



(Incorporated in Bermuda with limited liability)

(Stock Code: 1229)

Environmental, Social and Governance Report

2019/20

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About the Group

Nan Nan Resources Enterprise Limited (“Nan Nan Resources” or the “Company”, together with its subsidiaries, the “Group”) is principally engaged in the business of coal mining and sales in Xinjiang Province. In 2019, the Company’s indirect wholly-owned subsidiary, Kaiyuan Company has signed an agreement with the Department of Natural Resources of Xinjiang to fully acquire the mining right of Kaiyuan Mine within 30 years, from August 2019 to August 2049. Additionally, as Kaiyuan Mine will undergo reforms and upgrades, the Company’s exploitation permit from Zexu Open Pit Coal Mine will be terminated.

Apart from traditional coal mining and sales business, the Group has proactively developed and expanded to other energy and information technology areas. In 2019, the Group has successfully acquired Harbour Group Holdings Limited (“Harbour Group Holdings”) in Hong Kong and its subsidiaries. Harbour Group Holdings and its subsidiaries are principally engaged in information technology outsourcing, consultancy and technical services, which marks a more diversified development for the Group in the future.

About this Report

Aiming to put the Group’s commitment into practice and allow stakeholders to better understand its development direction, the 2019/20 Environmental, Social and Governance Report (“Report”) published by Nan Nan Resources reports the latest policies, measures and performances of the Group in environmental, social and governance aspects. This Report, in both Chinese and English, is uploaded to the website of the Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company’s website (www.nannanlisted.com).

Reporting Boundary

The Report will continuously focus on the operation of Kaiyuan Mine during the financial year between 1 April 2019 and 31 March 2020 (the “Reporting Period”). The profits from related operation accounts for 57.7% of the Group’s total profit. While the Report does not cover the Group’s operations at other fields and locations, the Group will consistently review the reporting boundary and commit to provide more accurate information in environmental, social and governance aspects.

Reporting Standard

The Group prepared the Report in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) under the “comply or explain” provisions in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The four reporting principles (materiality, quantitative, balance and consistency) form the backbone of this Report. The Report also reports on contents from “recommended disclosure” of the ESG Reporting Guide. A complete index is provided in the final chapter of the Report for easy reference to the ESG Reporting Guide when reading the Report.

Reporting Principle	Definition	The Group’s Application
Materiality	The report should disclose significant impacts on the environment and society, or aspects that materially affect how the stakeholders assess the company and make decisions.	The Group has commissioned an independent consultant to assist the board of directors of the Company (the “Board”) to identify material environmental, social and governance issues through online questionnaire, and to disclose the material topics.
Quantitative	The key performance indicators disclosed in the report shall be calculable and comparable where applicable.	Under feasible situation, the Group records, calculates and discloses quantitative information and conducts comparisons with past performance. In addition, the Group commissioned external consultant to conduct carbon assessment in accordance with the guide published by the National Development and Reform Commission of the People’s Republic of China ¹ , international standards, such as ISO14064-1, and GHG Protocol, and other national and international standards. Please refer to the chapter “Key Performance Indicators Summary” for more details.

¹ Guidelines for Accounting and Reporting Greenhouse Gas Emissions China Coal Producing Enterprises (Trial)

Reporting Principle	Definition	The Group's Application
Balance	The company should prepare the report in an unbiased manner to ensure the clarity of the positive and negative impacts disclosed, and allow stakeholders to reasonably assess the overall performance of the company.	The Group does not only describe the measures and performances on environmental, social and governance aspects, but also explain the challenges faced and solutions in the Report.
Consistency	The report should adopt consistent statistical methods for disclosure to allow stakeholders to analyse and assess the company performances over time. The company should explain any changes made in the methods.	Unless specified, the Group adopts the statistical methods same as the previous year. Please refer to the chapter “Key Performance Indicators Summary” for more details.

Confirmation and Approval

The information presented in the Report came from the official documents and statistical data of the Group. The Report is confirmed and approved by the Board on 15 September 2020.

Opinion and Feedback

The Group understands opinions from stakeholders will assist the Group to further build up a sound management system. The Group welcomes all stakeholders to raise opinion or suggestion regarding the Group's environmental, social and governance performance, please contact the Group via the following channels:

Tel: (852) 3845 5790

Fax: (852) 2110 1907

Email: info@nannanlisted.com

Chairman's Statement

Nan Nan Resources understands building a highly effective sustainability strategy and maintaining business growth are equally important. The Board monitors and takes full responsibility for the environmental, social and governance issues in the operation. As regulators and other key stakeholders are raising their expectations for sustainability development of companies, the Group will proactively respond to their needs. The Group is currently communicating with various departments on setting up an environmental, social and governance working group and making every effort to achieve it in the coming year.

The Group faces with a series of opportunities and challenges related to sustainability during operation. To manage and control them more effectively, the Group has commissioned an independent third-party consultant to conduct an industry-level sustainability risk assessment. The risk assessment report, based on the nature of the industry, concludes different sustainability risks faced by the resources exploitation industry, and provides related management measures as reference for Nan Nan Resources to better respond to the development challenges in the future.

