



**ROSAN RESOURCES HOLDINGS LIMITED**

**融信資源控股有限公司**

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

(Stock code 股份代號: 578)

**2017**

**ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT**

**環境，社會及管治報告**

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## SCOPE AND REPORTING PERIOD

This is the second Environmental, Social, and Governance (ESG) report of the Rosan Resources Holdings Limited (hereafter the Group), highlighting its ESG performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 27 of the Listing Rules and Guidance set out by The Stock Exchange of Hong Kong Limited.

The Group principally engaged in operations in coal mining in the People's Republic of China (PRC). Xiangyang Coal Mine is the major coal mine of the Group in 2017. This ESG report covers the Group's overall performance in two subject areas, namely, Environmental and Social of its subsidiary of the coal mine stated below and office operations in Henan Province, the PRC from 1 January 2017 to 31 December 2017, unless otherwise stated.

- Xiangyang Coal Industry Company Limited ("Xiangyang Coal Mine")
- Henan coal-trading Office Operation ("Henan Office")

## STAKEHOLDER ENGAGEMENT AND MATERIALITY

Key stakeholders of the Group include investors, shareholders, employees, as well as customers and key clients, suppliers, regulators, local communities etc. The Group engages with the above stakeholders through daily and operational interactions, to understand their needs, concerns, motivations, and objectives and try to accommodate them where reasonable and justifiable.

Key stakeholders continue to be involved in regular engagement sessions to discuss and to review areas of attention via various communication channels. Through the stakeholder surveys carried out this year, key material issues raised by the stakeholders mostly focused on social aspects, environmental aspects, on the other hand, were considered less material for the Group. In particular, following topics are deemed as the most relevant by stakeholders (in order of importance):

1. Occupational Health and Safety
2. Development and Training
3. Employment
4. Energy
5. Labour Standards

## STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on our ESG approach and performance. Please give your suggestions or share your views with us via email at [esg@rosanresources.com](mailto:esg@rosanresources.com).

## MISSION AND VISION ON SUSTAINABILITY COMMITMENT

The daily operation of the Group's business is greatly influenced by relevant government policies. The environmental protection policies put on the coal mining industry by the government have become more stringent. The Group closely monitored any updates on relevant laws, policies, regulations, and standards to make sure it gets fully prepared to comply with more stringent regulations, and to adjust the management strategy in a timely manner.

The Group highly values the financial benefits can further bring more positive engagement of ESG and puts an emphasis on the internal control of management processes, improving cost control, ensuring a balance of revenue and expenditure, and achieving a financial success. While financial performance is undeniably the primary focus of the group as a for-profit business, our shareholders are, at the same time, seeking a healthy return on their investment. The Group continues to dedicate necessary time and resources to drive itself become an environmentally friendly and socially responsible corporate citizen.

Occupational Health and Safety was identified as the most important topic raised by the stakeholder survey in 2017. Since last reporting period, the Group has set out a five-year plan (2016-2020) for Occupational Hazard Preventive Plan. However, due to occasional and pro-longed coal mines suspension in year 2016 and year 2017, the plan has been postponed and will be implemented in the second half of 2018.

### A. ENVIRONMENTAL

The mining operation inevitably causes impacts to the environment and the surrounding ecosystem. To mitigate any negative impacts, the group is committed to operating at maximum efficiency with minimum impact on the environment. The Group strictly comply with all relevant environmental laws and regulations in the PRC and Henan Province, including, but not limited to the following:

- Air Quality Standard (GB3095-1996)
- Integrated Emission Standard of Air Pollutants (GB16297-1996)
- Surface Water Environmental Quality Standard (GB3838-2002)
- Groundwater Quality Standard (GB/T14848-93)
- Standard of Environmental Noise of Urban Area (GB3096-93)
- Standards for Irrigation Water Quality (GB5084-92)
- Discharge Standard for Coal Industry (GB20426-2006)
- Emission Standard of Air Pollutants for Boilers (GB13271-2001)
- Standard of Noise at Boundary of Industrial Enterprises (GB 12348-90)
- Integrated Wastewater Discharge Standard (GB8978-1996)

Major direct and indirect environmental impacts generated by Xiangyang Coal Mine include following activities: 1) dust from mining operation; 2) consumption of liquefied petroleum gas (LPG) for canteen; 3) consumption of diesel and gasoline for Group-owned vehicles; 4) consumption of purchased electricity; 5) wastewater generated from coal mining production as well as domestic sewage; 6) production waste (i.e. coal gangue) from mining.

