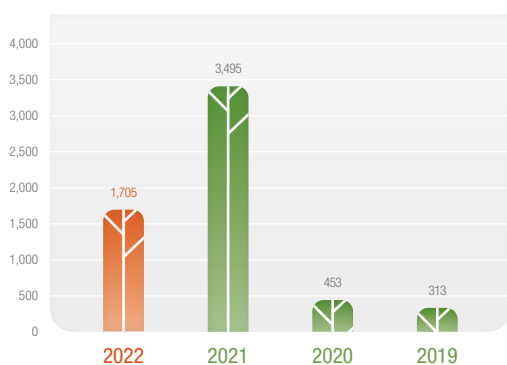


Supply Chain Trading Volume\* (in million tonnes)

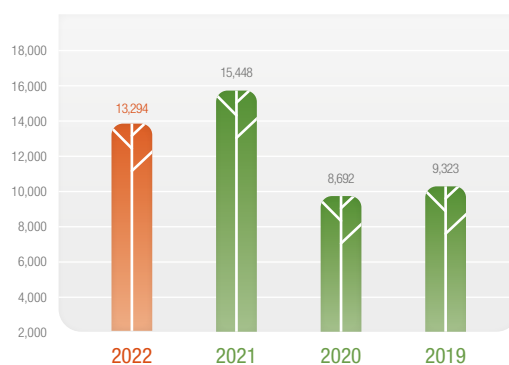


\* The revenue and trading volume of Mongolia coal trading business was transferred to and has been recording in Xianghui Energy since October 2019.

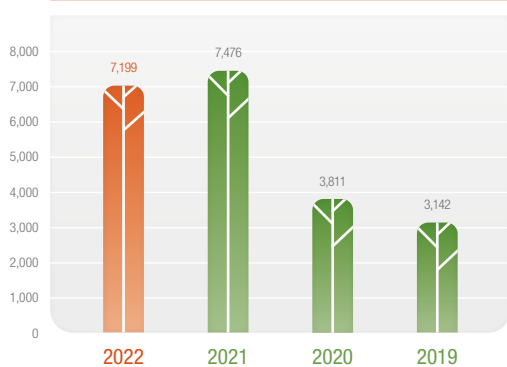
Net Profit (in HK\$ million)



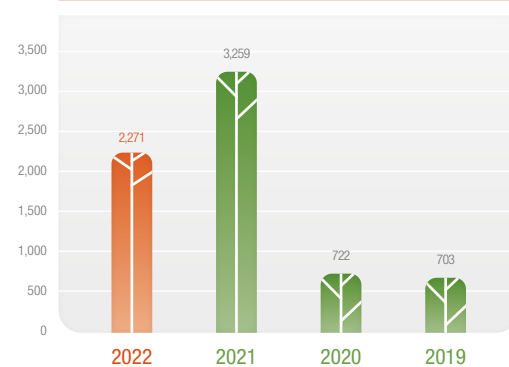
Total Assets (in HK\$ million)



Total Equity (in HK\$ million)



Cash Balance (in HK\$ million)

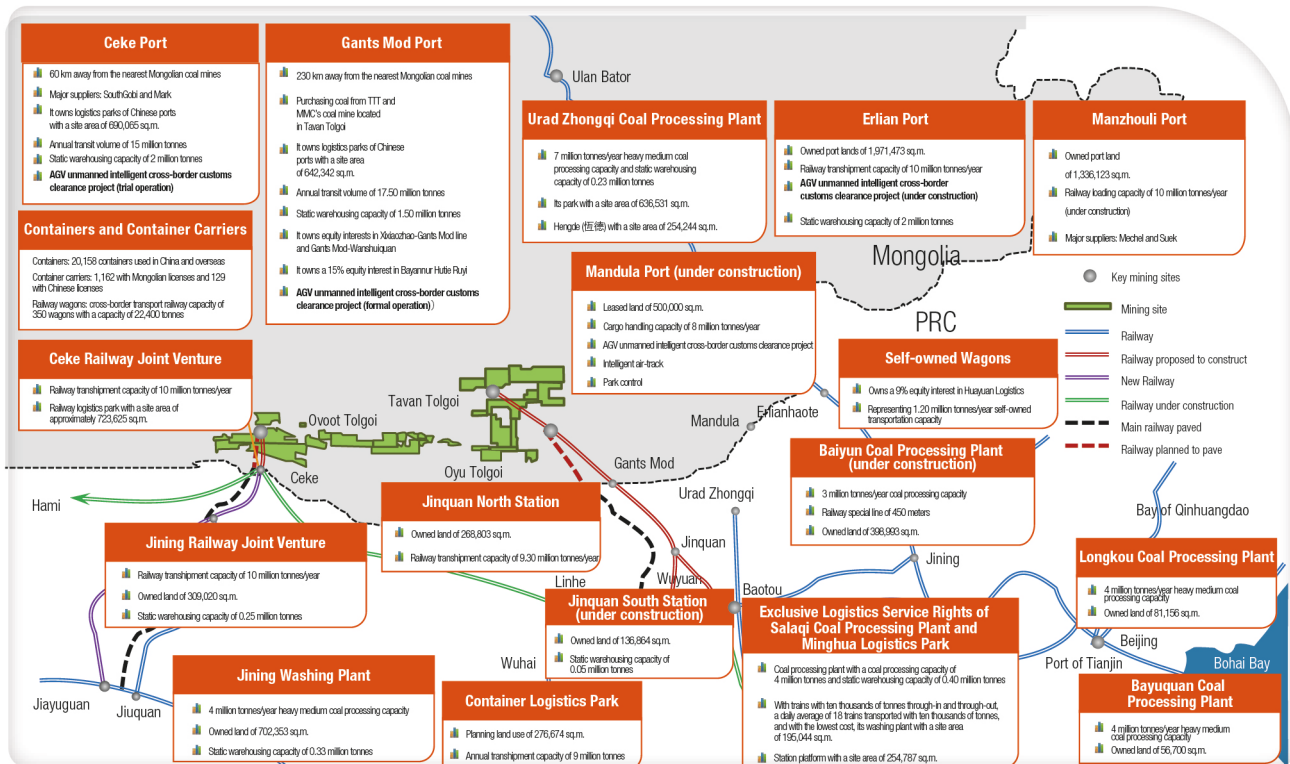




## ASSETS FOOTPRINT

The Company deploys border crossing facilities, strategic land reserves and efficient infrastructure, including, among others, logistics parks, transshipment lines, railway equity, railway stations and coal processing plants, at and along the Sino-Mongolian borders and 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. The Company has deployed the AGV unmanned intelligent cross-border customs clearance project at multiple ports. Among them, the project at Gants Mod Port has been put into formal operation; the project at Ceke Port has started trial operation; and the project at Erlian Port is under construction.

## 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.

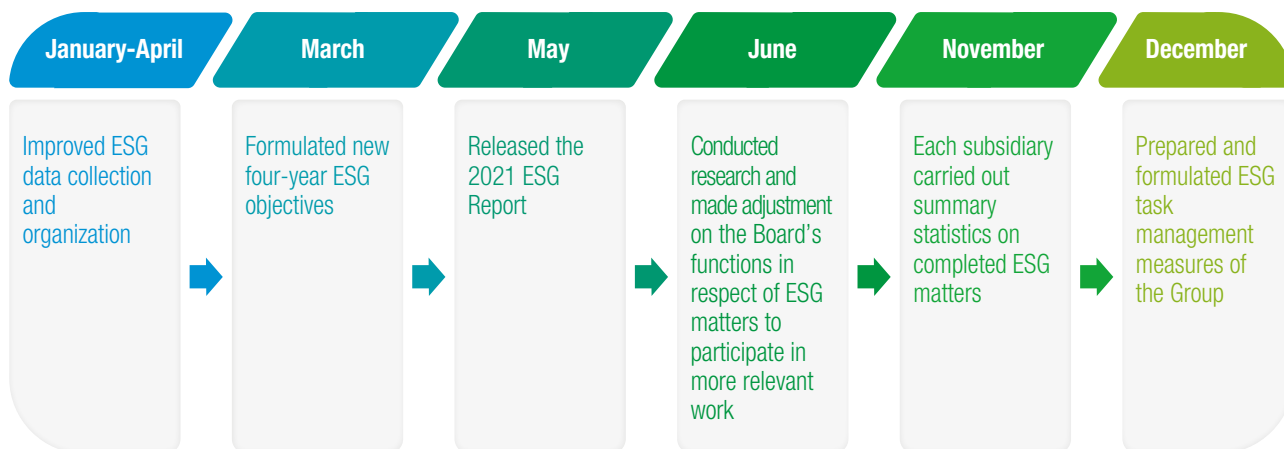
#### Vision of sustainable development

- Strive for integrating ESG governance values into corporate development strategic planning, leading the corporate to become an integrated commodities supply chain services provider with the advantage of people-oriented, safe and efficient, green and low-carbon, sustainable development

#### Management strategies of sustainable development

- Integrate ESG governance values 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 achieve the advantages of being people-oriented, safe and efficient, green and low-carbon, scientific development

### PROGRESS OF 2022 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, ranking and managing the ESG-related risks of the Group and ensuring that appropriate and effective ESG risk management and internal control systems are implemented and improved.

As authorized by the Board, environmental, social and governance committee (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.

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.





## IV. MANAGEMENT OF SUSTAINABLE DEVELOPMENT

### ESG OBJECTIVES

Based on the ESG governance objectives in the next four years, the Group has set up a phased indicator plan and has adopted a series of specific actions during the Reporting Period. Please refer to the following table for details:

Content of objectives and indicators		2023 indicator plans	2024-2026 indicator plans	Actions Taken in 2022
Waste gas	In-plant disorganized dust emissions (maximum)	Not exceeding 0.85 mg/cubic meter	Less than 0.85 mg/cubic meter	<ul style="list-style-type: none"> <li>– Vigorous efforts were made to develop container transportation. At present, container transportation has accounted for 60% of the total transportation. The cargo loss rate was reduced from more than 0.3% with the use of gondola cars to less than 0.2%, greatly cutting down the escape of coal dust;</li> <li>– In 2022, 6,900 new containers were purchased, with a cumulative number of about 20,158 units, and were distributed at various stations and coal washing plants;</li> <li>– Great efforts were made to develop train transportation as a way to reduce the proportion of automobile transportation, thereby reducing exhaust emissions. For instance, at Jinquan North Station, being put into use at the end of 2022, containers transported by 3 trains could be loaded and unloaded per day, which greatly reduced the emissions from automobile transportation;</li> <li>– The AGV unmanned cross-border transportation management system was firstly used as transport vehicles for customs clearance at ports to reduce greenhouse gas emissions from fuels of such vehicles;</li> <li>– Additional coal sheds and walls to prevent wind-blown dust were built to reduce dust escape. For example, in 2022, a new large coal shed at Jinquan South Station was built, and the Haote Haotong large coal shed of Erlian Haotong was put into use;</li> <li>– Employees were encouraged to take public transportation, and official vehicles conforming to national six emission standards were purchased as much as possible so as to continuously reduce fuel consumption and exhaust emissions;</li> <li>– In June 2022, stochastic exhaust gas and noise monitoring was carried out, and test reports produced by professional testing institutions were obtained for such tests.</li> </ul>
	Carbon monoxide emissions	Not exceeding 35,000 kg	Increase proportion is less than that in the operating income	
	Nitrogen oxides emissions	Not exceeding 60,000 kg	Increase proportion is less than that in the operating income	
	Sulfur oxides emissions	Not exceeding 10,000 kg	Increase proportion is less than that in the operating income	