On the other hand, stakeholder engagement is a key channel to improve the Group's sustainability development performance and manage sustainability risk. The Group has invited the Board members to participate in stakeholder online questionnaire during the Reporting Period to understand their opinion and suggestion on the Group's sustainability development performance. As the analysis of the engagement result shown, stakeholders are most concerned with sustainability issues, such as anti-corruption, health and safety, and environmental protection. The Group has formulated different policies and guidelines to address and enhance management on related issues.

Based on the current development, the Group will continuously enhance its work on the environment, society and governance in the future. In addition, the Group will also drive the Group's and society's sustainability development with different stakeholders and fulfil its commitment as a responsible corporate.

Kwan Man Fai

Chairman

Nan Nan Resources Enterprise Limited

Hong Kong, 15 September 2020

Governance Structure and Risk Management

The Group recognizes that sound corporate governance practice is pivotal in helping the Group better manage sustainability development. The Board is accountable for related issues of the Group. In accordance with the plan mentioned in the previous year on establishing an environmental, social and governance working group, the Group is now initiating to organize and plan, aiming to establish such group in the coming year. The working group will be constituted from department managers of different areas of the Group.

Environmental, Social and Governance Risk Management

The Group has established a risk management system to manage operation risks through the three steps below.

- (i) Identification: Identify the risks of achieving operation targets and their nature;
- (ii) Assessment: Analyse the likelihood and impact of risks and evaluate the risk portfolio accordingly; and
- (iii) Management: Consider the risk responses, ensure effective communication to the Board and monitor the residual risks persistently.

In addition, the Board has established an internal audit program to review the risk management and internal control system semi-annually. Result of the audit will be presented to the Board or Audit Committee by relevant internal audit personnel. The Board will conduct system auditing based on the following factors:

- (i) Significant changes in nature and extent of significant risks, as well as the Group's capability to respond to changes in risks; and
- (ii) Coverage and management quality of the risks and internal control system.

The Group has identified the following sustainability-related risks by using the above risk management system during the Reporting Period.

Category of risk and description	Management policy
<p>With the popularization of the national environmental protection policy and the promotion of new clean energy, natural gas, solar energy and wind power will gradually replace the traditional coal fossil fuel. Therefore, under the latest situation, the industry production standards and requirements for the open pit coal mining enterprises are becoming more stringent. The open pit coal mining enterprises will carry out a series of rectification measures to the coal mining process, in order to meet the new environmental protection requirements.</p>	<p>In order to meet the requirements of the national environmental protection policy and mining right license, Kaiyuan Mine has invested about RMB70 million in the construction of a fully-closed coal sifting machine system, which not only improves the coal quality, but also reduces the pollution to the surrounding environment.</p>
<p>The coal industry is becoming less attractive in the labour market because of improving living standards and the updates of environmental policies, making it more difficult to recruit workers. In the keen market competition, Kaiyuan Mine is more difficult to hire employees with enough experience and qualifications.</p> <p>At the same time, the local government has specific requirements for safety training in coal mine. Employees are required to attend the safety production knowledge training organized by the coal mine and pass the government's assessment. However, due to the lack of sufficient experience and qualification, some employees did not fully understand the training content and could not skilfully operate the information system, which led to the failure of the training examination.</p>	<p>The Group has established relevant system, which clearly requires Kaiyuan Mine to organize employees to conduct safety training and learning once a month, including safety production related content, and conduct assessment after each training, so as to improve employees' motivation. If an employee fails to pass the assessment, he/she shall undergo a re-examination to confirm that he/she understands the relevant regulations and requirements for mine safety. At the same time, mine safety production management personnel must attend various safety education and training organized by the relevant government departments.</p> <p>In addition, the mine safety management personnel will inspect the operation of production line staff on a daily basis and compile inspection records. If any violation is found, the staff involved will be subject to internal disciplinary action according to the seriousness of the case.</p>

