

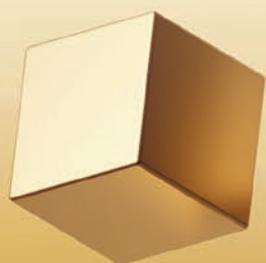


Lingbao Gold Group Company Ltd.  
靈寶黃金集團股份有限公司

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

*(Stock Code: 3330)*

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022





## 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THE REPORT

### Report Profile

This report is the seventh “Environmental, Social, and Governance Report” issued by Lingbao Gold Group Company Ltd. (the “Company” or “Lingbao Gold”, and together with its subsidiaries, the “Group”, “We” or “Us”).

### Reporting Period and Scope

This report discloses the Group’s approaches, practices, initiatives and performance in relation to environmental, social and governance (ESG) management from 1 January 2022 to 31 December 2022 (the “Year” or “Reporting Period”). Some contents in this report date back to before 2022 and extend to 2023, thereby increasing reference value of the report. The scope of the content disclosed in the report is the same as that of the 2022 Annual Report of the Group. Compared to 2021, due to the addition of a new retail business “Lingjin Jewelry” by Lingbao Gold, the scope of the 2022 ESG report has also been expanded accordingly.

### Main Reporting Guidelines

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (“ESG Guide”) as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEX”). The content hereof has conformed to the disclosure principles required in the ESG Guide and complied with the “mandatory disclosure” and “comply or explain” provision specified in the ESG Guide to set out the environmental and social impacts of the Group’s various business and operation activities.

### This report is prepared in accordance with the following reporting principles

**Materiality:** Key ESG issues are identified through materiality assessment, the processes and results of which are disclosed in the ESG report;

**Quantitative:** Environmental and social KPIs for which historical data is available are presented in the ESG report. For KPIs first disclosed in 2022, no retrospective data has been provided, but comparative data will be provided in subsequent years’ ESG reports;

**Consistency:** With the continuous and in-depth promotion of ESG information disclosure, we have disclosed some new KPIs. For the KPIs disclosed for the first time, we will use consistent methodologies to disclose ESG information in the following years for meaningful comparison.

### Publication

This report is available online in both Chinese and English versions. Shareholders and stakeholders can access the report on the Hong Kong Stock Exchange website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company website at <http://www.lbgold.com/>. In case of any discrepancy between versions, the Chinese version shall be considered definitive.

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**Contact Information**

We highly value the opinions of our stakeholders and the public about this report. Should you have any enquiries or suggestions, please contact the Company through the following means.

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**LETTER FROM MANAGEMENT**

Dear concerned stakeholders,

Despite the busy annual report season in this vibrant early spring, we hereby wish to report the progress in our sustainable development to you.

In 2022, we joined the ranks of the “Top 100 Enterprises in Henan Province” (河南省企業100強) and the “Top 500 Enterprises in China” (中國企業500強) in the industrial sector, and were recognized as the “Outstanding Private Enterprise in Henan Province” and a Double Top-10 Enterprises (namely, a top-10 contributor to local economic growth and 1 top-ten high-growth enterprise in 2021) among the top 100 enterprises in Sanmenxia City, Henan Province.

Looking back, we have been promoting the green and safe development in our pursuit of product quality. Driven by the people-oriented principle, we are committed to fulfilling our social responsibilities, and strive to transform Lingbao Gold into a renowned brand in the gold and non-ferrous metal mining and smelting industry at home and abroad.

**We persevere with the green, safe, and sustainable development.** By integrating the ESG philosophy into our strategic development plan, the Group has established an ESG governance system with the board of directors as the highest responsible and decision-making body for ESG matters, which will advance the solid implementation of ESG practices within the Company. Bearing in mind the development concept of “lucid waters and lush mountains are invaluable assets”, We will prevent environmental pollution, promote energy conservation and waste reduction, utilize resources reasonably, emphasize on continuous improvement, promote green development and develop green mines in an all-round and multi- angle manner. By integrating the concepts of greenness, environmental protection, and safety into the entire production process, we will protect and improve the ecosystem to coordinate the development of the environment where we operate and the economy.

