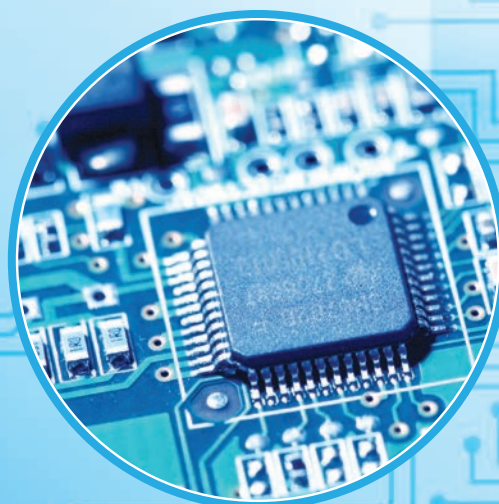


稀美資源控股有限公司

XIMEI RESOURCES HOLDING LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 9936



2022

Environmental, Social and Governance Report

VISION AND MISSION

Uphold the mission of “exploiting rare resources and creating a better world”, adhere to the strategic positioning of “professional, integrated, large-scale, high-end, international and capital-based” operation, and strive to become a world leading manufacturer and operator of tantalum- and niobium-based products!

CHAIRMAN'S MESSAGE



Dear readers,

Adversity reveals one's true resilience, and only through hardship can one achieve greatness. The year 2022 was an extraordinary year, marked by the conflict between Russia and Ukraine leading to an increasingly tense international political environment, the recurring pandemic causing difficulties in economic recovery, and competition between major powers having a profound impact on the global supply chain. Nevertheless, China still recorded a gross domestic production of RMB121 trillion, climbing to a new level and maintaining its position as the world's second-largest economy with performance in line with market expectations, ushering in a new stage of high-quality development.

In 2022, the tantalum and niobium market experienced significant fluctuations and rapid changes, and affected by the pandemic prevention and control measures and the continuous interest rate hikes by the US Federal Reserve, RMB exchange rate saw significant fluctuations, which affected the Company's production and operations to some extent. Despite the adversity, all members of Ximei worked together and made concerted efforts, thereby achieving new heights in various production and operational indicators. In 2022, Ximei Resources achieved revenue of RMB1,020 million, representing a year-on-year increase of 34%; total profit before taxation of RMB145 million,

representing a year-on-year increase of 11%; and gross profit of RMB306 million, representing a year-on-year increase of 49%. Revenue reached a record high in the Company's history.

By adhering to the sustainable development concept of healthy development and steady growth, Ximei Resources always actively responds to the government's strategy of "carbon peaking" and "carbon neutrality" and the requirements of the 14th Five-Year Plan, and fulfills its social responsibility in aspects of environmental, social and corporate governance, aiming to establish an ecosystem of co-creation, sharing and win-win situation. In 2022, the Company also made considerable achievements in environmental, social and governance aspects. In the environmental aspect, we continuously optimized the recycling project, completed the construction and installation of the in-depth wastewater treatment project, and upgraded and transformed the extraction line and other key equipment. As for our employees, the Group implemented a share award scheme to share the benefits with employees for common development; continued to promote standardized and efficient management, hired a management consulting firm to upgrade and optimize the management of the Group, and established the "Ximei Lecture Hall", which greatly improved the coverage and training hours of employees, thereby laying a solid foundation for organizational upgrading and rapid development. For community engagement, we actively participated in various social welfare activities in the surrounding areas, and donated RMB1.2 million during the year. Regarding governance, the Company continued to improve its internal rules development and risk management, held results presentations of the Company and other activities through internet platform on a regular basis, increased the frequency of investor communication and improved the diversity of directors, with no business ethics violations throughout the year. In addition, the Company also achieved outstanding performance in quality management and supply chain management.

Finally, I would like to express my heartfelt gratitude to all employees for their contribution to the sustainable development of the Company, and to all shareholders, customers, suppliers and other partners, as well as community residents for their trust and support. After years of development, we are fully aware that environmental, social and governance are the cornerstones of existence and high-quality development of an enterprise. Ximei Resources will adhere to the strategic positioning of "professional, integrated, large-scale, high-end, international and capital-based" operation, stay true to our original mission and march forward with determination to reward our employees and all supporters from different sectors of the society with better performance.

Mr. Wu Lijue
Chairman and executive director

Hong Kong, 20 April 2023

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ABOUT US

About Ximei Resources

Ximei Resources Holding Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) was successfully listed on the Main Board of the Hong Kong Stock Exchange in March 2020 and the Company has become the holding company of the Group for the purpose of the listing and holds three subsidiaries, namely Xinjia Group Limited (新佳集團有限公司), Ximei Resources (Hong Kong) Limited (稀美資源(香港)有限公司) (formerly known as Xite Group Limited (稀特集團有限公司)) and Ximei Resources (Guangdong) Limited* (稀美資源(廣東)有限公司) (“**Ximei Guangdong**”) (formerly known as Guangdong Zhiyuan New Material Co., Ltd. (廣東致遠新材料有限公司)). There are three subsidiaries under Ximei Guangdong, namely Ximei Resources (Leizhou) Company Limited* (稀美資源(雷州)有限公司) (“**Ximei Leizhou**”), Ximei (Hainan) Trading Company Limited* (稀美(海南)貿易有限公司) and Ximei Resources (Guiyang) Company Limited* (稀美資源(貴陽)有限公司) (“**Ximei Guiyang**”). Besides, there are two associates, namely CNNC Huazhong New Materials Co., Ltd. (中核華中新材料有限公司) (“**CNNC Huazhong**”) and Ximei Resources (Guizhou) Technology Limited (稀美資源(貴州)科技有限公司) (“**Ximei Guizhou**”). The Group has now become a large corporation with six production bases in Guangdong Province, Guizhou Province and Hunan Province respectively. In 2022, Ganfeng Lithium Group Co., Ltd. (江西贛鋒鋰業集團股份有限公司), a leading company in the global lithium industry chain, became a strategic shareholder of the Company with a 16.7% shareholding in the Company, providing strong support in terms of capital, technology and resources.

Founded on 9 May 2006, the Group is an early non-state-owned market player in the industry in the People's Republic of China (the “**PRC**”), and is principally engaged in the manufacturing and sale of tantalum- and niobium-based products, including tantalum- and niobium-based hydrometallurgical products and tantalum- and niobium-based pyrometallurgical products. In particular, hydrometallurgical products mainly include tantalum pentoxide, niobium pentoxide and potassium heptafluorotantalate, and pyrometallurgical products mainly include tantalum powder, tantalum bars, tantalum ingots, ferroniobium, molten niobium and other tantalum- and niobium-based metal products, which are widely used in semiconductor, high-end electronics, aviation and aerospace, defend and military, optical and medical fields. The Company has passed the quality, environment, occupational health, intellectual property and other management systems certification and the “Responsible Minerals Initiative” (RMI) annual audit and become a member of the TIC and ITSCI and strictly complies with relevant laws, regulations and international rules.

The implementation entities of the Group's hydrometallurgical projects include Ximei Guangdong and Ximei Leizhou, being its wholly-owned subsidiaries. In particular, Ximei Guangdong is a world leading tantalum- and niobium-based hydrometallurgical enterprise, focusing on the research and development and production of tantalum heptafluorotantalate, niobium pentoxide, tantalum pentoxide, high-purity niobium pentoxide, high-purity tantalum pentoxide and tantalum powder. In the past three years, the Company's hydrometallurgical products gained a market share of nearly 40% in China. The Group is a national high-tech enterprise and a national key “Little Giant” specialised and innovative enterprise, and has been recognised as an innovative enterprise of Guangdong Province, an excellent enterprise of Guangdong Province, a high-growth enterprise of Guangdong Province, a specialised and innovative enterprise of Guangdong Province and a provincial intellectual property demonstration enterprise. The Group has established several scientific research platforms such as the Guangdong Provincial Engineering Technology Center, the Guangdong Provincial Doctoral Workstation and the Guangdong Provincial Technology Specialist Workstation. Ximei Leizhou has a project with a total planned annual production capacity of 3,000 tonnes of high-performance tantalum- and niobium-based oxide, which is currently under preliminary construction planning.

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The implementation entities of the Group's pyrometallurgical projects include Ximei Guizhou and Ximei Guiyang. Established in 2020, Ximei Guizhou's products mainly include tantalum bars, tantalum ingots, molten niobium, tantalum and niobium alloy and other metal products, with a planned annual production capacity of 1,500 tonnes, which will rank among the top three in the world once it reaches full capacity. Established in Guiyang in 2022 with a registered capital of RMB100 million, Ximei Guiyang has a high-end manufacturing project for tantalum- and niobium-based new materials, which is expected to produce 1,100 tonnes of high-end tantalum- and niobium-based metal products upon completion of the project, and is currently under preliminary construction planning.

With the strategic positioning of "professional, integrated, large-scale, high-end, international and capital-based" operation and the development goal of "developing strategic metals and pursuing green metallurgy", the Group makes continuous research and development and innovation, expands its production capacity and extends its industrial chain. With its unique technology, excellent quality and high-quality services, the Group has won the recognition and praise of its customers and aspires to become "a world leading manufacturer and operator of tantalum- and niobium-based products".

Major production bases of the Group include:



Qingyuan-Ximei Guangdong
(hydrometallurgical)



Qingyuan-Ximei Guangdong
Tsinghua Park (pyrometallurgical)



Guangdong-Ximei Leizhou
(hydrometallurgical, design rendering)



Guizhou-Ximei Guizhou (pyrometallurgical)

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Guizhou-Ximei Guiyang
(hydrometallurgical, design rendering)



Hunan-CNNC Huazhong (hydrometallurgical,
design rendering)

Corporate Strategy

In order to respond to the intense market competition, the Company organizes strategic discussions with its management on a regular basis, formulates a clear strategic development plan, and clarifies the strategic positioning of “professional, integrated, large-scale, high-end, international and capital-based” operation. In the future, the Company will adhere to integrated production layout, firmly promote project construction, and integrate various resources such as production management, marketing, research and development technology, and human resources through technological transformation in order to strive for new breakthroughs in production capacity, quality and cost, and improve the Company’s sustainable development capability at multiple levels and in all aspects, thereby enhancing its core competitive advantages.

Awards and Recognition

The Group has won more than 40 awards and qualification certificates, and Ximei Guangdong, a subsidiary of the Group, has been recognized as a national high-tech enterprise, an excellent enterprise of Guangdong Province, an innovative enterprise of Guangdong Province, the Guangdong Provincial Doctoral Workstation, the technology specialist workstation at provincial and municipal level, a provincial intellectual property demonstration enterprise, a provincial enterprise technology center, a grade A taxpayer of Guangdong Province, the engineering technology center at provincial and municipal level, an advantageous enterprise of intellectual property in Guangdong Province, a national “Little Giant” specialised and innovative enterprise, etc.

Case

During the year, the project of “Production of High-purity and High-performance Tantalum- and Niobium-based New Materials with an Annual Capacity of 1,500 Tonnes” of Ximei Guizhou, a subsidiary of the Company, was selected as one of the top 500 projects in the 7th “Maker in China” SME Innovation and Entrepreneurship Contest.

