



# 奧威控股有限公司

## AOWEI HOLDING LIMITED

(Incorporated in the British Virgin Islands and continued in the Cayman Islands with limited liability)  
(formerly known as Hengshi Mining Investments Limited 恒實礦業投資有限公司)

Stock Code: 1370



# 2023

## Environmental, Social and Governance Report





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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS REPORT

Aowei Holding Limited hereby presents its Environmental, Social and Governance (the “**ESG**”) report (the “**Report**”) to its stakeholders, which describes the Company’s concept, action plan and related performance in sustainable development.

## REPORTING PERIOD AND SCOPE

The Report covers the overall performance in environment and society during the period from 1 January 2023 to 31 December 2023 (the “**Reporting Period**”). Unless otherwise stated, the reporting scope is consistent with last year, all of which focus on our principal businesses, namely the Group’s the iron ore business and green construction materials and gravel materials business in China. The scope of the Report is prepared based on the materiality of our business and operations and the impact on the environment, society and governance.

## REPORTING GUIDE

The Report has been formulated in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the key performance indicators are properly disclosed. The information disclosed in this Report is mainly derived from the Group’s internal documents and public information. While we have not sought external assurance for this ESG Report, we have monitored and verified it based on internal data to ensure its accuracy. We may seek external assurance for future ESG reports when necessary. For the Corporate Governance Report, please refer to the section headed “Corporate Governance Report” in the Company’s 2023 Annual Report.

## REPORTING PRINCIPLES

The Report is prepared based on the four reporting principles of “Materiality”, “Quantitative”, “Balance” and “Consistency”. The application of each reporting principle is presented as follows:

Reporting Principles	Description of the Group
Materiality	Material ESG issues are identified and prioritised through stakeholder engagement and materiality assessment. For more details, please refer to the section headed “Stakeholder Engagement and Materiality Assessment”.
Quantitative	Quantitative KPIs are disclosed in this Report where feasible, and are used as the basis for setting relevant targets in the future. At the same time, this Report has effectively evaluated the effectiveness of ESG-related policies and management systems by disclosing the performance data of the past and the Reporting Period.
Balance	This Report presents the Group’s ESG performance during the Reporting Period in an objective and unbiased manner to reflect the actual situation.
Consistency	As far as practicable and unless otherwise stated, the Group applies consistent measurement methodology to allow for meaningful comparison of the KPIs over time.



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## INFORMATION COLLECTION

Financial data in this ESG Report are extracted from the 2023 Annual Report, while other data are extracted from the Group's internal management system and statistics. The key indicators in relation to safety, environment issues of the Company are counted and calculated based on the regulations or industry standards of the PRC. Unless otherwise stated, the reporting currency of this ESG Report is RMB.

## ACCESS TO THE REPORT

This ESG Report is issued in electronic version and can be downloaded at <http://www.aoweiholding.com> or [www.hkexnews.hk](http://www.hkexnews.hk).

## CONTACT INFORMATION

The Company places great value on comments and suggestions from our stakeholders. If you have any comments or suggestions on the content of this ESG Report or our overall performance in sustainable development, please feel free to contact us at [ir@aow.com.cn](mailto:ir@aow.com.cn).

## BOARD STATEMENT

### Governance Structure

The board (the "**Board**") of directors (the "**Directors**") of the Group, as the highest management, has the ultimate responsibility for supervising all ESG-related matters of the Group, and is responsible for supervising and evaluating the implementation of the Group's sustainable development strategy comprehensively. Moreover, the Board is responsible for identifying, assessing and managing ESG-related risks and opportunities through regular review of the Group's internal policies and approving the ESG Report.

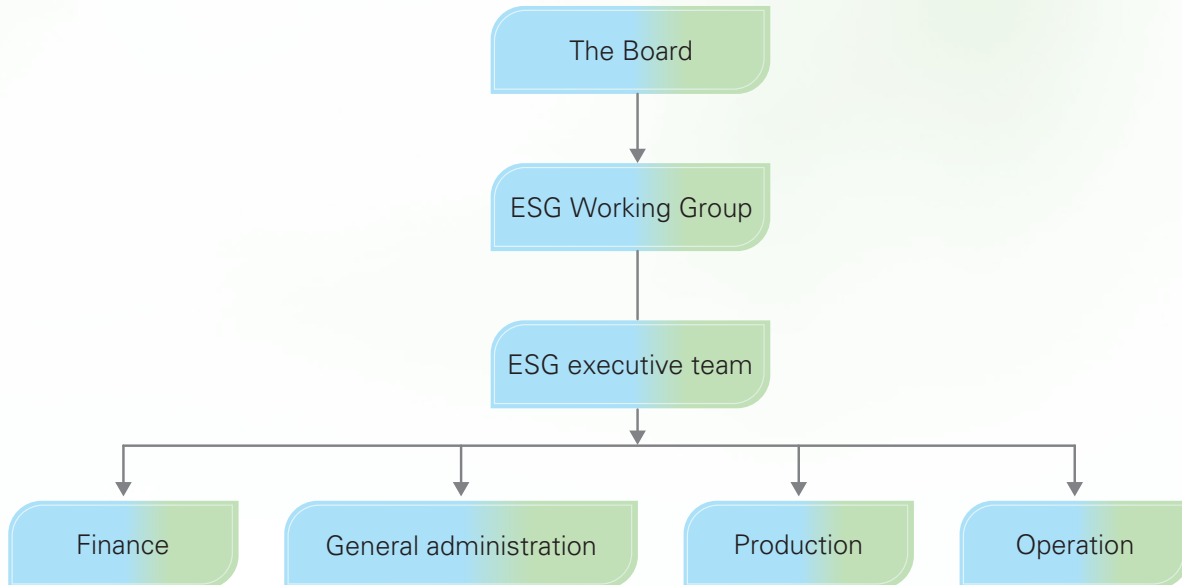
The Group is committed to integrating ESG factors into its operations, in order to enhance the effectiveness of coordinated governance, create sustainable value for stakeholders as well as fulfil its responsibility as a corporate citizen. The Group has established an inter-departmental environmental, social and governance working group (the "**ESG Working Group**"), The ESG Working Group, led by the executive Directors and supported by internal control and compliance, finance and other departments, has been assigned a number of responsibilities, mainly including:

- Formulating and reviewing the Group's ESG strategies;
- Reviewing and monitoring the implementation of ESG-related policies and initiatives;
- Reviewing and assessing the risks and opportunities relevant to the Group's operations;
- Reviewing the Group's ESG performance and progress;
- Reviewing and monitoring the Group's communication channels for stakeholder engagement to ensure ongoing dialogues to understand the expectations of the key stakeholders; and
- Preparing an annual ESG report for the Board's approval.