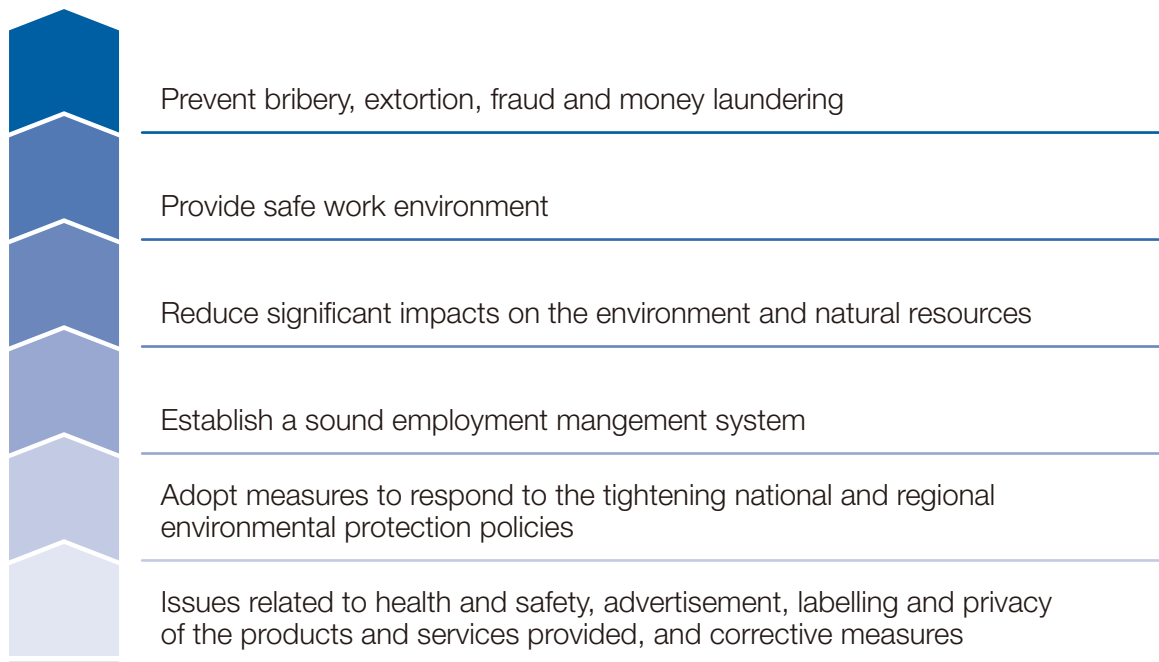
Stakeholder Engagement

The Group values communication with stakeholders², and believes their engagement will benefit the Group in identifying risks and opportunities in various aspects in sustainability. In order to formulate better management policies and measures, the Group has organized a number of engagement activities to understand stakeholders' opinion and suggestion during the Reporting Period. Internal stakeholders of the Group include employees and shareholders while suppliers, customers, etc., are external stakeholders. The means of stakeholder engagement during the Reporting Period are as the graph shown on the right:



Material Environmental and Social Issues

The Group has commissioned an external independent consultant to set up online questionnaire for the Board to fill out during the Reporting Period to understand the importance and relevance of various environmental and social issues to the Group's operations. In accordance to the result of the questionnaire, the Group has selected six material issues in this Report. The ranking of the material issues are as follows:



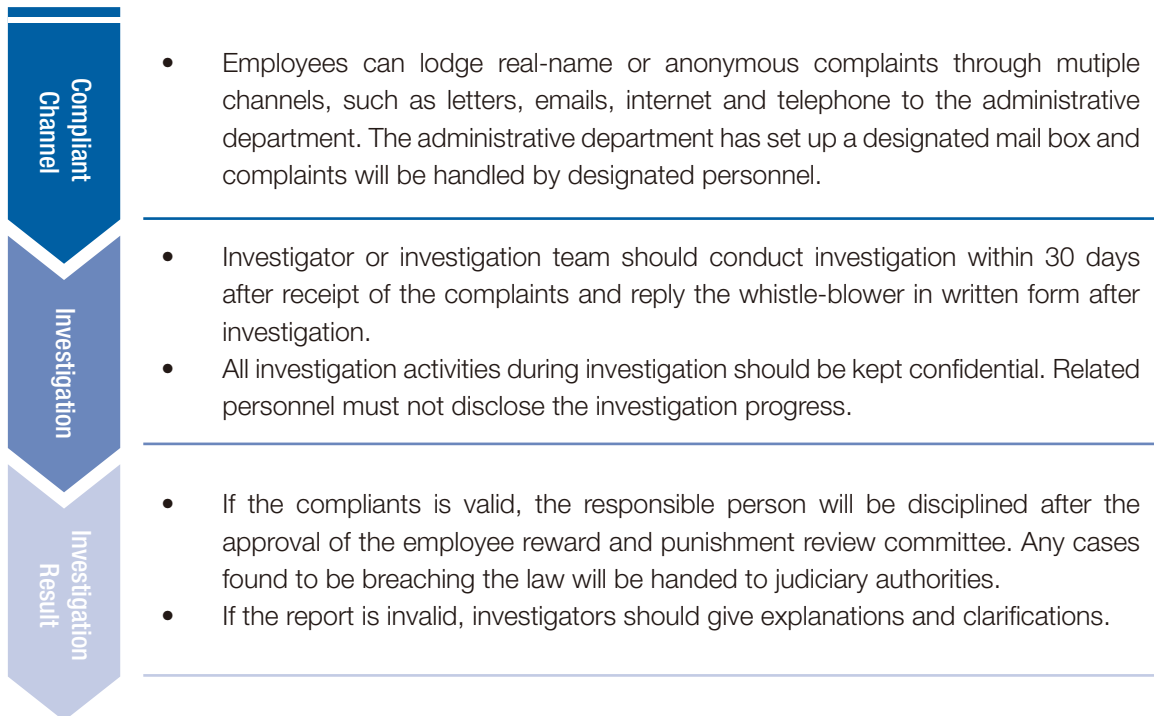
² Stakeholders refer to groups or individuals who have considerable influence on our business, and whom our business has a significant impact on. Internal stakeholders include the board of directors, the management, executive and general employees. External stakeholders include shareholders, business partners, customers, governments and regulators, banks and investors and community groups.

Actualising Efficient Operation

The Group is committed to adhere to its business code during operation. By establishing a supplier selection standard, product quality management system and whistleblowing procedure, the Group strives to maintain its branding and market performance.