Case

During the year, Ximei Guangdong, a core wholly-owned subsidiary of the Group, won various awards and recognition, including the Key Laboratory and Incubation Base of Guangdong Province, the “Innovative Qingyuan” Science and Technology Progress Award in Qingyuan, the National Specialized and Innovative “Little Giant” Enterprise and the Hong Kong – Guangdong Cleaner Production Partner (Manufacturing).

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Certain new honours obtained by the Group during the year:



Newly Granted Patents

The Company is a national high-tech enterprise, and has established solid long-term cooperation with the Chinese Academy of Sciences, Guangdong Provincial Academy of Sciences, and Central South University. The Company has 4 employees with doctoral degree, 10 employees with master's degree, and 9 senior engineers, and after years of development, our brand image has won the respect and wide recognition of the industry and the market. As of 31 December 2022, the Group was granted a total of 85 patents, including 18 invention patents; 55 new patents were granted during the year, and the Company filed 65 patent applications, including 38 invention patent applications.

Certain new patents granted to the Group during the year are shown as follows:



Active Innovation

We will persist in innovation-driven production and establish major research and development projects to address the possibility of technological breakthroughs in existing processes and products. We will also improve the “Micro Innovation” and “Challenge the Impossible” management models, clarify the responsibilities of management of each Group company, rationalise management relationships, improve workflow, further enhance the Group’s financial management, performance management, talent development strategy and investor relations management capabilities, and accelerate the comprehensive improvement of management quality to empower the organisation.

ABOUT THIS REPORT

Purpose of the Report

We would like to report to the investors and stakeholders of the Group on the relationship between the Group’s business and environmental, social and governance aspects, the effectiveness of the risk management and internal control systems adopted. The Group recommends stakeholders to read the Report (as defined below) together with the Group’s “Corporate Governance Report” published in the 2022 annual report.

Reporting Period

The year from 1 January 2022 to 31 December 2022 (the “**Reporting Period**”).

Reporting Principles

The Report has disclosed all information for the year ended 31 December 2022 in accordance with requirements of the Environmental, Social and Governance Reporting Guide (the “**Guide**”) as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**HKEX**”).

The content of the Report is determined according to a set of systematic procedures. These procedures include: identify and rank important stakeholders and determine their priority of information; identify ESG issues according to relevant key topics and determine their priority; determine ESG boundaries of the Report, and collect relevant materials and use for the preparation of the Report. These procedures are based on the following principles:

Materiality:

The ESG Workgroup (“**Workgroup**”) of the Group is at the forefront of identifying ESG materiality factors. Through its daily work, the Workgroup identifies the factors that have a significant impact on ESG practices, so as to coordinate the efforts, collect relevant information and submit reports to the ESG Working Committee (the “**Working Committee**”). The Working Committee reviews and analyses the reports, makes amendments and follow-up recommendations, and reports to the board (the “**Board**”) of directors of the Company. The Board will review and evaluate the reports received, provide adequate resources to deal with relevant matters, and monitor the work progress and effectiveness.

The Group also communicates with internal and external stakeholders to understand their expectations, discusses key topics regularly and irregularly, conducts materiality assessment and prioritisation procedures systematically and, with reference to opinions from all sides, selects the disclosure scope based on the principles of materiality, relevance and applicability, followed by data collection and analysis to identify relevant key topics and ensure that such topics are included in the Group’s policies.

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In identifying materiality of ESG topics, the Group will consider the scope and level of their impact on the Group's business operation, long-term development, internal and external stakeholders, as well as the planning of the Group's future sustainable development and the establishment and review of our sustainable development goals. To carry out materiality assessment on relevant topics effectively, the Group identifies ESG topics relevant to its business operation, future development and stakeholders' interests, and evaluates their materiality and priority according to the scope and level of their impact on the Group and stakeholders.

Details of the Group's communication with internal and external stakeholders during the Reporting Period are as follows:

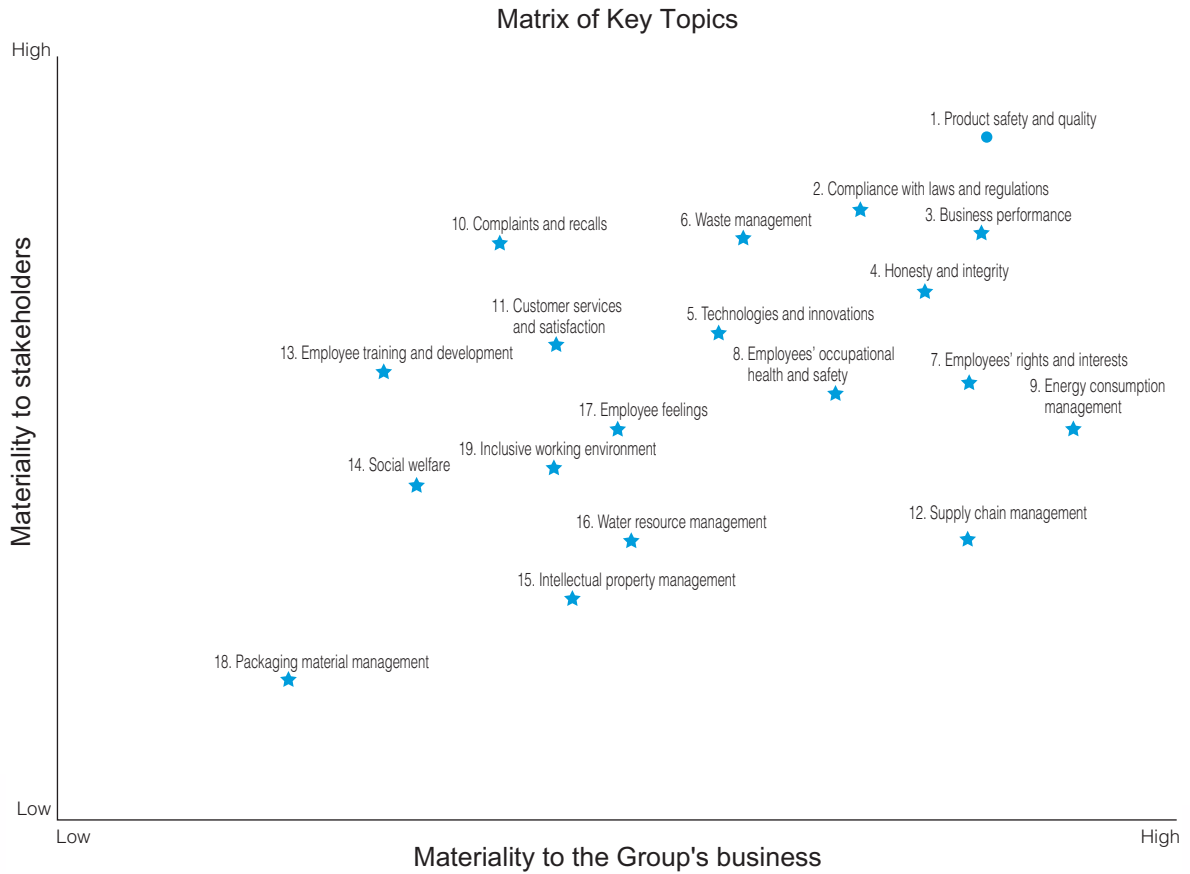
Stakeholder	Issues of Concern	Communication/ Feedback Channels	Communication Frequency
Shareholders	Business results ESG management Compliance in operations	General meeting Results presentation Site survey Roadshow and reverse roadshow Multi-channel conference	General meetings that are held annually Extraordinary meetings upon significant events or in special circumstances Irregular roadshows and reverse roadshows
Investors	Corporate governance Product safety and management Green products Intellectual property right management	Conference call Group conference call Accommodating clients in company visits Domestic and overseas investor conferences Roadshow and reverse roadshow	Accommodating company visits Hosting one-on-one conference calls Holding investment group meetings Annual results presentation Irregular roadshows and reverse roadshows
Employees	Employees' rights and interests Employee health and safety Remuneration and welfare Employee training and development Inclusive working environment	Employee training Labour union and the Party's organisational activities Employee congress Solicitation of opinions and rationalisation proposals	Online and offline training for employees Organising labour union activities irregularly The Party's organisational activity at least once a year Employee congress at least once a year Employee satisfaction survey once a year

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Stakeholder	Issues of Concern	Communication/ Feedback Channels	Communication Frequency
Suppliers	Supply chain management Product safety and quality Business performance	Site survey Supplier assessment Quality communications Telephone/written communications Open tender for procurement	Unscheduled supplier meetings Supplier assessment every year Supplier admission assessment
Customers and consumers	Product safety and quality Technologies and innovations Environment-friendly products Complaints and recalls Customer services and satisfaction Packaging material management	Online and offline promotion Market survey Customer satisfaction survey Customer complaint handling	From time to time, depending on circumstances
Government authorities	Pollutant emission management Compliance in operations Honesty and integrity Water resource management	Site survey Communication and negotiation Spot check Participating in research and formulation of policies, standards and plans	From time to time, depending on circumstances
Communities	Public welfare and charitable activities Contribution to communities	Community public welfare activities Community communication Site survey	From time to time, depending on circumstances
Media	Public welfare and charitable activities	Press conference Consumer satisfaction	From time to time, depending on circumstances

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Through analysis, we have become aware of the common materiality and priority of internal and external stakeholders for the Group's business, which will play a clear guiding role in setting strategies and objectives, carrying out daily operations and developing future vision of the Group. During the Reporting Period, the Group identified high, moderate and low levels of 19 key topics among the concerns of stakeholders, and used the following matrix of key topics to evaluate and illustrate their importance and priority to the Group:



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Environmental, Social and Governance	Sustainable Operations	Cares for Employees and Growing Together
6. Waste management	1. Product safety and quality	7. Employees' rights and interests
9. Energy consumption management	2. Compliance with laws and regulations	8. Employees' occupational health and safety
16. Water resource management	3. Business performance	13. Employee training and development
18. Packaging material management	4. Honesty and integrity	17. Employee feelings
	5. Technologies and innovations	19. Inclusive working environment
	10. Complaints and recalls	
	11. Customer services and satisfaction	
	12. Supply chain management	
	14. Social welfare	
	15. Intellectual property management	

Quantitative:

Environmental and social key performance indicators (“KPIs”) are prepared with reference to the Guide of HKEX and calculated through systematic evaluation procedures for materiality, relevance and applicability with appropriate parameters. References to historical KPIs and the standards, methods, assumptions and/or calculations used for KPIs have been properly explained and, where appropriate, accompanied by comparative data.

Balance:

The Group has compiled the Environmental, Social and Governance Report (the “**Report**”) covering the year from 1 January 2022 to 31 December 2022 in a fair, reasonable and impartial manner, to provide comprehensive information for shareholders, investors and stakeholders to evaluate on a rational, objective and accurate basis the Group’s overall ESG performance and effectiveness.

Consistency:

For the convenience of comparison, the reporting standards and criteria, data calculation methods, structure of the Report, description of methods and assumptions made in the preparation of information herein are consistent with historical data. Explanations to changes thereto, if any, are furnished to provide a complete reference for shareholders, investors and stakeholders.