To mitigate the above impacts, various schemes have been implemented. An enclosed environment was established for the coal mine and water sprinkler has been provided regularly to reduce the dust. The waste coal gangue has achieved a 100 percent downstream recycling. Industrial wastewater was treated by Chemical Contact Oxidation method, and was recycled at a maximum possible rate.

Daily operation of Henan office generates little negative impacts on the environment. No industrial waste, wastewater, exhaust gas were produced. Indirect environmental impacts generated by the Henan office mainly include following activities: 1) consumption of gasoline (for Group-owned vehicles) and purchased electricity; and 2) business air travel. Their corresponding emissions were calculated and presented within following sub-sections.

For both Xiangyang Coal Mine and Henan Office, no packaging was involved. Other environmental impacts such as indirect emissions from business air travel, operation and office electronic hazardous waste were not reported due to their minimal impacts.

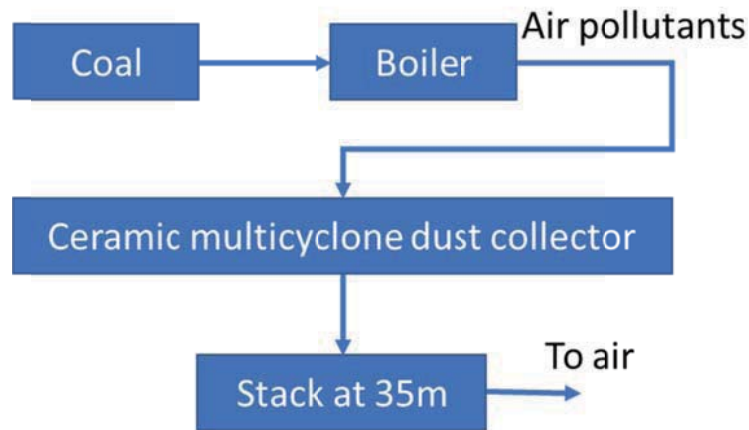
No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste had been identified during the reporting period.

## 1. Emissions and Waste

### (i) Air Pollutant Emissions

The major air emissions the Group produce is the flue gas from boilers. No direct on-site air emissions were generated for Henan Office. Direct air emissions of dust, sulfur dioxide (SO<sub>2</sub>), oxides of nitrogen (NO<sub>x</sub>) are involved for Xiangyang Coal Mine. They are all strictly monitored by the Environmental Protection Agency of Henan Province under Emission Standard of Air Pollutants for Boilers. The sampling results were all within permissible levels set by the standard.

The following schematic design shows the air pollutants treatment implemented within Xiangyang Coal Mine.



Indirect air emissions, including both greenhouse gas (GHG) and non-GHG were generated from the consumption of gasoline for group vehicle, GHG emissions are also generated from the consumption of LPG and electricity.

#### *Vehicle Operation and Emission*

Passenger cars operated on gasoline were used for daily business operation for both Xiangyang Coal Mine and Henan Office. Other types of vehicle operated on diesel were also used for Xiangyang Coal Mine. The combustion of gasoline and diesel generated several air emissions include NO<sub>x</sub>, sulphur oxides (SO<sub>x</sub>) and particulate matter (PM).

An annual consumption of 1,330 liters gasoline, 4,114 liters of diesel were observed for Xiangyang Coal Mine, and annual consumption of 15,000 liters gasoline was observed for Henan Office. The corresponding air emission was listed in the below table. Combustion of gasoline and diesel also contributed to Scope 1 GHG and was presented in the next section.