Anti-corruption

The Group understands the importance of cultivating a corporate culture of integrity to the healthy development of a corporate. The anti-corruption management principles are stipulated in the Employee Organization Management System: employees are prohibited from taking advantage of their positions to carry out corruption, request or accept bribes or other misconducts that harms the interest of the Group. An employee whistleblowing system is also established by the Group to encourage employees to report any cases with reasonable suspicion to the administrative department.



Supply Chain Management

The Group emphasizes on risk management in environmental and social aspects along the supply chain and encourages suppliers to take responsibility for their environmental and social performance. To specify the Group's requirement for managing environmental and social risks in supply chain, the Group has added specific terms in the Procurement Management System.

Aspect	Management Requirement
Environmental	<ul style="list-style-type: none">• Reduce or eliminate various pollution from source and adopt measures to prevent noise pollution;• Adopt energy-saving and alternative measures to reduce the use of different resources and control greenhouse gas emissions.
Social	<ul style="list-style-type: none">• All supplier should provide healthy and safe working environment for their employees and adopt measures to prevent work injury and accident;• Prohibit any kinds of bonded labour, human trafficking and child labour. At the same time, ensure working hour is complied with relevant laws and regulations.

Maintaining Product Responsibility

Promoting Product Quality and Safety

The Group placed high importance to providing high quality and safe coals to customers. The Group's Kaiyuan Mine has established the standardization of safety and quality management leadership team. It is stated in the Internal Control and Management System for Mining Site Safety and Production that the mine manager will be the leader of the team, and other members include safety staff, technical staff and other technical workers. The principal responsibility of the team is to organize inspection and assessment on executing the standardization of safety and quality.

Apart from the designated team to manage the standardization of quality, the Group's Kaiyuan Mine also stipulates that the mine manager should be responsible for organizing meetings on quality standardization at the beginning of every month to summarize existing problems in quality standardization process and formulate the solution plan for the coming month. Additionally, Kaiyuan Mine conducts regular safety and quality inspection and assessment at the middle and end of every month.

During the Reporting Period, Kaiyuan Mine of the Group was not involved in any cases of product recall.

Customer Information and Feedback Management

As it is described in the Customer Privacy Protection Regulation, the Group will strive to protect the privacy of customer information. Any organizations or personnel are prohibited to access customer information without relevant approval document issued by the Group.

Furthermore, the Group values customer feedback and regards it as a crucial channel to improve product and service quality. The Sales Contract and Sales Flow Management System implemented points out that the sales department is responsible for daily communication with customers. For any complaints or suggestion, customers can contact the salesperson or the business department directly.

The Group did not receive any customer complaint in relation to products and services during the Reporting Period.

Protection of Intellectual Property Rights

The Group has formulated the Intangible Asset Management System to enhance protection of intangible assets, including intellectual property rights (such as patents). The administrative department will be in charge of all intangible assets of the Group and implement management measures according to the confidential system. Apart from protecting its own intellectual properties, the Group also commits not to infringe any business partner's intellectual property rights.

Upholding People-first

Nurturing outstanding talents, creating safe employment environment and protecting the legitimate rights and interests of employees, are not only the foundations for fulfilling corporate's strategic targets, but also essential standards to reflect corporate's sustainability performance. The Group has formulated a series of policies to specify the management measures in employee remuneration, recruitment, dismissal, training, safety and labour standards.

Health and Safety

As a corporate engaging in coal mining and sales, health and safety of the employees are always the important aspects the Group concerned. Accordingly, the Group has formulated the Internal Control and Management System for Mining Site Safety and Production to minimize occupational safety risks employees encountered in working place by standardizing management measures.

Safety meeting	Kaiyuan Mine has established safety meeting policy to solve safety problems in mines timely. It is stipulated that safety meetings should be held twice every month. Staff, such as mine manager, vice mine manager and production technical staff, will participate in the meetings to discuss safety production and technological reforming condition.
Safety hazard inspection	Kaiyuan Mine conducts safety checks on the 5th and 25th of every month. Inspection includes condition of slopes, coal mine transportation channels and mechanical equipment. An on-site safety inspection meeting will be organized by relevant responsible personnel at the end of the inspection to analyse the findings of the inspection, as well as to carry out corrective measures promptly.
Disaster prevention/hazard monitoring	<p>Kaiyuan Mine currently may encounter safety risks such as landslide, coal mine fire and floods. To address the risks, Kaiyuan Mine has adopted the following measures:</p> <ul style="list-style-type: none"> • Regularly conduct assessment on slope stability and implement stabilizing measures; • All facilities and locations in the mining area must be equipped with fire extinguisher and have regular checks and replacement. Fire extinguishing system should be established when carrying out works on the mining coal seams with spontaneous combustion tendency; and • Construct flood prevention facilities and conduct full inspection before the rain season annually.
Safety education and training	The Group's Kaiyuan Mine organizes employees to participate in safety education every month, studying relevant laws and regulations (including Production Safety Law and Regulations on Production Safety). In addition, all employees should take part in occupational safety education hosted by professional technical staff and participate in the assessment afterwards. The assessment result will be tied with salary and bonus.

There were no cases of work injury during the Reporting Period in Kaiyuan Mine.

Sound Employment Management

The Group believes that a sound employment system is not only a key factor to attract talents, but also an essential means to protect the rights and interests of the employees. In order to enhance the effectiveness of management in various employment aspects, the Group has formulated the Employee Organization Management System.