The ESG executive team, composed of the managers, special departments and production departments of the Group's subsidiaries, is responsible for the implementation of related work in accordance with the instructions and suggestions of the ESG Working Group.

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The ESG reporting structure of the Group is as follows:



Going forward, the Board will continue to review and monitor the Group's ESG performance and provide material, reliable, consistent and comparable ESG information to its stakeholders. The Group will also continue to improve the operation management mechanism and gradually optimize various governance measures, so as to improve the Group's performance in sustainable development and make contributions to create a better environment.

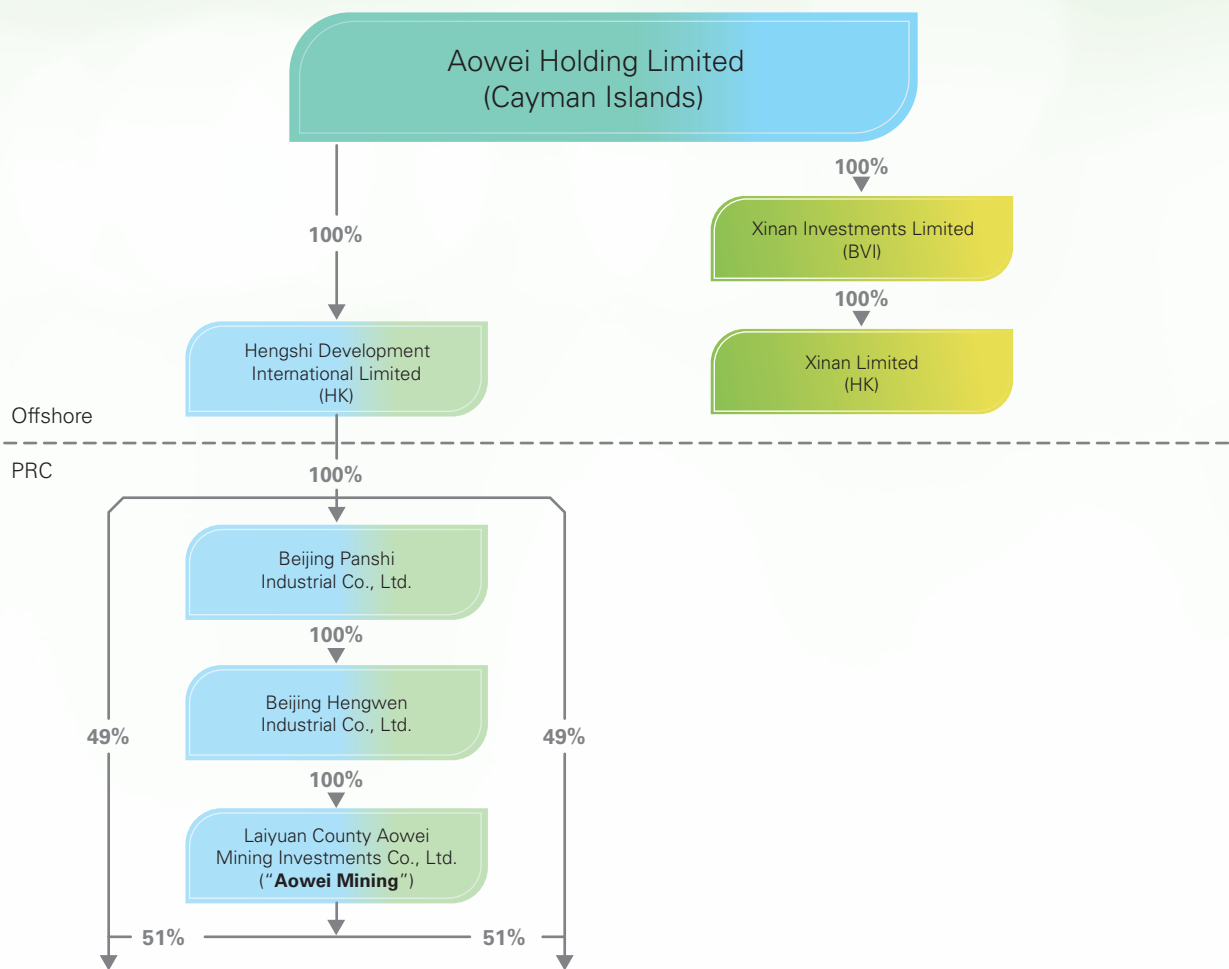
# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## GROUP PROFILE

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 28 November 2013 (stock code: 1370), and was principally engaged in (i) the exploration, mining, processing and trading of iron ore products and major products including iron ores, preliminary concentrates and iron ore concentrates; and (ii) conducting the green construction materials construction sand and gravel materials production and sales business.

As at 31 December 2023, the structure of the Group was as follows:



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## CORPORATE GOVERNANCE

The Group is committed to maintaining corporate governance, strictly complies with the securities regulatory rules and requirements such as the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and has established formal and highly transparent procedures to ensure that the interests of all shareholders are protected. The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The above risks include but are not limited to material ESG-related risks. Under the supervision of the Board, the management is responsible for the design, implementation and monitoring of the risk management and internal control systems of the Group, and provides confirmation to the Board on the effectiveness of the risk management and internal control systems.

## STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

The Group places great value on the participation of stakeholders and regards them as the cornerstone of the Group's sustainable development. In our normal operation, we maintain active interactions with our stakeholders through various communication channels, including online or offline, with a view to acquiring valuable advices, reviewing and improving our business strategies to meet their needs, and build strong relationships.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



The Group is committed to responding to the demands of stakeholders through different channels as follows:

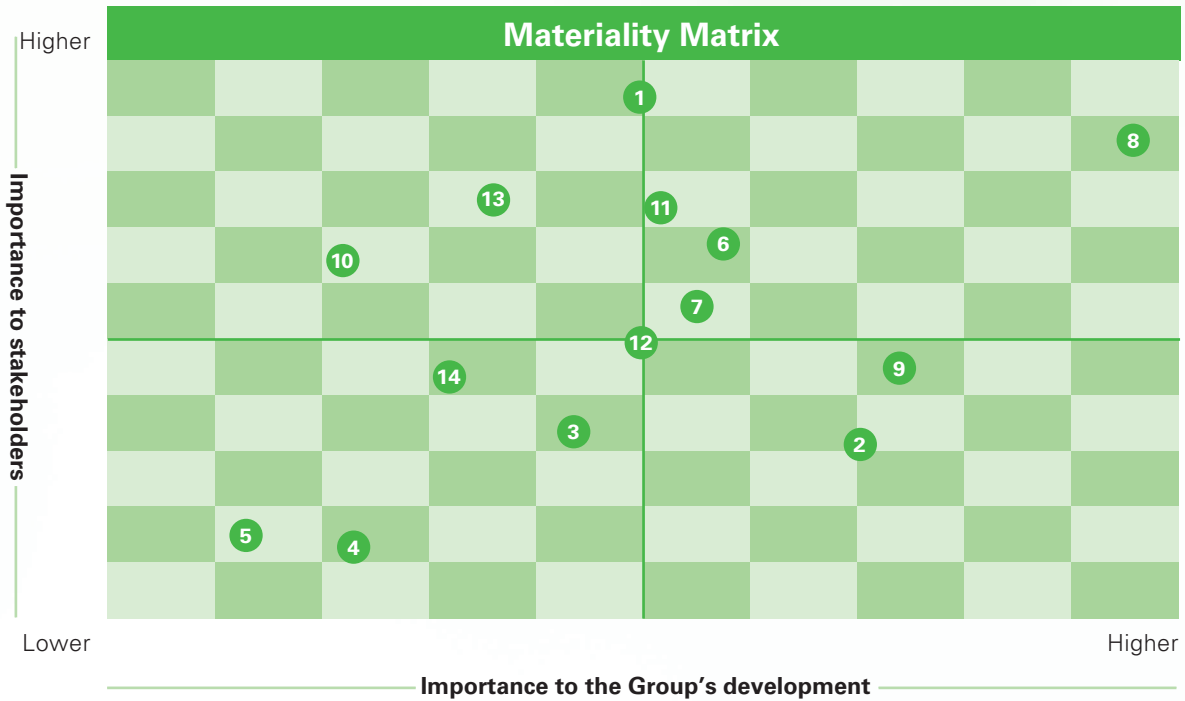
COMMUNICATION WITH STAKEHOLDERS			
Stakeholders	Demands	Reply	Communication Channels
Shareholders	Sustainable and stable investment return	Enhance business diversity and strengthen operating cash flow	General meetings Annual and interim reports
	To operate in compliance with relevant laws and regulations	Improve internal compliance system	Company announcements
	To promptly disclose the information	Establish a comprehensive system for the disclosure of regular and specific information	
Governmental authorities	To promote development of local and peripheral industries	Provide employment opportunities and pay taxes in the locations where we operate	Participation in government meetings Regular visits to government authorities
	To operate in compliance with relevant laws and regulations	Accept government supervision and strengthen compliance with relevant laws and regulations on environment, safety and integrity	Acceptance of inspection by government authorities
Employees	To provide adequate health and safety protection	Formulate the work safety and health policy in compliance with relevant laws and regulations	Internal memorandum Employees' activities
	To provide sufficient career development opportunities	Improve the internal staff recruitment and promotion management system	Training and counselling activities
	To improve remuneration and benefits		
Customers	To operate in compliance with laws and regulations	Strengthen compliance with relevant laws and regulations on environment, safety and integrity	Business communication Customer feedback
	To continuously provide high-quality services	Improve employee training	Onsite visits
	To improve product quality	Optimise production technology	
Suppliers	To ensure fair, equitable and open procurement process	Ensure the transparent procurement process and accept internal and external supervision	Onsite visits Provide corporate corruption reporting hotline
	Timely performance of contractual obligations	Strengthen contract management and cash flow monitoring	
Banking and financial institutions	High credit rating and ability to pay debts	Maintain good credit by settling debts on time	Ongoing communication through physical visits, emails, virtual meetings and other formal channels
	To ensure robust and sustainable business development	Maintain sound operation and development	
Communities	To improve community environment	Improve local infrastructure	Participation in community meetings and community welfare activities
	To support community welfare	Maintain good communication with local residents	



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## MATERIALITY ASSESSMENT

In order to identify the material aspects to be disclosed in this Report, we communicated with stakeholders to understand the 14 major aspects of their concerns, and ranked the importance of all aspects to form the following materiality assessment results:



Environment	Work Environment	Operating Practice	Community Contribution
1 Environmental impact and management	6 Employee benefits	10 Supply chain management	13 Community development
2 Mine resource management	7 Development of employees	11 Quality assurance	14 Public welfare charity
3 Water conservation	8 Workplace safety	12 Anti-corruption	
4 Energy conservation and emission reduction	9 Occupational health management		
5 Air pollutants emission			

According to the results of the materiality assessment, the most important issue to the Group is workplace safety, and we will make relevant disclosure in the section headed "Health and Safety".

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## ENVIRONMENTAL PROTECTION

The mining industry in which the Company operates will cause disturbance to the land and natural vegetation attached to the land during the process of open-pit mining. We are fully aware that our business would have an impact on the environment and climate, and are committed to protecting our environment. We strictly abide by the laws and regulations of the Chinese government on environmental protection and climate, including but not limited to the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and the Hebei Province Interim Regulations on the Management of Security Deposits for the Restoration of the Ecological Environment of Mines. We actively review and evaluate the environmental risks arising from the operation of our business, and take multiple measures by establishing a sound environmental management system to minimize or avoid the adverse impacts of daily operations on the environment. In addition, we have thoroughly implemented the concept of green and low-carbon environmental protection. We advocate green and low-carbon environmental protection education to raise employees' awareness, and strive to implement the concept of green and low-carbon environmental protection into various links of production, operation and employees' life to achieve the green and low-carbon and energy-saving development, and help the Company become a new modern mine with the green mine construction standard as the mine construction principle.

