



## SHANDONG GOLD ECOLOGICAL MINING



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# 2023

## Environmental, Social and Governance(ESG)& Social Responsibility Report

SHANDONG GOLD MINING CO., LTD.



# About this Report

**Scope of report** Shandong Gold Mining Co., Ltd. and its affiliates. Some contents are related to Shandong Gold Group Co., Ltd., the parent company of Shandong Gold Mining Co., Ltd. This report does not include Yintai Gold Co., Ltd. and its affiliates. For the social responsibility report of Yintai Gold Co., Ltd., please refer to the *Environmental, Social and Corporate Governance (ESG) Report* disclosed on March 23, 2024 on the website of Shenzhen Stock Exchange.

**About company name** For the convenience of expression, in this Report, Shandong Gold Mining Co., Ltd. is also expressed as "Shandong Gold", "the Company", "it/its", "we", "our" or "us", and Shandong Gold Group Co., Ltd. is also expressed as "the Group". Please refer to the following for abbreviations of some affiliated corporations of Shandong Gold:

Shandong Gold Mining (Laizhou) Co., Ltd. Sanshandao Gold Mine (referred to as "Sanshandao Gold Mine")
Shandong Gold Mining (Laizhou) Co., Ltd. Jiaojia Gold Mine (referred to as "Jiaojia Gold Mine")
Shandong Gold Mining Co., Ltd. Xincheng Gold Mine (referred to as "Xincheng Gold Mine")
Shandong Gold Mining (Linglong) Co., Ltd. (referred to as "Linglong Gold Mine")
Shandong Gold Group Penglai Mining Co., Ltd. (referred to as "Penglai Mining")
Shandong Gold Mining (Yinan) Co., Ltd. (referred to as "Yinan Gold Mine")
Chifeng Chaihulanzi Gold Mining Co., Ltd. (referred to as "Chifengchai Gold Mine")
Shandong Gold Guilaizhuang Mining Co., Ltd. (referred to as "Guilaizhuang Gold Mine")
SDG Heavy Industry Co., Ltd. (referred to as "SDG Heavy Industry")
Shandong Gold Smelting Co., Ltd. (referred to as "Gold Smelting Company")
Shandong Gold Mining (Xinhui) Co., Ltd. (referred to as "Xinhui Company")
Shandong Jinzhou Mining Group Co., Ltd. (referred to as "Shandong Jinzhou Group")
Xihe Zhongbao Mining Co., Ltd. (referred to as "Xihe Zhongbao")
Xinjiang Jinchuan Mining Co., Ltd. (referred to as "Xinjiang Jinchuan Mining")
Shandong Gold Mining (Laixi) Co., Ltd. (referred to as "Laixi Company")
Fujian Zhenghe Yuanxin Mining Co., Ltd. (referred to as "Fujian Yuanxin Company")
Shanjin Futures Co., Ltd. (referred to as "Futures Company")
Argentina Veladero Gold Mine Co., Ltd. (referred to as "Argentina Veladero Gold Mine")
Cardinal Namdini Mining Limited (referred to as "Ghana Cardinal Resources Company")
Yintai Gold Co., Ltd. (referred to as "Yintai Gold")

**Time horizon** From January 1, 2023 to December 31, 2023. Some events may happen beyond the above-mentioned time horizon.

**Reporting period** This report is an annual report.

**Data description** If there are differences between the financial data disclosed in this Report and the data disclosed in the annual report, the annual report shall prevail. Other data are from the Company's internal statistics. Unless otherwise specified, the currency concerned herein is RMB.

**Compilation basis** This Report is prepared by reference to the preparation guidance of the *Environmental, Social and Governance Reporting Guide* by The Stock Exchange of Hong Kong Limited, *Report on Companies' Fulfillment of Social Responsibility* by Shanghai Stock Exchange, notice of the Shanghai Stock Exchange on strengthening listed companies' fulfillment of social responsibilities and releasing the *Guideline of Shanghai Stock Exchange for Listed Companies' Disclosure of Environmental Information*, as well as *Guidance on Social Responsibility Reporting (GB/T 36001-2015)*, and *Guidance on Corporate Social Responsibility Reporting in China 4.0-Common Mining Industry* by Chinese Academy of Social Sciences. Meanwhile, this Report also highlights the characteristics of Shandong Gold Mining Co., Ltd. and its industry.

**Reporting principles** The Report is made based on the following principles:

**Materiality:** The ESG factors concerned by the stakeholders are identified through a communication with internal and external stakeholders by reference to the way for defining important issues specified in the *Environmental, Social and Governance Reporting Guide* by The Stock Exchange of Hong Kong Limited. Based on these factors, the scope of reporting is determined.

**Quantification:** The Report discloses the quantified objective and performance data of environmental and social indicators in detail. For some indicators, the performance data of three consecutive years are disclosed to make the data more comparable.

**Consistency:** The statistics and disclosure methods of the report issued in the previous year are adopted in this Report. In case of any change, an explanation will be provided in the Report.

This Report will be publicized in simplified Chinese, traditional Chinese and English. In case of any ambiguity, the simplified Chinese version shall prevail. Both printed and electronic versions of this Report will be provided. You can download the electronic version of this Report at the official website of Shandong Gold Mining Co., Ltd., <http://www.sdhjgf.com.cn/>

**Release of report**

**Feedback and contact information** Board Office, Shandong Gold Mining Co., Ltd.  
Tel.: 0531-67710376 Email: hj600547@163.com



## Statement of the Board of Directors

Shandong Gold attaches great importance to ESG governance and builds its ESG governance system with lasting efforts. The Board of Directors, as the highest responsible and decision-making body of ESG matters, bears full liability for the Company's ESG strategies and reporting, and monitors the ESG matters that may affect the Company's business or operation, and the rights and interests of shareholders and other stakeholders. The Board of Directors sets up a Strategy Committee, where Chairman of the Board acts as Chairman. The Strategy Committee takes charge of business planning of sustainable development strategic planning, regulates the commitment on and performance of critical ESG issues. It also reports to the Board of Directors and promotes the integration of ESG philosophy with the Company's strategy.

The Board of Directors of Shandong Gold reviews the critical ESG issues, discusses and determines the Company's ESG risks and opportunities and monitors management and performance of these issues on a regular basis. At the same time, the Company regularly organizes relevant departments (such as Enterprise Management Department, Technology Research and Development Department, Safety and Environmental Protection Department, Material Procurement Department, Human Resources Department, and Corporate Culture Department) to discuss the implementation of sustainable development strategies and other important issues, continuously improving sustainable development governance capabilities.

The Board of Directors participates in the analysis and evaluation of the Company's ESG materiality issues and the identification of ESG risks, and approves substantive issues that have a significant impact on the Company. The Board also determines sustainable development priorities of the Company, and guides affiliated enterprises to establish an ESG targets management system that covers indicators such as pollutant emission, energy consumption and water resource management. Besides, the Board continues to review the implementation progress of goals and supervise their implementation.

This Report has disclosed in detail the progress and effect of ESG work of Shandong Gold in 2023. It was examined and adopted by Fifty-eighth Meeting of the sixth session of the Board of Directors on March 28, 2024. The Board of Directors and all directors of Shandong Gold guarantee that this Report has no false or misleading statements or material misstatements, and that they will bear the joint and several liability for the authenticity, accuracy and integrity of its contents.

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## Message from the Chairman



chairman

**Li Hang**

“ We care about the country's most fundamental interests and bear in mind the great plan of Shandong Province. We persist in serving the development, benefiting people, repaying shareholders, and contributing power to China's prosperity, so that more people in a larger scope can benefit from the existence of Shandong Gold.

”

In 2023, in the face of intricate development trends at home and abroad and the arduous, heavy task of business reform and development, Shandong Gold followed the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and fully implemented the decisions and plans of the CPC Central Committee and the State Council as well as work requirements from Shandong Provincial Party Committee and Shandong Provincial People's Government. We resolutely shouldered the responsibility of "stabilizing the growth and contributing to the development", took the road of green, low-carbon, sustainable and high-quality development, and contributed to the increase of China's gold reserves and the vitality of the local economy, delivering high-quality development beyond expectations.

**Pursuing low carbon and environmental protection, and shouldering the responsibility of green development.** We stuck to the development concept that "lucid waters and lush mountains are invaluable assets" and promoted green, low-carbon, and high-quality development on all fronts. In 2023, we invested a total of RMB 154 million in environmental protection. This fund was mainly used for upgrading and renovating pollution prevention and control facilities (such as control of water burst in mine shafts, prevention and control of unorganized discharge of flying dust, and standardized management of hazardous waste throughout the entire process) and restoring and improving the ecological environment in mines. We focused on key areas and links of environmental protection, and put great efforts to increase supervision and investigate and eliminate hidden dangers. Therefore, we had zero sudden environment incidents throughout the year. In addition, we continued to build green mines, and integrated green and low-carbon into the entire process of mineral resource development and utilization. All its affiliated green mines passed the annual on-site inspection, and its affiliated smelting and processing enterprises were included in the national green factory list, further enhancing the brand image of "Ecological Shandong Gold".

**Sticking to co-construction and sharing, and building the soul of corporate responsibility.** We adhered to the bottom line of safety development, continued to increase investment in safety technologies, and enhanced the intrinsic safety of mines through technological empowerment and innovation. 100% of our underground mining enterprises provided all-round support until driving working faces, and Jiaojia Gold Mine completed the first application test of underground remote control Load-Haul-Dump (LHD) based on WiFi6Mesh network in China. We continued to launch activities to build harmonious and healthy enterprises, and successfully held the 2023 Art Performance at Shandong Gold Miner Festival, creating a sound atmosphere of being proud of labour, respecting knowledge, appreciating talents, and embracing majestic creation. Meanwhile, we actively integrated ourselves into the big picture of economic and social development of the country, built harmonious relationships between the enterprise and local government, gained a foothold and benefited people around us. To be specific, we invested a total of nearly RMB 2.25 million in charitable donations. We bravely shouldered heavy responsibilities and took the lead in rural revitalization, local assistance, public welfare and charity, ensuring that our development achievements can benefit local people and a wider range of stakeholders.



**Adhering to steady governance and grasping the essence of reform.** We adhered to the leadership of Party building, continued to optimize the corporate governance structure, and stuck to law-abiding, compliant operations, and improvement of our risk management system. We also attached great importance to responsibility management and integrated ESG concepts into our corporate strategy and daily operations. We took full advantage of internal collaboration benefits, standardized supplier management rationally, and strengthened anti-corruption efforts. Besides, we deepened risk prevention and control, and built honest, fair, and mutually respectful partnerships with all stakeholders. Our cases were successfully included in the "Best Practice Cases of Corporate Governance" and the "Best ESG Practice Cases of Listed Companies" selected by China Association for Public Companies. We, recognized by regulatory agencies and the capital market, further accelerated the pace of modernization for the corporate governance system and capacity.

Taking advantage of every moment to pursue achievable dreams, and making the most of our time to create a glorious future. In 2024, under the strong leadership of the CPC Central Committee and the Shandong Provincial Party Committee and Shandong Provincial People's Government, we will focus on the annual overall goal of "empowerment of digital and intelligent means, and dual improvement of quality and efficiency". Based on our key responsibility and major business, we will promote production and operation work to a new level, facilitate the coordinated improvement of economy, society, and governance, create a new picture of healthy, sustainable, and high-quality development, and contribute our power to the Chinese modernization in the new era.



## About Us

### Company profile

Shandong Gold Mining Co., Ltd. is a listed company controlled by Shandong Gold Group. Established in 2000, Shandong Gold is listed on the main board of the Shanghai Stock Exchange in August 2003 and the main board of The Stock Exchange of Hong Kong Limited in September 2018. It also held shares in Yantai Gold Co., Ltd. which is listed on the main board of the Shenzhen Stock Exchange. With these actions, Shandong Gold achieved. The Company aimed to maximize values and shareholder benefits. It has been selected as the sample stock of SSE 50 Index, SSE 180 Equal Weight Index and CSI300 Index, and the sample stock of three international indices, namely, MSCI, FTSE Russell, and S&P Dow Jones Indices for many times. In addition, the Company won the "Award for Top 100 Chinese Listed Companies Most Respected by Investors", "Golden Quality" - Corporate Governance Award for listed companies, and Evergreen Award - Sustainable Development and Inclusive Award, and Appraisal of Values of Chinese Listed Companies - Social Responsibility Award for Listed Companies, etc. It currently serves as the Vice Chairman of China Association for Public Companies and the Chairman of the Listed Company Association of Shandong.

The Company features the main business of gold mining, and has a complete industrial chain integrating exploration, mining, beneficiation, smelting (refining), and deep processing & sales of gold products. It also has a supporting technology research and development system. In addition, it is leading in the Chinese gold industry in terms of gold output, resource reserves, economic benefits, technological level, and talent reserve. Its affiliated mining enterprises are distributed in Shandong, Fujian, Inner Mongolia, Gansu, Xinjiang, Qinghai, Heilongjiang, Jilin and other provinces in China, as well as Argentina in South America, Ghana in Africa and other places in the world. Subordinate companies of Shandong Gold, i.e., Sanshandao Gold Mine, Jiaojia Gold Mine, Xincheng Gold Mine and Linglong Gold Mine figured in the list of Top Ten Gold Mines in China for many consecutive years. Veladero Gold Mine, co-operated by the Company and Barrick Gold Corporation on a 50%-50% basis, is the largest gold mine in Argentina.

The Company is the only Chinese enterprise that boasts 4 mines with an accumulative gold output of over 100 tons. The holding A-share listed company Yantai Gold has 5 mining enterprises under its jurisdiction, covering the production of non-ferrous metals such as gold, silver, lead and zinc, forming complementary advantages with the Company. Gold Smelting Company, a subordinate company of Shandong Gold, is one of the first batches of national ten "Enterprises Able to Provide Standard Gold Bullions" certified by Shanghai Gold Exchange and the first batch of gold bullion brand registered enterprises by the Shanghai Futures Exchange. Gold Smelting Company has also been listed in the "Top Ten Gold Melting Enterprises in China" for many consecutive years.



With a tight focus on the development philosophy of "safe, ecological, energetic and human-friendly Shandong Gold", the Company continues increasing its investment in scientific research & development with the acquisition of cutting-edge and core technologies of mining industry as a core, and strives to drive its development through scientific & technological innovation. It is committed to building a safe and green mine, and constantly consolidates its achievements in building a green mine; as a result, it has established its brand image of "Shandong Gold, Ecological Mining". It cares about its employees, strives to build a harmonious community, actively assumes social responsibilities, and takes an active part in public welfare activities. It puts great efforts to affect and serve the society with actual deeds, which has produced great economic, environmental and social benefits.