<p>Remuneration and dismissal</p> <ul style="list-style-type: none"> The Group adopts monthly salary system, comprising of basic salary and position salary; For staff who are absent from work without reason constantly, falsify personal information, leak business confidential information or violate laws and regulations, will be dismissed. 	<p>Recruitment and promotion</p> <ul style="list-style-type: none"> When recruiting new staff, different departments should provide written requisition to the administrative department. After approval, different departments may conduct recruitment through internal or external recruitment channels; The Group promises to provide promotion opportunities for staff who have outstanding performance. 	<p>Working hours</p> <p>The Group adopts 8-hour, 5-day working system for office workers while employees in mines would work 6 days per week.</p>
<p>Rest periods</p> <p>The Group offers marriage leave, compassionate leave, maternity leave, family visit leave and annual leave.</p>	<p>Equal opportunity and anti-discrimination</p> <p>The Group's recruitment will not be influenced by applicants' gender, race, age, marriage, fertility status and religious beliefs. The Group adheres to the principle of equality and is against to any kinds of discrimination.</p>	<p>Diversity</p> <p>The Group is dedicated to creating a diverse working environment and offering diverse development for the employees. Currently, the Group's Kaiyuan Mine has employed eight ethnic minority employees and two disabled people. At the same time, 36 local staff with Xinjiang local household registration are working in Kaiyuan Mine.</p>
<p>Other benefits and welfare</p> <p>The Group provides meal allowance, business trip allowance and subsidies for telecommunication fees to eligible staff. The administrative department will offer condolences upon employees' birthday, marriage and funerals.</p>	<p>Child labour</p> <p>The Group prohibits the employment of employees under 18 years old.</p>	<p>Forced labour</p> <p>The Group adopts zero tolerance to forced labour and does not encourage employees to work overtime. Employees who work overtime due to actual working conditions are entitled to have compensatory leave after approval.</p>

Furthermore, the Group has mentioned the policies for talent retention in the Employee Organization Management System to minimise employee turnover rate by rewarding staff, respecting their wills and creating a harmonious working environment.

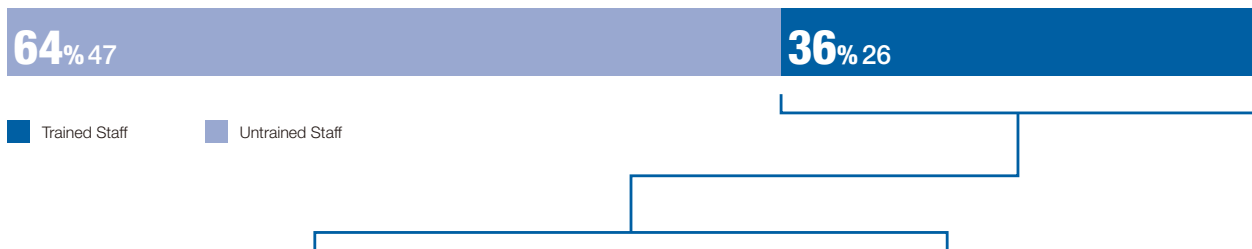
Employee Training and Assessment

The Group understands the importance of training to improving employees' working ability. For this purpose, the Group has formulated Employee Organization Management System detailing the management policy of employee training and development in specific chapters.

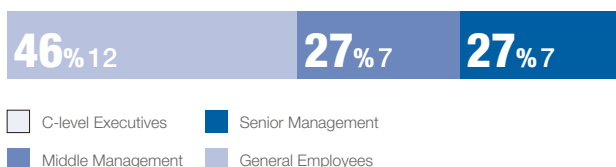
Based on the training requirements of various departments, the administrative department of the Group will coordinate yearly training plan. During the process of setting up training plan, the administrative department will discuss with responsible person of each department on issues including setting up training courses, preparing course content and course materials, and report to the general manager for approval. The details of the trainings within the Reporting Period of the Group are as follows:

Training Activities	The Group will train employees according to the needs of different department, and the training methods can be divided into internal training and external training. The internal training topics include induction training, safety education training and department-internal work skills training, etc. External training topics include occupational-disease-prevention training, on-site safety management training and gas detection and application training.
Performance Review	The Group will carry out quarterly assessment for each department every quarter, through which the Group can know the employees' working situation and supervisors' ability of different department. The appraisal implements the system of mutual grading among different departments. The quarterly review is linked to salary and promotion decisions of employees.

Number and Percentage of Trained Employees



Total Number and Percentage of Employees Trained by Employee Category



Total Number and Percentage of Employees Trained by Gender



Promoting Green Production

As governments' and public's expectations on corporate's environmental performance have been raised, the Group realised green production is one of the crucial aspects to fulfil corporate social responsibility. In order to effectively regulate the environmental protection measures in the operation of the Group, the Group has formulated a series of policies including the Environmental Work Policy.

Emissions

Greenhouse Gas Emissions

The Group pays attention to carbon footprint and strives to reduce operation impacts on the environment. During the Reporting Period, the Group continued to commission consultant Carbon Care Asia to conduct carbon assessment to quantify greenhouse gas emissions from its operation. The quantification process was based on the guidelines³ published by the National Development and Reform Commission of the People's Republic of China and international standards such as ISO14064-1 and GHG Protocol.