The Group adheres to the concept of green development, and implements the main measures of ecological environment protection and restoration governance by strictly following the requirements of the green mine construction guidelines and combining its own development characteristics to manage the damaged ecological environment in a timely manner. The Group has also planned the mining area environment of each subsidiary, and carried out the greening and land reclamation of the mining area step by step, so as to achieve "protecting in development and developing in protection" and ensure the greening rate of the mining area and maintain a good surrounding ecological environment. During the Reporting Period, the Group carried out greening treatment on some sections of the main road, open pit, dump, industrial site and other areas, including planting approximately 1,780 trees by making use of every area, and a combination of trees and shrubs was used for greening of approximately 42,788 square meters.

## EMISSION MANAGEMENT

The Group strictly complies with the relevant provisions of the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution and other laws and regulations. Through protection and governance measures, the Group adheres to the targets of energy conservation, emission reduction, environmental protection, efficiency improvement and the establishment of a sustainable enterprise, strictly monitoring the emissions generated during the production and operation to ensure that the emissions meet the standards. The Group belongs to mining industry, and adopts physical magnetic separation technology in the production process and no hazardous waste are produced.

During the Reporting Period, the Group was not aware of any material non-compliance with all relevant laws and regulations relating to environmental issues, including but not limited to waste and greenhouse gas emissions, discharges into water and land and generation of hazardous and non-hazardous waste.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Waste rock discharge management

The Group belongs to the mining industry. Waste rocks and tailing sands will be discharged during the production process. In order to fully meet the requirements of ecological environmental protection and promote the sustainable development and comprehensive utilisation of resources, the Group implements the concept of sustainable development, actively promotes the comprehensive utilisation of solid waste, and makes full use of the waste rock discharged to produce construction sand and gravel materials and machine-processed sand.

During the Reporting Period, all waste rocks stripped from the Group's production process can be processed into raw materials of green construction materials construction sand and gravel materials to achieve zero waste rock discharge.

Waste rock (tons)	2023	2022
Recycled quantity	2,763,657	3,813,609
Waste rock recycled quantity per RMB'000 output value	4.1	4.1

## Tailing sand discharge management

Tailing sand is separated from the mining rock through the wet processing of magnetic separation technology. The Group has built supporting tailings storage facilities according to the processing capacity of the water processing plant. The tailing sand will be pumped to the tailings storage facilities for compaction and stockpiling with the mining waste water, and professional staff are arranged to carry out 24-hour on-duty inspection and monitoring of tailings storage facilities.

Tailing sand (tons)	2023	2022
Storage volume	1,263,187	1,330,275
Tailing sand processing volume per RMB'000 output value	1.9	1.4

In order to give full play to the efficiency of resource use, in the next three to five years, the Group will also accelerate the layout of green industry and intensify in-depth research on the deep processing and utilisation of tailing sand to reduce or avoid the impact of tailing sand discharge on the ecological environment and safety risks, and strive to increase the reuse of tailing sand.

## Wastewater discharge management

The Company's production and operation sites are equipped with a complete waste water filtration and circulation system. The industrial wastewater generated can be precipitated and filtered through multiple steps and recycled to tailings storage facilities and recycling water pump stations for closed-circuit recycling without being discharged to the surroundings. Tailings storage facilities and water pump stations are equipped with dedicated personnel to strictly observe the facilities 24 hours a day. During the Reporting Period, the Group did not have any incident of wastewater leakage and pollution.

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## Dust management

Due to the Group's business nature, a certain amount of dust was produced during mining, crushing, screening and vehicle transportation. In order to reduce the impact of dust, the Group adopted wet operation in mining. In the dry processing, mineral processing workshops were equipped with professional dust removal equipment and closed transportation corridors to prevent powder from leakage and external emission. The Group also distributed professional dust prevention equipment to field workers to ensure their physical health. In terms of transportation roads, we sprinkle water to suppress dust through sprinklers and water pipelines.

During the Reporting Period, the Company engaged qualified testing institutions to test the dust generated in the production and operation activities. The dust emission concentration of the Company conformed to the applicable standards of the Emission Standard for Pollutants for Mining and Mineral Processing Industry (GB28661-2012) implemented by local environmental protection regulatory authorities.

## Noise management

In order to effectively reduce the negative impact of noise on the surrounding environment, the Group has taken a number of measures, such as selecting low-noise and high-efficiency processing equipment, and achieving noise reduction through installation of sound insulation, noise elimination and other soundproof construction facilities. At the same time, we have also provided field workers with professional and effective protective equipment for noise reduction to protect the physical and mental health of field workers.

During the Reporting Period, the Company engaged qualified testing institutions to regularly test the noise generated in the production and operation activities. The noise detected at the factory boundary conformed to the applicable standards of the Emission Standard for Industrial Enterprises Noise at Boundary (GB12348-2008) implemented by the local regulatory authorities.

## Waste gas emissions management

The Company's waste gas emissions mainly come from the exhaust generated during the driving of motor vehicles. The Group strictly implements the Vehicle Management System, advocates environmental protection and energy conservation policies, reasonably arranges the use of travel vehicles, and encourages employees to travel green.

The air pollutants generated by the Group's motor vehicles are quantified as follows:

Air pollutants emission (kg)	2023	2022
Nitrogen oxides (NO <sub>x</sub> )	35.5	32.6
Sulfur oxides (SO <sub>x</sub> )	1.3	1.2
Suspended particulate matter (PM)	2.0	1.9

*Note:* The air pollution emissions are calculated in accordance with the emission factors specified in the Technical Guide for Compiling the List of Air Pollutants Emitted by On-road Vehicles (Trial) issued by the environmental protection regulatory authority.

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In the future, we will continue to strengthen the management of waste gas emissions, deploy relevant subsidiaries for target decomposition, and formulate an assessment plan to evaluate subsidiaries that have exceeded emission or received administrative penalties, so as to promote the Group to achieve a year by year reduction in overall waste gas emissions intensity.