The Company will develop itself into a world first-class gold mining enterprise with international competitiveness, and repay its shareholders for their trust with better operating performance by taking promotion of its high-quality development as the underlying guideline and reform & innovation as the basic driving force to.

As of the end of 2023

Registered capital of RMB **4.473** billion  
 Total assets of RMB **134.599** billion  
 Net assets attributable to the shareholders of the listed company  
 RMB **33.085** billion



Figures of 2023

The environment

- The Company invested RMB **154** million in environmental protection.
- **100%** up-to-standard discharge rate of "the three wastes" was realized in the Company and its affiliated enterprises.
- All affiliated green mines of the Company passed **the annual on-site inspections**.
- Affiliated smelting and processing enterprises of the Company was included in **the national green factory list**.
- **"Pilot Project for Standardizing Green Gold Mines in Shandong Province"** of Sanshandao Gold Mine passed acceptance.
- Xinhui Company was recognized as **"Qingdao Research Center of Green Mining Engineering for Non-ferrous Metals"**.

The society

- The Company's operation revenue was RMB **59.275** billion, a year-on-year growth of **17.83%**.
- The Company's total profit was RMB **3.563** billion, a year-on-year growth of **77.58%**.
- Each employee of the Company gained profits of RMB **202.4** thousand.
- The Company's gold output was **41.78** tons, a year-on-year increase of **8.03%**.
- The Company invested RMB **796** million in research & development.
- The Company obtained **173** new authorized patents.



## Organizational structure



- Jinzhou Company obtained key certificates such as **the new mining license and project approval reply for the Jinqingding mining area**.
- The Ministry of Science and Technology approved the Project of **Safe, Efficient Mining Technology and Intelligent Equipment for Broken Underground Metal Ores** in Sanshandao Gold Mine.
- Jiaojia Gold Mine carried out the application test of the **first** underground remote control Load-Haul-Dump (LHD) based on WiFi6Mesh network **in China**.
- The Company was included in the Shandong Province **pool for cultivating first-class enterprises in the industry**; while SDG Heavy Industry and Penglai Precision Casting were included in **the Shandong Province pool for cultivating little giant firms and the pool for cultivating specialized champion enterprises respectively**.
- Selected as **"Best Practices of Rural Revitalization of Listed Companies-Excellent Practice Case"**.

### Governance

- The Company successfully obtained right of control over Yintai Gold, one of **the top ten listed** gold enterprises in China.
- The Company won **"Excellent" evaluation result** for **both** the "Demonstration Project of Modern Enterprise System" and the Evaluation of Exemplary Corporate Governance Enterprises in Shandong province.
- The Company won **Level-A** in Information Disclosure Evaluation by Shanghai Stock Exchange for **6 consecutive years**.
- The Company's cases were successfully included in **"2023 Best Practice Cases of Corporate Governance"** and **"Best ESG Practice Cases of Listed Companies"** selected by China Association for Public Companies.



## Corporate culture

<b>Enterprise spirit</b>	Pursuit of excellence, innovation, and entrepreneurship
<b>Core values</b>	Openness, inclusivity, loyalty, responsibility
<b>Brand image</b>	Shandong Gold, Ecological Mining
<b>Ideal target</b>	To make more individuals and more places benefit from Shandong Gold
<b>Strategic vision</b>	Becoming a world first-class sustainable gold mining enterprise with excellent technology and management
<b>Company tenet</b>	Benefiting employees, repaying shareholders, benefiting society and contributing to a powerful country
<b>Management philosophy</b>	Resource focused, benefit first, innovation centered
<b>Cooperation philosophy</b>	Respect, integration, reciprocity, sharing
<b>Safety &amp; environmental protection philosophy</b>	"Zero accident" in both safety and environmental protection
<b>Talent philosophy</b>	To select capable and high-caliber talents with both moral integrity and professional competence
<b>Party building philosophy</b>	Sticking to our revolutionary heritage, keeping in mind our original aspiration and missions
<b>Philosophy of integrity</b>	Honesty, simplicity, and integrity
<b>Care philosophy</b>	"Three Yeses" and "Three Nos" commitment

## Development strategy

Shandong Gold, in strict accordance with the decisions and plans of Shandong Provincial Party Committee and Shandong Provincial People's Government, had a clear positioning in the Eight Development Strategies for the whole province. It focused on the development philosophy of "safe, ecological, energetic and human-friendly Shandong Gold". The Company clearly proposed the long-term strategic goal of "accelerating the building of a world first-class sustainable gold mining enterprise with excellent technology and management".





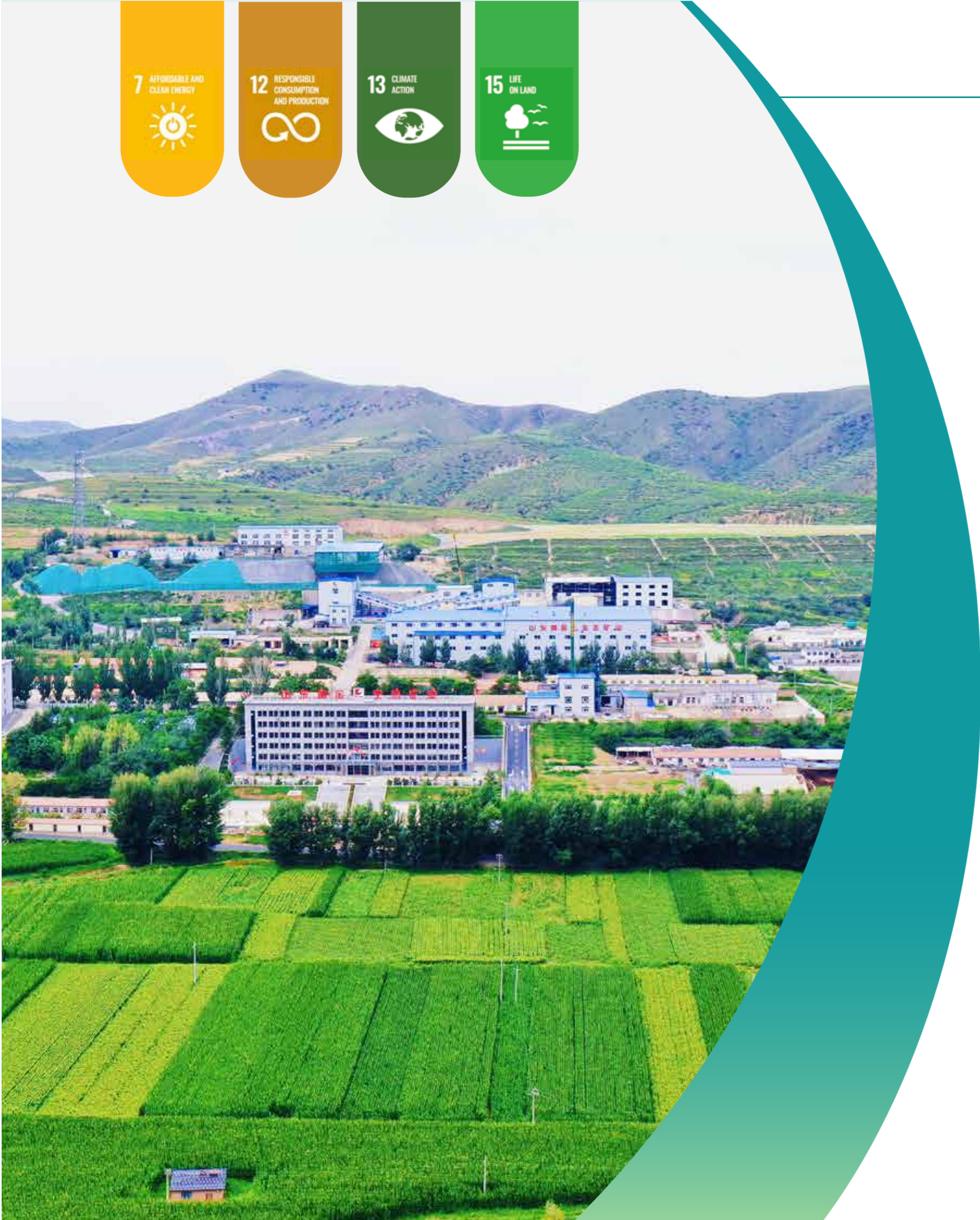


## Awards and honors

Time	Name of award	Organizer
2023.01	Best Enterprising IR Team	Comein Finance
2023.02	"Excellent" evaluation result for both the "Demonstration Project of Modern Enterprise System" and the Evaluation of Exemplary Corporate Governance Enterprises	Shandong Provincial State-owned Assets Supervision and Administration Commission
2023.05	14 <sup>th</sup> China Investor Relations Forum of Listed Companies - Tianma Award for Investor Relations	STCN
2023.05	Quanjing Gold Award for Investor Relations (2022) - Excellent IR Team	<a href="https://www.quan-jing.com/">https://www.quan-jing.com/</a>
2023.06	18 <sup>th</sup> "Gold Prize of Round Table" of Chinese Boards of Listed Company - Special Contribution Award for Corporate Governance	<i>Directors &amp; Boards magazine</i>
2023.09	2023 Phoenix Star Best Listed Companies Issuing Hong Kong Stock - Best Hong Kong Stock Connect	Phoenix TV, IFENG.COM
2023.10	Constituent stocks of the Hang Seng A-share Sustainable Development Index	Hang Seng Index
2023.10	Best Practice Cases of Corporate Governance	China Association for Public Companies
2023.10	2023 Best Practices for Rural Revitalization of Listed Companies - Excellent Practice Cases	China Association for Public Companies

Time	Name of award	Organizer
2023.11	Best Practice Cases for Board of Directors of Listed Companies	China Association for Public Companies
2023.11	Best ESG Practice Cases of Listed Companies	China Association for Public Companies
2023.11	17 <sup>th</sup> Value Selection of Chinese Listed Company - Top 100 Listed Companies on the Main Board in Company Value and Outstanding Contribution Award for Green and Low Carbon of Chinese Listed Companies	China Association for Public Companies
2023.11	Guoxin Cup Top 50 Companies in Carbon Neutrality of ESG Golden Bull Award	2023 Forum on High Quality Development of Listed Companies
2023.12	23 <sup>rd</sup> China Top 100 Listed Companies Summit Forum - China Top 100 Enterprises Award and China Ethical Enterprise Award	Organization Committee of China Top 100 Listed Companies Forum, China Association for Promoting International Economic & Technical Cooperation, and Warton Economic Institute
2023.12	5A rating for Board Secretary of listed companies	China Association for Public Companies
2024.01	2023 Brand Influence Award	Shandong Radio and Television Station
2024.01	Best ESG Practice Award for Listed Companies in 2023	I Know





## Pursuing Low Carbon and Environmental Protection, and Creating a Green Future

We adhered to the development concept of "Shandong Gold, Ecological Mining", and stuck to follow the path of prioritizing the natural ecosystem and green development. We also maintained the balance of resource development and environmental protection, and promoted "carbon dioxide emissions peaking and carbon neutrality" steadily and orderly. Besides, we accelerated the green and low-carbon transformation and high-quality development of mines, and facilitated harmonious coexistence between humans and nature.

### Core issues

- Strengthening environmental management
- Adopting compliant disposal of emissions
- Increasing resource utilization efficiency
- Conserving biological diversity
- Response to climate change

### Key performance

- Investing RMB **154** million in environmental protection
- Realizing **100%** up-to-standard discharge rate of "three wastes" in the Company and its affiliated corporations
- Achieving **82.62%** of comprehensive utilization ratio of common industrial solid wastes



## Emissions

Shandong Gold strictly complied with laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes*, the *Regulation on the Administration of Permitting of Pollutant Discharges*, and the *Technical Specification for Pollution Control of Cyanide Leaching Residue in Gold Industry*. It required its affiliated enterprises to comply with relevant regulations on pollutant discharge permits, and exercised strict control over and reduced pollutant emissions.

The Company continued to strengthen the management of pollutant emission goals, and formulated an environmental responsibility statement at the beginning of the year, clarifying the goal of no occurrence of major environmental pollution incident throughout the year. It also strengthened the handling "three simultaneousness" formalities for environmental protection, organized environmental inspections and special treatments, and promoted its affiliated enterprises to continuously improve pollution prevention and control mechanisms. Besides, it optimized production processes, and improved pollution prevention and control levels. At the same time, it took an initiative to conduct ecological environment governance and special rectification for up-to-standard emission of "three wastes", and continuously improved up-to-standard discharge rate of the "three wastes". In 2023, the Company and its affiliated enterprises achieved a 100% up-to-standard discharge rate of "three wastes".



### Waste water

Wastewater generated by the Company mainly included mine water, beneficiation wastewater, and domestic sewage for office area. Most of the mine water generated during the mining process was reused for production, and the remaining part was processed and discharged after reaching the standard. After treatment, beneficiation wastewater was further used for ore dressing production, achieving the full cyclic utilization. After treatment, domestic sewage was used for watering to suppress dust in mining areas, and supplementing beneficiation water, thus achieving zero discharge.



### Waste gas

The organized waste gas produced in the production of the Company mainly included the particles produced in the process of coarse crushing and fine crushing/screening of mineral dressing, acid gas and nitrogen oxide produced in the process of smelting, production and processing, and the unorganized waste gas mainly included the dust generated by the ore yard, tailings pond, transportation road. Under this backdrop, we strictly implemented measures to prevent and control waste gas pollution, complied with legal and regulatory policies, and installed waste gas treatment facilities in key areas generating waste gas, to ensure up-to-standard discharge of waste gas. We laid dust screens in some open ores and tailings ponds on time, and assigned personnel to clean and sprinkle the road surface to prevent dust pollution.



### General waste

General solid wastes of the Company mainly included waste rocks generated during the excavation, tailings generated during the beneficiation process, and domestic garbage. Under this background, we strictly carried out comprehensive utilization and disposal of solid waste. Waste rocks generated during the underground mining process were used preferably for underground filling, and a small amount was used for the construction of infrastructures in the mining area. Tailings from ore beneficiation were comprehensively used for underground filling, brick-making and building material production, while some were discharged to tailings ponds. Environmental protection measures such as anti-seepage, flood interception, and dust suppression were taken for tailings pond construction to meet national and local requirements.



**Hazardous wastes**

Hazardous wastes of the Company mainly included tailings from cyaniding and waste engine oil. Under this backdrop, we strengthened the standardized management of hazardous waste throughout the entire process in accordance with the requirements of the newly-published Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes and the new Catalogue of Hazardous Waste. We established a ledger for the production, transfer and storage of hazardous wastes, entrusted institutions with qualifications for disposing of hazardous waste regularly, and standardized the management and tracking of all aspects of hazardous waste, to ensure legal, compliant storage, transportation, utilization and disposal. We continued to guide its affiliated enterprises to strengthen the management of hazardous waste discharge goals. At the beginning of the year, Gold Smelting Company formulated the Hazardous Waste Management Plan, which clearly defined annual control goals, predicted generation of hazardous waste, hazardous waste management system and other related requirements. In daily work, cyanide wastewater was treated by copper recovery facilities (using 3R-O process) and reused in the cyaniding section, achieving the goal of zero discharge of wastewater containing cyanide.