During the reporting period, a total of 43,212 tonnes of carbon dioxide equivalent was produced. Fugitive methane emissions produced by open pit mining accounts for 97.9% of total carbon emissions. Since Kaiyuan Mine implemented phased production suspension, the fugitive emissions from open pit mining was reduced, and hence the total carbon emissions during the Reporting Period reduced 29% compared to 2018/19. The Group will continue to assess, record and disclose its greenhouse gas emissions and other environmental data annually, and evaluate the effectiveness of existing measures to further draw up carbon reduction targets and working plans.

³ Guidelines for Accounting and Reporting Greenhouse Gas Emissions China Coal Producing Enterprises (Trial)

Scope	Emissions during the Reporting Period	2018/19 Emissions ⁴	Unit
Scope 1 ⁵ Direct greenhouse gas emissions	42,370.6	60,511.1	tonnes of carbon dioxide equivalent
Scope 2 ⁶ Energy indirect greenhouse gas emissions	836.3	634.0	tonnes of carbon dioxide equivalent
Scope 3 ⁷ Other indirect greenhouse gas emissions	5.4	–	tonnes of carbon dioxide equivalent
Total greenhouse gas emissions	43,212.3	61,145.1	tonnes of carbon dioxide equivalent
Greenhouse gas intensity (in terms of raw coal production)	48.1	35.7	tonnes of carbon dioxide equivalent/ 1,000 tonnes of raw coal

Air Emissions

Emissions of air pollutants ⁸	Type	Emissions during the Reporting Period	2018/19 Emissions	Unit
	Nitrogen oxides	2,257.8	3,779.8	kg
	Sulphur oxides	148.5	248.6	kg
	Respirable suspended particulates	13.7	23.0	kg

⁴ As certain data from burning acetylene for welding has been supplemented, 2018/19 scope 1 direct greenhouse gas emissions and total greenhouse gas emissions have been corrected.

⁵ Scope 1 includes diesel fuel consumed in production equipment, fugitive methane emissions from open pit and emissions from burning acetylene for welding in Kaiyuan Mine.

⁶ Scope 2 includes emissions from electricity consumption of Kaiyuan Mine.

⁷ Scope 3 includes emissions from business air travel.

⁸ 2019/20 and 2018/19 emissions of air pollutants include nitrogen oxides, sulphur oxides and respirable suspended particulates produced from burning diesel in Kaiyuan Mine.

Due to its business nature, Kaiyuan Mine produces certain amount of dust during coal mining. The Group's Internal Control and Management System for Mining Site Safety and Production stipulates the working plan on dust management. The Group will adopt the latest technologies to enhance management and control of dust emission.

Diesel fuel consumed by production facilities and water tankers of Kaiyuan Mine is the main source of air pollutants. During the Reporting Period, a total of 2,257.8 kilograms of nitrogen oxides, 148.5 kilograms of sulphur oxides and 13.7 kilograms of respirable suspended particulates were produced.

Hazardous and Non-hazardous Waste

During the operation of Kaiyuan Mine, a certain amount of hazardous waste, including used batteries and waste toner cartridge, were produced and will be treated by qualified units in the future. Non-hazardous waste, such as domestic waste and food waste, were disposed of by landfill and incineration. The Group is in the progress of clarifying and arranging each department's responsibilities on quantifying produced waste and aims at disclosing hazardous and non-hazardous waste data in the coming year.

Wastewater

A total of 30,400 cubic metres of wastewater was produced by Kaiyuan Mine during the Reporting Period. The main sources included production wastewater and domestic wastewater from office. Wastewater production from operation will undergo anaerobic treatment, biological contact oxidation and membrane bioreactor treatment for various purposes, including irrigation and road cleaning. During the Reporting Period, a total of 23,058 cubic metres of wastewater was recycled.

Use of Resources

Energy Consumption

The Group's Environmental Work Policy summarises its commitment in developing circular economy and achieving resource intensification. The overall energy consumption of Kaiyuan Mine shows a slightly increasing trend. A total 1,591 MWh energy was consumed during the Reporting Period, which increased 2.1% compared to 2018/19. The main reason for the increase is the replacement of conventional coal boiler with air heater boiler, which effectively reduced consumption of coal but increased electricity consumption. Therefore, the electricity consumption reached 1,039 MWh, which increased 17.8% compared to the previous year. The Group constantly renews and upgrades its facilities, and the energy type changes accordingly. In order to continuously improve the Group's energy performance, the Group will build up an energy management system to formulate and regularly reviews its energy objectives and targets.

Energy type	Energy category	Energy consumption during the Reporting Period	2018/19 Energy consumption ⁹	Unit
Direct energy	Diesel	330.4	544.5	MWh
	Acetylene	1.2	4.6	MWh
Indirect energy	Electricity	1,370.8	1,039.2	MWh
Total energy consumption		1,702.4	1,588.3	MWh
Energy intensity (in terms of raw coal production)		1.89	0.93	MWh/1,000 tonnes of raw coal

Use of Water Resources

A total of 40,032 cubic metres of water was consumed by Kaiyuan Mine during the Reporting Period, with a 19% decrease from the previous year. Reduction in water consumption in the open pit mines were due to the production suspension and pandemic outbreak.