Reporting Boundary

The Group’s reporting boundary remains unchanged to precedents of the Report, which covers principal operations of the Company’s wholly-owned and non-wholly owned subsidiaries in China, including: (i) tantalum- and niobium-based hydrometallurgical products; (ii) tantalum- and niobium-based pyrometallurgical products; and (iii) metal related trades, in accordance with the Guide. The Report covers the manufacturing and sales operations of non-ferrous metal products of the Group’s two most representative companies or plants in the PRC, namely Ximei Guangdong and Ximei Guizhou, the Group’s subsidiaries, in accordance with the Guide.

The Report of the Group was selected according to the principles of materiality, quantitative, balance and consistency, and reviewed by three levels namely the Board, the Working Committee and the Workgroup.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SUSTAINABLE DEVELOPMENT MANAGEMENT

Improving Corporate Governance

The Group believes that only by integrating the concept of social responsibility into our strategic development objectives and implementing it into the Group's daily operation, management and innovation activities can the coordinated development of economy and environment be truly achieved. In recent years, the expectations of international and domestic stakeholders regarding sustainable development have been continuously evolving. We need to constantly learn from international best practices and continuously improve the Company's governance structure in terms of sustainable development. In order to ensure environmental, social and governance effectiveness and further ensure operation of the Group, we have established a top-down ESG framework. The ESG framework is composed of three levels: the Board, the Working Committee and the Workgroup, each with well-defined duties and working in concerted efforts.

ESG framework	Composition	Main duties
Board	Directors	<ul style="list-style-type: none">• Set and supervise ESG objectives and policies, establish and supervise the notification process, control relevant risks and allocate resources, review the effectiveness of policies, review relevant policies and reports, and appoint heads and members of the Working Committee and the Workgroup.• Hold a leadership role and take full responsibility for the Group's ESG reporting.• Discuss and review significant non-financial risks.• Manage and identify significant risk management measures related to sustainability as reported by the Working Committees and relevant responsible persons.• Discuss and follow up on ESG issues of the Group through Board meetings/seminars/video conferences.
Working Committee	Composed of heads of various departments	<ul style="list-style-type: none">• Implement ESG policies.• Provide analysis and suggestions, update topics, effectively utilise resources.• Coordinate and guide activities of the Workgroup.• Report to the Board through regular and extraordinary meetings.

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ESG framework	Composition	Main duties
Workgroup	Coordinated by the ESG Office and works in coordination with the functional departments and subsidiaries, mainly including the president's office, the audit department, the corporate governance department, the procurement department, the marketing department, the human resources department, the safety and environmental protection department and other important departments	<ul style="list-style-type: none"> Deal with daily ESG work, compile information and prepare reports, and report to the Working Committee. Report to the Working Committee by regularly attending the meeting of the president's office and relevant special extraordinary meetings.

The Board attaches great importance to risk management and audit supervision and has continuously revised and promulgated a series of more standardized and stringent rules and regulations, including the Group's internal control management rules, various risk management rules and internal audit management rules, in order to build a comprehensive risk management system and further strengthen the Group's risk management and audit supervision work. During the Reporting Period, the audit department organized and conducted relevant risk identification and audit activities for various departments and operating units of the Group and submitted internal control audit reports to the Board.

According to the results of weekly routine ESG inspections, the Workgroup forms a timetable for improvements, refinements or additional efforts with reference to the objectives set by the Board, and reports to the Working Committee. The Working Committee shall provide suggestions and assistance on the report and urge each department to cooperate in all aspects towards the objectives of the Group. The Board also communicates with stakeholders regularly and irregularly to understand the topics that deserve attention, develops and presses ahead with work strategies at monthly meetings, monitors and checks the work progress and, where necessary, makes amendments so as to achieve the Group's objectives effectively. In 2022, in the monthly reports to the Group's senior management, the Workgroup and relevant operating units reported on important issues, including safety and environmental protection and community, based on their respective actual situation, which were specified in the minutes of meetings.

The Company strictly abides by relevant laws and regulations, and prepares discharge monitoring reports on wastewater, exhaust gas, hazardous waste and non-hazardous waste every month. ESG is closely relevant to the Company's business. Only by meeting ESG standards of the Group can we improve our environmental awareness at every level of the Group, ensure production activities in an orderly manner, bring long-term benefits to the Group and create value for stakeholders. Through ESG management, we can identify risks in advance and develop risk management and prevention measures to ultimately achieve long-term sustainable and healthy development.

Strengthening Risk Management

A sound risk management system is the key to the success of normal and orderly business operation. The Company's management attaches importance to corporate risk management and integrates risk management into the Company's overall culture, core business activities and decision-making, and strictly complies with all regulatory requirements. We actively identify, monitor and respond to risks in various processes and sections of actual operations to minimize or even avoid the impact of risks on the Company. The audit department of the Company formulates a regular audit plan every year to supervise and inspect the financial income and expenditure and economic activities of all departments of the Company and its wholly-owned and non-wholly-owned companies in accordance with relevant rules, and the audit covers the entire Group, thus ensuring that regular audits are completed within one year for all subsidiaries and branches, and is responsible for following up the effectiveness of rectification of each entity to prevent financial and operational risks.

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ESG DISCLOSURE

Safeguarding Lucid Waters and Lush Mountains

Emissions management

The Group always attaches great importance to compliance with laws and regulations and has been strictly abiding by relevant national environmental laws and regulations, including:

Emissions	Laws and Regulations
Exhaust gas	GB13271-2014: Emission Standard of Air Pollutants for Boilers (《鍋爐大氣污染物排放標準》), DB44/27-2001: Emission Limits of Air Pollutants in Guangdong Province (《廣東省大氣污染物排放限值》), and GB14554-93: Emission Standard of Odour Pollutants (《惡臭污染物排放標準》)
Wastewater	GB/T19923-2005: Reuse of Urban Recycling Water – Water Quality Standard for Industrial Uses (《城市污水再生利用工業用水水質》), DB44/26-2001: Discharge Restrictions on Water Pollutants in Guangdong Province (《廣東省水污染排放限制》), and GB/T18920-2002: Reuse of Urban Recycling Water – Water Quality Standard for Urban Miscellaneous Water Consumption (《城市污水再生利用城市雜用水水質》)
Hazardous waste and non-hazardous solid waste	Standard for Pollution Control on Non-hazardous Industrial Solid Waste Storage and Landfill (《一般工業固體廢物貯存和填埋污染控制標準》) (GB 18599-2020) Standard for Pollution Control on Hazardous Waste Incineration (《危險廢物焚燒污染控制標準》) (GB 18484-2020) Standard for Pollution Control on Medical Waste Treatment and Disposal (《醫療廢物處理處置污染控制標準》) (GB 39707-2020)

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Furthermore, in the hope of creating a resource-saving and environment-friendly enterprise together, the Group has formulated an “Environment Management System” (《環境管理制度》), which is led by the general manager, to achieve high efficiency in the use of resources, conversion of energy and recycling of waste and encourage employees to proactively participate in environmental protection activities.

Case

During the Reporting Period, the Group continued to effectively promote the recycling and reuse project, continuously optimized the production process, improved the ventilation capacity of exhaust gas after maintenance and transformation of decomposition workshop, completed the construction and installation of the in-depth wastewater treatment project, and achieved normal operation of the single machine commissioning equipment.

During the Reporting Period, the Group’s exhaust gas and wastewater emission data are as follows:

Types of Emissions	Name	Quantity	
		2022	2021
Exhaust gas	Fluoride	28.8KG	375.3KG
	Ammonia	822.4KG	7,307.5KG
	SO ₂	0.4 KG	8.3KG
	NO _x	745.6 KG	212.0KG
	Vehicle emission	Minimal, with no significant impact on the environment	
Wastewater	Exhaust fumes	Minimal, with no significant impact on the environment	
	Dust	Minimal, with no significant impact on the environment	
Wastewater	Wastewater discharged after post-wastewater treatment	37,388 tonnes	33,690 tonnes
Hazardous waste	Acid soluble residue	85.47 tonnes	80.02 tonnes
	Neutralized residue	15,280 tonnes	12,406 tonnes
Non-hazardous waste	Domestic waste	Minimal, with no significant impact on the environment	

During the Reporting Period, the Group’s only greenhouse gas emission was carbon dioxide which was mainly derived from the purchased electricity, natural gas and diesel. The Group’s production area is mainly greenery, which converts greenhouse gas into biomass through the assimilation of trees, without causing significant pollution and impact on the environment. Given the absence of significant impact from emissions, the Group did not set an emission reduction target.

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During the ordinary course of the Group's production, the exhaust gas emitted included fluoride, ammonia, SO₂ and NO_x. The disorganised exhaust gas was mainly from the flow and circulation of materials in tanks, which produced gas escaping from tanks. The organised exhaust gas mainly came from the exhaust gas produced by the reaction in tanks. To reduce emissions, the Group had replaced the exhaust gas treatment system to prevent the system from ageing, which reduced disorganised emissions. The organised exhaust gas emission met the national emission standards. Furthermore, the Group has set an emission reduction target for exhaust gas. The annual growth rate of exhaust gas pollutants including fluoride, ammonia, SO₂, NO_x and volatile organic compounds is expected to remain flat or lower relative to that of production volume. In 2022, Ximei Guangdong, a core subsidiary, achieved a significant reduction in emissions per unit of product and a more diversified energy mix. To effectively meet the target, the Group has adopted a series of measures: During the Reporting Period, the Company enhanced the condenser and absorption tower of the exhaust gas purification system in the decomposition workshop, added primary absorption to the ammonia exhaust gas purification unit in the production workshop, and reduced the use of diesel boilers and increased the use of natural gas boilers to increase the utilization of clean energy. Currently, for waste treatment, the Group has installed exhaust gas treatment systems such as eluting towers, fans, demisters and condensers as well as online monitoring equipment at exhaust gas outlets which would trigger alarms when the pollutant discharge level exceeds the threshold. The installed exhaust gas treatment system allowed the Group to improve ventilation and cooling, reduce exhaust gas generation and boost energy efficiency, which is conducive to achieving the emission reduction target.

Case

During the Reporting Period, the Group has made progress in classified wastewater treatment, lime neutralization and recycling project for comprehensive recycling, completed the improvement of decomposition exhaust gas purification, improved the quality of recycled material from drenching of exhaust gas in the product workshop, adopted the ammonia tower in the recycling workshop for ammonia recycling, thereby reducing ammonia emissions. The Group also conducted monthly waste monitoring and inspection at each emission point, and reported to the Company's environmental protection information platform. In the future, the Group will strive to achieve the goals of no production safety accidents, level 2 of safe and standardized production, waste recycling and reuse and zero emission for environmental protection.

In the ordinary course of the Group's production during the Reporting Period, total water consumption was approximately 133,000 tonnes (2021: 52,800 tonnes), treated wastewater was 53,200 tonnes (2021: 42,800 tonnes), wastewater reused was approximately 15,800 tonnes (2021: 21,400 tonnes), with a wastewater reuse rate of 29.7% (2021: 50.0%), and wastewater discharged was approximately 37,400 tonnes (2021: 33,700 tonnes), and all operating entities met the sewage discharge standards of relevant environmental protection authorities. The wastewater was mainly from after-treatment of wastewater and tap water. The Group used the acid-base neutralisation and precipitation process for wastewater treatment. The Group added a fluoride salt recovery system, which could reduce the discharge of hazardous waste in the wastewater and increase economic benefits by reconverting and extracting fluoride salt wastewater into fluoride salt products through chemical reaction. On the premise of increasing output, the effect of reducing fluoride emissions from wastewater was very significant. The Group carried out equipment adjustment and technical transformation, so as to improve the reuse rate of water resources and reduce pollution. Furthermore, the Group has set an emission reduction target for wastewater, with an annual growth rate of emission expected to remain flat or slightly lower relative to that of production volume.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case

During the Reporting Period, total water consumption increased year-on-year as the Group's pyrometallurgical projects such as Ximei Guizhou successively commenced production. To effectively achieve the target, the wastewater discharged across plants of the Group was pooled into a resource recovery workshop, where fluoride and ammonia in the gas were concentrated in liquids, followed by extraction of ammonium fluoride as a product through relevant equipment as well as recovery of ammonia through an ammonia distillation system for use in product workshops.