Reclaimed water treatment facilities of Jiaojia Gold Mine

## Use of resources

Shandong Gold attached great importance to resource protection and rational utilization, formulated and implemented relevant management systems for water, energy, mineral resources, etc. It also strengthened water resource protection, improved the utilization efficiency of mineral resources, and optimized energy utilization structure to minimize resource consumption.



### Use of energy

The Company conscientiously implemented laws and regulations such as the *Law of the People's Republic of China on Energy Conservation* and the relevant requirements of the *Implementation Scheme for Energy Conservation and Emission Reduction under 14th Five Year Plan* of Shandong Province. It enhanced the energy management system, optimized systems and standards related to energy management, and increased the management of the energy indicators and emission reduction indicators. In addition, it transformed energy-saving technology, promoted the use of renewable energy, and used refined management, advanced technical equipment and production processes as means to improve its energy efficiency. As of the end of 2023, Gold Smelting Company, Sanshandao Gold Mine, Penglai Mining, SDG Heavy Industry and other enterprises have passed energy management system certification.

The Company strengthened the management of energy goals, actively promoted its affiliated enterprises to set annual energy management goals and carried out energy-saving activities. For example, in 2023, Guilaizhuang Gold Mine set a goal of reducing industrial value-added energy consumption per RMB 10,000 by 1.4% year-on-year. To this end, Guilaizhuang Gold Mine fully explored its internal potential, optimized the power supply design of underground mining working faces, and strictly implemented daily, weekly, monthly and annual inspection systems for equipment. It also strengthened the management of key energy-consuming equipment, on-site lighting and domestic water, and strived to reduce electricity consumption.

**Case**

### Chifengchai Gold Mine makes technological innovations to reduce energy consumption

Chifengchai Gold Mine actively responded to requirements of environmental protection policies by adopting advanced "geothermal energy technology for superficial layer" and "waste heat recovery technology for air compressor" for the construction of new comprehensive buildings in the mining area to extract heat energy from underground. By utilizing advanced waste heat recovery technology for air compressor, the original waste heat of air compressors was converted into usable heat energy. After on-site measurement, the heating temperature was stable at around 23°C. The project effectively reduced coal consumption and carbon dioxide emissions, achieving a win-win situation of economic and environmental benefits.



## Use of water resources

Shandong Gold strictly complied with laws, regulations and policy requirements such as the *Water Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, and the *National Action Plan for Water Conservation*. It attached equal attention to both water pollution prevention & control and water recycling, and continuously improved its water conservation management to create a water-saving enterprise.

The Company actively promoted its affiliated enterprises to establish water resource utilization goals, and implemented the water resource conservation and intensive utilization guided by goal management. For example, Fujian Xinyuan Company set a goal of achieving a water recycling rate of no less than 90% by 2023 and a 10% decrease of water consumption intensity by 2030 compared to 2020. With measures such as strengthening the recycling of production water, implementing water-saving initiatives for all staff, and purifying production water for mines, it facilitated zero discharge of water for ore beneficiation, recycling of domestic sewage and conservation of surface water intake.

### In 2023

The proportion of water consumption from alternative water sources (i.e. graywater, rainwater, sewage) was **14.81%**

The water recycling rate of beneficiation plants was **100%**

The water recycling rate of smelting enterprises was **100%**

### Case

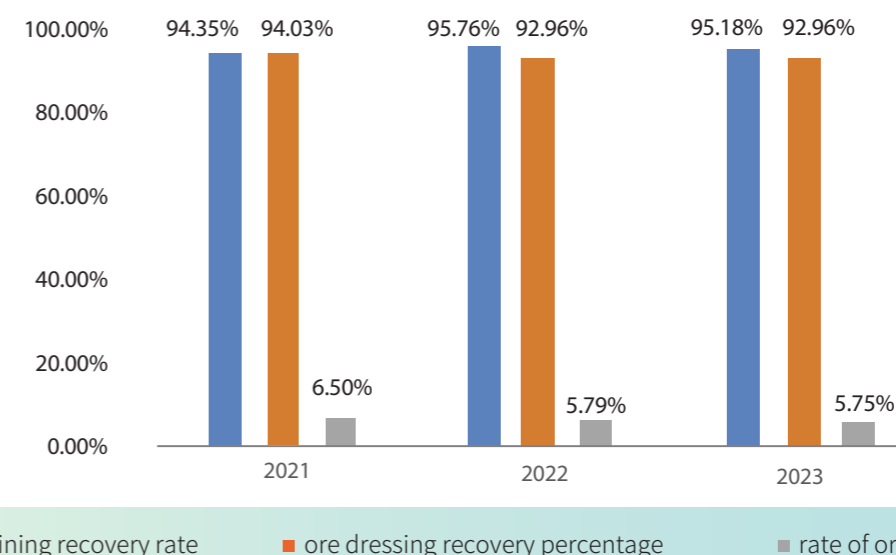
## Guilaizhuang Gold Mine constructs a mine water purification and treatment system to solve the problem of tap water supply

The mining area of Guilaizhuang Gold Mine used a combination of municipal tap water and mine water for its water consumption. Mine water in the mining area was affected by underground operations, and its water quality could meet the discharge standards for local rivers, but it did not meet the requirements for domestic water (for non-drinking purpose). The cost of using tap water in the mining area was high, and the water quality was unstable. Based on the above issues, Guilaizhuang Gold Mine has constructed a mine water purification and treatment system, which adopted a process of fully automatic filtration + ultrafiltration device + sodium hypochlorite dosing. The system not only alleviated water resource shortages and solved problems such as shortage of water resources, difficulties in mine water discharge, but also reduced expenses, saved economic costs, and solved water quality problems for the mining area. As of the end of 2023, the civil works of the system had been completed and the equipment was being installed.

## Use of mineral resources

The Company adhered to the science-based and rational development, utilization and protection of mineral resources, and promoted advanced, applicable mining technologies and processes to improve ore grades, recovery of low-grade ore & quality of ore mining, reduce resource losses, and ensure the efficient use of mineral resources. In 2023, the Company recovered 1,721,900 tons of residual ore with a mining loss rate of 4.82%.

- Improving mining recovery rate:** By combining mining method innovation with mechanized operations, the intensity of mining and filling cycle operations was significantly improved. The residual ore pillars in the middle section after shallow mining were recovered and utilized. Suitable mining methods were selected by the Company for recycling based on the spatial distribution of low-grade resources. High-grade thin ore veins were sorted out and recycled to improve the recovery rate.
- Reducing the rate of ore dilution:** The Company improved mining methods, continuously optimized mining parameters and construction sequence, and implemented separate mining and fine mining for high-grade thin orebodies. According to the variation of ore grade, the Company strengthened the sampling and testing of ores, adjusted the ore yield and production intensity in a timely manner, and avoided artificial dilution. It also used cementitious powder instead of cement in the filling of the mining site, improving the bonding intensity and reducing the dilution rate.



Note: Statistical range of data in the above figure covers the underground mines of Shandong Gold, excluding open-pit mines.



Case

### Yinan Gold Mine continuously optimizes beneficiation process and improves flotation recovery rate

In 2023, Yinan Gold Mine optimized its beneficiation process, and reformed its crushing system and grinding & classification system, with more crushing and less grinding. Its gravity separation process and flotation agent system were optimized, and its automatic gold catchers, shaking table, and chute re-selection were renovated to effectively improve the processing capacity and grinding fineness of ball mills. With these efforts, its gravity separation recovery rate increased by 2.55% year-on-year, and the beneficiation and metallurgical recovery rate was raised by 4.05 percentage points.



### Use of other resources

The production and operation process of Shandong Gold also involved other resources such as packaging materials, hazardous chemicals, and steel. It actively transformed its production and operation methods, strengthened resource utilization management, optimized resource allocation, and maximized resource utilization efficiency to build a resource-saving enterprise.

#### Packaging materials

We carried out packaging material reduction design, selected recyclable packaging materials, and reduced resource consumption. For customers with one-time large purchase volume, Gold Smelting Company contacted them in advance to inquire whether product packaging was needed. If customers do not need packaging or require a small amount of packaging, the use of packaging will be reduced. For repurchased gold products, it inspected the appearance and quality of the packaging, and recycled high-quality packaging.

#### Waste and old materials

The Company required its affiliated enterprises to formulate management measures for recycling waste and old materials to improve the recycling and utilization rate of wastes, old steel and other resources. Shandong Jinzhou Group developed the Management Measures for the Recycling and Utilization of Underground Waste and Old Materials and the Assessment Measures for the Recycling of Waste and Old Steel. In 2023, 196 tons of waste and old steel, 51 tons of lining plates, 438 filter cloths, and 58 tons of steel wire ropes were recycled.

#### Chemicals

The Company required its affiliated enterprises to standardize the whole process management of hazardous chemicals and wastes. Enterprises concerning hazardous waste must establish temporary storage rooms for hazardous waste, formulate a Hazardous Waste Generation and Storage Ledger, standardize the transfer process for hazardous wastes, and entrust qualified companies to dispose of these wastes reasonably and legally.

 Resource conservation measures

## The environment and natural resources

Shandong Gold established a sound environmental management system, strengthened environmental management, and took an initiative to hold trainings on environmental protection. It also advocated green office, promoted green mining construction, and continuously reduced the environmental impact of its own production and operation. In 2023, the Company invested RMB 154 million in environmental protection.



### Environmental management

The Company strictly complied with national and local environmental protection laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, and established and improved the ecological and environmental protection responsibility system. It signed statements of responsibility for ecological and environmental protection level by level, and built an environmental management responsibility system that featured clear boundaries and respective responsibilities to individuals. The Technology & Environment Protection Center of the Company is responsible for medium and long-term strategic planning and institutional system development of ecological and environmental protection, as well as daily management, supervision and inspection, and performance evaluation of ecological and environmental protection. As of the end of 2023, enterprises such as Sanshandao Gold Mine, Gold Smelting Company, Penglai Mining, SDG Heavy Industry and Argentina Veladero Gold Mine had passed ISO 14001 certification for environmental management quality system, laying a solid foundation for green and compliant production of these enterprises.

The Company optimized and improved the compensation and assessment plans for the Board of Directors and the Management, and incorporated environmental protection related indicators into the compensation assessment of the Board of Directors and the Management, helping to achieve the Company's environmental protection goals. We included the disbursement of various funds related to ecological environment protection and the fulfillment of ecological environment protection responsibilities in the audit plan. Our affiliated enterprises conducted regular and irregular special audits through third parties on project settlement and the impact of production and operation on the environment.



### Training on environmental protection

The Company attached great importance to the improvement of environmental protection awareness and capacity improvement among employees, and continuously strengthened environmental protection training. It organized themed activities such as "World Environmental Day", "Energy Conservation Awareness Week" and "National Low Carbon Day" to guide employees to implement environmental protection concepts, and contribute to the protection of the environment and natural resources.



**In 2023**

Organized **59** training sessions on environmental protection in China, with **26,719** participants.

Organized **12** training sessions on environmental protection in overseas, with **4,436** participants.

**In 2023**

All green mines owned by Shandong Gold **passed on-site inspections of green mines** and were still in the list of green mines

Guilaizhuang Gold Mine entered **the provincial-level list of green mines**

Jinchuang Smelting Company entered **the national green factory list**



**Green office**

The Company actively advocated green office and green operations, encouraged employees to integrate green and low-carbon concepts into their daily work, and continuously reduced carbon emissions and resource consumption in daily office operations.

**Saving office supplies**

Advocate paperless office and double-sided printing, and low-carbon office such as telephone conferences and video conferences.

**Saving water**

Strengthen the daily maintenance and management of water equipment; eliminate problems such as water running, dripping, emitting, and leaking; advocate for employees to develop water-saving habits; turn off faucets after use to ensure that faucets are closed when people leave.

**Saving electricity**

Eliminate high energy consuming equipment and adopt new energy-saving technologies and energy-saving lighting fixtures; turn off the lights when people leave, try to use natural light as much as possible, and eliminate permanent and daytime lights; use air conditioners reasonably and control temperature.

Green office measures



**Biodiversity protection**

Shandong Gold integrated the concept of green development into the entire process of mineral resource development and utilization, and incorporated the construction of green mines into the assessment on the implementation of responsibility statements. It also implemented the project for construction and consolidation of green mines, where it planned land use in a reasonable way, restored the ecological environment, and strived to reduce the impact of mining activities on land and biodiversity.

**Before exploitation of resources**

Mining related activities are explicitly prohibited in cultural heritage protection areas, nature reserves, and other sensitive areas of ecological red line designated by the country or local government. An environmental impact assessment, which includes hydrogeological surveys of the mining area, species composition and key protected species in the mining area, is conducted before mining, and targeted management measures are developed. As of the end of 2023, no mines of the Company had been located in environmentally sensitive or high-biodiversity areas.

**During the exploitation of resources**

Underground waste rock and tailings are used to fill the goaf, eliminating geological hazards such as goaf collapse and associated ground fissures.

**After the exploitation of resources**

Mining area restoration and management projects are launched, and land restoration and management are practiced in the original mining area, collapsed area, and exposed slope area. Vegetation is gradually restored on slopes and planes of waste disposal sites whose vegetation can be restored, achieving the effects of dust reduction, sand fixation, soil erosion prevention and air purification.

Biodiversity protection measures throughout the whole process of resource development



Case

### Pursuing ecological greening to enhance local biodiversity

Xihe Zhongbao has signed a contract with Xihe Landscape Management Company. On the basis of ecological greening, and with considerations to the biodiversity factors, a combination of trees, shrubs and grasses was used. Xihe Zhongbao planted evergreen trees such as white pine and spruce in indigenous mining areas, collapsed areas, and exposed slope areas, and introduced herbaceous plants such as wheat and alfalfa to increase plant community stability and protect biodiversity. In 2023, a total of 4,300 new green plants were planted, 500 kg of grass seeds were sown, and a new green area of 7,100 m<sup>2</sup> was added.



Ecological environment management in Xihe Zhongbao Mining Area

The Company attached great importance to cultivating the employees' awareness of biodiversity conservation, continuously strengthened the promotion and education of laws, regulations and policies related to biodiversity conservation, and organized ecological protection activities such as afforestation, helping to build a beautiful China.