Site	Mobile fuel source	Air emissions (non-GHG) emissions from vehicle fuel use		
		NO <sub>x</sub> (kg)	PM (kg)	SO <sub>x</sub> (kg)
Xiangyang Coal Mine	gasoline and diesel	8.74	0.64	0.00
Henan Office	gasoline	4.48	0.33	0.22
The Group total		13.22	0.97	0.22

*Note:* Emission factors for calculations on environmental parameters throughout the report were made reference to Appendix 27 of the Main Board Listing Rules and their referred documentation as set out by Hong Kong Exchanges and Clearing Limited, unless stated otherwise.

**(ii) Greenhouse Gas (GHG) Emissions**

There were 4,381.38 tonnes of GHG emitted in the reporting period, reported in carbon dioxide equivalent (CO<sub>2eq.</sub>). Scope 3 emission from business air travel were not reported due to lack of activity data and its insignificant impact. The freshwater processing was not calculated for the water source is not from conventional municipal water treatment plant. The waste paper disposal assumed that all consumed paper was landfilled. In total, the GHG reported included following activities and scope:

- Direct (scope 1) GHG emissions from the combustion of LPG;
- Direct (scope 1) GHG emissions from the combustion of gasoline and diesel for mobile transportation;
- Energy indirect (scope 2) GHG from purchased electricity;
- Other indirect (scope 3) GHG from sewage processing; and
- Other indirect (scope 3) GHG from waste paper disposal at landfill

<b>Activity</b>	<b>GHG Emission (in tonnes of CO<sub>2eq.</sub>)</b>	<b>% of total</b>
<b>Scope 1 Direct GHG emission</b>		
LPG (stationary) <sup>1</sup>	40.13	0.92%
Gasoline (mobile) <sup>2</sup>	37.09	0.85%
Diesel (mobile) <sup>2</sup>	11.01	0.25%
<i>Scope 1 total</i>	88.23	2.02%
<b>Scope 2 Energy indirect GHG emission from purchased electricity <sup>3</sup></b>		
Xiangyang Coal Mine	3,962.89	90.45%
Henan Office	215.79	4.93%
<i>Scope 2 total</i>	4,178.68	95.37%
<b>Scope 3 Other indirect GHG emission</b>		
Waste paper disposal at landfill	4.25	0.10%
Sewage processing	110.21	2.51%
<i>Scope 3 total</i>	114.46	2.61%
Total GHG	4,381.37	100.00%

*Note 1:* Emission for the combustion of natural gas for the stationary source were calculated with emission factors from Greenhouse Gas Protocol Calculation Tool – GHG Emissions from Stationary Combustion (Chinese).

*Note 2:* Emission for the combustion of for mobile transportation were calculated with emission factors from Greenhouse Gas Protocol Calculation Tool – GHG Emissions from Transport or Mobile Sources.

Note 3: Combined margin emission factor of 0.65 tCO<sub>2eq.</sub>/MWh was used for purchased electricity in Henan Province.

**(iii) Hazardous and Non-hazardous Waste**

Hazardous waste including waste oil from motors maintenance was insignificant and not recorded and reported. They were all handled by registered and licensed collectors regulated by the local government and the Group had evaluated their qualification before they were contracted.

Non-hazardous waste the group generated was mainly coal gangue from Xiangyang Coal Mine. A total amount of 61,480 tonnes of coal gangue were generated from the mining process during the reporting period. They were all separated during production process and sold to a local building material manufacturing company.

Approximately 885.95 kg of waste office paper were generated for the Group during the reporting period. At office setting, office building utilizes Office Automation (OA) for enabling electronic/paperless office system and avoiding paper document consumption wherever possible.