### GHG emissions

The major sources of greenhouse gas emissions during the Group's operations are indirect emissions from purchased electricity and direct emissions from the use of fuel for business vehicles, machinery and equipment. The Group attaches great importance to the impact of greenhouse gas on the atmospheric environment. It advocates green travel, reasonably arranges the use of travel vehicles; promotes paperless office, encourages employees to save paper and reduce the use of photocopiers, and adopts energy-efficient facilities to replace the energy-intensive facilities in order to realize the continuous reduction of greenhouse gas emissions. At the same time, in order to effectively reduce greenhouse gas emissions, the Group planted approximately 1,780 new trees during the Reporting Period, realized a greening area of 436,688 square meters through planting trees and flowers.

Details of GHG emissions of the Group are as follows:

GHG Emissions (tCO <sub>2</sub> e)		2023	2022
Direct GHG emissions (scope 1)	Gasoline and diesel	<b>9,870.1</b>	7,932.0
Indirect emissions (scope 2)	Electricity purchased	<b>106,597.2</b>	152,157.1
Other indirect GHG emissions (scope 3)	Waste paper	<b>0.6</b>	0.7
	Business air travel	<b>9.8</b>	3.5
GHG removals (scope 1)	Planting trees	<b>(24.6)</b>	(24.3)
Greenhouse gas emissions in total		<b>116,453.1</b>	160,069.0
Intensity of GHG emissions (greenhouse gas emissions in total/per RMB'000 output value)		<b>0.2</b>	0.2

*Note:* Greenhouse gas emissions are calculated according to the China Energy Statistical Yearbook, the Guidelines for the Preparation of Provincial Greenhouse Gas Inventories (Trial) and the average carbon dioxide emission factor for the China Regional Power Grids published by the National Development and Reform Commission.

In the future, we will enhance the use of green energy and low-carbon energy-saving facilities, and encourage employees to save energy, reduce consumption and green travel, so as to achieve the goal of continuous reduction of greenhouse gas emissions intensity year by year.



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## Biochemical waste management

The Company encourages and implements waste classification in each workplace, and prohibits arbitrarily discarding or incineration of domestic waste and non-perishable domestic waste, which is transported to the location designated by the local sanitation department for disposal. As of 31 December 2023, the Company disposed of a total of approximately 60 tons of domestic waste.

## Waste materials management

The Group encourages the recycling of waste materials and gives priority to the repair and reuse of old and damaged equipment. If the repair cannot be achieved, the disposal and realization will be considered again. As of 31 December 2023, the Company has realized a total of approximately RMB450,000 from the disposal.

## Management of Water Resources

The Group is committed to water conservation and strictly abides by the relevant laws and regulations such as the Water Law of the People's Republic of China and the Water and Soil Conservation Law of the People's Republic of China issued by the Chinese government, and takes the water conservation and the reuse of water resources as the principle to actively improve water efficiency.

We have no issue in sourcing water. The Group's mining companies mainly use mine water in its mining areas for production instead of drawing water from local rivers/lakes or public water supply systems. In order to prevent water and soil loss, and give full play to the efficiency and effectiveness of water resource utilization, all mining plant have built tailings storage facilities and water pump stations, which can realize the recycling of industrial waste water without external discharge. In normal work and life, the Group also actively strengthens the education of water resources knowledge for employees, promotes the importance of water resources, and improves employees' sense of responsibility for the ecological environment.

The Group's water consumption data is as follows:

Water resources (m <sup>3</sup> )	2023	2022
Water consumption in total	117,498	166,612
Water consumption intensity (water consumption in total/per RMB'000 output value)	0.2	0.2

In the future, the Group will strive to better control water consumption and reduce the use of new water year by year to prevent water resource issues from affecting the overall operation of the Group's business. To effectively control water consumption, the Group will continue to enhance the recycling of water in the production, strengthen the daily inspection and maintenance of water network pipelines and storage facilities, and raise the awareness of water conservation among staff by putting up posters to continuously promote the importance of water conservation.

## Management of Energy

The Group understands the importance of efficient use of energy. We have taken a number of measures to improve energy efficiency, such as technological renovation, equipment upgrading, optimizing the production process and assessment mechanism, in order to achieve energy conservation and consumption reduction. At the same time, the Company also encourages energy conservation and low-carbon office by holding meetings or posting propaganda slogans to improve awareness of energy conservation and low-carbon of employees.

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The Group's energy consumption data is as follows:

Energy	Energy category	2023	2022
Diesel (kWh in '000s)	Direct energy	37,103	28,969
Gasoline (kWh in '000s)	Direct energy	741	836
Electricity (kWh in '000s)	Indirect energy	120,544	172,065
Intensity of total energy consumption (per RMB'000 output value/kWh in '000s)		0.2	0.2

*Note:* The energy consumption is calculated according to the conversion factors as guided in the General Principles of Comprehensive Energy Calculation (GB/T 2589-2020). In the future, the Group will actively implement energy conservation and consumption reduction measures. Under the premise of the original equipment capacity, the Group will aim to maintain or reduce the intensity of energy consumption such as electricity, diesel and gasoline year by year, so as to promote the efficient and energy-saving development of the Group.

## Climate change

Climate change has become a global concern, and climate change can lead to a higher frequency of extreme weather events, which may affect the safety and health of our employees and our normal operations. In order to pave the path towards a more resilient future, we regularly conduct ESG-related risk assessments covering climate-related risks, and actively implement a series of climate mitigation and adaptation measures, such as optimizing production processes, eliminating energy-intensive equipment, reducing energy consumption, popularizing various plants, and reducing greenhouse gas emissions, to mitigate and adapt to the urgency of climate change. In addition, we have also formulated relevant emergency rescue plans for extreme weather, and conducted regular drills to strengthen the response of employees. At the same time, we will also pay attention to the latest regulations and policies to ensure that we can continue to operate our business in compliance with regulations.

## EMPLOYMENT AND LABOUR PRACTICES

The Group understands that the development of enterprises cannot be separated from the hard work and efforts of employees. Employees are an important foundation for the development of the enterprise. Therefore, we are committed to creating an attractive, nurturing and developing talent development platform, and work together with employees to grow and develop together.