## MANAGEMENT OF SUSTAINABLE DEVELOPMENT

Content of objectives and indicators		2023 indicator plans	2024-2026 indicator plans	Actions Taken in 2022
Waste water	Recycling rate of production wastewater	75% (25% is the amount of evaporation)	More than 75% (25% is the amount of evaporation)	<ul style="list-style-type: none"> <li>Production sewage was recycled and zero discharge was achieved;</li> <li>Domestic sewage was discharged to the municipal sewage pipe network and treated unitedly by the government, or purified and treated with sewage treatment equipment and recycled;</li> <li>In 2022, domestic sewage treatment units were added, and the recycling rate increased by 2% compared with that of the previous year.</li> </ul>
Solid wastes	Disposal rate of hazardous waste	100%	100%	<ul style="list-style-type: none"> <li>The Group has no hazardous waste, and the solid waste is mainly gangue, all of which are sold;</li> <li>The non-hazardous waste of the Group is mainly paper. Leveraging on the "integration of informatization and industrialization" project, the investment in informatization construction was increased to reduce the paper-based process, thereby reducing the discharge of non-hazardous waste.</li> </ul>
	Environmental pollution accident	0	0	
Resource saving	Coking coal intermediary, power consumption limit of flotation combined coal preparation	8.5 kWh/tonne	8.5 kWh/tonne	<ul style="list-style-type: none"> <li>In accordance with the relevant requirements of national energy conservation and emission reduction, we purchased eco-friendly equipment featured low-energy and low-emission. For example, most of the newly purchased official vehicles conform to national six emission standards, and the newly purchased air conditioners and water heaters are low-energy-consuming products;</li> <li>New technologies were adopted for winter heating. The production units applied air heat pumps to replace traditional coal-fired and gas-fired boilers to meet the needs of heating, bathing, etc., and its electricity consumption was only a quarter of ordinary electric water heaters, saving two-thirds to three-quarters of electricity consumption.</li> <li>Reclaimed water was used instead of fresh tap water to sprinkle water to reduce dust;</li> <li>Water-saving publicity was carried out to post energy-saving and water-saving labels and signs in public areas as a way to enhance employees' awareness of water conservation and energy saving and prevent water from running, spraying, dripping and leaking.</li> </ul>
	Energy saving target	Save more than 720 tonnes of standard coal per year	Reduced consumption of standard coal is more than the average of the past three years	
	Water density target	Not exceeding 1,500 tonnes/HK\$'00,000,000 operating income	Not higher than the amount under the same business volume in previous years	
	Water saving target	Expenses not exceeding HK\$100,000	Expenses not exceeding HK\$100,000	



## IV. MANAGEMENT OF SUSTAINABLE DEVELOPMENT

Content of objectives and indicators		2023 indicator plans	2024-2026 indicator plans	Actions Taken in 2022
Carbon emissions	Intensity of greenhouse gas emission in total	Not more than 200 tonnes of carbon dioxide equivalent/ HK\$'00,000,000 operating income	Not exceeding the average of the past three years	<ul style="list-style-type: none"> <li>The proportion of new energy transportation was continuously increased including container transportation, train transportation and AGV unmanned cross-border transportation management system;</li> <li>Low-energy equipment was purchased and advanced technologies were applied to reduce carbon emissions;</li> <li>Adhering to the concept of environmental friendliness and harmonious development, we advocated green office, and strived to improve the office environment as a way to build a garden-style enterprise.</li> </ul>
Public health safety	COVID-19 confirmed deaths	0	0	<ul style="list-style-type: none"> <li>In compliance with the national laws and regulations as well as the requirements of fighting the pandemic, all subsidiaries followed the unified management of the Group 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.</li> </ul>
	Public safety incident	0	0	<ul style="list-style-type: none"> <li>Comply with national laws and regulations related to public safety, and enhance the publicity on and management of prevention of public safety incidents.</li> </ul>

In addition, as to 2022 indicator plan, the Group has been committed to implementing environmental protection and safety measures during the Reporting Period, and has achieved fruitful results in respect of a number of ESG objectives and indicators:

Content of objectives and indicators		2022 indicator plans	Achievements in 2022
Waste gas	Carbon monoxide emissions	Not higher than the emissions under the same business volume in previous years	The statistical scope for 2022 increased by 8 subsidiaries as compared to 2021, but the carbon monoxide emissions decreased by approximately 24% as compared to 2021.
	Nitrogen oxides emissions	Not higher than the emissions under the same business volume in previous years	The statistical scope for 2022 increased by 8 subsidiaries as compared to 2021, but the nitrogen oxides emissions decreased by approximately 28% as compared to 2021.
Resource saving	Energy saving target	Saved more than 720 tonnes of standard coal	The Group saved 784 tonnes of standard coal during the Reporting Period.

## 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	In view of the characteristics of the Group's business, employees are exposed to certain safety risks, such as work-related accidents caused by unsafe behaviours of employees in the process of using machinery and equipment, driving vehicles, etc. Relevant regulatory actions, legal liabilities and subsequent costs may adversely affect the operation and reputation of the Group.	Establish and improve the safety management system, manage, control and strictly implement various safety systems from top to bottom. In specific, strengthen safety production inspection, safety evaluation, assessment and rectification of accident hazards and danger sources through site assessment, and improve employees' safety awareness and organize emergency plan drills through various training.	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 safety accidents, or damage the lives and health of the Group's employees, thus affecting the normal production and life order of the Group.	Strictly control pre-employment physical examination and dismissal physical examination, and arrange regular physical examination for employees every year; 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.	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 units are invited to negotiate with employees.	Risk reduced





## IV. 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.	Adhere to a principle of standardized management, job-based remuneration, and leading remuneration to manage remuneration; Promote the concept of Total Rewards, and increase non-cash rewards and benefits to meet employee needs; Encourage flexible office models in all regions to create a good working environment for employees, and provide diversified learning and development channels.	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 to ease the pressure on staff training and development. In case of any failure in the transition between the old and the new and the cultural inheritance, the Group may face the risk of talent shortage, which is not conducive to its sustainable development.	Sort out the existing talents, carry out echelon construction, establish the middle management echelon, and cultivate the second and third echelons of reserve; Launch the “Winsway Academy (永暉書院)” online learning platform to contribute to the career development of more employees with better learning content and smoother learning experience.	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.	Continue to vigorously promote container transportation, vigorously develop train transportation, and use closed coal sheds for storage, loading and unloading operations; Carry out the trial implementation of AGV unmanned cross-border transportation management system to improve the logistics system and push the transit transportation at the Sino-Mongolian ports to a more efficient and environmental-friendly direction.	Drastically reduced

## 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.	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. 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.	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 of the Group, 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.	Employees in various places comply with pandemic prevention requirements, and take personal protection. Employees who do not have to work in the office, the park or factory are allowed to work at home to reduce the chance of mutual infection and improve work efficiency.	Risk reduced



## IV. MANAGEMENT OF SUSTAINABLE DEVELOPMENT

### COMMUNICATION WITH STAKEHOLDERS

The concerns and expectations of stakeholders are the fundamental starting point of the Group's practice of sustainable development. We established and maintained diversified channels to fully communicate with various stakeholders. 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 listen to their opinions and recommendations on the Group's various work on sustainable development through our efficient communication channels with stakeholders.

Key stakeholders	Expectations and demands	Communication ways or channels
<b>Government and regulatory authorities</b>	<ul style="list-style-type: none"> <li>● Healthy and sustainable development</li> <li>● Compliance with laws and regulations</li> <li>● Steady growth in tax revenue</li> <li>● Serving local economy</li> <li>● Facilitating industry development</li> <li>● Safe production</li> <li>● Energy conservation and reduction of emissions</li> </ul>	<ul style="list-style-type: none"> <li>● Information filing</li> <li>● Tax returns filing</li> <li>● Government conferences</li> <li>● Railway operation</li> <li>● Business innovation</li> </ul>
<b>Shareholders and investors</b>	<ul style="list-style-type: none"> <li>● Healthy and sustainable development</li> <li>● Compliance with laws and regulations</li> <li>● Safe production</li> <li>● Energy conservation and reduction of emissions</li> <li>● Risk control</li> <li>● Return on investment</li> </ul>	<ul style="list-style-type: none"> <li>● General meeting of shareholders</li> <li>● Information disclosure</li> <li>● Daily communication</li> <li>● Telephone conferences</li> <li>● Results announcement</li> <li>● Company website</li> </ul>
<b>Business partners and suppliers</b>	<ul style="list-style-type: none"> <li>● Win-win cooperation</li> <li>● Quality of products/services</li> <li>● Commitment</li> </ul>	<ul style="list-style-type: none"> <li>● Open tender</li> <li>● Contract negotiation</li> <li>● Daily business communication</li> <li>● Supplier access management</li> <li>● Supplier evaluation</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>● Quality of products/services</li> </ul>	<ul style="list-style-type: none"> <li>● After-sales services</li> <li>● Test service</li> <li>● Quality supervision</li> <li>● Technique benchmarking</li> </ul>



## MANAGEMENT OF SUSTAINABLE DEVELOPMENT

Key stakeholders	Expectations and demands	Communication ways or channels
<b>Employees</b>	<ul style="list-style-type: none"> <li>● Safe production</li> <li>● Employees' rights and interests</li> <li>● Training and development</li> <li>● Occupational health</li> <li>● Employee care</li> </ul>	<ul style="list-style-type: none"> <li>● Staff assembly</li> <li>● Corporate notices</li> <li>● Employee satisfaction survey</li> <li>● Forums with senior management</li> <li>● "Winsway People(《永晖人》)" essay-writing competition</li> <li>● Lunch meetings</li> <li>● Staff birthday party</li> <li>● Internal communication meeting of department</li> <li>● Interdepartmental activities</li> <li>● Employee development activities</li> <li>● Family days</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>● Environment protection</li> <li>● Community charity</li> </ul>	<ul style="list-style-type: none"> <li>● Community charity</li> <li>● Educational promotion activities</li> <li>● Epidemic prevention publicity</li> <li>● Vaccination coordination</li> </ul>