**(iv) Wastewater**

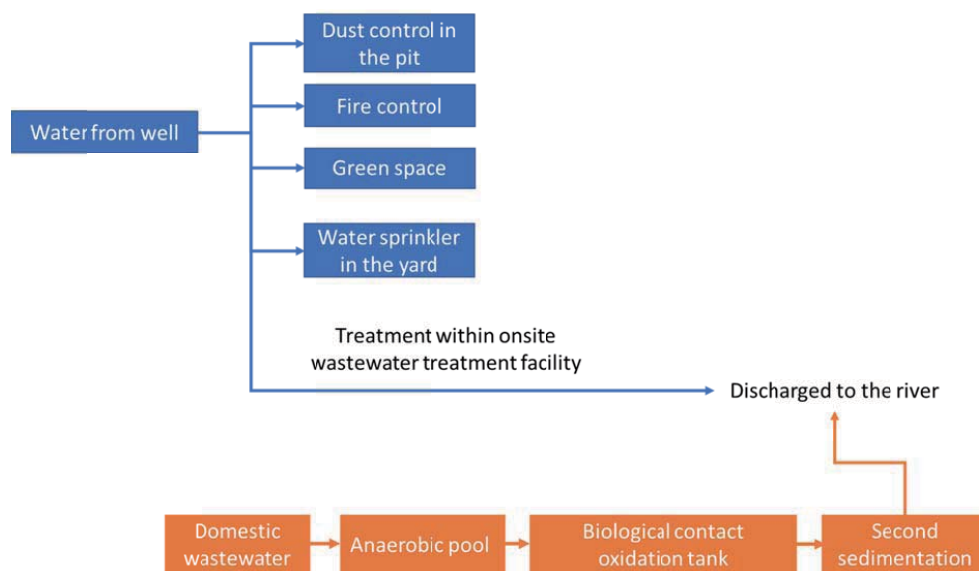
The wastewater treatment facility at Xiangyang Coal Mine continues to receive and treat on-site wastewater, a total of 54,360 m<sup>3</sup> of wastewater was generated. No updated Environmental Monitoring Report was issued by the government authority during the reporting period. Same treatment method was used in Xiangyang Coal Mine as in 2016, with all wastewater recycled/reused without further discharge to external environment. No wastewater was generated at Henan Office.

<b>Wastewater at Xiangyang Coal Mine</b>	<b>Waste water generation (m<sup>3</sup>), 100% recycled/ reused</b>
Industrial wastewater from coal mining	6,360
Other domestic wastewater	48,000

The treated wastewater was reused whenever possible, such as used for water sprinkler. Various wastewater indicators including ammonia nitrogen (NH<sub>3</sub>-N), Chemical Oxygen Demand, heavy metal etc. have been closely monitored and all discharged effluents are within the permissible level set by Discharge Standard for Coal Industry.



The following schematic design shows the water balance and wastewater treatment implemented within Xiangyang Coal Mine.



## 2. Use of Resources

### (i) Energy Consumption

The electricity consumption by the Group was 6,421,339 Kilowatt-hour (kWh) during the reporting period. The use of boilers for water heating and space heating is prohibited, instead new energy efficient equipment has been implemented, e.g., using heating exchange system to supplement energy demand for water heating and space heating.

Other energy consumed included diesel, gasoline, and LPG.

Electricity	Consumption (kWh)	Intensity	Intensity unit
Xiangyang Coal Mine	6,089,730	1.92	Electricity consumption per total mining areas (kWh/m <sup>2</sup> )
Henan Office	331,609	149.54	Electricity consumption per total office floor areas (kWh/m <sup>2</sup> )

<b>Other energy consumption sources</b>	<b>Direct consumption (The Group total)</b>	<b>Indirect consumption (kWh)</b>
Diesel	4,114 liters	41,133.17
Petrol	16,330 liters	144,710.79
LPG	12,671 kg	176,616.14

*Note:* Conversion factors were made reference to IEA Energy Statistic Manual and fuel net calorific value from 2017 Chinese Energy Statistics Yearbook Appendix 4.

**(ii) Water Consumption**

Fresh water consumption by the Group was 341,000 m<sup>3</sup> during the reporting period. All water was used at Xiangyang Coal Mine, and by surrounding villagers. The Group supplied its fresh water from groundwater with the license of Groundwater Abstraction Permit. There were no issues in sourcing water during the reporting period. Water was reused for multiple purposes as specified under first section water balance chart.