**We persist in quality management.** Product quality improvement and effective quality control play a key role in meeting the market demand and enhancing efficiency, while representing the inevitable requirements for achieving grand objectives of a business. The Group attaches great importance to product quality, persists in “deeply exploring resources and integrating industry and finance under the leadership of science and technology” to continue increasing investment in scientific and technological research and development, make efforts in accelerating the transformation and application of cutting-edge technological achievements, and speed up industrial transformation and upgrading. While extensively implementing the strategy of “focusing on the main business of mining, increasing production volume of gold, streamlining management and enhancing quality and efficiency”, we focus on market-oriented reform and deeply cultivate our main business of gold mines to chart a unique development path of “developing multiple ways and constantly improving and extending the industry chain with gold as our core business while developing non-ferrous metal business”. In adhering to the policy of diversified development, we continue to adjust our development strategy, optimize our industrial structure, and extend the gold industry chain. In 2022, we added a new retail business — Lingjin Jewelry.

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**We uphold the people-oriented practices.** Currently, the major development strategy of an enterprise is to establish the scientific development concept of people-oriented, comprehensive, coordinated and sustainable development. We continue to strengthen production safety management and system construction so as to ensure employees' occupational health and safety. We also recognise the importance of talent training by providing our employees with abundant training opportunities and diversified training programs. Besides developing a platform for employees to manifest their potential and realize themselves, we are committed to working with our employees towards a prosperous future for all.

**We stick to fulfilling our social responsibilities.** Over the years, we insist on sharing development achievements and giving back to communities, and always regard rendering support to charitable causes as a compelling commitment. We continue our commitments to local communities, by exerting our corporate resources and strengths, which are dedicated to improving the living standard of local residents, promoting community prosperity, and realizing the integration and development of enterprises and communities. In 2022, we continued our community engagement by focusing on education, assistance to vulnerable groups, medical treatment and healthcare, rural revitalization, and urban construction.

As the business operations of the Group are closely related to natural resources due to industrial features, it is our natural mission to pursue environmental protection and energy conservation. Our products symbolize the aspiration for a quality life in communities and represent the safeguards for financial security. Looking into the future, we will continue to implement and detail ESG practices, while achieving our responsible, high-quality, and sustainable development.

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**ESG STATEMENT FROM THE BOARD**

The board of directors of the Group (the “Board”) assumes full responsibility for ESG governance and reporting, assessing, and determining the Group’s ESG risks, and ensuring that the Group has established appropriate and effective ESG risk management and internal control system. This report fully discloses the progress and effectiveness of Lingbao Gold’s ESG work in 2022, and was reviewed and approved by the meeting of the Board on 20 March 2023. The Board and all its directors guarantee that there is no false or misleading information or major omission in the contents of this report, and take individual and joint responsibilities for the truth, accuracy and completeness of its content.

In order to standardize the ESG management mechanism of the Company and improve the quality of ESG management, the Group has established an ESG governance system with the Board as the highest responsible and decision-making body for ESG matters, and clarified the division of responsibilities among the personnel involved in ESG governance at all levels to promote the implementation of ESG work within the Company. In particular, the Board leads and participates in the review and decision-making on ESG material issues, including identifying ESG risks, developing management plans and management policies, formulating ESG strategies and policies, and reviewing annual ESG reports.

Based on the external environment and the Company’s development strategy, the Group conducted communications and surveys with stakeholders during the Reporting Period and received a number of feedback and suggestions. Under the leadership of the Board, the Company assessed the importance of these issues and thus identified key ESG issues, thereby clarifying the focus of its future work.

In 2022, the Group focused its core work on the review, supervision and implementation of ESG issues such as corporate governance, ESG governance, business ethics, anti-corruption, intellectual property protection and technology innovation, payment of taxes pursuant to laws, hazardous waste emissions, biodiversity and land use, combating climate change, environmental policies and management systems, product responsibility, Community engagement, employee management, occupational health and safety, and supply chain management.