The Environment and Natural Resources

The Group sees the impact brought to surrounding environment by coal mining, such as soil erosion, biodiversity loss and underground water pollution. To further manage its impacts to surrounding environment, Kaiyuan Mine has strictly implemented environmental protection measures based on the Procedures for Administration of Registration of Mining of Mineral Resources and the Regulation of Xinjiang Uyghur Autonomous Region the Administration of the Geological Environment, and arranges professionals to conduct random tests regularly.

On the other hand, the Environmental Work Policy states that the environmental protection mine manager of Kaiyuan Mine will be responsible for issues related to environmental protection, as well as organize meetings regularly to analyse and solve significant environmental protection issues.

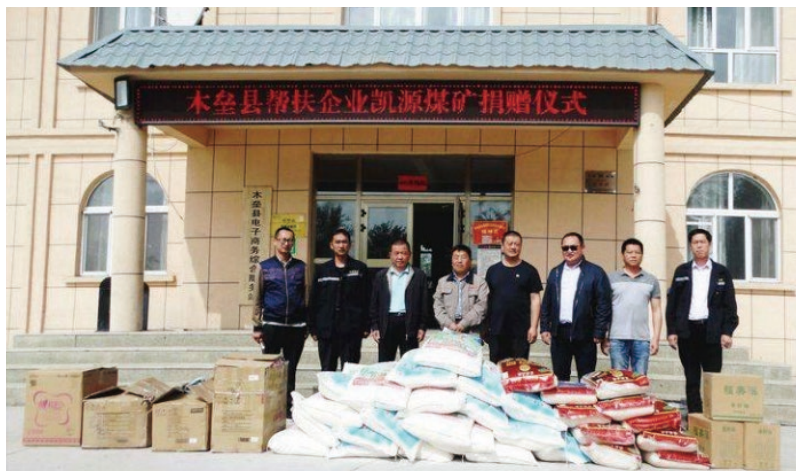
⁹ As certain data from burning acetylene for welding has been supplemented, 2018/19 direct energy and total energy consumption have been corrected.

Developing with the Community

The Group always cares about community development where we operate. Under the framework of the Community Investment, Sponsorship and Donation Policy, the Group will focus on “climate change and environment”, “Youth education and development”, “community health” and “culture and arts”. During the Reporting Period, the Group actively organized donation and local procurement activities to support local development.

Help and Support with Love

Baigezhuole Village is the designated assistance target for Kaiyuan Mine. To further implement the 2019 Tough Battle against Poverty Action Plan of the Autonomous Prefecture and the Community Investment, Sponsorship and Donation Policy, the Group has donated various food including rice, noodle and oil, to the low-income families in the village, as well as provided study tools to students from 56 low-income families. In addition, to promote local economic development, the Group has purchased 60 mining uniforms and meat products from local suppliers.



Compliance Status

Overview of Compliance with relevant Laws and Regulations

Aspect	Relevant Laws and Regulations	Disclosure on Compliance
A1 Emissions	<ul style="list-style-type: none"> • Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution • Provisions on the Protection of the Geologic Environment of Mines • Regulation of Xinjiang Uyghur Autonomous Region the Administration of the Geological Environment 	There were no cases of non-compliance with the laws and regulations in relation to emissions in the Group during the Reporting Period.
B1 Employment	<ul style="list-style-type: none"> • Labour Law of the People's Republic of China • Labour Contract Law of the People's Republic of China 	There were no cases of non-compliance with the laws and regulations in relation to employment in the Group during the Reporting Period.
B2 Health and Safety	<ul style="list-style-type: none"> • Regulation on Work Safety Licenses • Production Safety Law of the People's Republic of China • Coal Industry Law of the People's Republic of China • Regulations on Safety Supervision over Coal • Coal Mine Safety Rules • Special Provisions of the State Council on the Prevention of Work Safety Accidents of Coal Mines 	There were no cases of non-compliance with the laws and regulations in relation to health and safety in the Group during the Reporting Period.
B4 Labour Standards	<ul style="list-style-type: none"> • Labour Law of the People's Republic of China • Labour Contract Law of the People's Republic of China • Provisions on the Prohibition of Using Child Labour 	There were no cases of non-compliance with the laws and regulations in relation to labour standards in the Group during the Reporting Period.
B6 Product Responsibility	<ul style="list-style-type: none"> • Product Quality Law of the People's Republic of China 	There were no cases of non-compliance with the laws and regulations in relation to product responsibility in the Group during the Reporting Period.
B7 Anti-corruption	<ul style="list-style-type: none"> • Criminal Law of the People's Republic of China 	Neither the Group nor its employees were involved in corruption litigations, and there were no cases of non-compliance with the laws and regulations that bring significant impacts to the Group during the Reporting Period.