<b>Water consumption and intensity</b>	<b>Consumption (m<sup>3</sup>)</b>	<b>Intensity (water consumption per production output volume (m<sup>3</sup>/tonnes))</b>	<b>Intensity (water consumption per total mining areas (m<sup>3</sup>/m<sup>2</sup>))</b>
Xiangyang Coal Mine	341,000	0.76	0.11

### 3. The Environment and Natural Resources

**(i) Significant Impacts of Activities on the Environment**

As a resource extraction business, the Group generates moderate environmental impacts on its surrounding environment. The mining operation can potentially impact the landscape, micro-climate and topography, eliminate existing vegetation and alter soil profile, decrease biodiversity. The Group strives to minimize negative environmental impacts by enclosing the coal mining areas; by strictly following first grade of national air emission standards, solid waste treatment standards, wastewater treatment standards; by regular checking and maintaining dust handling equipment.

In detail, the Group has implemented comprehensive environmental protection measures from below key areas to mitigate Xiangyang Coal Mine's activities on the environment.

1. *Ecological environment*

The land type Xiangyang Coal Mine occupies is original industrial and mining land, without significant impact on the ecological environment in the region. The mine has a green space of 10,920 m<sup>2</sup> to provide micro-climate adjustment for its main and auxiliary industrial sites, public buildings, dormitory areas for employees and industrial wells in wind wells.

The primary and auxiliary wells of the former Xiangyang No. 2 Mine and No. 3 Mine have all been sealed and the landscape has been properly restored. Since the pilot production of the Xiangyang Coal Mine, no major surface subsidence impact has been identified. The mining area has already done a respectable job of remediating and rehabilitating the mining environment. In case of any future subsidence, the Group will begin to implement remediation in accordance with a recovery program.

2. *Atmospheric environment*

To control the flue gas emissions from the boiler, it was equipped with multicyclone dust collectors, a chimney height at 35 meters. To control dust from coal yards, dust suppression nets have been applied and water sprinkler devices installed. To control dust from haul roads, truck and shovel operations, crushing, dumping, conveyors etc., water is sprayed regularly. The environmental monitoring reports showed that all sampling results were within the permissible levels of applicable regulations. Specifically, flue gas from boilers meets the requirements of class II and period II under Emission Standard of Air Pollutants for Boilers (GB13271-2001); and dust emissions meet the requirements for fugitive emissions in Integrated Emission Standard of Air Pollutants (GB16297-1996).

3. *Water environment*

The site has implemented relevant requirements for comprehensive utilization of water resources in the PRC. Domestic sewage treatment facility achieved a treatment capacity of 240m<sup>3</sup>/d, with all treated wastewater re-used for blackwater purposes; The processing wastewater treatment facility achieved a designed capacity of 2400m<sup>3</sup>/d, with an on-line monitoring device for chemical oxygen demand (COD) set at the discharge port. The treated processing water was used for agricultural irrigation for surrounding villages during dry seasons. Furthermore, a rainwater collection pool with a capacity of 100m<sup>3</sup> continues to collect rainwater for on-site re-use to save water resources.

The environmental monitoring reports showed that all effluents sampling results were within the permissible levels of applicable regulations. Specifically, domestic sewage meets the requirement of class I limit under the Integrated Wastewater Discharge Standard (GB8978-1996); processing wastewater meets limit of newly-built (expanded, modified) production line under the Discharge Standard for Coal Industry (GB20426-2006), as well as Standards for Irrigation Water Quality (GB5084-92). Overall, the Group's water consumption and wastewater discharge were managed properly to minimize its impact on the regional water body.

4. *Acoustic environment*

The monitoring results of the east, south, west and north boundary of the Xiangyang Coal Mine all meet the requirements under the class II limit of Standard of Noise at Boundary of Industrial Enterprises (GB 12348-90). Both day-time and night-time noise monitoring values of the acoustic sensitive spots around the site, including Xishi Village, Paofanggou Village, and Yougou Village, can meet the requirements of Class II limit under Standard of Environmental Noise of Urban Area (GB3096-2008). Overall, the Group's production does not cause major impact on the surrounding acoustic environment.