## IV. 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 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

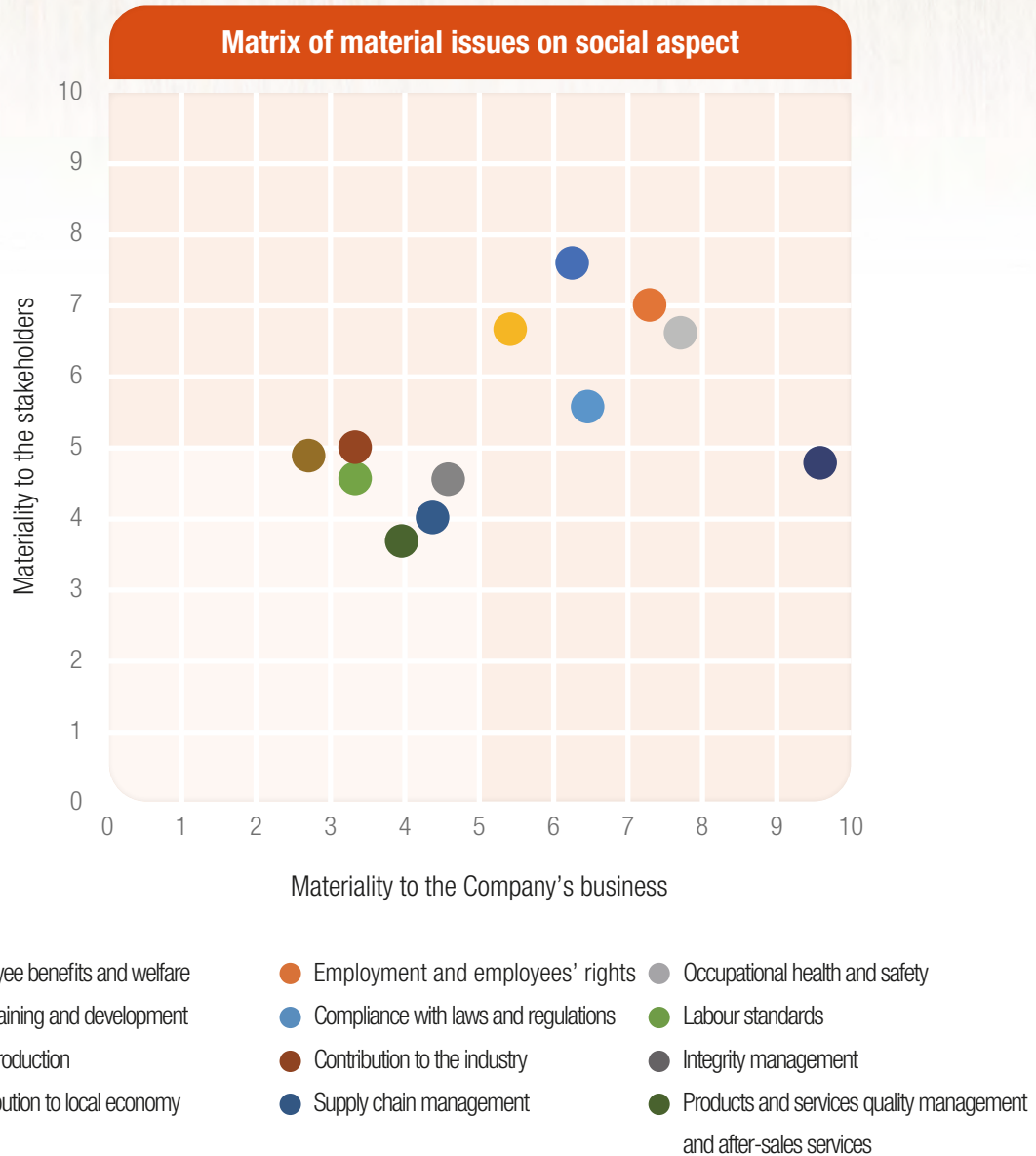
The Group analyzed the results of the questionnaire survey and constructed a materiality matrix. As a result, we identified issues with scores of 5 or above in the two dimensions of "materiality to the stakeholders" and "materiality to the Company's business" as "material issues".

#### 4. Verify materiality issues

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

## MANAGEMENT OF SUSTAINABLE DEVELOPMENT

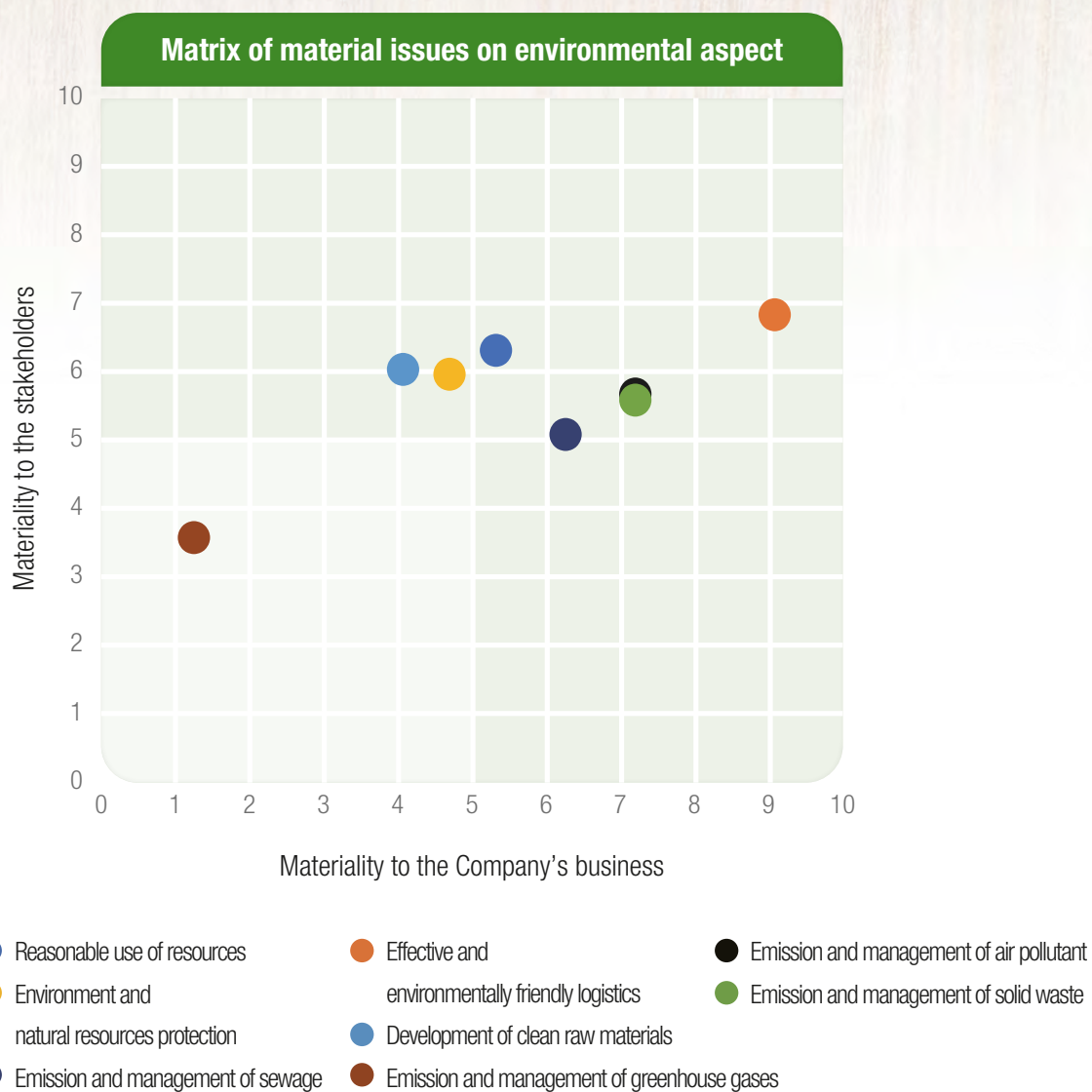
In the end, the Group identified a total of 13 material issues on environmental and social aspects. The matrix and list of material issues are as follows:







## IV. MANAGEMENT OF SUSTAINABLE DEVELOPMENT



## 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 submitted the same to the chairman of the ESG Committee for review, and then the Board reviewed (by email or in writing) and confirmed that they are still applicable to 2022. 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 one material issue since 2021, and the Board confirmed that it is still applicable to 2022. 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. EMPLOYEES' SAFETY

The Group always treats occupational health and safety as its priority, and attaches great importance to production safety and the physical and mental health of its employees. The Group strictly complies with the laws, regulations and management ordinances on health and safety in the countries and regions where it operates, including but not limited to 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 Provisions on the Supervision and Administration of Occupational Health at Work Sites, 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》), and 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》). During the Reporting Period, the Group did not violate any laws and regulations in relation to safe production.





### PRACTISE SAFE PRODUCTION

Adhering to the basic policy of “safety first, prevention-focused, human-oriented, and integration of prevention and governance”, the Group continuously deepens production safety management to ensure effective control of safety risks, so as to eliminate safety accidents and protect the safety and health of employees. The ESG Committee of the Group is responsible for providing advice and assistance to the Board on matters including occupational health and safety, so as to comprehensively improve the level of safety management and create a safe working environment for employees. In addition, the Group has adopted a health, safety and environment (HSE) management model, and has formulated and implemented a comprehensive safety management system which coordinates pre-accident identification and assessment, in-process inspection and review, and post-accident evaluation on safety operations, fire protection, occupational health, traffic safety, public security and other aspects, as a way to further improve the safety management system.

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 expand investment to improve, transform and maintain protection facilities and equipment, including labor protection supplies required for production safety education and training, and test regularly the safety performance of related facilities and equipment; to strengthen the prevention and control of occupational hazards, the detection and monitoring of occupational hazard factors, and implement occupational health examinations; to furnish necessary emergency rescue devices and equipment, and organize production safety education and training as well as emergency rescue drills; to post eye-catching safety warning signs and slogans in conspicuous locations, and conduct regular maintenance; and to identify, assess, rectify, monitor source of danger and major accident hazards to reduce the risk of safety accidents.



## V. EMPLOYEES' SAFETY

In addition, in order to standardize production safety management practices, the Group has formulated and implemented the Safe Production Responsibility System (《安全生產責任制度》) to improve the relevant processes. The technical supervision department of the Group is responsible for supervising and inspecting the implementation of the safety management system of its subsidiaries. Among them, the person in charge of each subsidiary shall ensure that the following safety systems can be implemented:

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

In addition, the Safe Production Responsibility System defines and regulates the key points of safety management including safe production standards, safe production investment, safe production organization and personnel, safe production education, safety accident management, team safety management, and safe operation procedures, and each subsidiary is required to formulate corresponding systems and management measures according to their own actual situation. 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 positions and 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 from the source

### 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 facilities to improve the safety and reliability of production equipment

### Accident Emergency Plan and Drill Management System

- Regularly revise emergency plans, organize emergency knowledge learning and drills, 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. EMPLOYEES' SAFETY

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 2022, Longkou Winsway Energy (龍口永暉能源), a subsidiary of the Group, held a radioactive source leakage drill



In June 2022, the Group organized employees to participate in fire drills

### EMPLOYEE HEALTH CARE

The Group has established a sound occupational health and safety system and adopted a variety of prevention and treatment measures, providing employees with comprehensive benefits and care, and strives to prevent them from being harmed by occupational diseases. 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 various supplementary medical insurance for all employees and 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 occupational diseases and effectively protect employees from occupational diseases, the Group actively established and improved occupational health management system. The relevant measures include but are not limited to the following:



**Perfect, improve and maintain safety protection equipment**



**Provide education and training on production safety, and provide employees with protection supplies**



**Inspect production safety, and assess and rectify accident hazards**



**Prevent and monitor occupational hazards and inspect occupational health**



**Inspect equipment safety**



**Equip employees with necessary emergency rescue materials, install equipment and arrange emergency rescue drills**



## V. EMPLOYEES' SAFETY



In 2022, Beijing Office organized employees to practice aerobics

### JOIN HANDS TO FIGHT THE PANDEMIC

Since 2019, the global spread of the COVID-19 pandemic has posed severe challenges to human health and social and economic development. During the Reporting Period, in the face of the uncertainty caused by the continuation of the pandemic, the Group always kept in mind the responsibility and mission of stabilizing production and operation and protecting the health of employees, continued to increase investment in fighting the pandemic with the highest standard.