Spring tree planting activity of Chifengchai Gold Mine



Art collection activity for ecological and environmental protection of Yinan Gold Mine

### Response to climate change

Shandong Gold implemented the concept of green and low-carbon, and continuously improved the carbon emission management framework. It also monitored, identified and evaluated climate risks, and formulated climate related risk management and response measures to reduce the impact of climate risks on the production and operation of mines. It organized affiliated enterprises to conduct carbon emission verification and prepared greenhouse gas emission reports. In addition, it collaborated with relevant companies to conduct research and exchanges on "dual carbon" technology, accelerated the preparation of action plans for peak carbon dioxide emissions, and contributed to the achievement of the country's goal of "peaking CO<sub>2</sub> emissions before 2030 and achieving carbon neutrality before 2060" while promoting its green, low-carbon, and high-quality development.

#### Risk/opportunity identification and response measures

Risk/opportunity	Response measures
Extreme high temperature	Implement safety and health measures for work under high temperature to avoid harm to personnel caused by extreme high temperatures; Increase the proportion of water recycling and avoid the impact of extreme high temperatures on water supply and water consumption equipment.
Extreme low temperature	Optimize the design of the mine and its power supply network to withstand low temperature weather conditions such as persistent freeze and blizzards.
Water pressure and drought	Implement water resource monitoring plans, anti-seepage treatment of reservoirs, rainwater management, and other physical measures or procedures to protect surface and groundwater resources; Regularly monitor changes in water quality to take timely measures; Try to avoid water resource conservation areas as much as possible before project construction or acquisition.
Utilization of renewable energy	Vigorously promote the use of clean energy such as photovoltaics and geothermal energy, and increase the proportion of clean energy.
Promotion of low-carbon technology	Intensify the research and development and promotion of green and low-carbon technologies, encourage affiliated enterprises to continuously optimize production processes, and adopt clean and low-carbon technologies, so as to contribute to the achievement of carbon reduction goals.



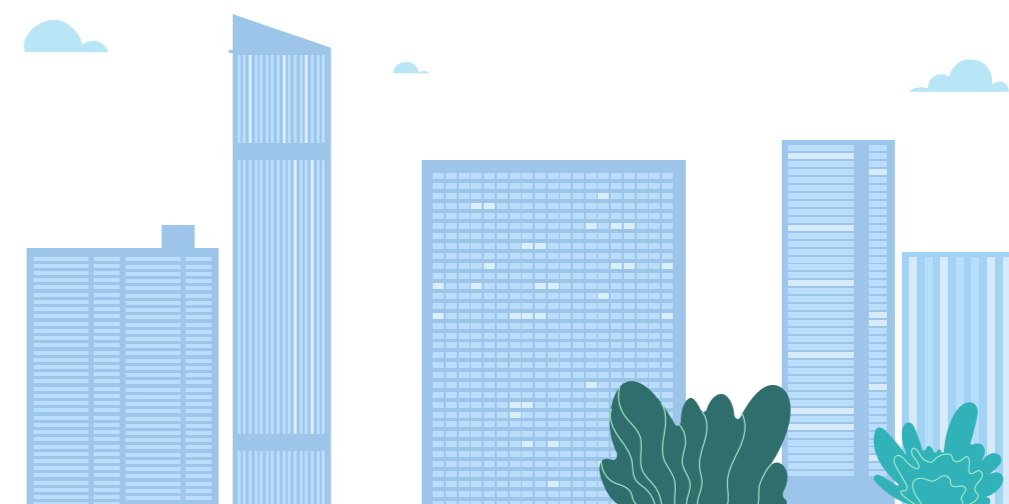


## Environmental key performance

Data of emissions	
Indicators	2023
Total greenhouse gas emissions (10,000 t)	132.98
Greenhouse gas emission intensity (t/RMB million)	22.43
Category I: Greenhouse gas emissions (10,000 t) include emissions from use of coal, natural gas, gasoline and diesel	11.95
Category II: Greenhouse gas emissions (10,000 t) include emissions from purchased electricity	121.01
Nitrogen oxide (t)	19.02
Sulphur dioxide (t)	15.04
Smoke dust (boiler emissions only) (t)	3.85
Particulate matters (production process emissions) (t)	53.78
Wastewater discharge (10,000 t)	2,558.61
Wastewater discharge intensity (t/RMB million)	431.65
Total chemical oxygen demand (COD) emissions (t)	222.08
Total ammonia nitrogen emissions (t)	10.5
Safely treated hazardous waste (waste engine oil) (t)	119.01
Third-party disposal amount of cyanide residue (10,000 t)	44.99
Disposal amount of cyanide residue tailings pond (10,000 t)	119.34
Inventory of heap leaching slag muck (10,000 t)	473.86
Production intensity of safely disposed hazardous wastes (t/RMB million)	107.67
Amount of general solid waste produced (underground mines) (10,000 t)	1,379.85
Production intensity of general solid waste (t/RMB million)	232.79
Comprehensive utilization ratio of general solid waste (mainly including tailings, waste rock, etc.) (%)	82.62
Amount of waste rock produced in open pit mines (10,000 t)	778.96

Notes: 1.The emission data are based on statistics of domestic enterprises; 2.Comprehensive utilization rate of general solid wastes does not cover data of open-pit mines.

Date of use of resources	
Indicators	2023
Total energy consumption (GWh)	1,910.18
Energy consumption intensity (MWh/RMB million)	32.23
Petrol consumption (t)	619.08
Diesel consumption (t)	26,273.62
Coal consumption (t)	12,326.54
Natural gas consumption (10,000 m <sup>3</sup> )	167.52
Purchased power (MWh)	1,491,057.21
Total water use amount (10,000 t)	499.28
Water intensity (t/RMB million)	84.23
Total packaging materials for finished products (t)	0.4
Amount of packaging materials per production unit (g)	7



1 NO POVERTY



2 ZERO HUNGER



3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



## Contributing to the Society and Innovating the Development Pattern

Focused on the development philosophy of "building a safe, ecological, energetic and human-friendly Shandong Gold", Shandong Gold effectively fulfilled its responsibilities for customers, the public, employees, and other stakeholders. In addition, it guaranteed the product quality, enhanced the work safety, and increased the investment in scientific research. It also took good care of its employees, and kept the passion for public welfare, so as to influence and render services to, the society and, at the same time, realize win-win results for social and economic benefits.

### Core issues

- Fulfillment of responsibilities for products
- Compliance with labour standards
- Guarantee of employee health and safety
- Promotion of employee development and training
- Investments in communities

### Key performance

- Investing RMB **891** million in safety
- Investing RMB **796** million in research & development
- **173** new authorized patents
- Provided assistance to **1,031** employees in difficulties
- Charitable donations of over RMB **2.25** million

5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION





## Product responsibility

Shandong Gold repaid customers' trust with the complete product quality management system and high-quality services. Its line of products covers gold bars, gold seals, gold coins, gold banknotes, silver bars, silver ingots, and diversified gold and silver art crafts. During the production, it always exerted strict control over the product quality, and adopted innovative technologies to promote its production efficiency and intrinsic safety level. Besides, it actively took the intellectual property protection actions to constantly enhance its core competitiveness.

### Improving product quality

Gold Smelting Company, a subsidiary of Shandong Gold, passed the accreditation of GB/T 19001-2016 quality management system, SGE and LBMA quality accreditation, and relevant accreditation by China National Accreditation Service for Conformity Assessment (CNAS). Shandong Gold continuously strengthened its focus on product quality. Since the Company's Mount Tai standard gold and Shandong Gold products were launched to the market, both the product percent of pass and customer satisfaction rate have been 100%.

### Strengthening quality management

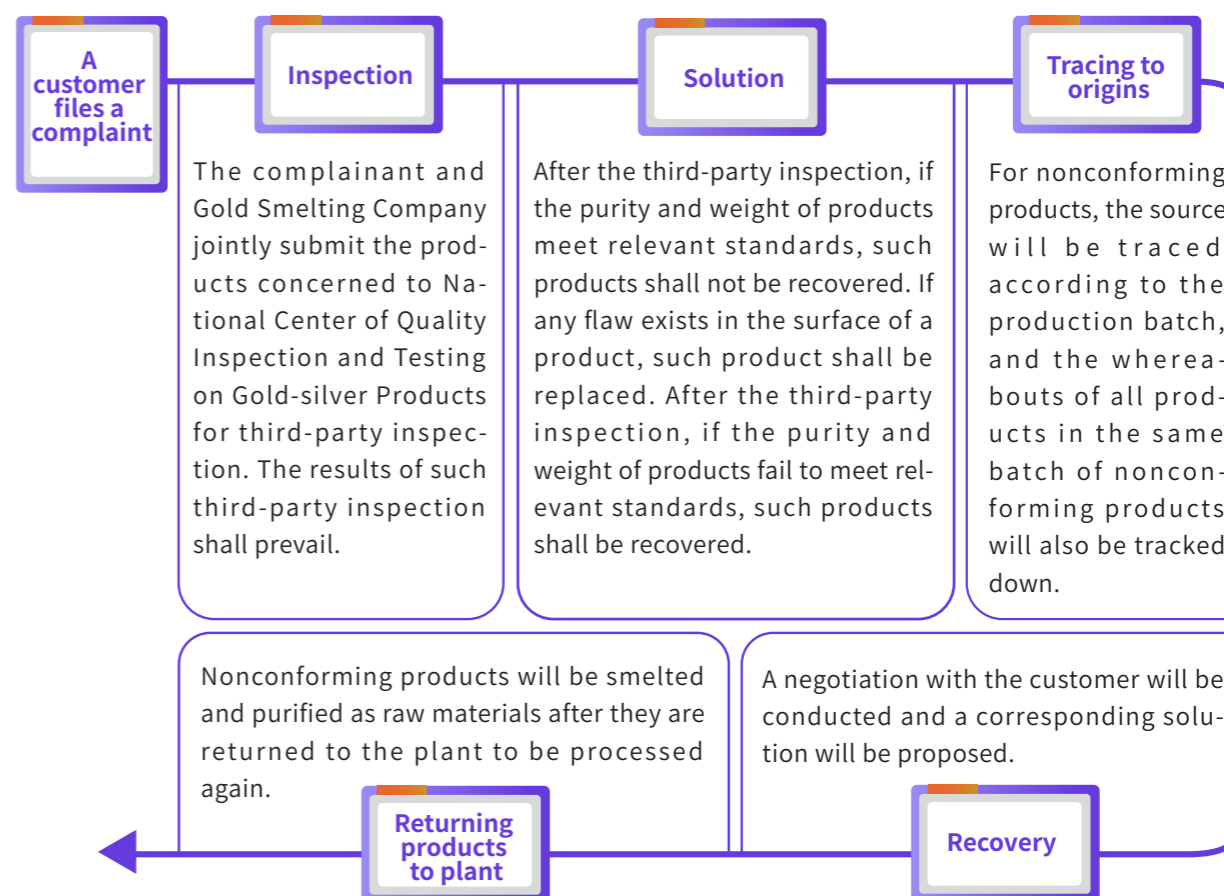
Shandong Gold strictly controlled the product quality, and enhanced the product quality supervision. Especially, it took strict control measures for raw materials supervision, quality supervision in production process, and inspection of finished products. During the production, the Company strictly followed GB/T 19001, GB/T 24001 and other relevant quality and environment standards, so that the safety and usability of its products would meet the requirements and expectations of customers. In 2023, the Company conducted the due diligence investigation of supply chain, and strengthened the supervision over the sampling of gold concentrate and byproducts, acceptance and weighing of standard gold, and bulk purchase, thus effectively preventing the quality risks.

- 01 **Control of raw materials** All raw materials will be put into production only after they are proven to conform to the standards after smelting and testing.
- 02 **Control of production process** Semi-finished products will be subject to the first random inspection according to the proportion, and will enter the follow-up process after they are proved to be qualified in the random inspection.
- 03 **Control of finished product quality** Finished products will be subject to the secondary random inspection according to the proportion, and after they are proven qualified, their appearance and weight will be accepted.

Quality verification process

### Providing high-quality services

We continued to provide high-quality services. In case of complaints about product quality, we would respond to the complaints according to the procedures and guarantee the after-sales service quality. We fully guaranteed the security of customer information, assigned special personnel to manage customer information, and regularly kept it archived and confidential except for inspection by national government agencies. We protected the legitimate rights and interests of customers, ensured the safety of product transportation, and continuously strengthened customer satisfaction surveys and tracking. We also responded to customer suggestions, and handled customer complaints and feedbacks in time. In addition, our products and services generally have no bad impacts on customers' health and safety.



Product recovery process



In 2023, our products are available on 5 e-commerce platforms including WeChat, JD.COM, Alibaba Auction, Tmall, and TikTok. Moreover, it attended China Mining Conference and Exhibition, Shenzhen Global Investment Promotion Conference and other industrial events, so as to expand the channels for customer service and communication, promote its brand development with better resources, and improve its customer service capability.

**In 2023**  
Received customer complaints **0**

### Driving development by innovation

By taking technological innovation as the primary productive force, Shandong Gold constantly enhanced its technological innovation, and strengthened the transformation of technological innovation achievements. It also protected the intellectual property rights, worked to build an international top-grade demonstration mine, and enhanced its core competitiveness. Moreover, it improved the intrinsic safety level, and forged its new development advantages in an all-round way, so as to promote and realize the development with higher quality, efficiency and sustainability.

### Scientific and technological innovation

Facing the cutting-edge technologies in the world, Shandong Gold, while focusing on three aspects including the exploration and mining of deep resources, green mine and intelligent mining, established a multi-layer innovation system involving diversified innovation platforms such as the academician workstations, provincial new-type research and development institutions, provincial enterprise technical R&D centers, professional laboratories, and grass-roots innovation studios.

The Company exerted the best of its effort to cultivate the core competitiveness, and actively undertook the major national, ministerial and provincial research projects. In addition, it independently researched and developed a complete set of core technologies for gold mining and dressing, including the technologies for deep prospecting, undersea and deep shaft mining, smart mine, green mine, and gold refining. It also developed a systematic and chain-type research and innovation model featuring "technical research and development, collaborative innovation, project demonstration, and application promotion", thus constantly improving its capability for independent innovation and research and development.

**In terms of deep shaft mining technologies**, the Company took the lead in the industry. Besides, the Company tackled the hard-nut problems relating to deep shaft, high ground stress, and high water inflow, and achieved corresponding research results, so as to provide technological support for deep mining.

**The Company achieved new progress in green dressing and smelting technologies**, developed the new "joint pyrometallurgical-hydrometallurgical process" with independent intellectual property right, and realized the comprehensive recycling of antimony, bismuth, copper, tellurium and other metals.