5. *Solid waste*

The coal gangue produced by this project belongs to the first class of industrial solid waste, all of which were transported to building material manufacturing company for downstream utilization. The domestic waste generated onsite was collected by special personnel and treated in the municipal solid waste disposal and treatment site. No major adverse effects on the regional environment had been caused by the solid waste generated.

6. *Cleaner production*

Xiangyang Coal Mine adopted advanced production techniques, to reduce the dependency on energy and water resources. The operation also utilized most of the waste generated onsite, to achieve a closed-loop and circular product system. According to the on-site investigation, the various production indicators of Xiangyang Coal Mine can meet the Class II of Cleaner Production Standard Coal Mining and Processing Industry (HJ466-2008).

**(ii) Resource conservation**

As a resource-intensive business, the Group continues to invest in new equipment and strictly monitors the environmental performance.

In addition to the resource saving from field, the group continued to encourage pro-environmental behaviour among staff. Furthermore, while it is undeniable that the direct operation of the Group's business possibly generates higher than average environmental impacts and resource depletion, nevertheless, it has brought other indirect positive impacts such as bringing social stability and economic prosperity.



## B. SOCIAL

### 1. Employment and Labour Practices

The group continues to strive to be an employer of choice by stringently following local, national, and international laws, adopting best practices, and treating people with full respect. No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare can be identified during the reporting period.

#### (i) **Employment**

The Henan Office and Xiangyang Coal Mine had a total number of 550 employees as of 31 December 2017. All employees were from Mainland China and full-time staff.

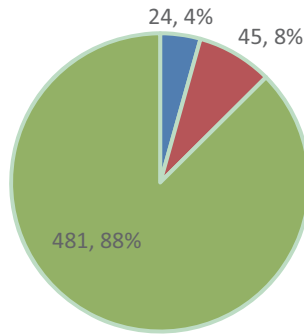
##### *Compensation and Benefits*

The Employment Contract and Human Resources policies were not updated in 2017. Employees are entitled to basic compensation and benefits package include minimum wages, legally mandated breaks, holidays, social insurance and pension, as well as set working hours in compliance with the applicable laws and regulations of the PRC regarding employment, such as: Law on Trade Unions of the PRC, Employee Annual Vacation Regulations, Social Insurance Law of the PRC.

##### *Appraisal System*

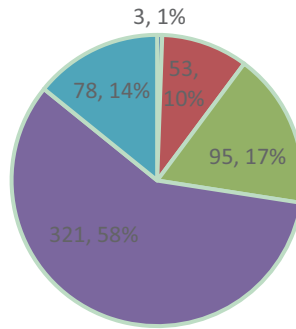
The Group did not renew the Rewarding and Penalty Procedure in 2017. The Procedure clearly defines detailed criteria on rewarding and penalty and incentive regulations. For example, under the sub-section on the Assessment of the Responsibility of Material Use Plan, employees will be assessed based on the accuracy of materials management, similarly, they will be penalized if an extrusion of materials occurred due to planning errors.

Total Workforce (number of employees, %) by Employee Category



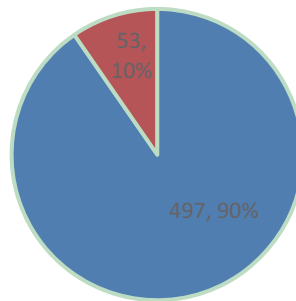
■ Senior management ■ Middle management ■ Frontline and other staff