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

- Formulate the Measures for Working from Home (《居家辦公辦理辦法》) to allow employees who do not have to work in offices, industrial parks, and factories to work from home, and to ensure that employees can work remotely, efficiently and orderly from home when they cannot return to work so as to balance work and life
- In some regions the leave and attendance system has been revised to introduce fever leave to avoid the possibility of employees infecting each other during work
- The Group organized psychological counseling training for employees of subsidiaries to alleviate the tension and stress caused by quarantine, management and control measures
- The headquarters of the Group arranged for subsidiaries to purchase various drugs and materials against COVID-19 from home and abroad, and provided employees with more than 4,000 boxes of antipyretics, cough medicine and cold medicine, 16,000 masks, more than 600 boxes of antigen reagents and 120 oximeters
- In order to ensure the normal life of employees during the home quarantine period, the subsidiaries arranged to purchase daily necessities such as rice, flour, grain and oil, and distributed to more than 2,300 persons in total



## EMPLOYEES' SAFETY



In 2022, Ulanqab Haotong, a subsidiary of the Group, guaranteed the supply of vegetables to employees and their families



In July 2022, Erlian Haotong (二連浩通), a subsidiary of the Group, distributed pandemic prevention condolence kits to employees



In 2022, the Group organized disinfection work



## V. EMPLOYEES' SAFETY

### STRENGTHEN OCCUPATIONAL SAFETY TRAINING

The Group has formulated an annual training plan on safe production in accordance with the Safety Publicity and Education Training System, with an aim to improve the safety awareness of all employees and improve the safety management of the Group. All employees of production units shall attend safety training, and the person with chief responsibility together with safe production management personnel shall 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 and fully understanding the Group's safety culture, 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 training before commencing their duties and participate in periodic reviews.

#### Case: "Front-line Post Operation Series Videos"

In 2022, the human resources department of the Group joined hands with the technical supervision department to collect and sort out the front-line post operation series videos. The 51 operation videos covered multiple positions and professions such as laboratory test, production, equipment, and transportation with the inclusion of Coal Stack Sampling Method (《煤垛採樣方法》) and Safety Operation Regulations for Centralized Control Posts (《集控崗位安全操作規程》). Such efforts comprehensively established standard operating procedures for each production unit. Meanwhile, the series of videos aimed to continuously conduct safety education, training and inspection for employees of each production unit as a way to ensure occupational health and safety.

001hys 煤垛採樣方法	002hys 制樣-破碎機操作規程	003hys 制樣-二分煤樣制備操作規程	004hys 制樣-粉碎機操作規程
005hys 制樣-電熱瓶使用操作規程	006hys 天平的使用及注意事項	007hys 金水分析安全操作規程	008hys 分析水測試操作規程
009hys 灰分測定安全操作規程	010hys 揮發分測定安全操作規程	011hys 測定灰安全操作規程	012hys 結垢指數測定安全操作規程
013hys 灰熱穩定安全操作規程	014hys 小浮選實驗操作規程	015hys 磨粉機試操作規程	016hys 浮沉實驗操作規程
017hys 小焦油操作規程	018mbx 集控崗位安全操作規程	019mbx 地磅機位安全操作規程	020mbx 帶式輸送機位安全操作規程
021mbx 分級機位安全操作規程	022mbx 手選皮帶機位安全操作規程	023mbx 破碎機位安全操作規程	024mbx 橋梁機位安全操作規程
025mbx 脫介轉運機位安全操作規程	026mbx 壓濾機位安全操作規程	027mbx 浮選機位安全操作規程	028mbx 離心機位安全操作規程
029mbx 磁選機位安全操作規程	030mbx 刮板機位安全操作規程	031mbx 空壓機位安全操作規程	032mbx 濃縮機位安全操作規程
033mbx TFS 崗位安全操作規程	034JD 電機車間傳送電操作規程	035JD 氣割作業安全操作規程	036JD 切劃作業安全操作規程
037JD 二氧化碳保護焊操作規程	038JD 履帶站安全操作規程	039JD 台虎鉗操作規程	040JD 平盤操作規程
041JD 大轆操作規程	042YS 礦車部工作規程	043YS 重車入庫過磅規程	044YS 正面吊司機位安全操作規程
045YS 叉車安全操作規程	046YS 铲車安全操作規程	047JCAQ 安全標使用規程	048JCAQ 安全警示標誌
049JCAQ 消防系統應急啟動操作規程	050JCAQ 食堂日常操作管理規程	051JCAQ 煤炭儲備規程	■ 最大眾崗位操作規程目錄

Front-line Post Operation Video Database

## SAFETY PERFORMANCE OVERVIEW

During the Reporting Period, the Group formulated and implemented the safety management objectives and indicators for 2022, 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 Number	2022	2021	2020
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%	100%	99%





## VI. GREEN OPERATION

The Group puts a high value on environmental protection and integrates green production and green operation into sustainable development objectives. The Group strictly abides by laws, regulations and management ordinances on environmental protection in the countries and regions where it operates, including but not limited to the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》), 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, the Measures for Environmental Surveillance, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes and the Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》). On this basis, the Group has formulated and implemented internal management systems including the Compilation of the Company's Environmental Protection Management System (《公司環境保護管理制度彙編》) and the Environmental Protection Management System During Production (《生產過程中環境保護管理制度》) to clarify the environmental responsibilities of functional departments and ensure the specific implementation, strengthen the Group's management of waste discharge, environmental pollution accidents, and environmental impacts of construction projects, and continuously improve the environmental management system. 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.

### STRICT CONTROL ON POLLUTANT EMISSIONS

The Group strictly controls the generation and emission of pollutants. 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 strictly abides by national and local laws and regulations related to environmental protection, and it has formulated and implemented the Solid Waste Management System (《固體廢物管理制度》), the Environmental Protection Management System During Production and other internal rules. It constantly promotes "non-containerised to container", "closed coal sheds", "multimodal transport", "digitalized reconstruction", "AGV unmanned cross-border transportation" and other environmental protection practices to reduce the waste generated from coal transportation, loading and unloading, and warehousing, and reduce the impact on the environment.

The impact of the Group on the environment and natural resources in the course of production and business operations mainly includes air pollutant, sewage, solid waste and noise caused by washing and processing of coal 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 laws, regulations and regulatory 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, construction 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. According to the national regulations, the environmental monitoring department shall monitor the production area or site regularly or irregularly. 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. With regard to vehicle management, the Group defined an economical vehicle speed. It sets the vehicle speed within the economical vehicle speed through technical means. In 2022, the Group will also purchase 252 new trailer at relevant ports to replace the old ones. The new vehicles will meet the national five emission standards and effectively control exhaust emissions. In addition, the Group actively encourages employees to use public transportation and other green methods to reduce exhaust emissions from private cars.

The AGV unmanned cross-border transportation project went trial operation at Gants Mod Port in mid-July 2022, and completed its first operation test in mid-December of the same year. During the Reporting Period, the total transportation volume of the Group reached 7.55 million tonnes, including 0.51 million tonnes of cumulative container shipments in AGV unmanned cross-border transportation management system.

### *EMISSION AND MANAGEMENT OF SEWAGE*

The wastewater of the Group in the course of production and operation is mainly domestic sewage. The Group strictly manages and maintains the sewage treatment facilities to ensure that sewage is treated by sewage treatment facilities such as septic tanks, oil separators and other 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. The Group also 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 acid, paint, and mineral oil, and strictly prohibits the leakage or related hazards of related substances.



## VI. GREEN OPERATION

### Dust reduction from 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



### *EMISSION AND MANAGEMENT OF SOLID WASTE*

The solid waste generated during the production and operation of the Group mainly includes gangue in the clean raw materials sector and automobile tires and waste parts in the supply chain logistics sector. The Group has formulated and implemented the Solid Waste Management System in accordance with the Law of the People's Republic of China on Prevention and Control of Solid Waste (《中華人民共和國固體廢物污染防治法》), the Controlling Procedures for Emergency Preparation and Response (《應急準備與響應控制程序》) as well as other laws, regulations and management ordinances. The system aims 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 production units to formulate internal rules and regulations and upgrade processes to reduce the overall waste and hazardous waste. All units are required to actively recycle industrial solid waste in light of their own economic and technical conditions. The Group maintains recyclable parts of waste tires, and sells the unusable parts to waste collectors. The Group sells gangue generated during the production process, and uses part of the gangue for road paving in the plant. The waste batteries will be recycled after garbage classification. The coal dust spilled by vehicles is cleaned and recycled by the Group with vacuum sweepers.

### **ENHANCE ENERGY MANAGEMENT**

Affected by the nature of business, the energy resources used by the Group are mainly electricity and diesel consumed in the production process of clean raw materials sector and the supply chain logistics sector. In order to rationally utilize resources and improve energy efficiency and related economic benefits, the Group has formulated and implemented the Energy Management System to actively promote the application of power-saving measures and new technologies, and in accordance with the requirements thereof, manage energy effectively. The system also stipulates the planning, supervision, and approval of energy management, and clarifies the terms of reference of responsible departments including the Department of Safety and Environmental Protection and the logistics department. The Group strictly enforces the national standard Technical Guides for Evaluating the Rationality of Electricity Usage in Industrial Enterprise (GB/T 3485) as the criteria for rational electricity usage, and makes regular replacement of electrical equipment to effectively save electricity.

In order to save power, the Group has formulated power consumption plans on a regular basis, and strictly approves new and temporary electrical equipment to control the consumption of electricity from the source. Meanwhile, the Group decomposes the target of electricity consumption to specific workshop teams, production process, etc., and closely monitors the power consumption of each link as a way to control the power saving target of each unit in real time. The Group also requires to scientifically schedule electricity loads so as to make full use of electricity at valley period and strictly limit the consumption at peak period. In addition, the Group has vigorously introduced and promoted various types of electricity-saving equipment and technologies to advance energy-saving transformation of existing equipment, and requires that the procurement of electrical heating equipment with high energy consumption must be approved by the Department of Safety and Environmental Protection, thereby further improving energy efficiency.



## VI. GREEN OPERATION

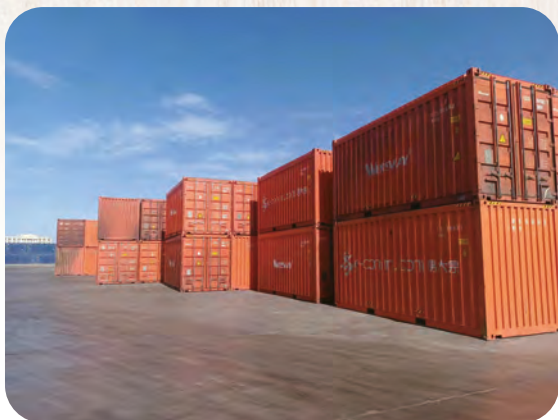
In order to reduce the fuel consumption of vehicles, the Group has implemented comprehensive energy management measures for transportation vehicles. The Group has established a refueling information system in units of vehicle and implemented strict management measures on diesel and gasoline fuels to calculate the monthly fuel consumption and fuel consumption of 100 kilometers per vehicle, and make a rank. For vehicles with fuel consumption exceeding the reasonable level, relevant drivers will receive energy-saving reminders and training. In addition, the Group requires that container vehicles shall be driven at economic speeds of 80 to 100 kilometers per hour to avoid unnecessary oil consumption due to speeding operation.