During the ordinary course of its production, the Group put into application a new industry-leading extraction process that could effectively reduce the sulphate in niobium liquid and properly separate tantalum from niobium. The process significantly reduced accessories consumption and favoured the resource treatment of alkaline wastewater, whereby reducing production cost and alleviating the pressure on environmental protection. With successful implementation of the washing water recycling project, the washing water recycling rate reached 75%. We became the first company in the industry to utilise such technology, and attained remarkable results. The Group has improved the efficiency of resource recycling through technological improvement, which is of great benefit to environmental protection.

In respect of the innovation in production technology, we also made major progress in environmental protection. The Group developed the production technology of high purity niobium pentoxide for lithium battery materials, the production technology for industrial spherical niobium pentoxide, the organic technology for optimisation of extraction and refinement, the extraction pickling process, and the technology of utilising fluoride salt original solution instead of sulphuric acid for the exhaust gas treatment system of integrated recovery workshops. These initiatives significantly reduced its air pollution and environmental impact. The Group believes that apart from developing technology to make resources reusable and recyclable, waste reduction at source is also an effective environmental protection method.

During the Reporting Period, the Group discharged a total of 85.47 tonnes (2021: 80.02 tonnes) of hazardous waste of acid soluble residue, which was temporarily stored in the warehouse, meeting the relevant standards and requirements. The Group has implemented a series of emission reduction measures, such as purchasing high-grade ore and recycling other useful substances from the waste residue such as tin concentrate to reduce emission, which has achieved remarkable results. The Department of Environment of Guangdong Province is planning to set up a unit to handle this type of hazardous waste and has signed a letter of intent with the Group. Furthermore, the Group has set an emission reduction target for hazardous waste, with an annual growth rate of emission expected to remain flat or slightly lower relative to that of production volume.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case

During the Reporting Period, the Group completed the compliant disposal of neutralized acid residue as a raw material for cement production, and the emissions were basically in line with the increase in products.

In order to reduce waste emission and achieve the target, the Group maintains an annual waste inspection contract with the No. 290 Research Institute for Nuclear Industry. The neutralised residue can be landfilled or sold to cement plants for treatment as their radioactivity and toxicity were found to meet requirements of environmental impact assessment. During the Reporting Period, the Group discharged a total of 15,280 tonnes (2021: 12,406 tonnes) of neutralized residue as non-hazardous waste. Acid soluble residue as hazardous waste is temporarily stored in the hazardous waste warehouse, pending for harmless treatment when appropriate by a qualified unit engaged on a regular service basis. The warehouse meets and is managed in strict accordance the requirements of anti-leakage, rainproof and anti-loss, and ionizing radiation warning signs are placed at conspicuous positions at the door of the warehouse to prevent personnel from approaching and entering by mistake. The waste engine oil generated from the machine repair workshop, also a hazardous waste, is temporarily stored in the hazardous waste warehouse, pending for disposal under a waste engine oil transfer contract entered into this year with an environmental technology company.

During the Reporting Period, the Group adopted the principles of collection, storage, in-plant transportation and recycling for the discharged non-hazardous wastes, which must be treated by preventing scattering, loss and leakage. The non-hazardous waste of the Group was primarily domestic waste and mainly generated by employees living in the Company. Domestic waste was classified into recyclable and non-recyclable by our staff, and it would then be handed over to the municipal domestic waste processing department for processing. The Group actively promotes the awareness of environmental protection, encourages and educates employees to practice recycling, reduce consumption and make the best use of materials in their daily life, so as to reduce the generation of domestic waste and establish a clean and healthy working environment. Given the absence of significant impact from emissions, the Group did not set an emission reduction target.

Three types of products produced by recycling our waste materials, namely tin hydroxide, potassium fluorosilicate and tungsten acid, are available for sale, which not only makes good use of resources and reduces waste, but also generates revenue for the Group.

In addition, the Group invites the monitoring department of the Environmental Protection Bureau and third-party inspection agencies to our plant for annual monitoring, to continuously improve and strengthen our supervision and management of environmental quality.

The Group is committed to supporting environmental sustainability, and our commitment to protecting the environment is well reflected by our continuous efforts in promoting green measures and awareness. The Group encourages environmental protection and promotes the awareness of environmental protection amongst the employees. The Group adheres to the principles of recycling and waste reduction. It implements various green office practices such as posting labels of energy efficiency, adjusting office air conditioners to 26 degree Celsius, double-sided printing and photocopying, setting up recycling bins, advocating the use of recycled paper and reducing energy consumption by switching off idle lightings and electrical appliances. The Group will review its environmental practice from time to time and will consider implementing further eco-friendly measures and practices in the operation of the Group's businesses to move towards adhering to 3Rs – Reduce, Recycle and Reuse and enhance environmental sustainability.

Case

During the Reporting Period, Ximei Guangdong, a subsidiary of the Group, obtained the certificate of “Meeting the Requirements for Becoming the Hong Kong – Guangdong Cleaner Production Partner (Manufacturing)”.

Information on emissions is set out in “Data on Environmental Performance” on Page 36 of the Report.

Management of Use of Resources

The Group commits to complying with the laws and regulations related to use of resources, including the “Water Law of the PRC” (《中華人民共和國水法》). The Group has also obtained a “Groundwater Collection Permit” (《地下水取水許可證》), demonstrating that both the amount of water collection and that of water discharge met the national standard.

Environment-friendly energy used by the Group includes natural gas. The Group intends to continuously increase the use of natural gas, and has upgraded diesel boilers into natural gas boilers and introduced natural gas furnaces. Our total natural gas consumption during the Reporting Period was 1,669,100 m³ (2021: 793,400 m³).

The indirect energy used by the Group is the electricity purchased, and the total consumption during the Reporting Period was 35.08 million kWh (2021: 15.80 million kWh). Furthermore, the Group has set an efficiency target for electricity consumption, with an annual growth rate of electricity consumption expected to remain flat or slightly lower relative to that of production volume. During the Reporting Period, the Group’s total electricity consumption increased significantly due to the successive commencement of production of the Group’s pyrometallurgical projects such as Ximei Guizhou which consumed more electricity in pyrometallurgical processes. To reflect its commitment to environmental protection, the Group has replaced some converters with natural gas furnaces. In 2018, the Group completed the replacement of converters, being the main equipment for production capacity expansion, with more environment-friendly natural gas furnaces, in a technical transformation project in an attempt to reduce electricity consumption and labour costs, which has achieved remarkable results. As time goes by, the total electricity consumption will drop meaningfully. Where conditions permit, the Group will continue to consider gradual replacement towards more environment-friendly natural gas furnaces, actively explore clean energy sources such as solar energy and residual heat power generation to continuously reduce the energy intensity per unit of processing capacity.

During the Reporting Period, the Group’s total water consumption was 133,000 tonnes (2021: 52,800 tonnes), with an intensity of water consumption of 1.305 tonnes (2021: 0.692 tonnes) per RMB10,000 of revenue. Furthermore, the Group has set an efficiency target for water consumption, with an annual growth rate of water consumption expected to remain flat or slightly lower relative to that of production volume. During the Reporting Period, the Group’s total water consumption increased significantly due to the commencement of production of new projects. To meet the efficiency target for water consumption, the Group will introduce further technical measures to increase the internal water recycling rate. The Group has built a recycling water tank to recycle water and reduce wastewater discharge, yielding a remarkable result. The Group has no problem in sourcing water that is fit for purpose. The Company has obtained a water procurement permit, enabling it to source water from a deep well in compliance with laws and regulations. The Group also reminded its employees of water conservation by posting energy conservation labels, encouraging the cherishing of resources and advocating environmental protection, which will bring positive returns to personal health, quality of life and economic benefits.

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During the Reporting Period, the packaging materials used by the Group included approximately 447,000 bags (2021: 275,000), approximately 30,100 pail packs (2021: 48,000), totalling approximately 91 tonnes (2021: 70 tonnes). In order to reduce the use of packaging materials, we try to recycle the ton bags and the clean inner layer of PE bags as much as possible. In addition, the Company has set up a dedicated storage place for plastic packaging bags which will be sold when a certain quantity is reached.

Information on use of resources is set out in “Data on Environmental Performance” on Page 36 of the Report.

Protection of Environment and Natural Resources

The Group has been committed to protecting the environment and natural resources in strict compliance with all applicable laws, including the “Environmental Protection Law of the PRC” (《中華人民共和國環境保護法》) and the “Law of the PRC on the Promotion of Clean Production” (《中華人民共和國清潔生產促進法》). The Group has also formulated “Ximei Guangdong Clean Production Report” (《稀美廣東清潔生產報告》), which provides a number of programmes that can help standardise on-site management, enhance the corporate profile, improve the quality of employees and the enthusiasm for clean production, thus comprehensively improving the Company’s integrated management level and the employees’ awareness of clean production.

The Group’s business does not have a significant impact on the environment and natural resources. As wastewater and exhaust gas will pollute the environment if the discharge standard is not met, the Group appointed a testing technology company to test wastewater, organised exhaust gas and noise, all results of which were within test limits.

Although emissions of the Group have met the standards, the Group will further take active measures to minimise the impact on the environment and natural resources, increase the processing capacity of environmental protection facilities, and ensure that employees possess considerable environmental knowledge. The Company has passed the three certification standards under the ISO.

Measures:

- The Group has formulated the “Environmental Management System” (《環境管理制度》), which is led by the general manager and for which the deputy general manager of the general manager’s office is responsible for safety and environmental protection.
- The Group has established an environmental protection committee, which comprises the general manager, deputy general managers and the heads of other relevant functional departments and various departments, which is responsible for implementation of relevant laws and regulations, planning and evaluation of environmental protection, decision-making and arrangement.
- The Group conducts regular and irregular inspections on production facilities and prevention facilities.
- The Group provides environmental protection training to employees with an assessment system in place, carries out education and publicity, and maintains a safety and environmental protection reward plan to distribute rewards to employees who comply with the relevant regulations. Deficiencies and problems identified will also be seriously dealt with.
- The Group arranges technicians to regularly calibrate internal environmental protection testing equipment, acidity meters, and low background α β measuring instruments to avoid substandard emission caused by analysis problems.