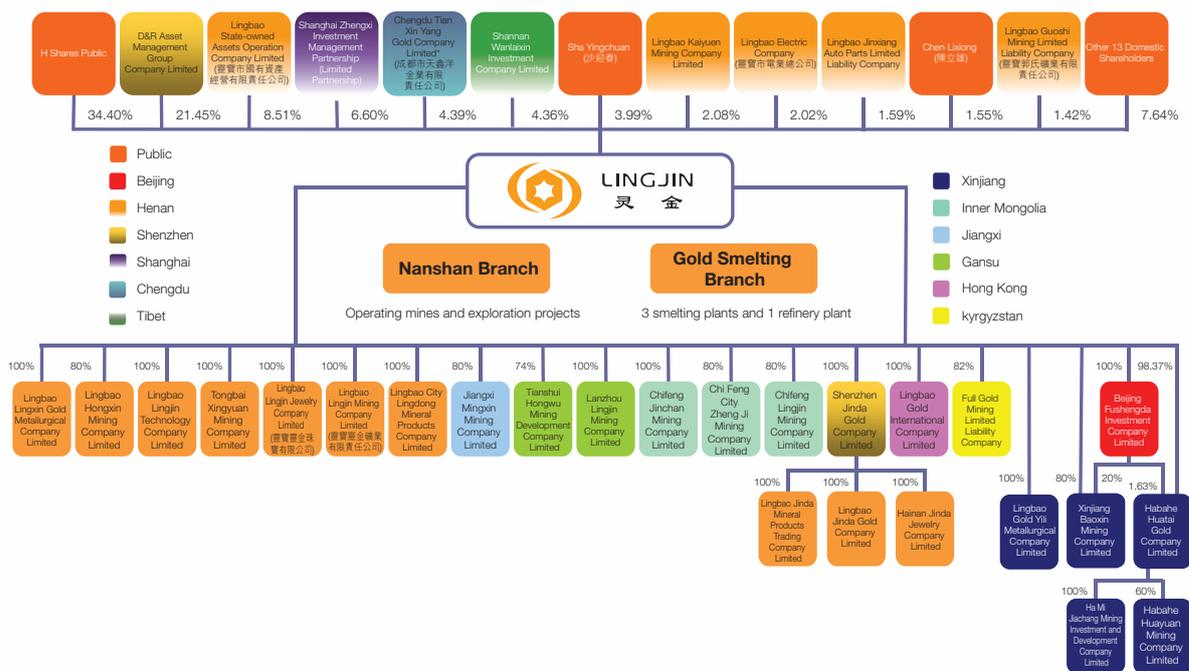
We were also aware of the opportunities and challenges brought to the industry and the Group’s operations by the green, safe, and sustainable development trend. Going forward, we will continue to adjust the sustainable development management strategy and promotion methods according to the expectations of stakeholders and the actual operation of the Group, to continuously improve its sustainable development level.