The water for production and living of the Group comes from municipal water supply. Affected by the natural conditions of the places where operations are carried out, some subsidiaries, e.g. Yiteng Mining Co., Ltd. belonging to the supply chain sector and located at Gants Mod Port in the northern part of the Inner Mongolia Autonomous Region, may be up against water difficulties in summer. Such subsidiaries use facilities including storage pools and water cans to store water in advance to minimize the impact of water supply on production and operation and the life of employees.

The Group has comprehensively strengthened water management to improve the water use efficiency. The Group strictly abides by relevant regulations and policies as well as internal policies on water conservation. It has formulated and issued a group-wide water plan to evaluate the implementation of such plan in each unit on a monthly basis. The Group has also adopted a variety of water-saving measures to ensure that the reuse rate of water in production workshops reaches more than 90%, and the rate of other units reaches more than 50%. The domestic sewage generated in the production and operation may be treated uniformly by the municipal sewage pipe network, or purified with sewage treatment equipment and recycled to achieve zero discharge. The reclaimed water is also used to spray roads to reduce dust so as to reduce the use of fresh water. In addition, to create a water-saving culture and improve employees' awareness in this regard, the Group posts relevant labels and signs in public areas to prevent water from running, spraying, dripping and leaking.

In addition, part of the Group's operating process involves the consumption of coal in winter heating. In this regard, the Group has upgraded the traditional boiler into an air energy boiler and has introduced new technologies to replace fire coal with clean energy. By doing this, the Group has effectively reduced coal consumption while saving energy and reducing emissions.

## GREEN OPERATION



In 2022, the production and logistics industrial parks of the Group at Gants Mod Port and other ports added a hardening area of 11,900 square meters to effectively reduce land dust



In 2022, Zhongqi Haotong, a subsidiary of the Group, organized greening activities to plant willows and other five types of trees totaling more than 1,500, greening an area of 10,000 square meters in the plant

## PROMOTE GREEN OFFICE

Adhering to the concept of “environmental friendliness” and “harmonious development”, the Group vigorously promotes green office measures and is committed to building an eco-friendly garden-type enterprise. The Group has advanced energy conservation and emission reduction in daily production and operation activities, and releases the Targets for Energy Conservation and Reduction of Emissions every year as a guideline for subsidiaries to deepen green operation. During the Reporting Period, the Group required subsidiaries to meet the following energy-saving targets based on the energy consumption level of 2020:

- 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. GREEN OPERATION

Among them, in order to ensure the targets of saving water and electricity, the Group has strengthened the management of water resources and energy in the office area, and requires all relevant employees to comply with the Notice on Advocating Environmental Protection, Energy Saving and Emission Reduction (《關於倡導環保、節能減排的通知》). In terms of management standards, the Group requires that all the energy consumption items such as water, electricity, heating in the office area as well as fuel consumption of official vehicles must be counted separately, managed by special personnel, and accounted independently; all new construction projects must meet the requirements on energy saving in design, materials, construction and other aspects; and energy-saving and eco-friendly models and products shall be chosen as far as possible in the purchase of office supplies. In terms of employee practices, the Group encourages employees to make full use of natural light and turn off lights when leaving to avoid the occurrence of "lights burning day and night"; to turn off electrical equipment such as computers, printers, electric kettles, etc. in free time and when off-duty to reduce standby energy consumption; to set the temperature of air conditioning at no less than 26 degrees in summer and no higher than 20 degrees in winter and switch it to the energy-saving mode; to take stairs if on low floors to reduce the use frequency of elevators; and to reduce unnecessary use of official vehicles, and to take public transportation or travel through environment-friendly methods such as cycling and walking. In addition, the Group posts water saving signs in office areas to raise employees' awareness of water saving.

The waste produced in the Group's office areas mainly includes waste paper, kitchen waste and other garbage. In order to save paper, the Group implements electronic office and effectively reduces paper consumption through online process review and online banking financial operation of the ERP system. In order to reduce the amount of waste paper, the Group advocates the use of double-sided printing, and waste paper that has been used on both sides will be collected to the designated recycling sites around the office areas. 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. The Group also sorts out other waste (including household waste), and recyclable waste will be handed over to recyclers for recycling, and non-recyclable waste will be placed at designated waste collection points for unified processing.

Through various measures to protect environment and reduce emission, during the Reporting Period, the Group successfully achieved the 2022 annual targets of energy conservation and emission reduction, and will continue to deepen green operation and advance the relevant work on energy conservation and emission reduction to further reduce the impact of the Group's operations on the environment.

## COMBAT CLIMATE CHANGE

In the context of the increasingly severe climate change around the world, climate risks such as extreme weather are increasing, posing a non-negligible threat to the social economy of all countries. The physical risks of climate change (e.g. extreme weather) and the transition risks (e.g. changes in policies and laws) are closely related to supply chains and industrial chains, which directly or indirectly affects all walks of life. The Group attaches great importance to the impact of climate change on operation and development, and keeps an eye on relevant risks, so as to actively and effectively cope with the climate change.

The physical risks of climate change faced by the Group are mainly extreme weather events, such as heavy rainfall, thunderstorms, and gales. As the above climate incidents mainly occur in summer, the Group has formulated the Summer Emergency Plan on Prevention of Flood, Wind and Thunderstorm (《夏季防汛、防風、防雷電應急預案》) to clarify the duties and measures of all departments for disaster preparation as a way to ensure the health and property safety of the Group's employees and minimize the loss. Emergency rescue measures include but are not limited to the following:

- Prevention of flood, thunderstorm, and electric shock: all departments shall prepare flood prevention materials in advance, and check the status of electrical equipment, water resistance conditions of buildings, and lightning protection facilities before the flood season. In case of strong precipitation, the staff on duty shall be arranged to keep an eye on the status of equipment to ensure safe operation. Personnel shall stay indoors as much as possible, and the outdoor operation shall be stopped based on the actual situation.
- Windproof: remove or bind outdoor hanging objects to reduce the risk of falling objects. All vehicles shall be parked at designated locations to reduce secondary disasters. Personnel shall stay indoors as much as possible and avoid walking under buildings. After the windy weather is over, production shall be resumed after the production sites and equipment is inspected comprehensively.

Zhongqi Haotong, a subsidiary of the Group, has also formulated the Emergency Plan for Major Pollution Weather of Washing Plant (《洗煤廠重大污染天氣應急預案》) to perfect the dust pollution emergency mechanism and enhance the relevant capabilities of the company, and the company has set up the air heavy pollution control leading group, to carry out the project construction site air heavy pollution emergency work to further improve the quality of the atmospheric environment, air quality and the environment.

Climate change will also expose the Group to transition risks due to changes in policies, laws, and market. To this end, the Group will coordinate various departments to actively follow up national policies and market trends, and timely adjust the response strategies and plans to minimize the possible negative impacts. Meanwhile, we will continue to improve the identification and response mechanism of climate change risk, and enhance the effective control and management of relevant risks.



## VI. GREEN OPERATION

### ENVIRONMENTAL PERFORMANCE OVERVIEW

During the Reporting Period, we compiled environmental data on emissions and the use of resources of 63 subsidiaries<sup>1</sup> within the scope of this report.

Name	Unit	Amount in 2022
Emission of air pollutant <sup>2, 3</sup>		
Nitrogen oxides (NO <sub>x</sub> )	kilograms	25,377.83
Sulfur oxides (SO <sub>x</sub> )	kilograms	3,101.71
Carbon monoxide (CO)	kilograms	20,924.45
Fine particulates (PM <sub>2.5</sub> )	kilograms	1,084.61
Respirable particulate matter (PM <sub>10</sub> )	kilograms	1,205.37
Smoke and dust	kilograms	6.60
Resource consumption and intensity		
Total electricity consumption	kWh	61,150,661.70
Intensity of electricity consumption	kWh/HK\$'00,000,000 operating income <sup>4</sup>	177,689.92
Total consumption of liquefied petroleum gas <sup>5</sup>	kilograms	9,687.96
Intensity of liquefied petroleum gas consumption	kilogram/HK\$'00,000,000 operating income	28.15
Total coal gas consumption <sup>6</sup>	cubic meters	244.80

1 The statistical scope for 2021 is 55 subsidiaries. Due to the expansion of the statistical scope, the environmental performance value of 2022 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 Manual of Accounting Method and Coefficient of Pollutant Discharge from Domestic Sources, the Second National Survey of Pollution Sources on Urban Waste Source Discharge Coefficients Handbook and the Second 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

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 and Singapore; 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 and Singapore; 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; 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

4 During the Reporting Period, the operating income of the enterprises within the reporting scope of this report was HK\$34.414 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 coal gas consumption is mainly derived from the coal gas used by some subsidiaries of the Group for canteen cooking and heating



## GREEN OPERATION

Name	Unit	Amount in 2022
Intensity of coal gas consumption	cubicle meter/HK\$'00,000,000 operating income	0.71
Total coal consumption	tonnes	503.00
Intensity of coal consumption	tonne/HK\$'00,000,000 operating income	1.46
Total petrol consumption	litres	310,999.51
Intensity of petrol consumption	litre/HK\$'00,000,000 operating income	903.69
Total diesel consumption	litres	10,027,337.85
Intensity of diesel consumption	litre/HK\$'00,000,000 operating income	29,137.16
Total energy consumption <sup>7</sup>	MWh	111,730.66
Intensity of energy consumption	MWh/HK\$'00,000,000 operating income	324.66
Total water consumption	tonnes	383,236.40
Intensity of total water consumption	tonne/HK\$'00,000,000 operating income	1,113.60
Volume and intensity of greenhouse gases emission		
Scope 1 <sup>8, 9</sup>	tonnes of carbon dioxide equivalent	28,195.50
Scope 2 <sup>10</sup>	tonnes of carbon dioxide equivalent	34,875.29

- 7 The scope of total energy consumption includes the use of coal, gasoline, diesel, liquefied petroleum gas, coal gas and electricity by the 63 subsidiaries of the Group
- 8 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 and Mongolia, and gas use in Japan
- 9 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 Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions of Enterprises – Power Generation Facilities 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 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
- 10 The calculation scope of greenhouse gases (Scope 2) includes the use of purchased electricity by 63 subsidiaries of the Group. The calculation method of emission data is based on the average emission coefficient of the national power grid in 2022 in the Notice on the Report and Administration of Greenhouse Gas Emissions of Power Generation Enterprises from 2023 to 2025 published by the Ministry of Ecology and Environment of the People's Republic of China, 2021 Sustainability Report from HK Electric Investments Limited, 2021 Sustainability Report from CLP Power Hong Kong Limited, 2021 Sustainability Report from Companhia de Electricidade de Macau and the Calculation Tool for Greenhouse Gases Emissions from Purchased Electricity published by the Greenhouse Gas Protocol



## VI. GREEN OPERATION

Name	Unit	Amount in 2022
Total emission of greenhouse gases	tonnes of carbon dioxide equivalent	63,070.79
Intensity of total emission of greenhouse gases	tonne of carbon dioxide equivalent/ HK\$'00,000,000 operating income	183.27
Volume and intensity of hazardous wastes generated		
Volume of waste battery generated	kilograms	6.22
Intensity of waste battery generated	kilogram/HK\$'00,000,000 operating income	0.02
Waste ink cartridges generated	box	194.00
Intensity of waste ink cartridges generated	box/HK\$'00,000,000 operating income	0.56
Volume and intensity of non-hazardous wastes generated		
Volume of waste plastic bottles generated	kilograms	500.00
Intensity of waste plastic bottles generated	kilogram/HK\$'00,000,000 operating income	1.45
Volume of waste paper generated	tonnes	110.00
Intensity of waste paper generated	tonne/HK\$'00,000,000 operating income	0.32
Volume of domestic waste in office generated	tonnes	1,503.36
Intensity of domestic waste in office generated	tonne/HK\$'00,000,000 operating income	4.37
Disposed office supplies	kilograms	500.00
Intensity of disposed office supplies generated	kilogram/HK\$'00,000,000 operating income	1.45
Volume and intensity of solid waste <sup>11</sup> generated		
Volume of combustion residue generated	tonnes	78.00
Intensity of combustion residue generated	tonne/HK\$'00,000,000 operating income	0.23
Volume and intensity of sewage generated		
Volume of sewage generated	tonnes	3,055.90
Intensity of sewage generated	tonne/HK\$'00,000,000 operating income	8.88

11 Since the Group will sell the by-products coal slime and gangue, coal slime and gangue will not be included in the statistical scope of solid waste

## VII. CARING FOR EMPLOYEES

The Group regards talent as a strategic asset for the long-term development of the enterprise. Therefore, we always adhere to the basic principle of people-oriented, continue to improve human resources management system, effectively protect the legitimate rights and interests of employees. At the same time, we are committed to creating an equal, open, harmonious and inclusive working environment, and provide career development opportunities and platforms for all employees.