The Group adheres to the principle of "people-oriented" and strictly complies with relevant regulations on employment such as the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China, to ensure that all employees enjoy various rights and interests and fair and equitable treatment in accordance with the law. We promote a diversified employment policy and are committed to providing equal opportunities for all employees in terms of recruitment, promotion, remuneration and benefits, ensuring that all employees are treated equally without any discrimination, regardless of gender, race, marital status, pregnancy, religion, disability, etc. In terms of employee recruitment and the management of labor and employment, the Group strictly prohibits the recruitment or employment of child labour, and eliminates the occurrence of forced labour. During the recruitment process, each applicant is required to provide personal identification documents such as identity card for verification. If we discover any false or concealed facts or deception during the recruitment process, the applicant will be excluded from the selection process.

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In order to protect the legitimate rights and interests of employees and the Group, the Group strictly abides by the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China and other relevant laws and regulations. The Group will establish labour relations with employees from the date of employment, and sign the Labour Contract with employees in accordance with the principles of legality, fairness, equality and self-willingness, consensus and honesty. In the event of dismissal or termination of employment contract in the future, the Group will also comply with the terms and requirements stipulated in the contract to protect the legitimate rights and interests of both parties.

In order to establish a scientific and standardized salary management system and fully utilize the stimulating effect of salary, the Group has formulated the Salary Accounting Management Measures, which assesses and distributes through various forms such as position salary, performance salary, overtime salary, bonuses and allowances in combination with share incentive plans, and links performance assessment with incentive and restraint, so as to improve the enthusiasm and initiative of employees. In addition, we provide comprehensive welfare protection for employees, and pay five social insurances and one housing fund for employees in accordance with the law.

In order to continuously improve the strength of employees, the Group has formulated and implemented the Labour Employment Management System and the Performance Assessment Management Method, and has stipulated the promotion policy. In terms of employee promotion, in order to ensure the fairness and objectivity of employee promotion evaluation, the human resources department will consider a number of aspects, including but not limited to the professional skills, work efficiency, work attitude, qualifications, past rewards and punishments records, attendance rate, safety records and educational background of employees.

The Group strictly abides by the working hours and holidays stipulated in the Labour Law of the People's Republic of China. The Group's administrative and office staff work five days a week and eight hours a day. The production departments work in shifts according to the actual production conditions. The Company provides marriage leave, funeral leave, maternity leave, sick leave, personal leave, annual leave, work injury leave and other holidays (national statutory holidays and public holidays are not included in annual leave) to protect the leave rights of employees.

The human resources department of the Group's headquarters and subsidiaries is responsible for regularly reviewing and dealing with violations of labour standards, and also understanding and collecting employees' opinions and suggestions on the Group's policies, working environment and the Group's development strategies through different channels. At the same time, we have also set up a reporting mechanism to provide employees with a confidential channel to encourage employees to report discrimination and illegal employment behaviors. During the Reporting Period, the Group was not aware of any non-compliance with labour standards.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As of 31 December 2023, the Group had a total of 861 full-time employees. The relevant data are as follows:

Employment Structure	2023	2022
<b>Total number of employees</b>	861	1,027
<b>By gender</b>		
Male	832	991
Female	29	36
<b>By age</b>		
Under 35	110	145
35-50	422	462
Above 50	329	420
<b>By region</b>		
Local residents of Laiyuan County	619	742
Residents outside Laiyuan County	242	285
<b>By position</b>		
Management	176	252
General employees	685	775
<b>Employee turnover rate</b>	<b>5.7%</b>	<b>5.8%</b>
<b>By gender</b>		
Male	5.3%	6.0%
Female	0.4%	0.2%
<b>By age</b>		
Under 35	1.7%	2.3%
35-50	0.5%	2.9%
Above 50	3.5%	1.1%
<b>By position</b>		
Local residents of Laiyuan County	3.9%	4.2%
Residents outside Laiyuan County	1.8%	2.0%

During the Reporting Period, the number of all employees of the Group decreased by 16.2% compared with the same period of last year, mainly due to the fact that Jiheng Mining, a subsidiary of the Group, streamlined its organisational structure and optimised its staffing.

The Company has no gender discrimination in employment and labour practises. Due to the nature of the mining industry, the number of female employees only accounted for 3.4% of the total number of employees during the Reporting Period. In the future, the Company will also gradually optimise the gender diversity of employees and strive to create a diversified and inclusive workplace.

Notes:

Staff turnover rate = number of turnover ÷ annual average workforce

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## DEVELOPMENT AND TRAINING

The Group is well aware that employees are an important foundation for corporate development, and attaches great importance to the sustainable development of our employees. Through the formulation of the training mechanism such as the Measures on Training and Management of the Employees, the Group regularly formulates training and development courses for employees in terms of production safety, health protection, occupational skills and corporate culture, so as to help employees realise their potential and provide support for employees' continuous education and professional skills improvement. At the same time, we have also formulated the Measures on Promotion and Management of the Employees and the Measures on Assessment of Skill Level to set out selection criteria and guidelines, so as to provide employees with fair and just development opportunities and explore career opportunities.

<b>Employees training</b>	<b>2023</b>	<b>2022</b>
<b>Number of employees trained</b>	861	1,027
<b>Percentage of employees trained in total employees</b>	100%	100%
<b>Percentage of employees trained (by gender)</b>		
Male	96.6%	96.5%
Female	3.4%	3.5%
<b>Percentage of employees trained (by employee category)</b>		
General employees	20.4%	92.8%
Management	79.6%	7.2%
<b>Total training hours provided to employees (hours)</b>	190	200
<b>Average training hours (hours)</b>	28	25
Male	29	39
Female	14	37
General employees	32	40
Management	6	23



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## HEALTH AND SAFETY

The Group attaches great importance to the occupational health and safety of employees, and strictly abides by the Production Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Regulations for the Implementation of the Mine Safety Law of the People's Republic of China and other laws and regulations. With the safety target of "zero death and zero serious injury accident", the Group adheres to the working policy of "safety first, prevention-oriented and comprehensive governance", builds up a complete occupational health and safety production management system, strengthens the promotion of employees' occupational health and safety knowledge, and lays a solid foundation for occupational health and safety management, so as to protect the safety and health of all employees and partners.

### Management Measures

In order to thoroughly implement the requirements of laws and regulations on safety production, the Group has developed a comprehensive safety management system, including Occupational Health Management System, Emergency Plan for Occupational Health Hazard, Safety Production Committee System, Safety Inspection System, Regular Safety Production Meeting System, Work Injury Accident Management System, Labor Protective Equipment Management System, Outsourcer Safety Management Systems and Emergency Accident Emergency Rescue Plan, etc., to ensure that the occupational health and safety management work is more scientific, professional, standardised and practical.