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I. RESPONSIBILITY MANAGEMENT AND INTEGRITY IN OPERATIONS

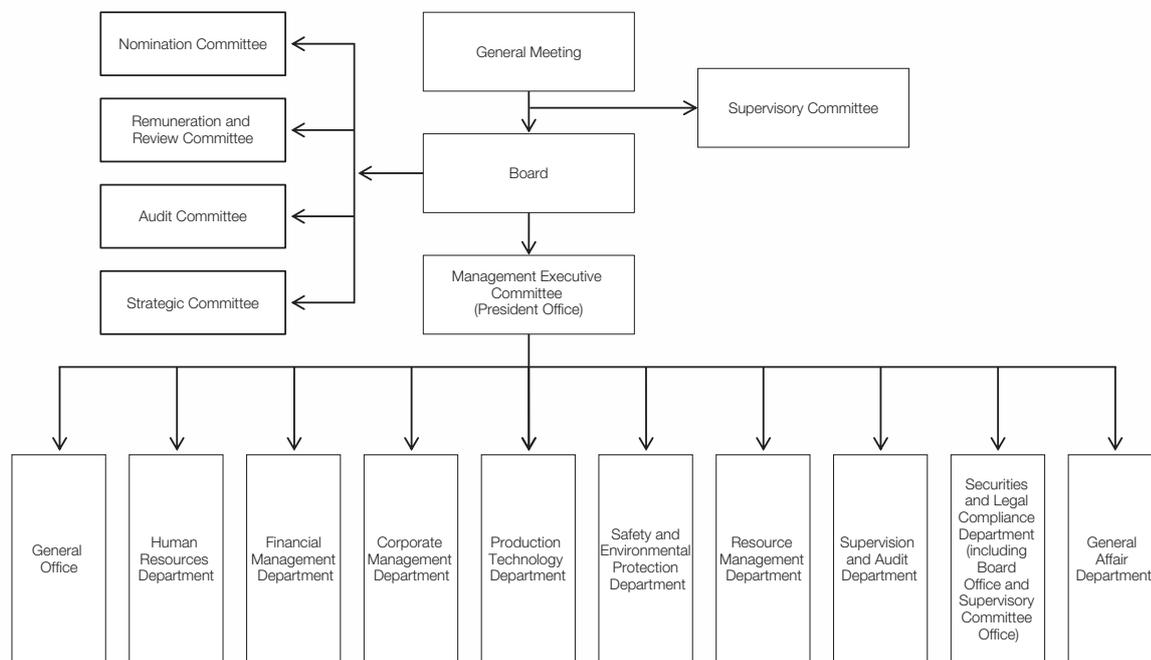
1.1 Corporate Governance

A sound corporate governance mechanism is conducive to the enhancement of corporate value and maintenance of shareholders’ interests and is an important foundation for the Company to realize sustainable development. The Group has constantly optimized its corporate governance system and constantly improved its management level during the long-term corporate governance practice, thus establishing a corporate governance structure with clear and efficient authority and responsibility for the management and various functional departments under the responsibility of the general meeting, the Board and its committees, the Supervisory Committee and the general manager. We adhere to the policy of diversified development in accordance with the laws of the market economy, continually adjust our development strategies, optimize our industrial structure, and extend the gold industry chain. The addition of a new retail business, Lingjin Jewelry, in 2022 has made our gold business industry chain more complete.



Corporate Structure of Lingbao Gold Group (As at January 2023)

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Organisational Structure of Lingbao Gold Group Company Ltd. (as at February 2023)

The Group complies with the Company Law of the People’s Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Articles of Association and relevant laws, regulations and regulatory documents and strictly fulfils its obligations on information disclosures of listed companies. The Board has established policies on the procedures and internal control measures for information disclosure. In 2022, adhering to the philosophy of truthfulness, accuracy, completeness, timeliness and compliance, the Group carried out the disclosure of regular reports and extraordinary announcements in accordance with the requirements of H-share information disclosure regulations for material or unexpected events to the concern of the shareholders and investors, so as to ensure the investors can understand the true status of the Group in a timely, fair, accurate and integral manner. In 2022, a total of 3 regular reports and 39 announcements, notices and circulars were disclosed. We highly values its relationship with its investors and shareholders. It maintains amicable relationship with investors, fund managers and shareholders through one-on-one meetings, road shows, seminars and on-site inspection by investors, thereby allowing investors to have a better understanding of the Group’s financial position, production operations, management decisions, overall strategic directions and latest development.

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Although the Board of the Company is currently of a single gender, a board diversity policy has been formulated in accordance with the “Corporate Governance Code” of the Stock Exchange, which is submitted to the Nomination Committee for review. During this reporting period, the Nomination Committee met twice, including a committee meeting focused on the board diversity.

The Company encourages all directors to participate in professional training to keep updating their knowledge and skills. During the Reporting Period, the directors of the Company as a whole participated in professional training related to their respective fields. The Company regularly compiles the latest updates on the Listing Rules, news releases by the Stock Exchange, and other information for the directors to learn and reference.

In addition, on 20 May 2022, the Company invited a Hong Kong legal consultant to provide training on the Listing Rules, which was attended by all directors, supervisors, and senior management.