Key Performance Indicators Summary

Environmental Performance

Environmental Key Performance Indicator	2019/20	2018/19	Unit
A1.1 Types of emissions and respective emission data			
Nitrogen oxides	2,257.8	3,779.8	kg
Sulphur oxides	148.5	248.6	kg
Respirable suspended particulates	13.7	23.0	kg
A1.2 Greenhouse gas emissions¹⁰			
Scope 1 ¹¹	42,370.6	60,511.1	tonne of CO ₂ -e
Scope 2 ¹²	836.3	634.0	tonne of CO ₂ -e
Scope 3 ¹³	5.4	–	tonne of CO ₂ -e
Total greenhouse gas emissions	43,212.3	61,145.1	tonne of CO ₂ -e
Greenhouse gas intensity (in terms of raw coal production)	48.1	35.7	tonne of CO ₂ -e/ 1,000 tonnes of raw coal
A1.3 Hazardous waste			
Total hazardous waste	Unavailable	Unavailable	
Hazardous waste intensity	Unavailable	Unavailable	
A1.4 Non-hazardous waste			
Total non-hazardous waste	Unavailable	Unavailable	
Non-hazardous waste intensity	Unavailable	Unavailable	
A2.1 Energy consumption¹⁴			
Direct energy	331.6	549.1	MWh
Indirect energy	1,370.8	1,039.2	MWh
Total energy consumption	1,702.4	1,588.3	MWh
Energy intensity (in terms of raw coal production)	1.89	0.93	MWh/ 1,000 tonnes of raw coal
A2.2 Water consumption			
Total water consumption	40,032	49,138	cubic metre
Water intensity (in terms of raw coal production)	44.5	28.7	cubic metre/ 1,000 tonnes of raw coal
A2.5 Packaging material used for finished products			
Total packaging material used	N/A	N/A	
Packaging material intensity	N/A	N/A	

¹⁰ As certain data from burning acetylene for welding has been supplemented, 2018/19 scope 1 direct greenhouse gas emissions and total greenhouse gas emissions have been corrected.

¹¹ Scope 1 includes diesel fuel consumed in production equipment, fugitive methane emissions from open pit and emissions from burning acetylene for welding in Kaiyuan Mine.

¹² Scope 2 includes emissions from electricity consumption of the Company.

¹³ Scope 3 includes emissions from business air travel.

¹⁴ As certain data from burning acetylene for welding has been supplemented, 2018/19 direct energy and total energy consumption have been corrected.

Social Performance

Employment

Distribution of employees		Total workforce	Employee turnover rate	New hire ratio
Gender	Male	53	15 (28.3%)	9 (17.0%)
	Female	20	4 (20%)	4 (20%)
Age	Below 30	3	6 (200%)	1 (33.3%)
	30 to 40	22	2 (9.1%)	1 (4.5%)
	41 to 50	25	5 (20%)	8 (32.0%)
	Above 50	23	6 (26.1%)	3 (13.0%)
Employment Type	Full-time	72	19 (26.4%)	13 (18.1%)
	Part-time	1	0	0

Health and Safety

Occupational safety and health performance	Index
Number and ratio of work-related fatalities in the past 3 years	0
Number and ratio of work-related injury	0; 0%
Work-related injury (per 1,000 employees)	0
Lost days due to work-related injury	0

Employee training

Distribution of employee		Ratio of employees receiving training ¹⁵	Average training hours ¹⁶
Gender	Male	39.6%	15.5
	Female	25%	3
Position	C-level executives	0%	0
	Senior management	87.5%	41.3
	Middle management	50%	16.7
	General employees	24%	6.4

¹⁵ Ratio of employees receiving trainings is calculated by the number of employees receiving trainings in a specific category of employees divided the total number of employees in that category.

¹⁶ Average training hours is calculated by total number of training hours provided to a specific category of employees divided by the total number of employees in that category.

ESG Reporting Guide Content Index

Material Aspect	Content	Page Index
A. Environmental		
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	15, 20
A1.1	The types of emissions and respective emissions data.	16-17
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	15-16, 21
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	21
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	21
A1.5	Description of measures to mitigate emissions and results achieved	15-17
A1.6	Description of how hazardous and non-hazardous waste are handled, reduction initiatives and results achieved.	17
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	17
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	17-18, 21
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	18, 21
A2.3	Description of energy use efficiency initiatives and results achieved	17
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	18
A2.5	Total packaging material used for finished products (in tonnes) and, if appropriate, with reference to per unit produced.	21
A3 The environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	18
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	18

Material Aspect	Content	Page Index
B. Social		
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	13, 20
B1.1	Total workforce by gender, employment type, age group and geographical region.	22
B1.2	Employee turnover rate by gender, age group and geographical region.	22
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	12, 20
B2.1	Number and rate of work-related fatalities.	22
B2.2	Lost days due to work injury.	22
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	12
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	14
B3.1	The percentage of employees trained by gender and employee category.	14, 22
B3.2	The average training hours completed per employee by gender and employee category	22
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	13, 20
B4.1	Description of measures to review employment practices to avoid child and forced labour.	13

Material Aspect	Content	Page Index
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	10
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	10
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	10-11, 20
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	10
B6.2	Number of products and service related complaints received and how they are dealt with.	11
B6.3	Description of practices relating to observing and protecting intellectual property rights.	11
B6.4	Description of quality assurance process and recall procedures.	10
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	11
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	9, 20
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	20
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	9
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	19
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	19
B8.2	Resources contributed (e.g. money or time) to the focus area.	19