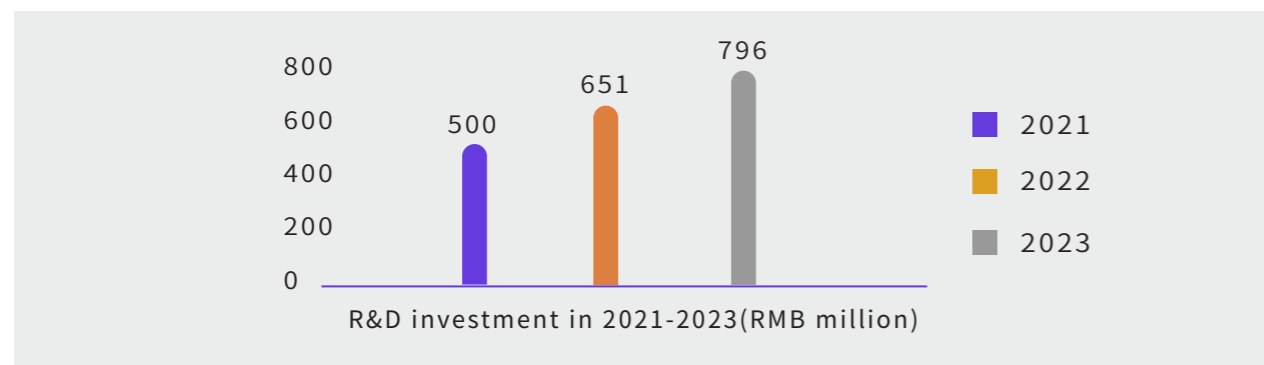
**The Company scored new achievements in the informatization and automation of mines**, and made breakthroughs in the application of 5G-based mine automation technology, thus unveiling a new era for intelligent mining.

Technological breakthroughs

**In 2023**

The Company established <b>8</b> municipal and provincial research platform	Won <b>32</b> provincial and ministerial awards. These awards included
Carried out <b>279</b> research projects	<b>2</b> second prizes of technological progress in Shandong Province
Made <b>199</b> innovation achievements	<b>28</b> science and technology awards from China Gold Association
	<b>2</b> science and technology awards from China Non-ferrous Metals Industry Association

**The Ministry of Science and Technology approved** the Project of "Safe, Efficient Mining Technology and Intelligent Equipment for Broken Underground Metal Ores" in Sanshandao Gold Mine.



SDG Heavy Industry developed PM-MQ-CY2136 split-type circular permanent magnet gearless ball mill, the first of its kind in China. The ball mill boosted the transmission efficiency by 17.6%, and realized the comprehensive power saving rate of over 16%. In 2023, SDG Heavy Industry and the ball mill were respectively included in the list of manufacturers and products for the initial set of technical equipment and core components in Shandong Province.

**Case** — **Shandong Gold tackles hard-nut problems relating to deep resource exploration by implementing the project of research and engineering demonstration of key technology and equipment integration for intelligent mining of deep region of metal mines**

The mining conditions for deep region of gold mine resources are characterized with high ground stress, high ground temperature, and deep shaft depth, which severely affect the mining safety and efficiency. Shandong Gold developed the key technologies for mining of deep gold mine resources, including the technologies for mining environment survey, safe and efficient mining, high-reliability conveying for deep shaft filling, and intelligent mining equipment, thus building up a technical system for safe and efficient mining of deep metal mines. The achievements of this project could boost the underground operation capability and production efficiency for the mining of deep mine resources, prevent the underground safety risks, elevate the work safety of the mine, and effectively solve the problems such high difficulty, manpower shortage and high safety risk for the mining of deep mine resources in China, thus bringing about significant social benefits. By promoting this project, it would greatly push forward the automation and intelligent operation of mining industry, transform the development pattern of mines, and transform China's mining industry from extensive development to refined, green, intelligent and unmanned development.

**Smart mine**

Shandong Gold built smart mines in a science-based and orderly way. Centering on the key production stages and important dangerous scenarios, it replaced manual operation with mechanized operation, adopted the automatic and centralized control to reduce the number of operators, and promoted work safety with intelligent applications, so as to minimize the number of underground operation personnel and promote the continuous mechanized operation for large mines. For the medium and small mines, the Company accelerated the mechanization of diversified processes including rock drilling, scaling, supporting, shovel loading and transportation. In addition, it realized the unattended operation and remote monitoring of fixed posts in the shaft, and adopted the intelligent, high-end mining equipment. In order to ensure the intelligent decision-making as well as automated and coordinated operation in various systems, it took the lead in the research and application of big data, cloud computing, Internet of Things, 5G, artificial intelligence, and other new technologies. Moreover, it explored and led the smart mine construction, and improved the intrinsic safety level of mining companies.

In 2023, Shandong Gold systematically promoted the full life cycle management for over 95% of its main equipment, thus effectively improving the equipment utilization and production efficiency and, at the same time, marking an important step for its informatization.

**In Linglong Gold Mine**, the video surveillance system with AI identification was adopted to automatically identify the wearing of labour protection device and other behaviors, thus extending the intelligent safety management to the production front-line.

**Laixi Company** adopted AI technologies to realized the safety monitoring of tail rope rotators, isolation wood and tail rope rings.

**Gold Smelting Company**, adopted cranes with smart grab bucket based on 5G and machine learning, effectively improved the ore proportioning rate, lowered the feeding fluctuation rate, and reduced the number of operators. In addition, it adopted the AI technologies to realize the automatic linkage of production lines.

**Xincheng Gold Mine**, adopted QR code technologies in the sampling and testing steps of production scheduling information system, traced the origin of samples, and realized the rapid and accurate reporting of production data.

Progress in smart mine projects



The remote control of large trackless mining equipment based on WiFi6 Mesh, the first of its kind, was tested successfully at Sizhuang Site of Jiaojia Gold Mine. Therefore, the remote control of trackless mining equipment was realized.

In 2023

The Company attained **12** prizes above provincial level for the construction of world first-rate demonstration mines.

Built **16** smart mine projects

Smart Mine Construction Project of Jiaojia Gold Mine was granted the **2<sup>nd</sup> prize** of "Professional Contest for Digital Scenario Innovation by SOEs" from the State Council and the State-owned Assets Supervision and Administration Commission (SASAC).

**Protecting intellectual property**

By giving full play to the role of intellectual property in stimulating the innovation and elevating the core competitiveness, the Company incorporated the intellectual property management into the technological innovation scheme for its "14th Five-Year Plan" and three-year rolling scheme. In addition, it constantly improved the relevant management system, and strengthened the trainings on intellectual properties, so as to improve its capabilities for the creation and application of intellectual properties.

In 2023

The Company applied for a total of **259** patents, including **54** invention patents.

Obtained **173** newly authorized patents, including **19** invention patents.

**Employment and labour standards**

Shandong Gold abided by the international labour standards and labour laws & regulations in the place of operation. To be specific, it effectively protected the legitimate rights and interests of employees, established favorable labour relations, and created lawful, compliant, fair, cooperative and friendly workplace environment, thus promoting the harmonious and stable labour relations.

**Equal employment**

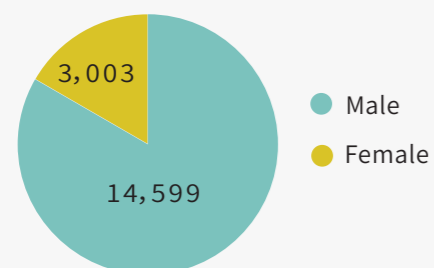
In strict accordance with the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China* and other laws and regulations, Shandong Gold formulated complete employee management policies, established a reasonable salary and welfare system, and promoted the equal employment and democratic management, thus ensuring harmonious labour relations. It strictly implemented the *Provisions on the Prohibition of Using Child Labour*, the *Regulations on Special Protection of Underage Workers*, and the BSCI standards. During the recruitment of employees, it strictly checked the conditions of candidates to prohibit the use of child labour and forced labour. In addition, it clearly stipulated that employees could report to the labour union or submit to labour arbitration for any forced labour. Neither violations of human rights nor any use of child labour or forced labour by Shandong Gold was found during the reporting period.

The Company constantly optimized its talent structure by combining the recruitment of college graduates with talent reserve. In accordance with relevant laws, it formulated the *Management Measures of Shandong Gold for the Open Recruitment of Employees (Trial Implementation)* to regulate the recruitment process and guarantee the open, fair and impartial recruitment of employees. In 2023, the Company recruited more college graduates to infuse fresh blood into its talent team, and the proportion of campus recruitment increased by 22% year-on-year.

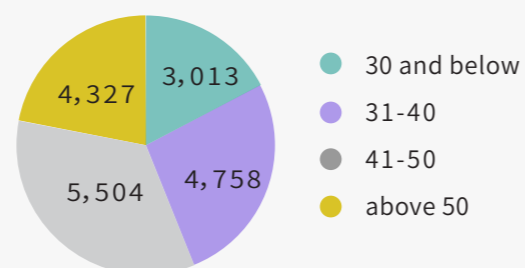


### Employee structure

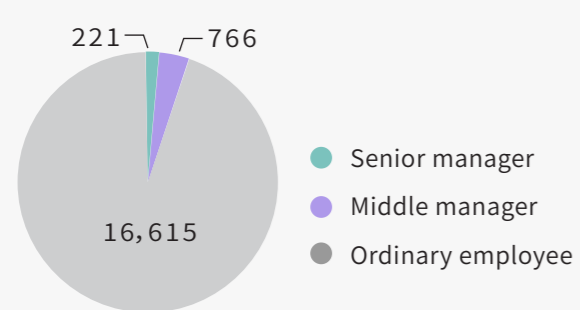
Number of employees by gender



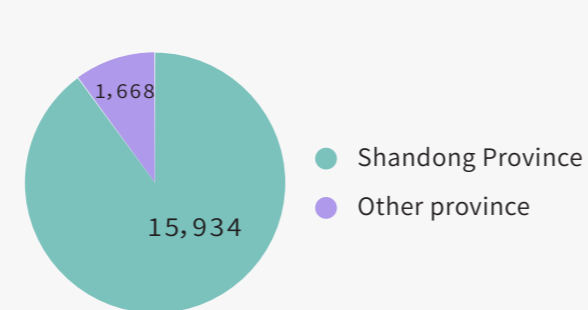
Number of employees by age



Number of employees by rank

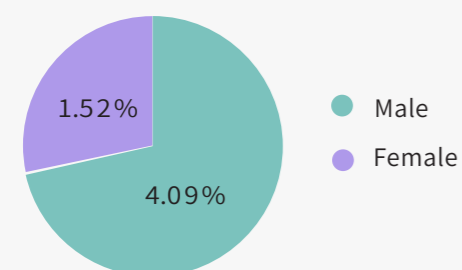


Number of employees by region

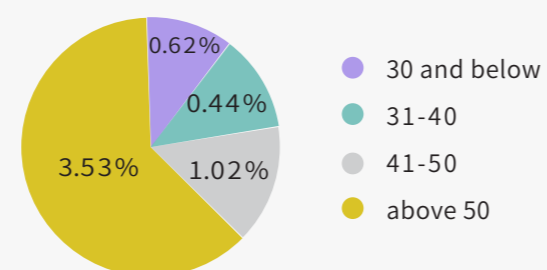


### Employee turnover rate

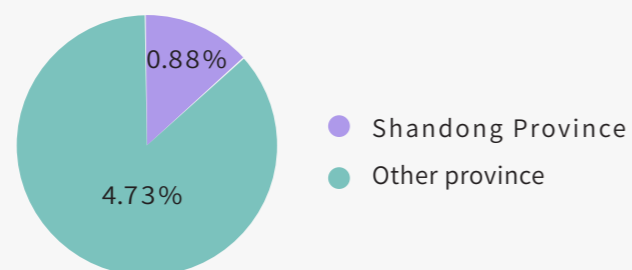
Employee turnover rate by gender



Employee turnover rate by age



Employee turnover rate by region



Indicator	2023	
Number of employees (persons)	17,602	
Number of employees (persons) by employment type	Full-time	17,602
	Part-time	0
Employee turnover rate (%)	5.61%	
Coverage of labour contracts (%)	100%	
Coverage of social insurance (%)	100%	



### Salary and welfare

The Company formulated the *Management Measures of Shandong Gold for the Paid Annual Leaves of Employees* in the principle of rational employment, fairness and equality, so as to improve the work efficiency and guarantee the rights of employees for rest and vacation. Moreover, it formulated the *Guidelines of Shandong Gold on Establishing the Supplementary Medical Insurance System for Employees* to further improve the medical security system and elevate the medical security level for employees. In accordance with relevant laws, it paid in full the basic endowment insurance, basic medical insurance, unemployment insurance, work-related injury insurance, and housing provident fund for its employees. Besides, it established the enterprise annuity system and supplementary medical insurance system to stimulate the creativity of employees.



### Democratic management

Shandong Gold constantly improved its democratic management system represented by the staff and workers' representative congress, and urged its affiliated enterprises to establish their staff and workers' representative congress and affairs disclosure system, thus guaranteeing the rights of all employees to know, participate in, express, and supervise the factory affairs. In addition, it established and improved the collective negotiation mechanism to expand the communication mechanism and safeguard the legitimate rights and interests of employees.



Staff and workers' representative congress	Equal negotiation mechanism	Other communication channels
<p>The Company irregularly held the staff and workers' representative congress to deliberate the major decisions relating to the production, operation and management processes, salary and welfare, expenses, and other issues concerning the immediate interests of employees.</p>	<p>The Company signed collective contracts with employees to specify the remuneration guarantee, labour protection, occupational health and safety, and protection of female employees, etc.</p>	<p>The Company upheld the affairs disclosure system, and solicited the opinions and suggestions from employees by means of information disclosure bulletin board, complaint box, collection of reasonable suggestions, symposium, and meeting of Party members. Besides, it established an online employee compliant expression mechanism to respond to relevant questions in time.</p>

Democratic management measures



Consultation meeting of Gold Smelting Company on collective contracts

## Health and safety

Shandong Gold followed the safety management concept that "life is paramount to everything and safety comes first", continuously optimized the production and living environment of employees, and safeguarded occupational health of employees, promoting development with safety and safeguarding safety with development.

## Strengthening work safety

Focusing on the prevention and mitigation of major safety risks, the Company, with a view to ensuring the personal safety of employees, controlled the safety according to law, and strengthened the safety control with technologies, so as to control the source and promote precise prevention of safety risks. In addition, it implemented the system of monthly special scheduling meeting on work safety to regularly analyze and judge the situation of work safety and review relevant health and safety policies and performance, thus achieving the breakthrough from "zero accident" to "zero hazard".