Total Workforce (number of employees, %) by Age Group



■ 18 - 25 ■ 26 - 35 ■ 36 - 45 ■ 46 - 55 ■ >=56

Total Workforce (number of employees, %) by Gender



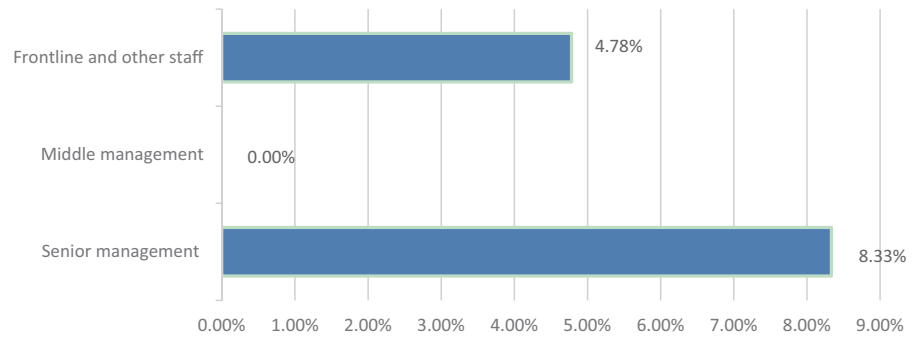
■ Male ■ Female



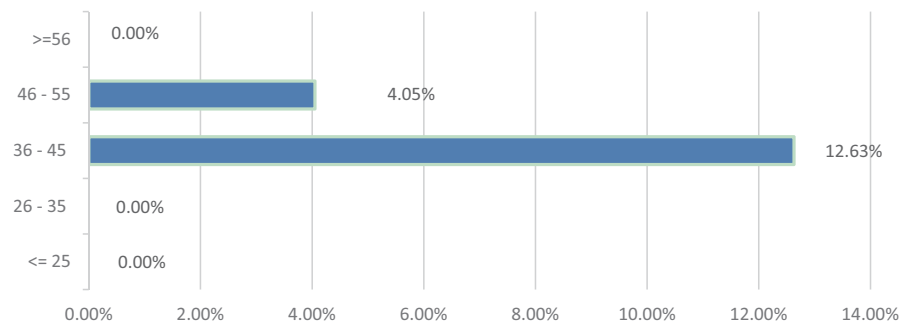
## Turnover

The turnover rate for the Group was 4.55% in 2017.

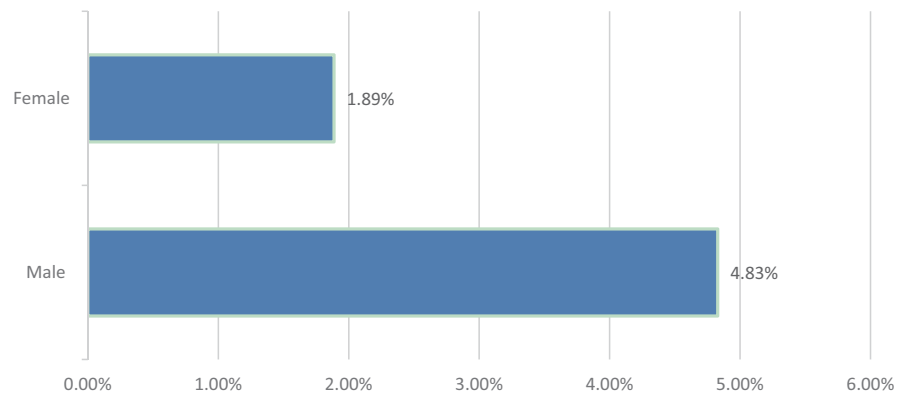
### Total Turnover Rate by Employee Category



### Total Turnover Rate by Age Group



### Total Turnover Rate by Gender



**(ii) Employee Health and Safety**

Due to the Group's business nature, the work environment is not risk-free. The group endeavours to ensure that employees are protected from potential hazards, risks, and accidents. Workplace health and safety is of paramount importance to the Group. The Group operates under the principle of "people-oriented, prevention approach, integrated management" to implement occupational disease preventive measures, strengthen the control at the risk sources to eliminate potential hazards. The Group's Occupational Hazard Preventive and Control Steering Committee continuously review, supervise, monitor and report to management regarding the implementation of the occupational health and safety practices.

The Group identified relevant risks and hazards related to the operation and implemented its comprehensive Occupational Hazard Preventive and Implementation Plan. The plan was guided by several applicable laws and regulations, including but not limited to:

- Law of the PRC on the Prevention and Control of Occupational Diseases
- Regulations on the Prevention and Control of Occupational Hazards in Coal Mine Workplaces
- Provisions on the Supervision and Administration of Occupational Health at Worksites

To evaluate the health and safety management, the Group monitors the performance via several measurable metrics, including monitoring the indoor air pollutants level, the noise level, temperature etc. Furthermore, the group treats workplace health and safety as a continuously improving process, and frequently reviews and improves safety management system processes to establish an injury-free workplace.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards can be identified during the reporting period.