### HUMAN RESOURCE 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 Labour Dispute Mediation and Arbitration Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China, the Individual Income Tax Law of the People's Republic of China, the Regulations for the Implementation of the Labour Contract Law of the People's Republic of China, the Regulations on the Paid Annual Leave of Employees, the Regulations for the Recruitment of Personnel for Technical Professions, the Regulations on the Management of Employment of Foreigners in China, the Special Regulations for the Protection of Female Workers. 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. Meanwhile, the Group has established and maintained effective communication channels with employees, and eliminated and prevented any form of discrimination to 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 are carried out to promote human resource sharing within the Group, and help the growth and development of employees.

The Group adheres to the recruitment principles of taking into account of "integrity first, avoidance of relatives' interference, teamwork, profession emphasized, open minded and scientific evaluation", and insists on open recruitment, equal competition, merit-based admission, and internal first. In order to select outstanding talents who agree with the values of the Group and have comprehensive abilities, the Group has introduced advanced evaluation methods and established a scientific and objective talent evaluation system for different positions. Candidates are recruited according to their actual ability and development potential, and will entered into labor contracts with the Group according to law.





## VII. CARING FOR EMPLOYEES

The Group combines the overall development strategy and business direction of the enterprise, and on the basis of sorting out and analyzing the current situation of human resources, develops phased human resources work objectives and plans, and makes flexible adjustments according to actual needs, so as to implement dynamic human resources management. The Group has formulated the Advanced Talent Recruitment Management System (《高級人才招聘管理制度》) to actively recruit senior management talents, technical personnel and other special 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 deployment, so as to fully tap the internal talents of the Group, introduce a competition mechanism, and optimize the allocation of human resources. In addition, in order to strengthen the construction of talent echelon, the Group also actively cultivates a reserve talent team, and prioritizes job rotation, training and promotion opportunities for reserve talents, and improve reserve personnel file record, so as to cultivate high-potential talents who can take over key positions for the long-term development of the enterprise. For retirees, the Group has formulated the "Measures for the Management of Retirees" to ensure that retirees can enjoy their due welfare policies.

The Group strictly abides by the relevant laws, regulations and management regulations, including the Labour Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors, 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》), 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》) to strictly prohibit the employment of child labor and forced labor. 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, request confirmation for review, and immediately stop their work and undergo a physical examination. With the confirmation of the labor department, the Group will pay all the salaries and designate personnel to escort them home with the guardian. It will also find out the reasons and strictly hold the relevant personnel accountable. If the children have not completed their compulsory education, the Group will also subsidize the corresponding expenses to help them complete their compulsory education. 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, 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.

## CARING FOR EMPLOYEES

As at 31 December 2022, there were 1,844 full-time employees in the Group (no part-time employee). The number of employees by category is detailed as follows:

Indicator	Unit	2022
<i>By gender</i>		
Male	person	1,620
Female	person	224
<i>By age group</i>		
Below 35	person	353
35 to 44	person	980
45 and above	person	511
<i>By region</i>		
Beijing	person	112
Shanghai	person	2
Jiangsu	person	8
Shanxi	person	5
Inner Mongolia	person	209
Tianjin	person	6
Liaoning	person	3
Shandong	person	14
Hainan	person	42



## VII. CARING FOR EMPLOYEES

Indicator	Unit	2022
Zhejiang	person	14
Guangdong	person	22
Hong Kong	person	12
Macau	person	7
Mongolia	person	1,367
Singapore	person	15
Japan	person	3
Australia	person	3
<i>Employee turnover rate<sup>12</sup></i>		
<i>By gender</i>		
Male	percentage	2.16%
Female	percentage	4.91%
<i>By age group</i>		
Below 35	percentage	3.97%
35 to 44	percentage	2.96%
45 and above	percentage	0.59%
<i>By region</i>		
Beijing	percentage	6.25%
Shanxi	percentage	40.00%
Inner Mongolia	percentage	11.00%
Mongolia	percentage	0.80%
Hong Kong	percentage	16.67%
Japan	percentage	33.33%

12 The formula for calculating the turnover rate of each category of employees is: the number of employees who quit in this category/ total number of employees in this category × 100%



### EMPLOYEE BENEFITS AND WELFARE

According to the Human Resources Management System, the Group makes detailed regulations on working hours, remuneration and welfare, vacation arrangements and other benefits, so as to standardize the management of benefits and leave, and provide extensive and rich humanistic care for all employees. 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, commercial accident insurance and supplementary medical 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, the Group provides moderately advanced benefits for employees, so as to enhance the enterprise cohesion and the happiness of employees. The Group requires each subsidiary to set working hours according to the actual situation in each region.

In addition, based on the attendance management system, 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, public leave<sup>13</sup>, marriage leave, maternity leave, paternity leave, breastfeeding leave, funeral leave, family visit leave and other holiday benefits. During statutory holidays, each subsidiary, according to national regulations, shall arrange for key employees who need to stick to their posts to take time off after work, to protect the legitimate rights and interests of employees. The Group also strictly regulates overtime management, each subsidiary clearly defines the overtime implementation rules in the attendance system or employee manual, requiring each department to fill in the overtime application form and submit it for approval, and provide the overtime employees with time off or overtime compensation.

During the Reporting Period, the Group and its subsidiaries organized rich and beneficial staff activities, including annual meetings, birthday parties, quizzes and various cultural and sports activities. In addition to enriching the lives of employees, these activities also enhanced the mutual understanding among colleagues, thereby creating a harmonious and friendly team atmosphere.

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



## VII. CARING FOR EMPLOYEES



"Summer Vacation" Activity of Beijing Office



Team Activity of Baotou Office  
(包頭辦公室)



Cultural and Sports Activity of Yingkou  
Haotong Energy Company  
(營口浩通能源公司)



Dumpling Event of Ulanqab Haotong  
at the Beginning of Winter



Team Activity of  
Ulanqab Haotong



Birthday Celebration

## FOCUS ON TALENT CULTIVATION

The Group adheres to a talent concept of joining hands with employees and growing up together, and pays high attention to employee training and development. In order to encourage employees to continuously enhance their abilities, the Group provides employees with rich training resources, broad development platforms, and ample opportunities, so as to achieve an organic combination of individual development and enterprise progress, and cultivate and establish talent teams which adapt to change and innovation.

The Group clarifies the measures to carry out and manage training activities in the Human Resources Management System. At the group level, training activities shall be planned, guided, executed, and supervised by the human resources and administrative department of Beijing company. At the subsidiary level, each company may independently formulate and implement training plans in the view of its own operation. In order to ensure the results of training, the Group manages the training process in a standardized way: before training, to investigate training needs through questionnaires and other means to determine the theme of training, trainers and trainees; during training, to ensure that the notice is duly given, the information is available, and communication in real time with the trainer is kept open; and after training, to evaluate the assignments and effects of the training, and give a summary. Training-related materials will be uniformly deposited for regular collection and statistics.

During the Reporting Period, taking the “Winsway Academy (永暉書院)” as a platform, the Group formulated the “E-Commodities Systematic Training Program (易大宗體系化培養方案)” in line with the corporate culture and characteristics, thereby improving the overall management level and ensuring the competence of employees in key positions. Based on the training system framework of the “Winsway Academy”, the training subjects of general management, professional fields, corporate culture and production training are determined to form a training program suitable for the E-Commodities system to actively cultivate grass-roots and mid-level management, new grass-roots manager and grass-roots employees.



Training System of the Group





## VII. CARING FOR EMPLOYEES

During the Reporting Period, the Group and its subsidiaries held 89 internal and external training activities, including coal-related information training, new employee training, psychological counseling, AGV-related training, safety education training, etc.



Organized Training on Business Data Statistics by Baotou Office



Middle Management Post Training of  
Yingkou Haotong Energy Co., Ltd.  
(營口浩通能源有限公司)



Employees of the Group Participated in Intelligent  
Manufacturing and Digital Transformation Study Tour

### Case: “Winsway Academy” Online Learning Platform

During the Reporting Period, the Group established a “Winsway Academy” online learning platform through the Micro E-Commodities (小易) APP in a digital manner. Since the trial operation on 12 May 2022, the online “Winsway Academy” has added 160 original courses, attracting 350 learners on accumulated basis who have taken about 1,417 learning hours in total.



In order to improve the quality of the curriculum and ensure the training effect, the online curriculum of “Winsway Academy” has gone through careful polishing. The platform organized 135 employees to participate in trial class, and evaluated the curriculum with the consideration of the feedback and suggestions from each employee. The curriculum needs to be fully accredited before it can be put online.

After six months of trail operation, the “Winsway Academy” established a curriculum framework, and organized the existing internal training courses and materials and uploaded them to the platform. The first round of preliminary screening of compulsory courses at each level has completed for the training in 2023. The new round of screening will also be launched successively. In addition, the platform takes the training for new employee as a starting point, covering new learning and interactive models such as online learning, offline learning, and examinations, and has been recognized by learners. In addition, “Winsway Academy” has been constantly adjusted and optimized according to the suggestions of employees. At present, numbers of training programs have been launched at “Winsway Academy” online, including the five-phase new employee training, the “TWI Management Training Camp” attended by nearly 100 people, and the five-in-one training of “e-coking coal”. The “Winsway Academy” online learning platform will be continuously optimized on the curriculum side and the operation side, and contribute to the career development of more employees with better learning content and smoother learning experience.