### Safety management system

The Company established a work safety committee, for which the main leader of headquarters served as the director, and the leaders of subsidiaries and main heads of relevant departments served as the members. The work safety committee was responsible for organizing, instructing and coordinating the implementation of work safety tasks of the Company, studying and reviewing the major issues relating to work safety, and coordinating the work safety tasks among relevant departments of the organization. All subordinate groups and affiliated enterprises set up the posts for chief safety directors and chief engineers, and their work safety departments were provided with full-time safety management personnel to take charge of safety management. Besides, all its mining enterprises set up the posts for mine managers with "five obligations". The Company formulated the *Management Regulations on Rewards and Punishments for Work Safety (Trial Implementation)*. In the principle of fair rewards and punishments, it also improved the incentive and constraint mechanism for work safety among the senior executives, so as to promote the enthusiasm for work safety.

### Safety management mechanism

The Company formulated a work safety responsibility system and a work safety responsibility list covering the employees at all job positions. In addition, the Company enhanced the construction of dual prevention system, and improved the safety management rules and regulations, including the objectives and guidelines for safety management, approval of safety technologies, safety meeting, safety check, approval of hazardous operation, emergency management, and safety assessment, thus covering the full process and range of safety management.





### Special rectification on work safety

The Company implemented special rectification on work safety regarding provision of all-round support till driving working faces in mining engineering. 100% of the underground mining enterprises of the Company realized the special rectification on work safety in such aspect. Besides, it implemented the rectification on work safety in ventilation system, and promoted the optimization of ventilation systems in Xincheng Gold Mine, Jiaojia Gold Mine, Sanshandao Gold Mine, and Xinhui Company, etc. After the rectification, 70 high-temperature working faces were reduced, and the temperature of deep underground shafts was lowered by 1.2-2.3°C on average.

Management measures for work safety

### In 2023

The Company invested RMB **891** million in safety

Organized **62** hazard elimination activities related to work safety

## Protecting occupational health

In strict accordance with the relevant laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the Company formulated and implemented its rules and regulations on occupational health, steadily carried out the work relating to the control of occupational diseases, constantly improved the working environment, and promoted the happiness level of employees. With regard to the occupational health and safety of employees, contractors and dispatched workers, it formulated unified health objectives and management requirements, and provided the same guarantee for occupational health and safety.

The Company has always adhered to the goal of "double zero" for work safety. Over many consecutive years, no case or suspected case of occupational disease has happened. As of the end of 2023, 4 enterprises under the Company, including Gold Smelting Company, Sanshandao Gold Mine, Argentina Veladero Gold Mine, and SDG Heavy Industry, had passed the accreditation of health and safety management system.

### Enhancing the management system

The Company established and improved over ten occupational health management systems (including the responsibility system for occupational health management, occupational health supervision and archive management system, occupational health check system, warning and notification system, reporting system, and publicity, education and training system) to specify the occupational health management responsibilities of personnel at all levels. In addition, it formulated the emergency rescue plan for occupational disease accident, and developed several operation procedures for occupational health posts, so as to provide systematic guarantee for the implementation of occupational health management.

### Improving the working environment

For the workplace, work post, equipment and facilities having or producing occupational hazards, warning signs and explanations were provided in conspicuous locations. Besides, the Company implemented the upgrading projects for the employee's locker rooms and workshop ventilation system. For industrial enterprises with the risk of exceeding the standards for concentration or intensity of dust, poisonous chemicals, and noise hazards, it carried out special rectifications for the control of occupational diseases.

### Strengthening the prevention and control of occupational disease

The Company regulated the daily management of medical rooms and psychological counseling rooms. Besides, it organized the annual physical examination for occupational health among all employees. For its affiliated enterprises, it conducted the status assessment on occupational disease hazards, and made constant improvement from the aspect of occupational hazard monitoring, labor protection, occupational health monitoring, occupational hazard notification, and working conditions. Moreover, it carried out other activities, such as "taking cooling measures" in summer, and construction of healthy enterprise, etc.

### In 2023

**22** affiliated enterprises, **5** affiliated enterprises of the Company were granted the honor of provincial healthy enterprise, and the honor of municipal healthy enterprise respectively

It had **0** major accident related to work safety

Indicator	Unit	2021	2022	2023
Number of work-related fatalities	Person	0	0	0
Percentage of number of work-related fatalities in all employees	%	0	0	0
Lost days due to work injury	Day	230	0	0



## Creating safety culture

Shandong Gold actively carried out activities of work safety month, publicity of work safety training, emergency drill, so as to further enhance the concept of safe development, improve the safety awareness and capability of employees, and build up a safe Shandong Gold.

### Work safety training

The Company organized and carried out the "safety point contest of Shandong Gold", "first lesson on work safety before the start of work", and other safety trainings. In 2023, it carried out 40 training sessions for 16,867 trainees, realizing 100% coverage of work safety training. In addition, it enabled over 830 safety management personnel and special operation personnel to attain the professional qualification certificates. ties, such as "taking cooling measures" in summer, and construction of healthy enterprise, etc.

### Work safety month

The Company carried out 89 publicity activities, attracting 10,258 people. 392 critic articles and articles on reflections and insights were published. It also organized 475 work safety activities, including the "questions and opinions on work safety", attracting 24,018 participants. 15,235 employees took part in the safety knowledge contest, answering 22,411 safety questions.

### Emergency drill

The Company organized 121 emergency drills on safety accidents, attracting 53,750 participants. Besides, it held 99 trainings on the self-rescue and mutual rescue skills of operation personnel, attracting 5,407 participants. It also carried out 1,263 emergency drills, including the evacuation drill for water inrush accident, attracting 14,765 participants.

### Publicity on prevention and control of occupational diseases

The Company carried out the activity of Publicity Week for the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, to which its subordinate enterprises actively responded. By publicizing the occupational health knowledge in an all-round way, it promoted the legal concept and awareness for the prevention and control of occupational diseases for over 20,000 employees.



Cardiopulmonary resuscitation (CPR) skill training at Jiaojia Gold Mine

## Caring for the life of employees

While adhering to the people-oriented principle, Shandong Gold effectively improved the living standard of employees, cared for their ethical and cultural lives, and solved the practical problems for employees, so as to constantly enhance the sense of fulfillment, happiness and security among all employees.

### Helping employees in need

The Company guaranteed the medical aid for all employees, provided the relief fund to the employees in difficulties, and granted the student subsidies for their children, thus solving the difficulties for all employees.

### Visiting the frontline employees

The Company paid visits to, provided heat-stroke prevention supplies to, and supplied heating devices to, the frontline employees, thus ensuring the extensive care for them.

### Caring for female employees

For its female employees, the Company organized the physical examinations for cervical cancer and breast cancer, carried out the law popularization and publicity activities, and organized celebration activities on International Working Women's Day, so as to promote their physical and mental health.

### Balancing work and life

The Company carried out diversified cultural activities, such as the fun sports meetings, miner festival and reading club, thus creating an energetic and harmonious working environment.



In 2023

The Company provided assistance to **1,031** employees in difficulties

Amount of assistance for employees in difficulty **RMB 4.9343** million

Case

**Shandong Gold successfully holds the art performance for the miner festival to inherit the spirit of miners**



Art performance for 2023 miner festival of Shandong Gold

On September 22, 2023, the art performance for 2023 miner festival was started, presenting a culture feast to all employees of Shandong Gold. Comprised of 35 programs for dance, melodrama, opera, and choir, the miner festival displayed the lofty aspiration of Shandong Gold to make new achievements. During the event, the workmates from Argentina, Ghana as well as Yintai Gold Co., Ltd. also sent their warm greetings and best wishes to Shandong Gold.



"July 1st" publicity activity themed on miners at Xincheng Gold Mine



Basketball game at Guilaizhuang Gold Mine

**Development and training**

Shandong Gold attached great importance to the cultivation and development of employees, offered diversified training programs for employees, and encouraged the employees to take part in various contests, so as to promote the craftsmanship spirit and build up a high-quality employee team. Moreover, it kept smooth channel for the occupational promotion of employees, and provided the employees with development spaces featuring multiple series and channels, thus helping employees realize their professional values.

**Innovating employee training**

Shandong Gold kept improving its talent cultivation efforts, and promoted the systematic, professional and digital training systems. In addition, it built up the "Smart Shandong Gold" learning and communication platform to enhance the exchange and cooperation with external institutions for employee training. It also carried out the activity of "providing training programs to enterprises" to effectively improve the comprehensive capability of its employee team.

**Training for management personnel**

Aiming at building itself into a world first-class gold mining enterprise, Shandong Gold carried out the trainings on management personnel at various levels to realize the lean management and elevate its operation and management capability. Such trainings covered diversified aspects including production and operation, human resources, project management, financial audit, financial management, resource merger and acquisition, Party building and discipline inspection, etc. In 2023, the Company carried out 42 training sessions, attracting 4,739 trainees.



Leaders from the Trade Union of Fujian Yuanxin Company visited the employees with difficulties



Commuter bus of Xihe Zhongbao starts operation



Fun activities for female employees of Xinhui Company



Fun sports meeting at Jiaojia Gold Mine



### Training for technical personnel

Aiming at enhancing its technological innovation capability and promoting its technical progress, the Company, while focusing on the continuing education of technical professionals, organized and carried out the continuing education programs for the technical personnel in 13 specialties including geological survey, mining, dressing and electromechanical engineering. In addition, it held the seminars for expert committees from 13 specialties. In 2023, the Company carried out 38 training sessions, attracting 4,908 trainees.

### Training for skilled personnel

Aiming at training the gold craftsmen and enhancing their technical capabilities, the Company, while focusing on elevating the skills of craftsmen, completed the pre-job training, continuing education and independent evaluation of skilled personnel.

### Promotion channel for management personnel

The Company guaranteed the opportunities, platforms and positions for leaders with "outstanding performance in integrity, capability, responsibility and compliance", thus promoting the construction of young leader team.

### Promotion channel for technical personnel

With science-based design, the Company improved its technical position and rank systems, thus ensuring a smooth promotion channel for technical personnel.

### Promotion channel for skilled personnel

The Company actively promoted the innovation, and built up an independent evaluation system for the skilled personnel of special job types in gold mining. In addition, it successfully held the 2023 Vocational Skill Competition of the Gold Industry of Shandong Province. During the skill competition, 2 employees won the first prize for all job types, and 16 and 8 employees won the title of "2023 Technical Expert in the Gold Industry of Shandong Province" and the title of "2023 Excellent Coach in the Vocational Skill Competition of the Gold Industry of Shandong Province" respectively.

Indicator		2023	
Number of training sessions for employees(session)		169	
Number of trainees (persons)		29,878	
Investment in training for employees(RMB10,000)		4,320.58	
Classification of trained employees		Average training hours per person (hours)	Percentage (%)
Average training hours per person (by gender)	Male	18.55	52.43
	Female	16.83	47.57
Average training hours per person (by rank)	Senior managers	24.57	42.33
	Middle managers	19.43	33.12
	Grass-roots employees	16.34	24.55

## Opening promotion channels

The Company improved the employee promotion channels. The headquarters set up a three-level position system of assistant director, supervisor and specialist, and built the promotion channels for management, technical and skilled personnel to meet different needs of employees for realizing their own value.

## Community investment

Shandong Gold kept focusing on the social concerns and community development demands, actively responded to the concerns from all walks of life, and demonstrated its responsibilities for co-construction of operation site, rural revitalization, community assistance, and public charity.

### Promoting the community relations

Shandong Gold enhanced the communication with local communities near its project site. Before settling a project site in a new area, it would carry out the community impact assessment in accordance with the *Responsible Gold Mining Principles (RGMPs)* issued by the World Gold Council. The Company respected the human rights and other fundamental rights of all employees, communities affected by the project, indigenous people, and all related parties doing business with the Company. Besides, it employed the local residents, procured the materials in local place, and supported the local infrastructure construction, so as to promote the local economic growth and realize the win-win cooperation between the enterprise and local communities.



### Argentina Veladero Gold Mine

- Local communication:** It disclosed the real-time monitoring videos of key environmental protection monitoring points. Each month, it would regularly coordinate with local residents to sample and test the water from water bodies near the mining area, and disclose the testing results to the public. In addition, it actively communicated and cooperated with the governments at all levels, shareholders, suppliers, industry associations, trade unions, media, and people from all walks of life, thus ensuring good relationship with local communities.
- Community well-being:** It constantly improved the water supply, power supply, Internet access, and road conditions of local communities. Moreover, it set up the technical training schools, upgraded the educational facilities, and improved the medical service level of local communities, bringing benefits to over 90% of local residents.
- Awards and honors:** It won the honor of "Award for the Best Supplier Development Plan" in Argentina, and became a leader in promoting the participation of women in mining industry in Latin America. In addition, it was granted the honor of "2023 Leadership Award for the Belt and Road Initiative Cooperation" from the Embassy of the People's Republic of China in Argentina and the Chinese Chamber of Production Industry and Commerce (Argentina).

### Ghana Cardinal Resources Company

- Local communication:** It set up professional teams to meet the demands of and promote the good relationship with local communities.
- Local employment:** Among 967 employees (from the mine and contractors), 96% of them were Ghanaians. Therefore, it boosted the income of local residents, and stimulated the development potentials of local community.
- Local cooperation:** It signed cooperation agreements with 8 local enterprises specialized in catering, cleaning, consulting and engineering, thus infusing new energy for the survival and growth of local enterprises.
- Community well-being:** It sponsored the peasant festival, traditional cultural events, and other activities of local community. In addition, it dug water wells to supply domestic water for local residents. It also funded the construction of a 25 km long public road, which greatly improved the local traffic conditions.



30 female drivers joined the mining truck driver team at Argentina Veladero Gold

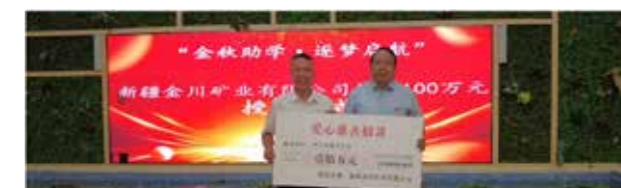
### Showing enthusiasm for public charity

Shandong Gold advocated the spirit of "sacrifice, friendship, mutual help, and advancement" for voluntary service, and strengthened the awareness of responsibility and sacrifice among all employees. Besides, its affiliated enterprises actively organized their employees to take part in volunteer activities and public welfare undertakings, thus contributing to the construction of harmonious society.

In 2023  
The Company made charitable donations of over RMB **2.25** million



Voluntary blood donation by employees of Xincheng Gold Mine



Xinjiang Jinchuan Mining donated RMB 1 million to help local students

### Revitalizing beautiful countryside

Shandong Gold actively responded to the national rural revitalization strategy, and continuously instructed its affiliated enterprises to invest in rural construction. In addition, it took innovative assistance measures, and reinforced the achievements of poverty alleviation, so as to revitalize the beautiful countryside and promote the common prosperity for all.