Climate Change Management and Response

Climate change is a global concern. Addressing the natural disasters arising from climate change that may affect our business, the Group has formulated the “Standing Book of Meteorological Safety Management for Key Units of Meteorological Disaster Prevention” (《氣象災害防禦重點單位氣象安全管理工作台賬》), including the “Meteorological Disaster Prevention Work Plan of Ximei Resources (Guangdong) Limited” (《稀美資源(廣東)有限公司氣象災害防禦工作方案》), the “Meteorological Disaster Emergency Plan of Ximei Resources (Guangdong) Limited” (《稀美資源(廣東)有限公司氣象災害應急預案》), the “Working System of Meteorological Information Service Station of Ximei Resources (Guangdong) Limited” (《稀美資源(廣東)有限公司氣象資訊服務站工作制度》), the “Duty Shift System During Meteorological Disasters of Ximei Resources (Guangdong) Limited” (《稀美資源(廣東)有限公司氣象災害期間值班制度》), the “Regular Inspection Method for Meteorological Disaster Prevention of Ximei Resources (Guangdong) Limited” (《稀美資源(廣東)有限公司氣象災害防禦定期巡查方法》), etc.

We are fully aware that global warming and climate change will bring various risks to our business, including policy and legal risks as well as transitional risks in technology, market and reputation. The financial performance of the Group may be affected to different extents by factors such as energy supply, water resources, labour market, employee safety, supply chain, productivity, customer demand and transportation network due to climate change. The level of such impact depends on its nature, speed and focus of evolution. Extreme weather may also cause the Group to incur additional legal, financial, tax, insurance, administrative and other expenses. These transitional risks may expose the Group to financial and reputation risks.

During the Reporting Period, the Group carried out the following natural disaster prevention and emergency responses against the identified physical risks, including acute risks and chronic risks:

(i) Acute risks

a. *Prevention and control against extreme weather*

During the Reporting Period, the Company developed emergency rescue plans for extreme weather such as typhoon and rainstorm, established an emergency rescue team composed of employees and security guards, which is equipped with sandbags, shovels, industrial salt, miniature fire stations and other emergency rescue materials, and carried out regular natural disaster emergency drills to effectively safeguard our normal production and operation.

b. *Extreme weather may disrupt transportation, which may in turn affect raw material supply and product shipment*

According to the meteorological bulletin and suggestion of our Safety and Environmental Department, the Production Department monitored inventory of raw materials and adjusted safe inventory level on a reasonable basis, to ensure stable supply of important raw materials necessary for production without being affected by short-term extreme weather or the resultant transportation difficulties.

c. *Extreme weather such as typhoon and heavy rainfall may affect construction progress of smelting projects and construction safety*

Through training, we enhanced safety awareness of construction workers in observing construction safety technical specifications and operating procedures, and strengthened construction quality, safety risk control and emergency disposal under extreme weather conditions, so as to continuously improve the Company's safety risk control ability under an established and well-executed safety support plan to ensure “safety foremost”.

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d. *Flood control*

During the Reporting Period, our equipment company established a warehouse for emergency materials against the flood control risk, which can be put into use at any time when a major risk arises. Furthermore, we regularly checked flood control sandboxes and other onsite flood-fighting emergency materials, strengthened patrol inspection on dikes, hillsides and other places, and invested in reinforcement of the hillsides near our plant area. The sludge and sundries in drainage ditches, drainage wells and gutters in our plant area were cleaned regularly to ensure that the drainage pipelines are unblocked.

(ii) Chronic risks

a. *High-temperature operation is prone to cause heatstroke*

We devised heatstroke prevention and cooling measures against high-temperature weather, including adjusting work schedule, regulating operating time, and providing heatstroke prevention and cooling supplies and drugs.

b. *Water shortage in the regional water resource system might lead to unavailability of water for production use*

We continued to optimise the water circulation system, increase the use of recycling water and reduce the water intake. The Group expects to maintain its recycling water rate at 95-97% in the future, with an aim to avoid wasted resources except for normal evaporation and the loss from sedimentation tanks.

In view of the potential risk of water shortage in the regional water resource system, the Company maintains two sets of water supply systems (i.e. the government's tap water supply system, and procurement of groundwater), and has obtained the water procurement permit. There are also two sets of groundwater supply equipment to ensure normal water supply for the Company.

People-oriented Approach

Talent Pool Development

The Group firmly believes that employees are valuable assets for an enterprise. In order to ensure employees' rights and interests, the Group has always abided by the "Labour Law of the PRC" (《中華人民共和國勞動法》), the "Special Rules on the Labour Protection of Female Employees" (《女職工勞動保護特別規定》) and the "Regulations of Guangdong Province on Population and Family Planning" (《廣東省人口與計劃生育條例》). The Group has also formulated the "Remuneration and Welfare Management System" (《薪酬福利管理制度》), the "Human Resources Management System" (《人力資源管理制度》), the "Labour Contract" (《勞動合同》) and the "Attendance and Vacation Management System" (《考勤與假期管理制度》).

The Group always prioritizes talents and continuously develops the talent system to make Ximei a platform for co-creation, mutual benefit and sharing, thereby providing sustainable momentum for corporate development.

Case

During the Reporting Period, the Group implemented a share incentive scheme to share the benefits with employees for common development; built and delivered new staff dormitories to provide more comfortable and convenient accommodation; continued to promote standardized and efficient management, engaged a management consulting firm to upgrade and optimize the Group's management, and organized special internal training on talent development, performance management and professional skills, continued to improve the terms of reference at departmental level, while optimizing and revising management rules, streamlining and improving promotion management channels and rank-based salary standards for employees, in a hope to achieve balanced labour relationship, strike a balance between labour and capital and enable employees to serve the Group more effectively through a series of in-depth improvements.

The Group determines employees' basic remuneration in accordance with market levels, confirms each employee's remuneration grade based on the "Schedule of Professional Ranks" (《職級表》) and the "Schedule of Employees' Remuneration" (《員工薪酬級別表》), and determines employees' remuneration by taking into consideration of the business scale, profit contribution values, level of difficulty of operation and management of each unit and department, etc., in combination with the duties and competency factors of each position. The Group recognises the concept of equal opportunities with equal pay for equal work regardless of gender. Remuneration is mainly paid monthly, and performance-related wage is paid periodically according to the position assessment stage. Employees' year-end bonus is paid by the Group based on the results of their year-end performance assessment.

The Group deals with employees' resignation in accordance with the "Human Resources Management System" (《人力資源管理制度》). Employees can submit written resignation application, and after obtaining confirmation from the Human Resources Department, fill in the "Approval Form for Employee Resignation Application" (《員工離職申請審批表》), which will be submitted for signatures by General Manager/Chairman. Employees need to handle the hand-over affairs and other resignation procedures on their last working day and complete the "Approval Form for Employee Resignation Application" (《員工離職申請審批表》) so that the Human Resources Department can settle remuneration, issue the "Certification of Employee Resignation" (《員工離職證明》) and establish employee resignation files. If an employee seriously violates the "Labour Contract Law" (《勞動合同法》) and regulations of the Company, the Company shall dismiss such employee in accordance with the "Labour Contract Law" (《勞動合同法》), provided that such employee shall in principle be notified with 30 days of written notice in advance, and is given a certain amount of economic compensation in accordance with relevant national regulations.

The recruitment procedures of the Group remain to be executed in accordance with the "Human Resources Management System" (《人力資源管理制度》). Whenever recruitment is required, the "Approval Form for Recruitment" (《員工需求審批表》) shall be filled two months in advance, which will, after checking by the Human Resources and Administration Department, be submitted to General Manager/Chairman for approval. The Human Resources and Administration Department will issue recruitment information to internal employees and society within two working days. Recruitment procedures are divided into internal and external application. For applicants, the "Registration Form for Employee Recruitment" (《員工應聘登記表》) shall be filled out. After primary selection taking into consideration of equal opportunities, multiculturalism and anti-discrimination, the Human Resources and Administration Department will arrange for an interview schedule. After confirming recruitment, the Human Resources and Administration Department will issue a written employment notice to the applicant. In addition, the Group mainly recruits employees through campus recruitment, job fairs, recruitment websites, and internal referrals. A labour union has been established by employees to protect their legal rights, which assists the Group to achieve economic goals and motivate employees to participate in management decisions.

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The Group always values employees based on their merits and attaches importance to the introduction of new blood. We provide promotion opportunities to employees who stand out in year-end assessment results and have outstanding performance at work, relatively high comprehensive capabilities and professional standards, and preferable adaptability and development potential at work. The Group determines the promoted positions based on its development needs, and delegates the Human Resources and Administration Department to make appointments after conducting a comprehensive evaluation based on the views of various parties and subject to the people-post matching principle.

In 2022, a total of 10 fresh management trainees were introduced and, after a job rotation across departments of the Group, were organised to report and share their experience and exchange views on development regularly through various sessions. We stimulated the imagination of management trainees and took initiatives to effectuate our improvement measures, thus bringing in more efficient ways of working to the Company while enhancing the sense of accomplishment of management trainees. The management trainees have assumed key roles in respective departments to fulfil their career value.

Case

During the Reporting Period, the Group organized special training under the theme of “Ximei Lecture Hall”, and selected and organized the Group’s key business personnel as internal trainers to conduct various training at different levels and modules, which basically covered the Group’s senior and middle management members and production staff. The total number of training hours for all employees exceeded 100,000 hours. The course content covered human resources, production, quality, safety and environmental protection, finance, compliance management and other aspects of content, which enhanced the professional skills of employees.

The Group has a standard working hour system in place with 8 working hours a day, and at least one day-off a week. The Group determines employees’ leaves in accordance with the “Attendance and Leaves Management System” (《考勤與假期管理制度》). Employees are entitled to paid and no-pay leaves, such as compensation leave, annual leave, marriage leave, casual leave, work injury leave, sick leave, bereavement leave, maternity leave, etc. In order to protect the benefits of female employees, the Group also provides maternity protection in accordance with the “Special Rules on the Labour Protection of Female Employees” (《女職工勞動保護特別規定》) and the “Regulations of Guangdong Province on Population and Family Planning” (《廣東省人口與計劃生育條例》), and female employees are entitled to maternity leave and family planning incentive leave for a total of 178 days. In addition, the Group also provides various benefits such as education subsidies, meal allowances, subsidies for living in mountainous areas, high temperature subsidies, sports and recreational activities, employee medical examinations, festive welfare, uniforms and travelling allowances for employees. In accordance with relevant national, provincial and municipal regulations, the Group makes contributions to pension insurance, medical insurance, work injury insurance, unemployment insurance, maternity insurance, and housing provident fund for employees. A labour union has been established at the Group, with a view to protecting employees, assisting the Group to achieve economic goals, and motivating employees to participate in management decisions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

New staff dormitory delivery ceremony



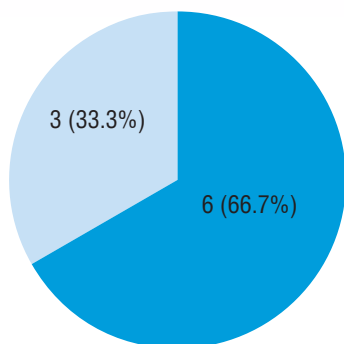
Outdoor activities and training for employees



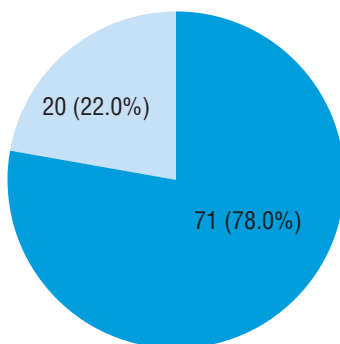
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee category

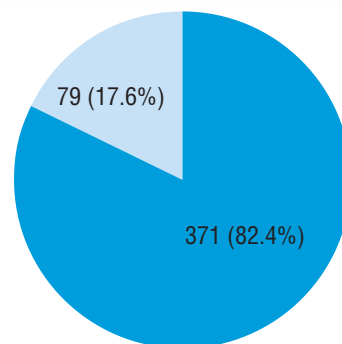
Total number of senior management members



Total number of middle management members

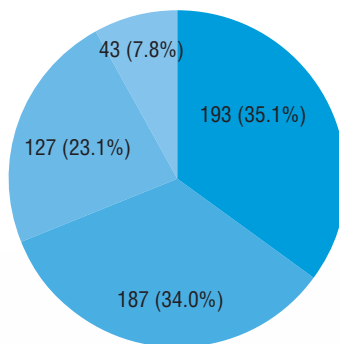


Total number of general and technical staff



■ Male ■ Female

Age group of employees



■ 30 and below ■ 31-40 ■ 41-50 ■ 51 and above

Information on employment is set out in “Data on Social Performance” on Page 38 of the Report.