## VII. CARING FOR EMPLOYEES

During the Reporting Period, the percentage of employees trained<sup>14</sup> and the average training hours<sup>15</sup> by category are as follows:

<b>Percentage of employees trained</b>		
<i>By gender</i>		
Male	percentage	87.85%
Female	percentage	12.15%
<i>By employee category</i>		
Senior management	percentage	0.60%
Middle management	percentage	3.63%
Grass-roots employees	percentage	95.77%
<i>Average training hours of employees</i>		
<i>By gender</i>		
Male	Hour	3.00
Female	Hour	2.30
<i>By employee category</i>		
Senior management	Hour	1.90
Middle management	Hour	2.60
Grass-roots employees	Hour	2.90

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

15 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



## VIII. RIGOROUS QUALITY CONTROL

The Group has kept improving the standard of quality management and control for a long time. It strives to practice the principle of honesty and trustworthiness and the business philosophy of taking customers as a starting point. The Group carries out in-depth quality management, and is committed to improving the quality of products and services. We strictly abide by laws and regulations, and conduct integrity operations to protect the legitimate rights and interests of enterprises and shareholders. We continue to create social and economic benefits from all aspects to lay a solid foundation for enterprises to achieve sustainable development.

### BUILD A CULTURE OF 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 related to anti-corruption to firmly prohibit bribery, extortion, fraud and money laundering, the Group has formulated and implemented the Anti-Fraud, Anti-Money Laundering and Anti-Bribery Policy (《反舞弊、反洗錢、反賄賂政策》) to strengthen the Group's efforts to monitor internal activities, create and maintain 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 disciplinary inspection and supervision department is led by the technical supervision department to carry out disciplinary inspection and supervision, with an aim to regulate the occupational conduct of the Company's president, directors, senior and middle management and employees, and supervise each business department and subsidiary. We also establish channels and actively receive and handle complaints and reports, 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 is 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, as well as laundering money, offering or accepting bribes through companies or individuals. At the meantime, 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. RIGOROUS QUALITY CONTROL

- 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
- Cheating and other dishonest acts to the Company, such as violating the actual cost reimbursement principle in the Company's financial system
- Fabrication and misrepresentation of documents for personal interests
- Disclosure of any trade or technical secret, business secret, or information or documents marked as confidential of the Company
- 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, and submit the report registration form and other relevant materials to the person in charge of disciplinary inspection and supervision, and ask for instructions. When the reported case is determined to be necessary for investigation, the relevant discipline inspection and supervision personnel will start the inspection mechanism, promoting the investigation and handling. Disciplinary inspection and supervision personnel of the technical supervision department will 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 will make 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 technical 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 the investigation materials for filing.

The Group strictly keeps confidential the information of whistle-blowers and report materials. We will hold relevant person liable for the leakage of the report and will seriously deal with the leakage of the report according to the circumstances. Meanwhile, illegal retaliation is prohibited. If there is any illegal discrimination, retaliation or hostilities against the informant, the person in charge of investigating fraud, information provider or other persons bearing witness and assisting in the investigation, or intentional provision of false information to retaliate against or slander others is discovered during the report handling or evidence collection, 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.

## RIGOROUS QUALITY CONTROL

During the reporting period, we updated the Anti-Fraud, Anti-Money Laundering and Anti-Bribery Policy (《反舞弊、反洗錢、反賄賂政策》), adding anti-bribery section to strengthen the internal control mechanism, and strictly follow the rules of fair competition; and adding the anti-money laundering section to firmly prohibit any form of money-laundering related activities, including but not limited to:

- To allow illegal funds to enter the financial system through domestic and foreign bank account transitions;
- To realize cross-border transfer of criminal proceeds through illegal channels, turn legal funds into black money for illegal purposes, or evade regulation and taxes of legal income through money laundering;
- To launder money with cash transactions and high consumption or in place for consumption mainly in cash

The Group continued to conduct anti-corruption training in 2022, which started in 2020. 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 senior employees to participate in the training through online conferences. During the Reporting Period, the Group engaged external professional lawyer team to carry out training sessions under the command of the office of the Board and the technical supervision department. The training content covers anti-money laundering, anti-fraud, and explaining relevant internal policies of E-Commodities, with a total of 65 participants, including 4 directors, 7 senior management members, 41 middle-level management members and 13 grass-roots members.

## COMPREHENSIVELY IMPROVE QUALITY MANAGEMENT

The Group has established the concept of “Quality First”, and strictly complies with 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 Safety Supervision over Coal Mines, the Mine Safety Law of the People’s Republic of China 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.





## VIII. RIGOROUS QUALITY CONTROL

### QUALITY MANAGEMENT

The Group has formulated and implemented quality management regulations including the Technical Supervision and Management System (《技術監督管理制度》), the Quality Supervision and Management Process for Warehousing Raw Coal (《入庫原煤質量監督管理流程》), the Quality Supervision and Management Process for Warehousing Purchased Clean Coal (《外購精煤入庫質量監督管理流程》), and the Quality Supervision Process for Outgoing Products (《出庫產品質量監督流程》) to further improve product quality control and ensure the quality of products. According to the Supervision and Inspection Requirements of the Technical Supervision Department (《技術監督部監督檢查要求》), the Group has conducted sampling inspections at different frequencies on mining raw coal and inbound and outbound raw coal at Data mine (大塔礦), Chagan Hada stockyard (查干哈達堆場), import ports, and washing bases, and on different subjects at processing, transportation, delivery and other stages so as to control the quality of raw material processing, supply chain logistics and trade from all aspects, and provide high-quality products and services for customers. The Quality Supervision and Management Process for Warehousing Raw Coal, the Quality Supervision and Management Process for Warehousing Purchased Clean Coal, and the Quality Supervision Process for Outgoing Products detailed the responsibilities and overall business process of the laboratory, dispatching department, technical supervision department and others involved in the quality supervision and management process, and made clear stipulation on the product quality indicators.

In addition, the Group has formulated and implemented 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.

## RIGOROUS QUALITY CONTROL

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.

### 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



## VIII. RIGOROUS QUALITY CONTROL

### *CUSTOMER SERVICES*

The Group attaches great importance to listening to customers and continues to improve the customer feedback mechanism and unblock the feedback channels with an aim to improve customer satisfaction. Customers can give feedback through monitoring emails and monitoring hotlines for their opinions or complaints about products and services. In addition, customers can give complaints directly to the company, technical supervision department, review committee and legal affairs department. The Group has established a sound complaint management mechanism. A special investigation team will be formed after the complaint is received and the team will prepare an outline of the survey. Surveys are conducted through on-site investigation, evidence collection, interviews with personnel, account checking and auditing and other ways. The team will complete investigation and compile investigation records with the assistance of relevant departments. 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.

### *MARKETING MANAGEMENT*

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 regulates the advertising and labeling of product sales and marketing services to avoid the occurrence of misleading information. Meanwhile, the Group also clearly requires sales staff to be honest, act impartially, and not to seek personal gain in sales business, effectively promote legal and reasonable marketing, and protect consumers' rights and interests.

### *INTELLECTUAL PROPERTY*

The Group strives to strengthen the protection of intellectual property rights, attaches great importance to the capability of independent innovation, encourages employees to invent and create. Meanwhile, the Group pays attention to the legal use and effective protection of trademarks, the development and improvement of software copyrights and the development and protection of patent technology. 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, asset management department and internet technology platform of the Group are primarily responsible for the related issues, including software copyrights development, registration of new trademarks, sorting out business types and making records to protect the obtained trademarks, as well as patent applications and protection work.



## RIGOROUS QUALITY CONTROL

During the Reporting Period, the Group obtained a new software copyright for online freight, which incorporates business management functions such as ETC invoicing, connection with refueling system, electronic fuel card for driver, development of reconciliation platform, and waybill approval to make the online freight platform of the Company more perfect. In addition, the Group applied for 45 trademarks and obtained a total of 77 trademark registration certificates, covering the principal business, corporate label, derivatives, and other related fields, to protect the creative intellectual achievements and industrial, commercial marks of the Group and its employees, and prevent intellectual property rights from being preempted by others. In addition, the three patent applications submitted by the Group in 2021 passed the preliminary review by the national patent office during the Reporting Period, and are currently in the stage of implementation review, and have been published in the patent gazette. In addition, the Group also actively protects the patents of intelligent port projects.

### 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 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 laws, regulations and administrative regulations on consumers' privacy protection, the Group has formulated and implemented the Administrative Rules on Internet Behavior (《上網行為管理規則》) and 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, regulate their behaviors and protect the privacy 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. In addition, 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 the acts that damage the privacy of the Company and its customers, and take legal measures when necessary, so as to safeguard the privacy and business interests of the Group, its customers and partners.



## VIII. RIGOROUS QUALITY CONTROL

### DIGITAL-INTELLIGENT TRANSFORMATION

The Group has kept improving technologies and intelligent applications to improve the working efficiency and conditions of employees and ensure safe cargo transportation. In response to the national development targets of “carbon peaking” and “carbon neutrality”, the Group continues to invest resources to advance technologies and intelligent applications, promote multimodal transport, intelligent logistics park, and AGV unmanned cross-border transportation management system, and exercise a green transportation model.

The Group has developed a comprehensive capability of “solution + system + operation” through the self-developed “E-Link Intelligent Logistics Platform (易鏈智慧物流平台)” and constant improvement in actual operation to serve suppliers, logistics companies, drivers, and logistics parks in the commodity supply chain, with a comprehensive coverage of all scenarios within the supply chain as a way to effectively meet the needs of customers. The intelligent logistics park comprises cross-border transportation, container management, multimodal transport, warehouse management and other major elements, with an aim to improve cross-border coal transportation, and supplemented by road and rail transportation to generate synergies.

#### Cross-border transportation

- Cross-border transportation services comprise elements such as container heavy trucks, bulk coal trucks, and AGVs

#### Multimodal transport

- From 2018 to now, there are more than 40,000 vehicles, a total of 307 fleets, and a cumulative transportation volume of 39.95 million tonnes, covering 394 logistics nodes

#### Container management

- Manage and dispatch 20,158 self-owned containers

#### Warehouse management

- There are 9 core warehouses, which enables to monitor a total of 23 million tonnes of inventory through the video and update inventory in real-time

Highlights in the Intelligent Logistics Operation

## RIGOROUS QUALITY CONTROL

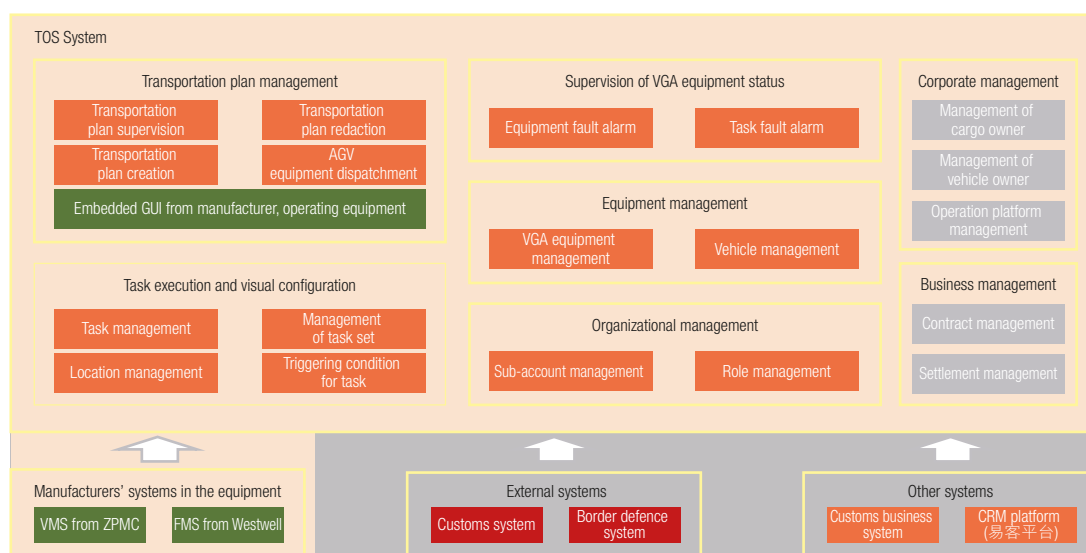
Technological progress and intelligent applications not only ensure the safety of employees, goods, and the working environment of the Company, but also effectively promote the concept of environmental protection. In cross-border transportation, the Group adopts the AGV unmanned cross-border transportation management system. The project is mainly used in the cross-border transportation between China and Mongolia to consolidate the bridgehead position of cross-border transportation in the north China, and build a green, intelligent, safe, and efficient land port. The project began trial operation at the Gants Mod Port in mid-July 2022, and completed its first operation test at the Ceke Port in mid-December of the same year. The project adopts an operation mode of magnetic nails. The principle is to fix the magnetic nails on closed roads, and vehicles complete transportation under the guidance of magnetic nails based on the effective data instructions conveyed by the background information center. Vehicles used in the AGV unmanned cross-border transportation management system are 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 commodity and environmental protection. The project combines multiple modes of transportation such as road manual driving and railway transportation, and in the long run will improve the risk resistance of ports and steadily increase the annual customs clearance volume.