In 2023  
The Company was included in the **Best Practices for Rural Revitalization of Listed Companies - Excellent Practice Cases**

#### Case

### Utilizing professional advantages to promote the rural revitalization

Futures Company, while focusing on the leadership of Party building, organized and carried out several field research and assistance activities, and signed the rural revitalization assistance agreement and other related agreements. Besides, it held the Party lectures and symposiums themed on the assistance to rural revitalization. It also donated a total of RMB 1 million as assistance funds for rural revitalization projects in 8 places, including Xihe County (Gansu Province), Baarin Left Banner (Inner Mongolia Autonomous Region), Tongbai County (Henan Province), Dulan County (Qinghai Province), Chengkou County (Chongqing Municipality), and Taihu County (Anhui Province). Moreover, it invested over RMB 110,000 for the project of poverty alleviation through consumption in Yanjin County, Zhaotong City, Yunnan Province. In the meantime, while considering the characteristics of the industry, it held the training on financial knowledge relating to rural revitalization to explain how financial services could assist the rural revitalization and play a key role in promoting the real economy, thus winning high praise from local government and residents.



## Practicing Steady Governance for Excellent Shandong Gold

Upholding core values of "openness, inclusiveness, loyalty, and responsibility", Shandong Gold continuously improved its corporate governance systems and capabilities. We continued to optimize corporate governance, held ourselves to business ethics, and implemented clean and transparent operation and management. We also protected the legitimate rights and interests of investors, and strengthened supply chain management, as part of our efforts to promote our steady development.

### Core issues

- Party building enhancement
- Corporate governance
- ESG management
- Supply chain management
- Industrial chain management
- Anti-corruption

### Key performance

- Shandong Gold obtained **Level-A** in Information Disclosure Evaluation by Shanghai Stock Exchange for **6 consecutive years**
- Its suppliers are **100%** local ones
- Its Party organizations at all levels gave over **500** Party classes





## Party building

With political building put as a top priority on its agenda, Shandong Gold established a "365" Party building mechanism to transform the advantages of Party building work into advantages for enterprise development, making Party building a leader in the promotion of enterprise transformation and upgrading.

### Strengthening the Party leadership

The Company incorporated the Party leadership into the special rectification of corporate governance, improved and standardized the implementation of the rules of procedure of the Party Committee, and included Party building into the assessment of corporate business performance and annual assessment of Party members and leaders to achieve full coverage of Party building assessment.

### Building a solid ideological foundation

As part of its efforts to improve the Party's innovative theoretical education and training mechanism and implement the "first issue" system, the Company organized the theoretical learning center group under the Party Committee for collective learning on a monthly basis, created an online learning micro-platform "Daily Learning", and provided themed trainings to build consensus.

### Building strong grassroots Party organizations

The Company advanced the dynamic management of Party branch evaluation and rating, and created more than 30 brands step-by-step. The "365" Party building brand of Shandong Gold and the Party building brands of its three affiliated enterprises, namely, Jiaojia Gold Mine, Linglong Gold Mine, and Xincheng Gold Mine, were selected as "Excellent Cases for Party Building Brand of Shandong Provincial Enterprises".

### In 2023

**25** Party branches were rated five-star.

Party organizations at all levels organized over **500** Party classes, involving more than **13,000** Party members.



Underground frontline activity of Sanshandao Gold Mine on Theme Party Day



Red research tour of Shanjin Financial Holding Capital Management Co., Ltd

## Corporate governance

As part of its ongoing efforts to enhance its governance capabilities for sustainable development, Shandong Gold continued to optimize its corporate governance structure, adhered to lawful and compliant operations, and improved its risk management system. It also strengthened information disclosure, and safeguarded the legitimate rights and interests of shareholders and other stakeholders.

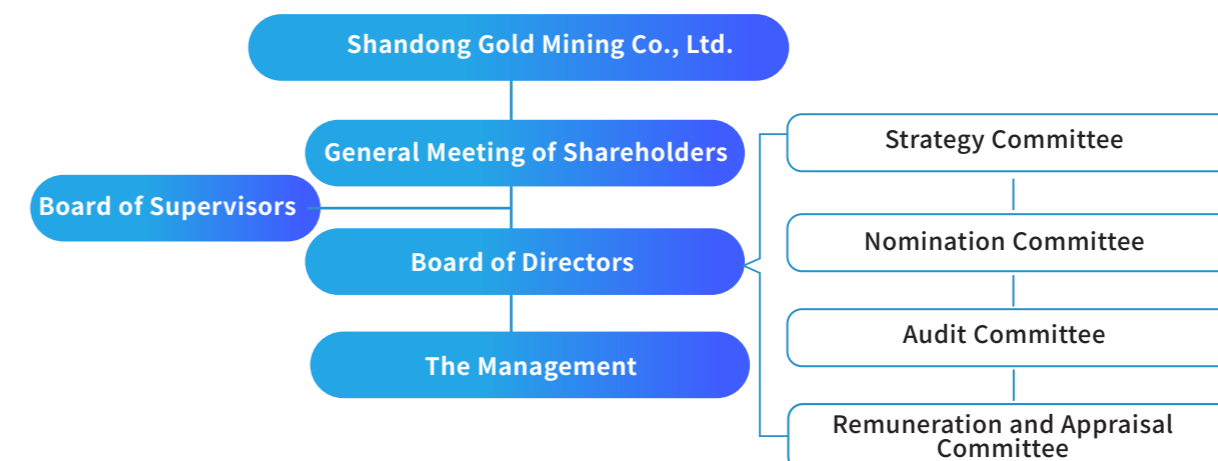
## Governance structure

Shandong Gold continued to improve a governance framework which consists of General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the Management, as well as governance systems, in strict compliance with such laws and regulations as the *Company Law of the People's Republic of China* and such regulatory requirements as the *Corporate Governance Code of the Stock Exchange of Hong Kong Limited*.

The Company ensures that the Board of Directors is independent of the Management. The selection of its directors is based on a diverse range of criteria, including (but not limited to) gender, age, cultural and educational background, race, professional experience, skills, knowledge. In 2023, the Board of Directors consisted of industry talents and experts with professional experience in accounting, law, mining, and other fields, including 3 non-executive directors, 3 independent non-executive directors, and 2 female directors.

The Company set up the Audit Committee, the Strategy Committee, the Nomination Committee, and the Remuneration and Appraisal Committee under the Board of Directors. All these committees are responsible to the Board of Directors, perform their duties under the Articles of Association of the Company as authorized by the Board of Directors, and submit their proposals to the Board of Directors for deliberation and decision. All members of the committees are directors. The majority of the members of the Audit Committee, Nomination Committee and the Remuneration and Appraisal Committee are independent non-executive directors who also serve as conveners.

The Board of Supervisors conscientiously fulfills its duties, supervises and inspects the Company's financial staff, directors, and senior executives in their performance of their duties in respect of legality and compliance, and safeguards the legitimate rights and interests of the Company and its shareholders.



Corporate governance structure



**In 2023**

The Board of Directors consisted of **9** directors, including

- 3** executive directors
- 3** non-executive directors
- 3** independent non-executive directors
- 2** female directors

We held a total of **21** board meetings with **85** proposals deliberated

We held a total of **11** shareholders meetings with **32** proposals deliberated

We held **15** meetings of the Board of Supervisors with **53** proposals deliberated

**Law abidance and compliance**

Committed to standardized operation and steady development, Shandong Gold actively implemented regulatory requirements, improved the operation mechanism of compliance work, consolidated the foundation of compliance risk prevention and control, and deepened the building of compliance culture, as part of its ongoing efforts to improve the level of corporate governance.

The Company formulated regulations such as the *Compliance Management Measures of Shandong Gold* and the *Management Measures for Compliance Review of Major Business Decisions*, and piloted compliance reviews of major business and investment matters at the headquarters, achieving full coverage of compliance reviews before major decisions. It also implemented incentives and assessments, specialized training and other measures to promote the building of a compliance team. In addition, it established an information platform for legal dispute case management to allow information-based compliance management, and regularly conducted training on legal business compliance to raise the compliance awareness of all staff.

**In 2023**

The Company provided more than **20** online and offline legal training sessions.

The Company published **3** legal research papers that were successfully included in the *China Mining Law Review*, ranking **first** among mining enterprises for two consecutive years in terms of number of papers published.

The Company won **"Excellent" evaluation result** for **both** the "Demonstration Project of Modern Enterprise System" and the Evaluation of Exemplary Corporate Governance Enterprises in Shandong province.

**Risk prevention and control**

The Company continued to improve its organizational and institutional systems for comprehensive risk management, defining the risk management responsibilities of the Board of Directors, the Management, all its departments and all its positions. It developed the *Measures for Overall Risk Management*, and established an annual risk identification and evaluation mechanism and a three-level risk assessment model. Besides, it regularly updated the annual risk database, and formed an all-round, whole-process and whole-system risk prevention and control mechanism covering all staff, underpinning its sustainable development.

**Enhancing risk prediction ability**

The Company identifies, analyzes, and predicts potential risks with science-based methods, with a focus on gold prices, work safety, resource reserves and other priorities and difficulties, and develops practical and feasible response plans.

**Strengthening risk supervision and early warning**

At the end of each quarter, the Company devotes more efforts to risk control by requesting its affiliated enterprises to submit a report on their response and management of major and significant risks at the beginning of the year in the principle of centralization and classification.

**Controlling major investment projects**

The Company combines the management of comprehensive risk and special risk management, strengthens risk management of major business matters, and conducts special risk assessments on major investments, major mergers and acquisitions, etc.

**Reinforcing internal audit supervision**

The Company uses internal audit as an important means of risk prevention and control, with a focus on special audits such as financial audit, engineering audit, and mining engineering acceptance settlement, and completes audit projects such as overseas audit, economic responsibility, use of large amounts of funds and safety audit.

Risk management measures

**Investor communication**

Shandong Gold communicated with investors in good faith and responsibly, and worked to shape and maintain a good relationship with investors and protect their legitimate rights and interests.





<p><b>Building a long-term and benign communication mechanism</b></p> <p>The Company establishes a regular online and offline communication mechanism, and strengthens communication with investors through shareholders' meetings, performance presentations, consultation phone calls, E-interaction, investor research, analyst meetings, Performance presentation, roadshows, reverse roadshows, new media platforms, and other channels.</p>	<p><b>Responding to investors' concerns</b></p> <p>The Company openly responds to the wide concerns on the market over such hot topics as its strategy, project progress, production planning, financial analysis, and subsequent development of Yintai Gold, further deepening the understanding of the Company among investors and the market.</p>	<p><b>Protecting the legitimate rights and interests of investors</b></p> <p>The Company includes common concerns of investors into its strategic plans and production and operation plans as part of its response to investors' concerns, and incorporates reasonable advices and suggestions from investors into its future work plans.</p>
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With a solid compliance foundation, comprehensive information disclosure, and standardized company operation, the Company was once again rated A (excellent) in the information disclosure evaluation by the Shanghai Stock Exchange in 2023. In 2023, the Company won the "14th China Investor Relations Forum of Listed Companies - Tianma Award for Investor Relations", fully reflecting the comprehensive recognition of Shandong Gold by the capital market in investor relations maintenance, financial quality, market value management, investor returns, and ESG performance.

**In 2023**

- The Company held nearly **60** investor communication activities and annual & semi-annual performance presentations.
- The Company held nearly **60** investor meetings
- Received over **1,500** investors
- Released **270** documents for **H-share** information disclosure
- Released **114 A-share** provisional announcements
- Released **120** other information disclosure documents

## ESG management

Shandong Gold incorporated the idea of sustainable development into its corporate strategy and ran it through every business link. In this vein, it continued to improve its ESG governance structure and operational mechanism, actively responded to the demands and expectations from stakeholders, and strove to fulfill its social responsibilities.

## ESG management structure

The Company continued to improve its ESG management structure, guided and promoted all of its functional departments and subordinate enterprises to keep improving their management level for sustainable development, and facilitated the integration of ESG management into enterprise production and operation for smooth implementation and ongoing improvement.

**Board of Directors and Strategy Committee**

They are responsible for overall planning, as well as decision-making and deployment of major issues. They review the Company's ESG governance strategies, ESG management systems, ESG management goals, identification and application of materiality issues of the Company, identification and management of relevant ESG risks and opportunities, and annual ESG reports. In addition, they monitor and inspect the identification, assessment and management process of matters concerning ESG activities of the Company and progress of relevant goals.

**All functional departments, branches and subsidiaries**

They proceed with and implement ESG strategies. They perform tasks assigned by the Board of Directors and Strategy Committee, and collect data and report ESG performance of their own departments. In addition, they study and discuss the implementation of sustainable development strategies and important issues.

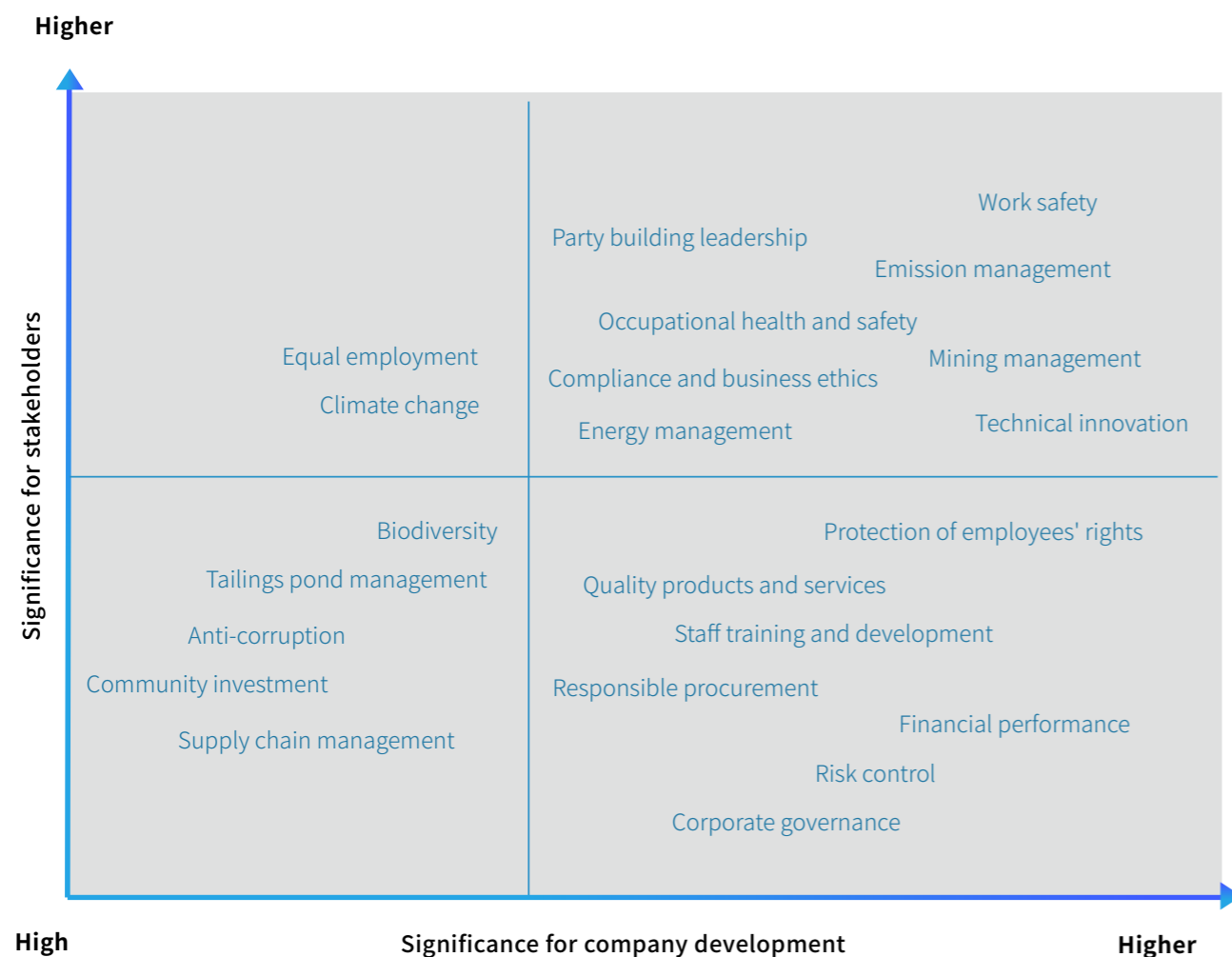
**Integration of ESG management into the daily operation of the enterprise**