Ensuring Health and Safety

The health and safety of employees are the Group's primary consideration. The Group has always abided by the "Production Safety Law of the PRC" (《中華人民共和國安全生產法》), the "Regulations on Production Safety of Guangdong Province" (《廣東省安全生產條例》), and the "Prevention and Control of Occupational Diseases Law of the PRC" (《中華人民共和國職業病防治法》). The Group has formulated the "Compilation of the Rules and Regulations on Production Safety" (《安全生產規章制度彙編》) and the "Compilation of Occupational Health Management Systems" (《職業衛生管理制度彙編》), strictly abiding by national safety technical standards, norms and enterprise production safety regulations; establishing a production safety management system; providing necessary labour, physical and financial resources support; providing safety trainings for all employees; encouraging employees to actively participate in production safety; regularly conducting inspection and assessment, continuously improving, and achieving a long-term mechanism for production safety.

Case

In 2022, Ximei Guizhou passed the QES system certification, improved the safety, environmental protection and occupational health management system, and effectively strengthened the management to ensure the safety and health of employees in the production process and achieve the goal of accident-free and safe production.

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The “Occupational Health Management System” (《職業健康管理體系》) formulated by the Group provides employees with consummate occupational health management, which plays a great role in protecting employees from direct or indirect losses caused by occupational health and safety problems and mitigating the risk of occupational health and safety in business operation, thus making the Company’s operation sustainable and enabling the Company to enhance its corporate profile and better adapt to the market.

The Group has compiled the “Compilation of Occupational Health Management Systems” (《職業衛生管理制度彙編》), which enabled employees to enjoy the right of occupational health protection under the law, strengthened the management, prevention and control of occupational diseases in toxic and hazardous workplaces, eliminated occupational hazards, and protected the health of employees. The Group regularly organizes annual occupational health check-ups for its employees, and provides leave and financial subsidies. The Group conducts regular internal audits, workplace inspections, managerial inspections and other types of inspections, and conducts various safety drills on a regular basis to supervise the compliance and execution of processes by employees. The Group invited the third-party manufacturers to conduct an on-site inspection of the working environment once a year, and the inspection results met the requirements of occupational health management. The Group distributes labour protective supplies to employees every month, including common consumables such as masks, gloves and earplugs, to ensure the safety of employees. In addition, according to the requirements of occupational health management, employees shall undergo occupational health medical check-ups before, during, and after their employment to ensure occupational health and safety.

The Reporting Period witnessed recurrences of novel coronavirus (COVID-19) (the “**Pandemic**”). The Company has strictly followed the national pandemic prevention and control policy, formulated the Emergency Plan for Prevention and Control of Novel Coronavirus (《關於應對新型冠狀病毒疫情防控工作的應急預防》), set up a pandemic prevention workgroup, and formulated our pandemic prevention and control plan with reference to the “Guide for Pandemic Prevention and Control of Industrial Enterprises in Guangdong Province” (《廣東省工業企業疫情防控工作指引》). The Group encouraged its staff to educate and guide their family members on pandemic prevention, including requiring them to disinfect regularly, gather less, wear masks, avoid going to crowded places such as markets, keep reasonable schedule of work and rest and boost immunity, etc., implemented measures such as nucleic acid testing, quarantine observation and flexible office work as necessary, and adopted disinfection measures for freight vehicles, including spray disinfection for the freight vehicles entering the Company’s areas to curb the virus transmission risk and effectively ensure the health and safety of employees.

Information on health and safety is set out in “Data on Social Performance” on Page 39 of the Report.

Development and Training Optimization

The Group attaches great importance to the training of its employees and believes that the long-term growth of the Group depends on professional knowledge and experience of its employees. In addition to hiring employees in accordance with the “Labour Law” (《勞動法》), the Group also formulated the “Employee Training Regulations” (《員工培訓規定》) and the “Implementation Rules for Hierarchical Customised Employee Training Plans” (《員工分層定製培訓計劃實施細則》), promoted the construction of a distinctive talent cultivation system, and introduced special learning experience exchange and sharing mechanisms such as induction mentors and internal trainers, thereby creating an internal management training system with Ximei’s characteristics.

Case

During the Reporting Period, we provided regular training programs for employees, including introductory training, safety training and technical training, to enhance their professional skills and knowledge. During the Reporting Period, we engaged a management consulting firm to optimize and upgrade the Group’s talent cultivation by communicating the talent development system in three steps of “building a learning map, empowering internal lecturers and cultivating professionals”.

Case

During the Reporting Period, the Group organized special training under the theme of “Ximei Lecture Hall”, and selected and organized the Group’s key business personnel as internal trainers to conduct various training at different levels and modules, which basically covered the Group’s senior and middle management members and production staff. The total number of training hours for all employees exceeded 100,000 hours.

In the future, the Group will build a learning map for each professional business line, establish an online platform for training courses and a list of courses, which will be dynamically updated; continuously discover and empower internal lecturers to share their knowledge and experience. For high-end talents, we will adopt customized talent cultivation plans to export high-quality management talents through internal and external training.

Information on development and training is set out in “Data on Social Performance” on Page 39 of the Report.

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Protection of Equal Rights and Interests

In order to ensure the balance of labour relations, the Group has always strictly complied with the “Labour Contract Law” (《勞動合同法》), and formulated the “Human Resources Management System” (《人力資源管理制度》) to eliminate forced labour. To comply strictly with the requirements of the “Human Resources Management System” (《人力資源管理制度》), the Group avoids employing child labour and forced labour by mistake in recruitment procedures. The Human Resources and Administration Department will perform the procedure of verifying the applicants’ ID cards at the time of recruitment, including authenticity, expiry, whether the applicant is the ID card holder, and whether it matches with the actual age. The Group will never hire the applicants if their information does not correspond to the information on their ID cards. The Group also requires applicants to provide graduation certificates and other relevant supporting materials. Applicants must confirm on the application form that the information provided by them meets the requirements. In case of illegal or false information provided, the Group shall terminate the labour contract in accordance with the “Labour Contract Law” (《勞動合同法》) of the PRC. For certain key positions, the Company will conduct necessary background check with the consent of the applicant before the employee joins the Company. The Company will never hire an applicant whose background check result is inconsistent with the resume. The Group also pays for social security and commercial insurance to provide labour security for recruits according to law, whereby we can screen out the applicants who do not meet our employment requirements. The Group maintains a highly rigorous selection process in recruitment procedures, and hence has never been involved in any violation such as misemployment of child labour and forced labour. If child labour or forced labour is found, the Group will handle the matter in accordance with relevant procedures. In addition, the Company has set up an internal hotline for whistleblowing and complaints. Employees within the Group who have any questions regarding employee conduct regulations, labour contracts, remuneration payments, working hours, employee communication, safety training and other related matters can provide feedback and express their concerns to relevant departments at any time.

Honest Operation

Supply Chain Management

The Group strictly abides by the “Civil Code of the PRC” (《中華人民共和國民法典》), the “Customs Law of the PRC” (《中華人民共和國海關法》), the “Law of the PRC on Import and Export Commodity Inspection” (《中華人民共和國進出口商品檢驗法》), and the “Regulations of the PRC on Import and Export Tariffs” (《中華人民共和國進出口關稅條例》), and has formulated the “Import and Export Management System” (《進出口管理制度》), which aims at clarifying the procedures for import and export business, standardising the operation of import and export business, ensuring the fast customs clearance of goods, and promoting the smooth and orderly conducting of import and export business. The Group has also formulated the “Raw Material Supplier Evaluation and Access Management System” (《原料供應商評估和准入管理制度》) and the “Business Partner Selection Management System” (《商務合作夥伴選擇管理制度》), which provide methods to obtain supply chain security information from raw material suppliers and business partners, evaluate security status of the supply chain and effectively identify safe and reliable partners.

As for the engagement of domestic suppliers, the Group also strictly abides by the “Business Partner Selection and Security Management Procedures” (《商務合作夥伴選擇與安全管理程序》), the “Supplier Questionnaire” (《供方調查表》), the “Supplier Performance Evaluation Form” (《供應商績效評估表》) and the “Purchase and Sales Contract” (《購銷合同》) signed by both parties, which provide methods to obtain supply chain security information from business partners, evaluate security status of the supply chain and effectively identify safe and reliable business partners.

As for the engagement of customary suppliers, the Group has formulated the “Business Partner Selection and Security Management Procedures” (《商務合作夥伴選擇與安全管理程序》), the “Supplier Performance Evaluation Form” (《供應商績效評估表》) and the “Purchase and Sales Contract” (《購銷合同》) signed by both parties, which provide methods to obtain supply chain security information from business partners, evaluate security status of the supply chain and effectively identify safe and reliable business partners. The Group also select customary suppliers based on sound cooperation relationship over years, quality assurance and the evaluation relative to current market prices.

The Group has set up a raw materials department and a procurement department for the purchase of ore and other auxiliary materials to be supplied to the operating units. In 2022, we continued to improve our supply chain management system by conducting qualification verification and due diligence on potential suppliers, which included environmental and ethical compliance of suppliers. The Company strictly abides by the “Procurement Management System” (《採購管理制度》), the “Supplier Admission Management Rules” (《供應商准入管理規定》), the “Tendering and Bidding Management Measures” (《招投標管理辦法》), the “Supplier Questionnaire” (《供方調查表》), the “Supplier Assessment Form” (《供方評定表》), the “Supplier Admission Application Form” (《供應商准入申請表》) and the “Purchase and Sales Contract” (《購銷合同》) signed by both parties, which provide methods to obtain supplier security information from business partners, evaluate security status of the supply chain and effectively identify safe and reliable business partners.