In order to effectively prevent or avoid the occurrence of occupational health and safety accidents, the Group has regularly conducted risk assessment and safety inspection in work site to evaluate the potential risks and take effective management and governance measures to prevent problems before they occur.

In terms of occupational health, in order to accurately prevent and control the health risks of occupational diseases, the Group has distributed labour protection equipment that meets the national protection standards and the job protection requirements for employees according to their positions. The Group also has regularly organised qualified institutions to conduct occupational health monitoring in the work site to ensure that the working environment meets the requirements and the physical and mental health of employees. In addition, we have also organised regular physical examinations for employees working in positions with occupational hazards and established occupational health records for employees.

In terms of safety production, in order to effectively avoid the occurrence of safety accidents, the safety production and management department of the Group has carried out regular and irregular safety risks and hazards investigation and safety production standardisation inspection and acceptance at the production site, so as to further improve the overall level of safety production. The Group has established a production safety reward mechanism to motivate employees to participate in production safety more proactively. In addition, the Group has also regularly organised safety education and training and accident drills to strengthen employees' safety awareness, promote employees to establish red line awareness and bottom line thinking, strictly prevent potential safety hazards, and continuously consolidate the Group's safety foundation.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



In addition, we also pay special attention to the management of contractors and service providers that cooperate with the Group in terms of health, safety and environmental protection, and require them to strictly implement their industry norms and standards.

During the Reporting Period, the Group strictly complied with relevant laws and regulations such as the Work Safety Law of the People's Republic of China, the Law on the Prevention and Control of Occupational Diseases of the People's Republic of China and the Regulations on the Implementation of the Mine Safety Law of the People's Republic of China, and implemented its work safety responsibilities and safety supervision responsibilities at various levels, strictly carried out health and safety inspections, maintained regular and irregular inspections and assessments, and timely detected safety hazards and made effective rectification. During the reporting period, the Group conducted a total of 150 health and safety inspections, with a 100% compliance rate for hidden hazards and safety directives and no health and safety penalties.

During the Reporting Period, the Group had completed occupational health and safety education training for 745 employees in order to enhance the employee's safety protection skill and improve the employees' awareness of occupational health and safety protection. For the purpose of improving the emergency rescue level, emergency response capability and the operability of emergency plans of employees, the Group organized a total of 14 emergency response drills during the Reporting Period.

Emergency response drills of the Group during the year ended 31 December 2023

Mines	Names of drills	Number of participants
Jiheng Mining	Emergency drill for falling accidents from a height	20
	Emergency drill for seepage damage accidents	25
	Emergency drill for drowning accidents	20
	Emergency drill for vehicle injury accident	20
Jingyuancheng Mining	Special emergency plan drill for mine slope damage	50
	On-site handling plan drill for falling accidents from mine heights	20
	Special emergency drill for mine container explosion accident	50
	On-site handling plan for electric shock accidents in mines	20
	Emergency drill for landslide accidents at tailings dam	28
	Emergency drill for dam-failure at tailings dam	27
	On-site handling drill for drowning at tailings dam (Dabugou)	27
	On-site handling drill for drowning at tailings dam (Chengzigou tailings dam)	28
	Evacuation drill for personnel in mines during flood season	48
	Evacuation drill for personnel at tailings dam during flood season	55

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Safety Accidents and Targets

For the year ended 31 December 2023, the Group continued to enhance the risk management and control over the occupational health and safety in production, and there was no formal record of any fatal accident and major work-related injury, and there was no record of work-related fatalities for at least three consecutive reporting years. The relevant accident rate kept at a reasonable level, and did not cause any loss of working days. The targets on the occupational health and safety of the Group for 2023 are: the rate for minor injury  $\leq 3\%$ , and the rate for serious injuries, fatal accidents, fire accidents, collective food poisoning accidents, major accidents in equipment and facilities, and incidence of occupational diseases is zero.

## SUPPLY CHAIN MANAGEMENT

The Group attaches great importance to the cooperation and communication with supply chain and firmly believes that maintaining a stable business with suppliers can contribute to its sustainable development. We have regularly assessed the environmental and social risks of the supply chain, so as to ensure that the quality, environment and safety performance of the supply chain are in line with the Group's policy.

When selecting new suppliers, the Group's procurement department will evaluate the environmental and social risks of the supply chain in accordance with the Tender Management Measures, the Procurement Management Measures and other policies, including its business quality, production capacity, product quality, credit investigation, service capabilities and environmental safety, to ensure the safety of the supply chain. In addition to the above selection criteria, we also consider the environmental and social standards of suppliers, including the prohibition of child labour and forced labour, the elimination of discrimination against employees, the provision of a safe working environment, the consideration of whether the products and services provided are conducive to environmental protection and meet the internal environmental requirements of the Group, while minimizing the negative impact on the natural environment and strictly complying with the laws. Our procurement personnel also conduct on-site due diligence when necessary. In addition, we also conduct an annual comprehensive evaluation of our suppliers and cease to purchase products from suppliers who (i) continuously deliver substandard products; (ii) refuse to replace or return defective products; (iii) fail to meet our required standards (such as production capacity, environmental, health and safety standards) according to our annual evaluation; and (iv) conduct any act that materially affects the commercial interests of our Group. To assure the fairness and equity of the selecting process, the legal department and internal control department also participate in the supervision.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



During the Reporting Period, there were a total of 175 qualified suppliers and contractors providing services to the Group, including 168 suppliers providing materials and equipment supply services to the Group, 88 suppliers in Hebei Province and 80 suppliers in other provinces in China; in addition, during the Reporting Period, there were 7 companies providing on-site services in transportation, loading and unloading, greening, construction and geological disaster management to the Group, including 6 contractors in Hebei Province and 1 contractor in other provinces in China. During the Reporting Period, no suppliers and contractors with significant negative impacts on the environment and society were identified by the Group.

### PRODUCT RESPONSIBILITY

The Group places a strong emphasis on consistently upholding the quality of its products. The Group has established a good cooperative relationship with customers through product quality and credibility, so as to achieve mutual benefit and common development. The Group strictly complies with the Product Quality Law of the People's Republic of China and other relevant laws and regulations and industry standards. Through the implementation of product quality management measures, the Group is committed to providing customers with high-quality products and services and paying attention to customers' response to the products sold by the Group.