Responsibilities	Responsible departments
Corporate governance	Board Office; Strategic Planning Department; Office
Compliant operation	Board Office; Strategic Planning Department of Auditing and Legal Affairs; Operation Management Department; Work Safety Department; Resource Management Department; Trading Center; Each subsidiary & branch
Technology innovation	Technology & Environment Protection Center; Information Center; International Top-grade Demonstration Mine Promotion Center; Each subsidiary & branch
Safety & environmental protection	Work Safety Department; Operation Management Department; Office; Technology & Environment Protection Center; Each subsidiary & branch
Employee's rights and interests	HR Department; Corporate Culture Department; Each subsidiary & branch
Charitable activities in communities	Corporate Culture Department; Financial Department; Each subsidiary & branch
Supply chain management	Centralized Procurement Center



## Identification of substantive issues

We sorted out the issues of concern to internal and external stakeholders pursuant to the identification process of substantive issues provided in the *Environmental, Social and Governance Reporting Guide* by The Stock Exchange of Hong Kong Limited, taking into consideration sustainable development trends of the industry, corporate development strategies, peer benchmarking data as well as interviews with internal and external stakeholders. Such issues were ranked based on their materiality in the Company's development and to stakeholders, and then, the top issues in ESG management and information disclosure were determined. The analysis results of substantive issues were deliberated by the Board of Directors, and all issues were disclosed in detail in relevant chapters of this Report.



Matrix for substantive issues

## Communication with stakeholders

Stakeholder groups	Major concerns	Communication channels/ feedback methods
Governments and regulatory authorities	Tax payment according to law Compliant operation Anti-corruption Economic development Climate action	Field research Special report Information disclosure Correspondence of official documents Participation in meetings held by government agencies
Investors and shareholders	Steady operation Sustainable development Good governance Information transparency	Shareholders' meeting Investors' meeting Business conference Official website and official account Information disclosure
Employees	Human rights protection Salary and welfare Occupational health and safety Career development	Communication meeting Staff and workers' representative congress Performance appraisal interview Employee satisfaction survey
Suppliers, contractors and intermediaries	Compliance with business ethics Information disclosure and transparency	Market research Supplier inspection Supplier conference
Press and non-governmental organizations	Responding to climate change Business ethics Openness and transparency	ESG report The Company's official website and official account News report Social media
People in the community	Human rights protection Community development Climate change Management of water resources Biodiversity Emission management	Public welfare and charity undertakings Community co-building Rural revitalization Employment absorption Community communication



## Supply chain management

As part of its efforts to build an open, transparent, and fair cooperation environment for suppliers, Shandong Gold managed suppliers in a scientific and standardized manner to eliminate or reduce environmental and social risks on the supply chain from the source and to create a responsible supply chain.

### Supplier management system

The Company formulated the *Measures of Shandong Gold on the Management of Material Suppliers* and related implementation rules, and reinforced supplier management in many aspects such as supplier admission, assessment & appraisal, responsibility traceability and exclusion. It also managed relevant qualifications of suppliers dynamically, so as to help them operate business responsibly in line with business ethics.

#### Supplier admission

A candidate supplier must have a legitimate business qualification, a good business reputation, a sophisticated quality assurance system, an adequate ability to fulfill contracts and a perfect after-sales service system. Under the same conditions, a supplier that has been accredited with ISO 14000 environmental management system, ISO 9001 quality management system, and OHS 18000 occupational health and safety management system will be preferred. In 2023, the Company was harsher on the qualifications for eligible suppliers and included requirements for tax payment, social insurance payment, and other aspects.

#### Supplier assessment and appraisal

A combination of daily evaluation and periodic evaluation is adopted. Evaluation scores of suppliers are divided into Grades A, B, C, and D, from high to low. The evaluation content includes quality, service, delivery time, and comprehensive evaluation, and the evaluation results serve as the basis for grading suppliers.

#### Supplier blacklisting or elimination

Those suppliers who fail to have complete qualifications or certificates, provide fake bidding materials, suffer significant risks during production and operation, or act in a manner that may affect the performance of the contracts, shall be shunned or excluded from the list of suppliers, as the case may be.

 Supplier management measures

#### In 2023

There were suppliers under the mode of centralized procurement **1,408**

The localization ratio of suppliers reached **100%**

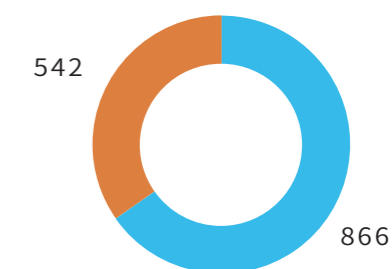
The Company had **632 Grade A** suppliers, accounting for **76.89%** of the total

The Company completed registration approvals of **786** suppliers throughout the year

The Company visited over **60** key material suppliers

**64.91%** of the suppliers were accredited with the ISO 14000 system

**64.91%** of the suppliers were accredited with the OHS 18000 system



■ Number of suppliers in Shandong Province

■ Number of suppliers from other provinces in China

### ESG risk management related to supply chain

According to the *Measures of Shandong Gold on the Management of Material Suppliers*, the Company conducted an overall appraisal on the environmental and social risks of suppliers before their admission into the directory of suppliers. It also visited suppliers to gain knowledge of their scale, production capacity, production technology, employee quality, innovation, and relevant management systems and specifications, as a way to regularly inspect and assess the implementation of environmental and social risk management related to the supply chain to identify any potential problem promptly. In the meantime, it kept improving and adjusting risk management policies based on the actualities, strictly implemented the rules for handling misconduct of suppliers, and strengthened the investigation of co-relationships between or among bidders, so as to improve the capability of the supply chain to cope with risks.

#### Case

#### Green and environmentally-friendly products as the first choice of Shandong Gold

As part of efforts to fulfill its responsibility for environmental protection, Shandong Gold purchased underground drill jumbos, rock bolting jumbos and other mining trackless equipment and engineering machinery in 2023 that all complied with the *Emission Control Technical Requirements of Non-road Diesel Mobile Machinery* issued by the Ministry of Ecology and Environment and China IV Emission Standards, laying a solid foundation for energy conservation and emission reduction in the production process. It also opened up procurement channels for application of new efficient and energy-saving products through joint experiments, achievement introduction, and single source procurement, and successively introduced green and environmentally-friendly products, such as boilers for recovering smelter waste heat and self-balancing water pumps for four vortex chamber, to contribute to its green and low-carbon development.



## Transparent procurement

Shandong Gold continued to improve its procurement mechanism, expanded the scope of centralized procurement, and provided equal competitive opportunities for local suppliers, so as to promote regional economic development. In 2023, the Company further clarified the requirements for procurement information release, supplier quotation, evaluation, determination of winning suppliers, contract signing, and other procedures to ensure impartiality, fairness, and transparency in procurement activities.

Besides, it signed contracts containing integrity clauses with its suppliers or contractors, and would arrange its audit and disciplinary inspection departments to conduct regular special reviews to ensure the legality and compliance of the procurement process, and to create a transparent supply chain.

### Standardizing procurement process

The Company improved the workflow, work standards, and assessment rules for agencies, and adjusted the list of tendering agencies dynamically upon assessment. It also revised and improved relevant documents such as the *Registration Operation Manual* and the *Instructions to Judges* to standardize public tendering behaviors.

### Providing training to procurement personnel

The Company sent responsible persons for material procurement to attend training on legal and compliant material procurement and tendering.

### Building a procurement platform

The Company cooperated with leading industrial e-commerce companies in purchasing over 29,000 MRO items under 278 subcategories via e-commerce platforms.

### Innovating procurement modes

On the basis of rolling tendering for commonly used bulk materials on a periodic basis, the Company adopted a combination of procurement modes such as dynamic price adjustment and framework selection to allow cross-regional centralized procurement and ensure the supply of materials to the enterprises under its jurisdiction.

### Building an information-based procurement system

The Company began the building of a supply chain management system, which was expected to be put into use in 2024.

## Case

### Strengthening strategic cooperation with suppliers to expand procurement channels

In order to ensure the supply of strategic materials and promote the application of advanced equipment, the Company sorted out the mining production flow and operation process following the principle of "highlighting key points, gradually progressing, and continuously advancing", and made procurement analysis and market surveys on equipment and bulk materials with the most concentrated demand and the most critical link in mining production. As a consequence, it selected 12 foreign or domestic first-class suppliers in this line, including ABB, Sany Heavy Industry Co., Ltd., and Xuzhou Construction Machinery Group Co., Ltd., with which the Company signed strategic cooperation agreements establishing strategic partnerships. Related cooperation can reduce intermediate links, lower procurement costs, and open up procurement channels. Meanwhile, it can further optimize the Company's image, and enhance the Company's influence in the industry.

## Industrial chain management

Focusing on its gold business, Shandong Gold extended its industrial chain and strengthened weak links. Apart from deepening internal coordination, it actively opened up new markets and fields, built an enterprise ecosystem and industrial chain led by the gold business and supplemented by many business forms, in hopes of creating more profit growth points, and forging more industrial competitive advantages.

Shandong Gold continued to engage in extensive cooperation with the government, industry enterprises, universities, or research institutions, playing a positive role in information exchange, technological innovation, standardization, and integrity building, and promoting a win-win scenario in the industry. In 2023, we participated in industry events such as the Symposium of Leaders from National Gold Management Department (Association), International Gold Industry Development Conference, and China (Boao) International Gold Market Annual Conference, speaking up for the industry and promoting high-quality and sustainable development of the gold industry.

Name of industry organizations	Role of Shandong Gold
China Association for Public Companies	Vice Chairman Standing Director
China Gold Association	Standing Director
The Listed Company Association of Shandong	Chairman
Shandong Gold Association	Standing Director



Shandong Gold participated in the 2023 World Gold Conference

## Anti-corruption

Shandong Gold continued to strengthen anti-corruption efforts. It followed its own and its business partners' anti-corruption regulations and commitments, provided anti-corruption training for board members and all employees, and established honest, fair and mutually respectful partnerships with all stakeholders.

The Company worked out the *Measures for Anti-Money Laundering and Anti-Terrorism Financing*, defining specific work procedures. It signed the Compliance Commitments of Gold Product Procurement with customers, investigated the data sources and product whereabouts of customers, and terminated the transaction involving any money laundering or terrorist financing.

In 2023  
Corruption lawsuits 0

### Strengthening anti-Corruption supervision

The Company made political supervision on a regular basis by expanding the mechanism of "one account, two lists, dual responsibilities, and dual accountability". It effectively conducted daily supervisions by building a "1+N" extensive supervision pattern encompassing disciplinary inspection and supervision, patrol supervision, audit supervision, and supervision from other functional departments to form a "disciplinary inspection+" supervision platform. It implemented targeted special supervision by promoting "3+X" key business supervision. It innovated the supervision method by piloting the implementation of "Supervision by Scanning QR Codes".

### Building culture of integrity

The Company held a warning and education conference on improving Party conduct and upholding integrity, prepared the *Typical Cases Promoting Reform, Construction, and Governance*, and issued a clean work manual and a clean reminder card. It also strengthened anti-corruption training, and organized activities such as watching special warning and education videos and producing clean micro-videos for play, enhancing the brand image of "Clean Shandong Gold".

### Providing smooth reporting channels

The Company set up an internal mechanism of complaints and reports as well as a reporting platform through correspondence, E-mails, faxes, phone calls, visits, with all complaints and reports events submitted and handled. The reporting rate and handling rate of complaints and reporting events reached 100% respectively. It established a whistleblower protection system and a mechanism for avoiding stakeholders, and punished anyone who threatened to retaliate or retaliated, enhancing the whistleblower's willingness to report.

### Case

## Sanshandao Gold Mine deepens the building of a smart supervision platform to improve the quality and efficiency of anti-corruption supervision

Sanshandao Gold Mine established the "Sharp Eye" platform for smart supervision that won the first prize for enterprise technology innovation in Shandong Province. The platform covers key risk points in four key business areas, i.e., politics, material management, engineering tendering management and engineering acceptance & settlement management. The platform collects and aggregates "disciplinary inspection data assets" through the big data platform, inputs relevant data into the risk supervision model, and enables early warning against any risk and identification of any abnormality through its real-time comparison and comprehensive analysis to assist the disciplinary inspection department in identifying risks. It also supervises the implementation of rectifications, improves supervision efficiency and empowers the upgrading of disciplinary inspection and supervision management with digital supervision.



# Future Prospects

2024 marks the crucial year of implementing the guiding principles of the 20th National Congress and tough year of comprehensively completing the 14th Five-Year Plan. Following Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, Shandong Gold will thoroughly implement the decisions and plans of the CPC Central Committee and the State Council and the work requirements of the Shandong Provincial Party Committee and the Shandong Provincial People's Government. As part of its efforts to seek down-to-earth breakthroughs and ride on the momentum to reach new heights, the Company will, around the annual goal of "Digital and Intelligent Program as an Enabler for Improvement both in Quality and Efficiency", push environmental protection, scientific and technological innovation, employee development, community contribution, corporate governance and other aspects a big step forward to open up a new horizon for sound, sustainable and high-quality development. In conclusion, Shandong Gold will spare no effort to build itself into a world-class gold mining enterprise with global competitiveness.





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