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In selecting suppliers, the Group requires suppliers to provide environment-friendly products and services. The Group strictly abides by the standard on Class 7 substances to ensure that the environment will not be affected seriously. The Group has established and implemented the “Management Measures for Radioactive Ores” (《輻射性礦石管理辦法》) to ensure that radioactive raw materials will not be leaked in the course of transportation and production, so as to prevent their adverse impact on the environment and human. The Group reviews the “Certificate of Environmental Management System Certification” (《環境管理體系認證證書》) according to the supplier’s qualification, to ensure that the supplier satisfies the requirements of national, local and industrial laws and regulations on environmental protection and occupational health and safety. The Group also has the right to supervise safety performance of suppliers, which shall pay liquidated damages for their irregularities and non-compliance issues in accordance with relevant regulations of the state and the requirements on suppliers. A supplier that has violated the laws and regulations on safety and environmental protection and the rules on production safety and environmental protection of the Group shall, as required by the Group, make rectifications and agree to pay the liquidated damages stipulated by the safety management system of the Group. The Group has the right to terminate the contract if the rectification is unqualified or the supplier refuses to rectify, which might cause serious safety and environmental protection accidents. In such a case, all contingent economic losses and legal liabilities shall be borne by the supplier.

In addition, any domestic and customary supplier that does not meet the requirements of the Group must take improvement measures within the time limit. It will only become a qualified partner of the Company after meeting the requirements; otherwise the Group will reject or terminate the cooperation. For the loss caused to the Group due to suppliers’ non-compliance with the Group’s requirements, the Group will negotiate with the suppliers for amiable settlement. If negotiation fails, the Group will file a lawsuit in accordance with applicable laws and regulations.

Information on supply chain management is set out in “Data on Social Performance” on Page 39 of the Report.

Product Responsibility System

The Group has always strictly complied with the “Advertising Law of the People’s Republic of China” (《中華人民共和國廣告法》), “Trademark Law of the People’s Republic of China” (《中華人民共和國商標法》), “Patent Law of the People’s Republic of China” (《中華人民共和國專利法》) and “Civil Code of the People’s Republic of China” (《中華人民共和國民法典》), and has formulated the “Quality Control System” (《品質管制體系》), the “Environmental Management System” (《環境管理體系》), the “Occupational Health Management System” (《職業健康管理體系》), the “Intellectual Property Management System” (《知識產權管理體系》) and the “Sales System” (《銷售制度》).

The Group has set up a dedicated intellectual property management department, which is responsible for the management of intellectual property rights, formulating various management rules for intellectual property rights, coordinating intellectual property rights management, organizing and establishing intellectual property rights file management, handling external work such as intellectual property rights application on behalf of the Company, and participating in signing or reviewing various contracts/agreements designed for the content of professional intellectual property rights. This is beneficial for enhancing the awareness of intellectual property among our executives and employees and stimulating their enthusiasm for invention and creation, and promotes our companies to produce new products and develop technologies with high value-added independent intellectual property.

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The “Sales Management System” (《銷售管理制度》) sets out the internal system for regulating sales activities, which includes guides for and restrictions on the sales process, business process, order execution and other specific matters related to sales. The “Sales Management System” (《銷售管理制度》) helps to improve product quality, ensure orders and customers’ development needs and enhance customers’ loyalty. Meanwhile, it standardises review and assessment of order execution, and integrates the process to improve the efficiency of production and operation activities.

The Company has formulated the “Procedural Document” to integrate management activities for environment, human resources, facilities, technology, procurement, supply, production, product monitoring, and after-sales service. The Company implements monitoring and inspection throughout the entire process from contract assessment to pre-delivery, and has formulated the “Control Procedures for Monitoring and Inspection of Resources” (《監視測量資源控制程序》), the “Internal Review Procedures” (《內部審覈程序》) and the “Management Review Control” (《管理評審控制》), pack the products before shipment and also arrange for re-testing before shipment to ensure that the quality of the products meet customers’ requirements.

Under the “Quality Control System” (《品質管制體系》), the Group combines the processes relating to management activities, resource supply, product realisation and measurement, analysis and improvement activities, covering requirements for planning, implementation, supervision, correction and improvement activities during the whole process ranging from customer demand determination, design and research and manufacture, production, inspection, sales and pre-delivery. It standardises the sales process, making sales activities controlled and efficient. Moreover, the Quality Control Department conducts comprehensive analysis and inspection on the products, and only those which meet the standards would be stocked. Products are packaged and arranged for inspection before delivery to ensure that their quality has reached the standards.

The Company has established process monitoring for raw and auxiliary materials and products in each process, and has formulated the “Product Monitoring and Measurement Control Procedures” (《產品的監視和測量控制程序》) included in the QES management manual. Only the products passing the inspection and verification steps can be transferred to the next process. Order products leaving the warehouse cannot be released until passing the inspection process according to metrics specified in the contract. Unqualified products found in the inspection are subject to reworking, downgrading, concessionary acceptance or other dispositions according to the “Nonconformity Control Procedures” (《不合格控制程序》), to achieve the goal of avoiding the release of unqualified products.

In case of products found with substandard quality after delivered, the customer may lodge a complaint to the Marketing Department. After summarising customer complaints and the problems, the Marketing Department shall complete and submit the “Customer Information Circular” (顧客消息通報) to the Quality Department. The Quality Department shall investigate the customer complaints, confirm the effectiveness of the complaints, organise relevant teams to work out a rectification plan according to the determined causes after investigation, follow up its implementation and outcome, and prepare a rectification report. The Company will cooperate with customers in handling their requests for refund or replacement of goods. The returned products will be handed over to the Quality Department for re-inspection.

During the Reporting Period, the Group received a total of 8 complaints from customers involving transaction amount of approximately RMB20 million, which were mainly related to product quantity, quality and damage of packaging bags for transportation. The Group has formulated the “Customer Information Management System” (《顧客資訊管理制度》) to handle customer complaints, which are classified and treated according to the complaint issues, mainly including refund/replacement of goods and rectification measures.

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Sales of the Group's products are targeted at clients of the Company. To ensure the safety and privacy of clients' data, the Group has been complying with the "Anti-unfair Competition Law of the PRC" (《中華人民共和國反不正當競爭法》) and the relevant judicial interpretations, and strictly performing the confidential provisions in the contract. Both parties to the contract are obliged to strictly keep the other party's business secrets learned in the process of contract performance. Unless agreed by the contracting parties, clients' data, technical information and commercial terms may not be disclosed to external parties.

Information on product responsibility is set out in "Data on Social Performance" on Page 39 of the Report.

Anti-corruption and Integrity Promotion

The Group strictly complies with the "Anti-unfair Competition Law of the PRC" (《中華人民共和國反不正當競爭法》), the "Anti-money Laundering Law of the PRC" (《中華人民共和國反洗錢法》) and the "Rules for Anti-money Laundering by Financial Institutions" (《金融機構反洗錢規定》), and has formulated the "Anti-commercial Bribery Agreement" (《反商業賄賂協議》), which clearly specifies the provisions for prevention of bribery, extortion and money laundering. Where legal responsibility, discredit or loss of economic benefit or disorder on production and operation arises on the part of the Company due to an employee's violation of laws or other regulations of the Company during operation and management, such employee will be held responsible. During the Reporting Period, the Group formulated the "Anti-fraud Management System" (《反舞弊管理制度》) to strengthen internal governance and control, safeguard legitimate rights and interests of the Company and shareholders and reduce corporate risks.

To prevent corruption, apart from formulation of systems, the Group also attaches great importance to subliming integrity of employees. The Group is committed to advocating a corporate culture of honesty and integrity and creating an anti-fraud corporate cultural environment, and encourages employees to abide by disciplines and laws in daily work and communication in the Company. The Group also publicises its law-abiding information to the public, so as to gain recognition and respect from all parties. The Group also conducts background checks on personnel who are ready to be employed or promoted to important positions to ensure that they have the adherence to honesty and ethical standards. In addition, the Group has certain requirements on personnel of the Audit Department, who shall consciously improve their anti-fraud awareness and skills, actively participate in training of relevant knowledge and skills, and take precautions against corruption cases.

The Group has set up dedicated whistleblowing hotline and email address, encouraging employees to report suspicious corruption cases they discovered to the top management of the Company and members of the Audit Department directly as soon as possible. Employees can report face to face or send a report in writing to the special mailbox of the Audit Department. The Group accepts and will keep written records of real-name and anonymous whistleblowing. The Group shall then launch an investigation into the prime suspect and report to the management, the Board and the Audit Committee respectively, depending on nature of the reported case, and all the relevant information shall be treated in strict confidence. In conducting the investigation, the Audit Department may engage external experts to participate in the investigation where necessary. If the investigation findings point to a fraud, the Group shall transfer the case to competent governmental or judicial authorities according to law.

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The Audit Committee as a permanent body of the Group oversees our anti-fraud efforts, and is responsible for receiving, investigating and submitting the reported frauds and putting forward its treatment opinions, which are supervised by the Board and the Supervisory Committee. The general manager of the Company is responsible for establishing, improving and effectively implementing internal control to prevent, detect and correct frauds. Heads of functional departments of the Company and general managers of subsidiaries shall take management responsibility for occurrence of fraud cases, and are responsible for continuous supervision over anti-fraud work, annual fraud risk assessment and self-assessment, carrying out anti-fraud prevention activities; accepting relevant fraud whistleblowing, organising relevant investigations, issuing reports, putting forward treatment suggestions, and reporting to the management, the Audit Committee, the Board and the Supervisory Committee.

According to its anti-fraud policies, procedures and relevant measures, the Group carries out effective communication or training internally through employee manual, release of internal rules, publicity or online sessions, and conducts a special training on compliance, so as to ensure that directors and employees receive training in relevant laws, regulations and professional ethics. In addition, the Group enters into the “Anti-commercial Bribery Agreement” (《反商業賄賂協議》) with partners including suppliers and customers, and enters into the “Honesty, Integrity and Self-discipline Assurance Statement” (《廉潔自律承諾書》) with employees, adhering to the spirit of agreement and building a corporate culture of integrity and honesty together.

In 2022, the Group did not have any litigation cases arising from corruption, bribery, extortion, fraud and money laundering.

Information on anti-corruption is set out in “Data on Social Performance” on Page 39 of the Report.

Giving Back to the Community

Community Engagement

To strengthen its connection with communities, the Company expects to understand, deliver its care and make contribution to communities through community engagement. As a responsible and compassionate corporate citizen, the Company has always been committed to community contributions. According to local needs, we build bridges, roads, donation to the poor in order to improve the well-being of our community residents. We value the positive development of relationships with the local community. We have established a multi-channel communication and meeting mechanism with the community and government authorities to understand community feedback and concerns, provide support for the health, safety and education programs by supporting infrastructure construction, actively create employment opportunities for local workforce, and maintain communication and cooperation with stakeholders. In the future, the Company will maintain its resolve and continue to serve the community residents, and bring care and support to the community and society. During the Reporting Period, the Group invested RMB1.2 million to support rural revitalization, care for underprivileged groups, provide comfort to solitary elderly, repair houses and make charitable donations for social welfare.