Our quality control department performs on-site inspections of our mines and processing plants. The Group requires each production unit to establish a quality inspection ledger, which sets out the objectives, frequency and scope of quality inspection. The Group will also closely monitor the production process and take samples at different stages for practical inspection, and timely adjusts the production equipment and technology according to quality inspection results to ensure and improve product quality.

Quality objectives:

Iron ore business: to ensure that the relevant indicators of iron ore concentrates are in compliance with the national standard GB/T 36704-2018, of which the grade of acid iron ore concentrate is not less than 66%; the grade of alkaline iron ore concentrate is not less than 63%;

Machine-processed sand and gravel business: to ensure that the relevant standards of machine-processed sand are in line with the national standards GB/T14685-2011.

In order to ensure that the products are delivered to customers with quality and quantity, the Group has adopted a series of safeguard measures to conduct double measurement and quality inspection of the products. In case of any significant difference, the Group will also deal with it in accordance with the Customer Complaints Guidelines for Quality. Problem that cannot be resolved will be subject to review and arbitration by third-party authoritative organization. During the Reporting Period, the Group did not have any cases of material non-compliance with laws and regulations relating to product responsibility, and did not receive any material complaints about products quality and services of the Group.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ANTI-CORRUPTION

The Group upholds a corporate culture of integrity and self-discipline and strictly abides by the Criminal Law of the People's Republic of China, the Anti-corruption Law of the People's Republic of China, the Anti-money Laundering Law of the People's Republic of China and the Interim Provisions on Banning Commercial Bribery and other laws and regulations related to the prevention of corruption, bribery, extortion, fraud and money laundering. We have established a strict code of anti-corruption and integrity and developed corresponding internal and management systems. The Group adopts a zero-tolerance policy for any form of bribery, corruption, fraud and money laundering.

The Group conducts anti-corruption related training to raise the awareness of integrity building among employees and management. In 2023, our Directors and employees have received anti-corruption trainings, covering the "Anti-Corruption Programme – A Guide for Listed Companies" issued by the Independent Commission Against Corruption of the Hong Kong Special Administrative Region.

The Group set up various whistle-blowing mechanisms to provide employees with confidential channels such as telephone hotlines, email and mailbox for whistleblowing, to encourage employees to report violations identified as soon as possible. Designated departments are responsible for handling reported incidents and may report to relevant regulatory or law enforcement authorities when necessary.

During the Reporting Period, the Group did not have any legal cases regarding corrupt practises brought against the Company or its employees.

## COMMUNITY PARTICIPATION

We attach great importance to community development and firmly believe that a responsible enterprise should actively respond to and participate in the demands and activities of the local community to promote the progress and development of the community.

During the Reporting Period, Laiyuan County, Hebei Province experienced a sudden wildfire and a severe rainstorm in early March and late July, respectively. The Group actively communicated with the community to organise capable forces to assist the community in disaster prevention and control, personnel and material transfer, as well as post-disaster reconstruction. The Group actively responded to the demands of the community. During the process of rescue and disaster relief and post-disaster reconstruction, the Group successively mobilized a large number of manpower, rescue vehicles, rescue materials and cash donations to contribute corporate strength to the community, with a total cost of approximately RMB320,000.

In the future, the Group will continuously strive to participate in more corporate social responsibilities and contribute to the progress and development of the community with practical actions.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## INDEX

This indicators index illustrates the Company’s compliance with indicators of “comply or explain” and “recommended disclosures” set out in Environmental, Social and Governance Report issued by the Stock Exchange during the Reporting Period.

### Subject Areas, Aspects, General Disclosures and KPIs

#### Environmental

#### A1: Emissions

##### General Disclosure

Information on:  
(a) the policies; and  
(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

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A1.1 The types of emissions and respective emissions data. 10-12

A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). 12

A1.3 Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility). 10-12

A1.4 Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility). 10-12

A1.5 Description of emissions target(s) set and steps taken to achieve them. 10-12

A1.6 Description of how hazardous and non-hazardous wastes are handled, and description of reduction target(s) set and steps taken to achieve them. 10-12

#### A2: Use of Resources

##### General Disclosure

Policies on the efficient use of resources, including energy, water and other raw materials.

13-14

A2.1 Direct and 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). 14

A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility). 13

A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them. 14

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. 13

A2.5 Total packaging material used for finished products (in tons) and, where appropriate, with reference to per unit produced. No related issue

#### A3: The Environment and Natural Resources

##### General Disclosure

Policies on minimising the issuer’s significant impacts on the environment and natural resources.

9

A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. 9

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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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<b>General Disclosure</b>	<b>20</b>
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<b>B6: Product Responsibility</b>	
<b>General Disclosure</b>	<b>21</b>
	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.
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B6.2	21
B6.3	No related issue
B6.4	21
B6.5	No related issue
<b>B7: Anti-corruption</b>	
<b>General Disclosure</b>	<b>22</b>
	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.
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<b>B8: Community Investment</b>	
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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## READER FEEDBACK FORM

Dear reader:

Thank you for reading the ESG Report of Aowei Holding for FY2023. We sincerely welcome your feedback on this ESG Report and our sustainability performance. Please complete this feedback form and email to [ir@aow.com.cn](mailto:ir@aow.com.cn).

1. Which of the following stakeholder group do you belong to?

Shareholders   Employees   Suppliers   Customers   Government   Communities   Academic Institutions   Others (please specify)

2. Did you read a paper version or an electronic version?

Paper version   Electronic version

3. Do you prefer to read a paper version or an electronic version?

Paper version   Electronic version

4. What is your overall evaluation of this report?

Readability (i.e. intelligible expression, aesthetic design, attractive content and easy-to-understand information)

3 (Good)   2 (General)   1 (Poor)

Reliability (whether the information in this report is true and reliable)

3 (Good)   2 (General)   1 (Poor)

Completeness (the report reflects both positive and negative information and provides the information that you need)

3 (Good)   2 (General)   1 (Poor)

In addition to the content that has been disclosed, what kind of information would you like to read?

24 April 2024