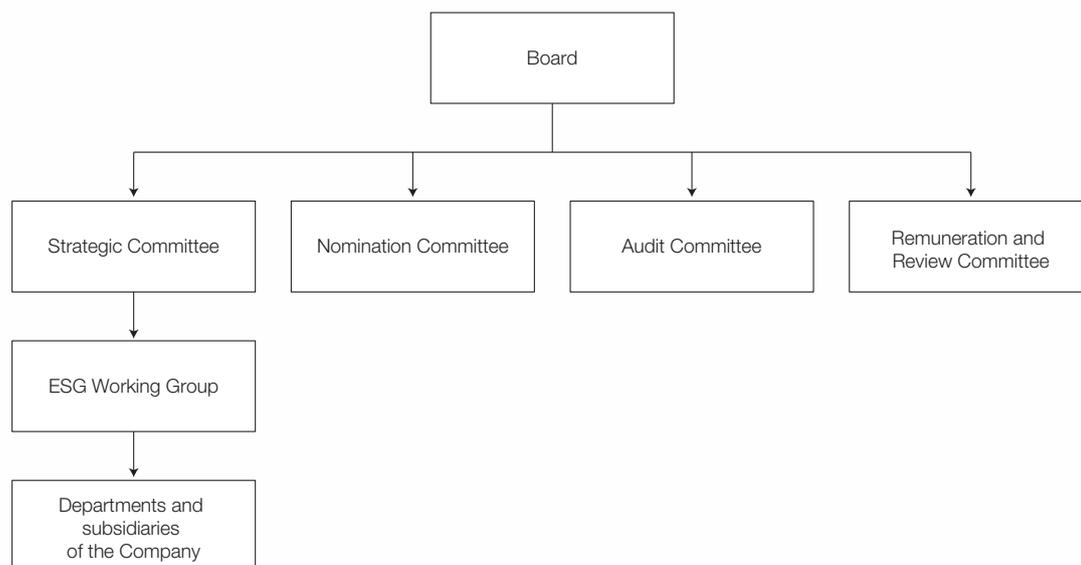


Training on Listing Rules for Directors, Supervisors and Senior Executives

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**1.2 ESG Governance**

To enhance ESG governance, the Group has established a clear ESG governance structure. The Board of Directors of Lingbao Gold, as the highest responsible and decision-making body for ESG matters, is responsible for overall Group's ESG strategy and reporting, and monitors ESG related matters that may affect the interests of the Group's business or operation, shareholders and other stakeholders. The Board approves ESG-related targets once a year and reviews the progress and completion of these targets. The strategy committee of the Board is responsible for the Group's ESG strategy and supervision, and reports the same to the Board. The ESG Working Group has been established to be responsible for the preliminary preparation for the decision-making of the Strategy Committee, and provides the Group's information as to its environmental, social and governance matters. In order to regulate the conduct of the Group's ESG Working Group and strengthen the management of the ESG Working Group, the "Management System of Environmental, Social and Governance Working Group" is formulated in accordance with the relevant laws, regulations and regulatory documents on ESG management of listed companies, including the Company Law of the People's Republic of China and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and taking into account the Articles of Association and the current status of the Group's ESG governance structure, to clarify the principles of the ESG Working Group, information collection requirements, content of information collection and management of the affairs of the ESG Working Group.



ESG Governance Structure of Lingbao Gold Group Company Ltd.

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### 1.3 Corporate Vision

In 2022 and even in the coming period, under the work principle of continuously implementing the strategy of “focusing on the main business of mining, increasing production volume of gold, streamlining management and enhancing quality and efficiency”, Lingbao Gold focuses on market-oriented reform and deeply cultivates its main business of gold mines to constantly improve and strengthen its main business by integrating the advantages of resources, transforming and upgrading the existing industry and fully supporting the prominent mining enterprises, while focusing on identifying and developing non-ferrous metal mines with greater resource potential, such as silver, copper, lead and zinc, with a view to building Lingbao Gold into a famous brand of gold and non-ferrous metal mineral smelting, which is well-known in China and internationally.

Focusing on the objectives of “securing a foothold in Henan, orienting towards the country nationwide and going global”, Lingbao Gold will adjust its footprints in the industry.

- To build Lingbao Gold into the first well-known brand of gold mining in Henan Province and the benchmark enterprise in the gold mining industry by expanding the scale of one factory (being Gold Smelting Branch), one mine (being Nanshan Branch) and one platform (being gold and silver jewelry trading platform of Jinda Company) of the parent company based on the national high-quality resource base of Lingbao Xiaoqinling where the headquarters is located, and uniting the high-quality resource base of Tongbai Xinyuan Company;
- To build Lingbao Gold into a well-known brand of gold and non-ferrous metal mineral smelting in China by focusing on cultivating and developing high-quality mining bases in core provinces such as Xinjiang, Inner Mongolia, Gansu, Jiangxi, Guizhou on top of the existing six mines;
- To build Lingbao Gold into a famous international large-scale mining group company by deeply implementing the strategy of “going out” based on the domestic businesses of Lingbao, that is, it will explore mineral resources projects with high safety margin in Central Asia and Africa by taking into advantage of capital and technology to increase resource reserves, and cultivate overseas mining bases by expanding investment channels such as mergers and acquisitions and reorganization and cooperative development.

Developing in multiple ways and constantly improving and extending its industrial chain, with gold as its core business while developing non-ferrous metal business. Based on the gold mine smelting and processing, and with one factory, one mine and one platform at the headquarters of the Group, the Group has formed a complete industrial chain covering geological exploration, mining, smelting, deep processing and gold and silver jewelry consumption. On this basis, the Group will focus on the exploration, mining, smelting and processing of copper, silver, lead, zinc and other non-ferrous metals to build a one-stop industry of non-ferrous metals, forming a special development path of “gold-based, non-ferrous metals as supplement and moderate diversification” of Lingbao Gold.

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Deeply exploring resources and integrating industry and finance under the leadership of science and technology to accelerate industrial transformation and upgrading. Taking resource reserves as the first priority, leading development with technology, and regarding digitalization, networking, intelligence and greening as the technical base for enhancing core competitiveness, the Group keeps increasing investment in scientific and technological research and development, and makes efforts in accelerating the transformation and application of 5G and other cutting-edge technological achievements, to speed up the digital transformation comprehensively. With every effort to develop its main business and maintain the continuous and stable profit growth, Lingbao Gold gradually realizes greater equity appreciation, allowing all shareholders to enjoy the equity dividends and all employees share the development dividends.