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KEY PERFORMANCE INDICATORS FOR SUSTAINABLE DEVELOPMENT

The Group's data on environmental and social performance are as follows:

Data on Environmental Performance

Item	HKEX KPI	Unit	2022	2021	2020
Greenhouse gas	A1.2				
Direct emissions (Scope 1) ^{1 and 6}		tCO ₂ e	4,783	3,430	1,874
Greenhouse gas reduction (Scope 1)		tCO ₂ e	–	–	–
Indirect emissions (Scope 2) ^{1 and 5}		tCO ₂ e	29,351	13,218	10,994
Other indirect greenhouse gas emissions (Scope 3) ²			–	–	–
Direct and indirect emissions (Scopes 1, 2 and 3)					
– in total (Scopes 1, 2 and 3)		tCO ₂ e	34,134	16,648	12,868
– in intensity (Scopes 1, 2 and 3)		tCO ₂ e/RMB10,000 of revenue	0.335	0.218	0.214
Hazardous waste	A1.3				
– in total ³		tonnes	85.5	80.0	74.1
– in intensity		tonnes/RMB10,000 of revenue	0.00084	0.00105	0.00123
Non-hazardous waste ⁴	A1.4				
– in total		tonnes	–	–	–
– in intensity		tonnes/RMB10,000 of revenue	–	–	–
Energy consumption	A2.1				
Purchase of electricity (indirect consumption) ⁵		kWh	35,080,000	15,797,880	13,140,000
Fuel combustion (direct consumption) ^{6 and 7}		kWh	18,374,554	13,469,105	7,524,057
– in total		kWh	53,454,554	29,266,985	20,664,057
– in intensity		kWh/RMB10,000 of revenue	524	383	343
Water consumption	A2.2				
– in total ⁸		m ³	133,043	52,849	45,690
– in intensity		m ³ /RMB10,000 of revenue	1.305	0.692	0.759
Packaging materials	A2.5				
– in total ⁹		tonnes	91	70	59
– in intensity		tonnes/RMB10,000 of revenue	0.00089	0.00092	0.00098

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Notes:

1. Calculated based on the emission factors set out in "Appendix 2: Reporting Guidance on Environmental KPIs" published by the HKEX and 2012 Guidelines to Defra/DECC's GHG Conversion Factors for Company Reporting.
2. Given the small amount of business travel by the Group's employees, the Group did not generate significant amounts of greenhouse gas emission under Scope 3.
3. The increase of hazardous waste is mainly due to the slight increase in production volume during the year.
4. Non-hazardous waste was primarily neutralized residue and domestic waste, and 60% of the neutralized residue was sold to cement plants for disposal. For domestic waste, there was no total volume for statistical purpose as it was not subject to any specific form of waste management. Domestic waste was classified into recyclable and non-recyclable by our staff, and it would then be handed over to the municipal domestic waste processing department for processing.
5. The increase in electricity consumption is mainly due to the commencement of production of the Group's pyrometallurgical projects such as the Ximei Guizhou and Tsinghua Park Project which consumed more electricity in pyrometallurgical processes, resulting in a significant increase in the Group's total electricity consumption. In order to fulfill its commitment to environmental protection, the Group has replaced some of its furnaces with natural gas furnaces.
6. Fuel combustion includes natural gas and diesel consumed in the production process. The increase in fuel combustion consumption is mainly due to the increase in the use of environmental protection energy natural gas by the Group. Diesel boilers were replaced by gas-fired boilers. In addition to the product workshop, heat was primarily supplied to the recycled ammonia distillation tower, which was used for distillation of all ammonia-nitrogen wastewater.
7. Calculated with reference to the conversion factors set out in the Energy Statistics Manual issued by the International Energy Agency and the CDP Technical Note: Conversion of Fuel Data to MWh.
8. The increase of water consumption is mainly due to the commencement of production of the Group's pyrometallurgical projects such as the Ximei Guizhou and Tsinghua Park Project, which resulted in a significant increase in both industrial and domestic water consumption.
9. The increase in the consumption of packaging materials is mainly due to the increase in production volume of pyrometallurgical products, with some packaging being iron drums, resulting in an increase in consumption of packaging materials as compared to last year.
10. Due to the change in the product portfolio produced by the Group in 2022, annual revenue is used instead of the annual volume of finished goods to calculate the intensity of each indicator. For the year ended 31 December 2022, the Group recorded revenue of RMB1,019.60 million (2021: RMB763.73 million; 2020: RMB601.65 million).

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Data on Social Performance

Item	HKEX KPI	2022	2021	2020
Employees	B1.1			
Total number of employees		550	328	261
By gender				
Male		448	263	209
Female		102	65	52
By type of employment				
Full-time		540	328	261
Part-time		0	0	0
Temporary/contract workers		10	0	0
By employee category				
Total number of senior management members		9	10	9
By gender				
Male		6 (66.7%)	8 (80.0%)	7 (77.8%)
Female		3 (33.3%)	2 (20.0%)	2 (22.2%)
Total number of middle management members		91	47	28
By gender				
Male		71 (78.0%)	29 (61.7%)	19 (67.9%)
Female		20 (22.0%)	18 (38.3%)	9 (32.1%)
Total number of general and technical staff		450	271	224
By gender				
Male		371 (82.4%)	226 (83.4%)	183 (81.7%)
Female		79 (17.6%)	45 (16.6%)	41 (18.3%)
By age group				
30 and below		193	88	60
31-40		187	119	113
41-50		127	100	76
51 and above		43	21	12
By geographical region				
Mainland China		550	328	261
Other regions		0	0	0
Turnover and Turnover Rate (%)	B1.2			
By gender				
Male		91 (20.3%)	48 (18.3%)	13 (6.2%)
Female		23 (22.5%)	15 (23.1%)	7 (13.5%)
By age group				
30 and below		67 (34.7%)	21 (23.9%)	8 (13.3%)
31-40		27 (14.4%)	32 (26.9%)	10 (8.8%)
41-50		15 (11.8%)	6 (6.0%)	2 (2.6%)
51 and above		5 (11.6%)	2 (9.5%)	0 (0%)
By geographical region				
Mainland China		114 (20.7%)	63 (19.2%)	20 (7.7%)
Other regions		0	0	0

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Item	HKEX KPI	2022	2021	2020
Health and Safety				
Number and rate of work-related fatalities	B2.1	0 (0%)	0 (0%)	0 (0%)
Lost days due to work injury	B2.2	272	125	80
Development and Training				
Total number and percentage of staff received training	B3.1			
By gender				
Male		448 (81.5%)	267 (81.4%)	209 (80.1%)
Female		102 (18.5%)	61 (18.6%)	52 (19.9%)
By employee category				
Senior management		9 (1.6%)	21 (6.4%)	16 (6.1%)
Middle management		93 (16.9%)	36 (11.0%)	21 (8.0%)
General and technical staff		448 (81.5%)	271 (82.6%)	224 (85.8%)
Average training hours completed per employee by gender	B3.2			
Male		203.9	7.5	6.0
Female		164.4	6.8	4.0
Average training hours completed per employee by employee category				
Senior management		382	7.0	5.8
Middle management		158.8	7.2	4.7
General and technical staff		200.0	8.4	5.7
Number of suppliers by geographical region				
	B5.1			
Mainland China		58	35	59
Other regions		0	0	0
Number of suppliers subject to employment practices	B5.2	4	4	12
Product Responsibility				
Of the total number of products sold or shipped				
– Percentage subject to recalls for safety and health reasons	B6.1	0%	0%	0%
– Number of complaints received in relation to products and services	B6.2	8	10	14
Anti-corruption				
Legal cases filed/concluded regarding corruption	B7.1	0	0	0

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CONTENT INDEX TO HKEX ESG REPORTING GUIDE

HKEX KPIs

Aspect	Disclosure	Reference and explanation
Mandatory Disclosure Requirements		
Governance Structure	A statement from the board containing the following elements: <ul style="list-style-type: none"> (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses);and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses. 	Pages 12-13 Pages 7-11
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:	
	Materiality: The ESG report should disclose: <ul style="list-style-type: none"> (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. 	Pages 7-11 Pages 7-11
	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.	Page 11
	Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	Page 11
Reporting Boundary	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.	Page 11

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Aspect	Disclosure	Reference and explanation
Aspect A2: Use of Resource	General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials. <i>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i>	Page 19
	KPI: A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Page 36 of the Data on Environmental Performance
	KPI: A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Page 36 of the Data on Environmental Performance
	KPI: A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Page 19
	KPI: A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Page 19
	KPI: A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Page 36 of the Data on Environmental Performance
Aspect A3: The Environment and Natural Resources	General Disclosure: Policies on minimising the issuer's significant impacts on the environment and natural resources.	Page 20
	KPI: A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Page 20
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.	Page 21
	KPI: A 4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Pages 21-22

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Aspect	Disclosure	Reference and explanation
B. Social Employment and Labour Practices		
Aspect B1: Employment	<p>General Disclosure: Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p> <p>KPI: B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.</p> <p>KPI: B1.2 Employee turnover rate by gender, age group and geographical region.</p>	<p>Page 22</p> <p>Page 39 of the Data on Social Performance</p> <p>Page 39 of the Data on Social Performance</p>
Aspect B2: Health and Safety	<p>General Disclosure: Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.</p> <p>KPI: B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.</p> <p>KPI: B2.2 Lost days due to work injury.</p> <p>KPI: B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.</p>	<p>Page 27</p> <p>Page 39 of the Data on Social Performance</p> <p>Page 39 of the Data on Social Performance</p> <p>Page 28</p>

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Aspect	Disclosure	Reference and explanation
Aspect B3: Development and Training	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Page 29
	<i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer</i>	
	KPI: B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Page 39 of the Data on Social Performance
	KPI: B3.2 The average training hours completed per employee by gender and employee category.	Page 39 of the Data on Social Performance
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.	Page 30
	KPI: B4.1 Description of measures to review employment practices to avoid child and forced labour.	Page 30
	KPI: B4.2 Description of steps taken to eliminate such practices when discovered.	Page 30

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Aspect	Disclosure	Reference and explanation
Operating Practices Aspect B5: Supply Chain Management	<p>General Disclosure: Policies on managing environmental and social risks of the supply chain.</p> <p>KPI: B5.1 Number of suppliers by geographical region.</p> <p>KPI: B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.</p> <p>KPI: B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.</p> <p>KPI: B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.</p>	<p>Page 31</p> <p>Page 39 of the Data on Social Performance</p> <p>Page 39 of the Data on Social Performance</p> <p>Pages 31-32</p> <p>Pages 31-32</p>
Aspect B6: Product Responsibility	<p>General Disclosure: Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p> <p>KPI: B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.</p> <p>KPI: B6.2 Number of products and service related complaints received and how they are dealt with.</p> <p>KPI: B6.3 Description of practices relating to observing and protecting intellectual property rights.</p> <p>KPI: B6.4 Description of quality assurance process and recall procedures.</p> <p>KPI: B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.</p>	<p>Page 32</p> <p>Page 39 of the Data on Social Performance</p> <p>Page 39 of the Data on Social Performance</p> <p>Page 32</p> <p>Page 33</p> <p>Page 34</p>

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Aspect	Disclosure	Reference and explanation
Aspect B7: Anti-corruption	<p>General Disclosure: Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.</p> <p>KPI: B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.</p> <p>KPI: B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.</p> <p>KPI: B7.3 Description of anti-corruption training provided to directors and staff.</p>	<p>Page 34</p> <p>Page 39 of the Data on Social Performance</p> <p>Pages 34-35</p> <p>Page 35</p>
Community Aspect B8: Community Investment	<p>General Disclosure: Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.</p> <p>KPI: B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).</p> <p>KPI: B8.2 Resources contributed (e.g. money or time) to the focus area.</p>	<p>Page 35</p> <p>Page 35</p> <p>Page 35</p>