[illegible]

Completed during the period



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## RIGOROUS QUALITY CONTROL

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 and practice multimodal transport. 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

### Intelligent container management 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, making it easier to locate goods

### Intelligent park management system

- By virtue of online business, process automation, unmanned operation, combined with scientific and technological means, intelligent logistics park is built through online system and intelligent hardware



## VIII. RIGOROUS QUALITY CONTROL

Leveraging on the multimodal transport system, intelligent container management system, and intelligent park management system, combined with the AGV unmanned cross-border transportation management system, we can develop an intermodal transportation featuring “AGV + rail transportation + road transportation”. As one of the connection systems of multimodal transport, warehousing system and multimodal transport system can improve transportation efficiency through data unification and data exchange. By docking with the multimodal transport system, the intelligent container management system may connect the data of multiple transportation, and track the real-time location of transported goods, as a way to link the entire transportation chain.



Intelligent Container Management System



VR Perspective of Intelligent Park Management System

The brand new multimodal transport system, intelligent logistics park and AGV unmanned cross-border transportation management system greatly reduced the frequency of face-to-face operations of relevant staff, and thus greatly reduced offline personnel contact during the pandemic, improved work efficiency and contributed to 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. During the Reporting Period, the Group has also applied for another 45 new trademark registrations in total, and has obtained 77 certificates of trademark registration in total relating to the unmanned, new business and main business, so as to protect the Group's creative intellectual achievements and industrial, commercial marks.



## RIGOROUS QUALITY CONTROL

In the future, the Group will continue to pay attention to technology research and development and related technology application of intelligent logistics park, 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, so as to protect the environment, effectively conserve energy and reduce emission in the upstream and downstream of the supply chain. In addition, the Group will also start to improve the intelligent level of the port infrastructure and supervision system, and promote the application of technologies including AGV unmanned cross-border transportation management system and multimodal transport system. 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.

## PROMOTE RESPONSIBLE PROCUREMENT

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 has formulated the E-Commodities Material Procurement Management System (《易大宗物資採購管理制度》), which was comprehensively adopted since 1 January 2022.

In order to strengthen the management of environmental and social risks in the supply chain and improve the level of supplier management, the Group has formulated strict supplier entry requirements and supplier assessment forms, and has clearly specified the material procurement method, enforcement of procurement, key procurement issues, supplier management, material acceptance and records, and responsibilities in the E-Commodities Material Procurement Management System. During the process of selecting suppliers and making purchases, we will consider the corporate culture of the supplier, focusing on and carefully examining its environmental and social performance, and incorporate it into management.

According to the E-Commodities Material Procurement Management System, we formulate plans and proceed bidding procedures, joint inquiry or platform procurement and other procedures in a systematic and responsible manner. All suppliers are required to comply with relevant systems. Among them, the work on bidding is organized by the executors of the material procurement center and the joint purchasers of each company, with the participation of the user department and relevant technical departments. After the general manager reviews and approves the specific requirements for bidding, executors of the procurement center will prepare and publish the bidding documents together with the joint purchasers of each company. Upon reviewing the prequalification documents prepared by potential bidders, the bid evaluation team will evaluate the documents that meet the requirements of the bidding documents, determine the ultimate bid winner, disclose the bidding information, and enter into a written contract with the winner. The bidding process will be proceeded in a standardized manner under the supervision of the decision-making team of the material procurement center, with emphasis on quality control, cost control, and confidentiality. For procurement methods such as joint inquiry and platform procurement, we will also strictly compare price and quality, and select the final supplier based on the principle of low price and same quality through inquiry, price comparison, and negotiation among more than three suppliers.



## VIII. RIGOROUS QUALITY CONTROL

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. 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 conducts environmental protection tests, energy conservation tests or quality tests on the products provided by suppliers, as well as environmental protection or energy conservation tests on the services provided by suppliers, and returns the products or services that do not meet the requirements. 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.

## RIGOROUS QUALITY CONTROL

During the Reporting Period, the Group had a total of 347 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>
The PRC (including Hong Kong, Macau and Taiwan)	226
Mongolia	9
America	10
Australia	52
Canada	8
Japan	5
Indonesia	7
Saudi Arabia	2
Mozambique	2
Korea	3
New Zealand	1
Others	22





## XI. GIVING BACK TO SOCIETY

The development of an enterprise cannot be separated from the long-term support and assistance of its place of operation. As a responsible corporate citizen, the Group actively assumes social responsibilities, and pays close attention to the economic development needs of the place where it operates. While ensuring its own business growth, the Group gives back to society through various means such as poverty alleviation and donations to schools, creates jobs in the place where it operates, and pays taxes in accordance with the law to actively assume corporate social responsibilities, promote local economic and social development, and contribute to community residents and the local economy. During the Reporting Period, the Group indirectly employed more than 750 local laborers in Inner Mongolia, Shanxi, Shandong, Liaoning, Heilongjiang, Zhejiang, Hainan, Guangdong and other regions. Each subsidiary of the Group pays taxes in accordance with the law. The investment of the Group in various regions of China directly promotes the development of local economy, and greatly increases local income. In 2022, the Group paid a total of HK\$133 million in taxes to Inner Mongolia, HK\$54.986 million in North China, HK\$209 million in South China, HK\$37.199 million in East China, and HK\$15.538 million in Northeast China, making due contributions to the local economic growth<sup>16</sup>.

In addition, the Group has established good relationships with the banners, counties and villages where it operates, and purchases local residents' home-made agricultural products from time to time to help those in need. For example, the Shanxi Haotong Company (山西浩通公司) of the Group purchased the honey produced by local villagers with a total amount of RMB10,000. The Group also maintains efficient communication with the community, actively gives back to the community through donations to local infrastructure construction, poverty alleviation, funding for education, disaster relief, and others. For example, Zhongqi Yiteng Mining Company (中旗毅騰礦業公司) invested RMB40,000 to help build local schools; Singapore company donated SGD40,000 to assist in local education; Zhongqi Haotong Company (中旗浩通公司) established an emergency rescue team to fight fire for resident enterprises, and improved the local environment through afforestation; and New Barag Right Banner Lingzhi Freight Co., Ltd. (新巴爾虎右旗凌志貨運有限公司) also donated RMB10,000 to the Red Cross Society of New Barag Right Banner (新巴爾虎右旗紅十字會) to support the banner's tourism industry, assist local economic and social development, and actively practice corporate social responsibilities.

We actively communicate and interact with local communities and are enthusiastic about participating in charity activities. In January and May 2022, we launched two charitable donations for the family member of an employee from Erlian Haotong, a subsidiary of the Group, and an employee of suppliers at Gants Mod Port, both in urgent need of medical treatment. These activities received a wide response from employees both at home and abroad, raising about RMB250,000 in a short time to help the two families tide over difficulties.

<sup>16</sup> The above taxes do not include customs value-added tax and customs duties paid during the import process

## GIVING BACK TO SOCIETY

On 11 March 2022, a fire broke out in an enterprise near Zhongqi Haotong Coal Washing Plant (中旗浩通洗煤廠). Zhongqi Haotong Company established an emergency rescue team to assist in fighting fire under the unified command of the local fire brigade. This emergency fire-fighting fully reflects the ability of Zhongqi Haotong Company to organize rescue operation, and demonstrates the sincere attitude of the Group to assume corporate responsibilities.



At the beginning of 2022, the family member of an employee of Erlian Haotong, a subsidiary of the Group, had an unexpected accident, for which Erlian Haotong initiated a charitable donation. Subsidiaries of the Group, both domestic and overseas, raised a total of approximately RMB120,000 and promptly delivered the proceeds to the employee.



## X. APPENDIX: CONTENT INDEX OF ESG REPORTING GUIDE

Requirements, key areas, aspects, general disclosures and key performance indicators		Disclosure location or remarks
<b>Mandatory Disclosure Requirements</b>		
<b>Governance Structure</b>	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> <li>(i) a disclosure of the board's oversight of ESG issues;</li> <li>(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</li> <li>(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.</li> </ul>	<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>
<b>Reporting Principles</b>	<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>	<p>About this Report</p> <p>Materiality Assessment</p>
<b>Reporting Boundary</b>	<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. 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
<b><i>“Comply or Explain” Provisions</i></b>		
<b><i>A. Environmental</i></b>		
<b><i>Aspect A1: Emissions</i></b>		
<b>General Disclosure</b>	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.	Green Operation Strict Control on Pollutant Emissions
<b>Indicator A1.1</b>	The types of emissions and respective emission data.	Environmental Performance Overview
<b>Indicator A1.2</b>	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).	
<b>Indicator A1.3</b>	Total hazardous waste produced (in tonnes) and (where appropriate) intensity (e.g., per unit of production volume, per facility).	
<b>Indicator A1.4</b>	Total non-hazardous waste produced (in tonnes) and (where appropriate) intensity (e.g., per unit of production volume, per facility).	
<b>Indicator A1.5</b>	Description of emissions target(s) set and steps taken to achieve them.	ESG Objectives
<b>Indicator A1.6</b>	Description of how hazardous and non-hazardous waste are handled and description of reduction target(s) set and steps taken to achieve them.	



## 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.	Enhance Energy Management
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.	Enhance Energy Management
Indicator A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not Applicable
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Strict Control on Pollutant Emissions
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.	

## 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.	Human Resource 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.	Employees' Safety
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.	Employees' Safety





## 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	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training and may include internal and external courses paid by the employer.	Focus on Talent Cultivation
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	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Human Resource 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.	Promote Responsible Procurement
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.	Comprehensively Improve Quality Management
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.	Build a Culture of 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
<b>Community</b>		
<b>Aspect B8: Community Investment</b>		
<b>General Disclosure</b>	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.	Giving Back to Society
<b>Indicator B8.1</b>	Focus areas of contribution (e.g. education and environmental concerns, labour needs, health, culture, sport).	
<b>Indicator B8.2</b>	Resources contributed (e.g. money or time) to the focus area.	





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