Honor of the Company: Awarded the title of “Double Ten and Hundred Enterprises”<sup>1</sup> in 2022



Honor of the Company: Awarded the title of Excellent Private Enterprise in Henan Province



<sup>1</sup> “Double Ten and Hundred Enterprises” refers to the top 10 companies with the greatest contribution to the city’s economic growth and the top 10 high-growth companies, as well as the industrial enterprises that have entered the lists of “Top 100 Enterprises in Henan Province” and “Top 500 Enterprises in China” for the first time.

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#### 1.4 Stakeholder Communications

The Group's ESG stakeholders mainly include government, shareholders, customers, employees, environment, partners, industries and the communities where it operates. The Group believes that listening to and understanding the opinions of stakeholders will provide a solid foundation for the long-term development of the Group. The Group actively explores various channels to maintain good communication with stakeholders, to enhance the stakeholders' understanding of the development and operational policies, and to provide more opportunities for them to put forward suggestions so that the Company can provide them with timely and effective feedback regarding their concerns. In this way, the Group ensures that it is cooperating and working alongside stakeholders to achieve mutual benefits.

| Stakeholder  | Expectations and Concerns   | Communication and Response   |
|--------------|---|--|
| Government   | <ul style="list-style-type: none"> <li>Compliance with disciplines and laws</li> <li>Offer employment opportunities</li> <li>Payment of taxes pursuant to laws</li> <li>Driving the development of local economy</li> </ul> | <ul style="list-style-type: none"> <li>Strengthening compliance management</li> <li>Employment localization, promotion of local employment</li> <li>Accepting supervision and assessment</li> <li>Carrying out strategic cooperation</li> </ul>  |
| Shareholders | <ul style="list-style-type: none"> <li>Robust operation</li> <li>Sustainable development</li> <li>Good return on investment</li> <li>Transparency on information disclosure</li> </ul>                                      | <ul style="list-style-type: none"> <li>Improving competitiveness and profitability</li> <li>Fulfilling social responsibility for ecological and environmental protection</li> <li>Disclosing information in a timely manner, carrying out investor exchanges, and treating small and medium shareholders equally</li> </ul>                    |
| Customers    | <ul style="list-style-type: none"> <li>Performance of contracts in good faith</li> <li>Quality assurance</li> <li>Innovative Products</li> <li>High-quality services</li> </ul>   | <ul style="list-style-type: none"> <li>Guaranteeing the stability of product supply and its quality</li> <li>Strengthening the management of product quality and optimizing product structure</li> <li>Providing customized services by fully considering the needs of customers</li> <li>Carrying out customer satisfaction survey</li> </ul> |
| Employees    | <ul style="list-style-type: none"> <li>Remuneration and benefits</li> <li>Protection of employee rights and interests</li> <li>Career development</li> <li>Health and safety</li> <li>Humanitarian care</li> </ul>          | <ul style="list-style-type: none"> <li>Medical insurance and fair compensation system</li> <li>Establishing labor union organization</li> <li>Education and training, career development platform</li> <li>Eliminating occupational diseases</li> <li>Caring for staff, and setting up complaint feedback mailbox</li> </ul>                   |

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| <b>Stakeholder</b> | <b>Expectations and Concerns</b>  | <b>Communication and Response</b>  |
|--------------------|---|--|
| Environment        | <p>Coping with climate change</p> <p>Water resources</p> <p>Pollution prevention and treatment</p> <p>Energy saving and emissions reduction</p> | <p>Analysis of the relevance of climate change to business operations</p> <p>Water resource protection Carrying out pollution control</p> <p>Technological innovation, energy saving and consumption reduction</p> |
| Partners           | <p>Business ethic</p> <p>Transparent procurement</p> <p>Mutual benefit and win-win cooperation</p>  | <p>Execution of agreements/contracts in good faith</p> <p>Open procurement, e-procurement</p> <p>Business exchange and cooperation, topic-specific seminars</p>  |
| Community          | <p>Community development</p> <p>Public welfare activities</p> <p>Jobs creation</p>  | <p>Community activities, visits and exchanges, respect for cultural traditions</p> <p>Donation and voluntary service</p> <p>Skills training, local employment and procurement</p>                                  |
| Industry           | <p>Fair competition</p> <p>Facilitating industry progress</p> <p>Promoting the development of industrial chain</p>                              | <p>Refraining from vicious competition</p> <p>Exchange of experience</p> <p>Technological innovation</p>   |

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### 1.5 Materiality Assessment

In 2022, in order to deliver a more comprehensive, objective and realistic corporate image to stakeholders, we identified and screened out material issues of importance that are of the common concerns of the Company's business and stakeholders by inviting external professional third-party organizations to prepare a questionnaire for assessing material issues related to sustainable development to conduct research on our internal stakeholders, and taking into account feedback from stakeholders and external experts' opinions based on our business operations and development plans with extensive reference to leading practices of our peer companies and industry hotspots, domestic and international sustainability-related standards and ESG rating indicators in the capital market.