**(iii) Development and Training**

The Group implemented a comprehensive employee training program to enhance employee's knowledge and performance standard. The Group has paid specific attention on training and retraining of occupational health and safety in various departments. The Training Department arranges relevant personnel to attend external training sessions in coal mine safety technical training institutions. It is requested that pre-job training shall be no less than 4 hours per person. During the period of training, the training time should be no less than 2 hours, to ensure the health and safety awareness among the employees.





**(iv) Labour Standard**

There were no child or forced labour in the Group's operations during the reporting period. Background check was conducted for every new employee by Human Resources Department to ensure compliance with the any applicable laws including the Labour Law and Labour Contract Law of the PRC. Every mine worker also needs to register and obtain mine entry permit from Coal Bureau. There was no non-compliance issue noted regarding labour standards as required by related laws and regulations during the reporting period. No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to preventing child and forced labor can be identified during the reporting period.

Training completed in 2017 – The major coal mine and coal-trading office of the Group		Xiangyang		Total
		Coal Mine	Henan Office	
Number of Employee receiving training		486	11	497
Total Training Hours		34,992	792	35,784
<b>By employee category</b>				
Senior Management	number of employees receiving training	12	6	18
	percentage of employees trained	100%	50%	75%
	average training hours completed per employee	72	36	54
Middle management	number of employees receiving training	35	5	40
	percentage of employees trained	100%	50%	89%
	average training hours completed per employee	72	36	64
Frontline and other staff	number of employees receiving training	439	n/a	439
	percentage of employees trained	100%	n/a	91%
	average training hours completed per employee	72	n/a	66

Training completed in 2017 – The major coal mine and coal-trading office of the Group		Xiangyang		Total
		Coal Mine	Henan Office	
<b>By gender</b>				
Male	number of employees receiving training	448	11	459
	percentage of employees trained	100%	22%	92%
	average training hours completed per employee	72	16	66
Female	number of employees receiving training	38	n/a	38
	percentage of employees trained	100%	n/a	72%
	average training hours completed per employee	72	n/a	52

## 2. Operating Practices

### (i) Supply Chain Management

The supply chain management procedure was not updated in the reporting period. Supply of major production materials and trading of electricity and coal gangue continued to be secured with external parties to ensure steady supply for stable production. The material management system continues to guide the standard operation of procurement processes. The Material Purchase Plan specifies several hierarchies of procurement:

- for procurement of materials and/or equipment with a unit price over RMB100,000, or procurement of bulk materials with a total price over RMB50,000, the suppliers are identified through public bidding process
- for procurement of small amount of materials with a total price below RMB50,000, the suppliers are identified through benchmarking their product quality, service, supplying capacity, reputation etc.
- for key materials and/or equipment, brand suppliers are selected based on thorough assessment carried out by Technical, Safety, as well as Engineering Department

**(ii) Product Responsibility**

The quality and quantity of coal product are continuously monitored to assure their quality parameters meet pre-defined standard. Quality Inspection System also assures that raw materials meet the quality requirement. No product recall or customer complaints regarding product quality were received in 2017.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labeling and privacy matters relating to products and services provided can be identified during the reporting period.

**(iii) Anti-corruption**

The Group strictly regulates the discipline and professional conduct of employees, in order to prevent potential bribery, extortion, fraud, money laundering and gambling. The Group is in compliance with the Provisions on prohibiting corruption and bribery of the Criminal Law of the PRC, and received no corruption case brought against the Group or its employees in the reporting period.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to corruption, bribery, fraud and money laundering can be identified during the reporting period.

### **3. Community Investment**

The Group had no community focus nor investment in 2017. Nevertheless, the group highly considers the necessity to work in partnership with the local communities and will look into future collaboration possibilities.