#### List of Material Issues in the 2022 ESG Report of Lingbao Gold

| No. | Issues                                     | No. | Issues   |
|-----|--|-----|--|
| 1   | Corporate governance                       | 14  | Information security and privacy protection                        |
| 2   | Hazardous goods management                 | 15  | Employment management and employee rights and interests protection |
| 3   | Payment of taxes pursuant to laws          | 16  | Combating climate change   |
| 4   | Tailings management                        | 17  | Biodiversity and land use  |
| 5   | Employee health and safety                 | 18  | Employee training and development                                  |
| 6   | Anti-corruption                            | 19  | Product responsibility   |
| 7   | Emission and waste management              | 20  | Smart mining   |
| 8   | Environmental policy and management system | 21  | Intellectual property protection and technological innovation      |
| 9   | Use of mineral resources                   | 22  | Packaging material management                                      |
| 10  | ESG governance                             | 23  | Supply chain management  |
| 11  | Energy management                          | 24  | Customer service   |
| 12  | Water resource management                  | 25  | Community relations and contributions to community                 |
| 13  | Anti-money laundering                      | 26  | Promoting industry development                                     |

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2022 Materiality Assessment Matrix

In the future, we will maintain a continuous focus on stakeholders and constantly review and update material issues, so as to achieve a more comprehensive and thorough understanding of the demands of various parties, and to provide guidance and direction to the Company's business operations and controls over environmental and social governance.

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## 1.6 Honesty and Integrity in Operations

The Group highly emphasizes on anti-corruption, strictly prohibit any improper conducts in business activities such as corruption, accepting bribes and offering bribes, and is committed to creating a culture of honesty and integrity within the Company. The Group strictly complies with the “Certain Guidelines on Honest Governance of Leaders of the Communist Party of China (《中國共產黨黨員領導幹部廉潔從政若干準則》)”, the “Anti-Money Laundering Law of the People’s Republic of China (《中華人民共和國反洗錢法》)” and other relevant laws and policies, implements the “Interim Provisions on Integrity Warning of Major Projects in Sanmenxia City (《三門峽市重大項目廉政預警工作暫行規定》)”, the “Notice of Reaffirming Relevant Requirements on Incorruptibility and Self-discipline of Leaders by Discipline Commission in Lingbao City (《靈寶市紀委關於重申領導幹部廉潔自律有關規定的通知》)” and other requirements, and has a strict monitoring system in place, which is applicable to all of its departments, subsidiaries and branches of the Group. The Group has set up a dedicated discipline inspection department at the headquarter and all of its branches and subsidiaries, which help establish a centralized leadership and vertical management model at the Group’s headquarter for the commission for inspecting discipline of the Group to ensure its independence.

### Internal Audit and Internal Control

We continue to standardize corporate governance. In 2022, we further improved the “Administrative System Compilation of the Supervision and Audit Department”, focusing on six key areas, including “discipline inspection and supervision, internal audit, budget (settlement) management, mine engineering quota management, fund settlement audit and internal control system evaluation”. In 2022, we conducted two resignation audits and one special audit. For the issues identified during the audits, we offered audit recommendations in our supervision and audit proposal, and tracked the implementation of corrective actions in the supervision and audit proposal. In the future, the Supervision and Audit Department plans to conduct more special audits to ensure that our business operates in an incorruptible and honest manner, as part of our ongoing effort to support stable development.

### Compliance Management

In 2022, the Company regarded compliance management as an important task, and therefore formulated compliance management regulations. Furthermore, a compliance management body was established to lay a solid foundation for the Company’s compliant operations and standardized management. In 2023, we will continue to improve the compliance management system, covering compliance requirements in all business areas and throughout the entire decision-making, execution, and supervision processes. We will also conduct compliance risk identification and early warning to enhance the Company’s risk prevention and control capabilities.

### Tax Management

In terms of tax management, the Company has formulated its own taxation administrative rules and invoice management policy based on relevant laws and regulations and their implementation rules, such as the “Enterprise Income Tax Law of the People’s Republic of China”, “Provisional Regulations on Value-added Tax”, and “Tax Collection and Management Law of the People’s Republic of China”, as well as local policies and regulations. The Company conduct tax management work internally, including:

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- Establish a tax management system, and establish department positions and responsibilities, as well as processing models for related business;
- Ensure effective work in respect of tax management, correct accounting processing, business standards, policy application, and routine tax filing;
- Ensure effective tax risk control, analyze enterprise tax risks before taking responsive measures, and conduct regular self-inspection.

The Group conducts monthly review and compilation of various tax returns of each branch and subsidiary to ensure the reasonable and accurate provision of taxes and surcharges. During the Reporting Period, the Company did not identify any major illegal or irregular events related to taxation.

### Corruption

The Group has issued a strict internal management system, involving administrative measures for internal supervision, administrative measures for petition and report, administrative measures for integrity due diligence interview, administrative disciplinary measures, etc., which allows the discipline inspection and supervision work based on precedents. The Group has issued documents to explain the “non-compliance” of holding wedding and funeral matters. The Group strictly implemented the “Eight Point Guide for Official Conduct” (八項規定) to stop the loophole and protect the integrity and justice culture for the Group companies. The Group provides channels for whistle-blowing non-compliance both online and offline, with comment boxes set up offline, placed in inconspicuous locations and avoiding surveillance cameras, and with supervision mailbox and supervision hotline online. In 2022, the Group has only received one whistle-blowing report related to employment management and has not received any report related to corruption. We immediately talked with the whistleblower and relevant personnel to understand the details, and ultimately resolved it properly. We have also completed the report on the handling of the case and the feedback form. In accordance with the requirements of the Group’s Discipline Inspection Commission, relevant information has been organized, and a case file has been established and submitted to the Group’s Discipline Inspection Commission according to the standard procedure.

In addition, the responsible persons of the subsidiaries of the Group are required to enter into a liability statement regarding the goal of construction of the Party’s honesty and integrity. Every unit under the Group shall bear the responsibility of the implementation of the construction of honesty and integrity within the Party and closely apply it to production and management, forming the layout of “one post, two duties” (一崗雙責). The Group has also set up a box and a hotline for whistle-blowing from the public, accepting supervision by, and visiting from, the public.

We have set up a comprehensive filing system for the management of the cadre on integrity records. It records the status of their family and part-time jobs for the immediate information for disciplinary inspection and monitoring department, so as to minimize the risk of corruption. The Group carries out the mindful conversation with those employees with potential corruption risks on a timely basis. We initiate it as soon as possible no matter the scale of risk to avoid anything getting worse as time goes by.

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Apart from enhancing the monitoring system, we also actively build corporate integrity culture, and create the atmosphere of “would not, could not, and dare not corrupt (不想腐、不能腐、不敢腐)” at the workplace. As for anti-corruption, we organized training activities covering directors, senior management and employees through the combination of centralized learning and decentralized learning, where informative videos were played and anti-corruption seminars were carried out, to promote benchmarking and rectification so that all employees “dare not, could not, and would not commit crimes (不敢犯罪、不能犯罪、不想犯罪)”.

In 2022, the Group also actively practiced integrity and anti-corruption:

- continued to improve the disciplinary inspection and supervision system, so that anti-corruption work was conducted in a standardized and rule-based manner;
- held a quarterly educational seminar focused on “Promoting Reforms Based on Cases” to educate all party members and cadres and employees in a timely manner;
- carried out party conduct and clean governance construction through video-based learning materials to form a pattern placing equal attention to anti-corruption and clean governance;
- reviewed the incorruptibility mechanism from time to time, accessed to the whistle-blowing mailbox on a regular basis and broadened the information collection channels to build the “sunshine supervision”.

**Case: “Promoting Reforms Based on Cases” serves as a warning with education and publicity as a priority**

On 25 April 2022, the Group organized a “Promoting Reforms Based on Cases” educational warning meeting. During the meeting, the decision on the disciplinary action of seven party members as reported by the Lingbao City Discipline Inspection Commission was read out. The meeting required all party members and cadres at all levels of the Group, especially the leaders of each unit, to firmly uphold their ideals and beliefs, strictly abide by the legal red line, and build a strong ideological defense.



Party Admission Oath

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**Case: Themed Party Day Activities: Strengthening the Bottom Line against Corruption**

On 17 October 2022, in response to the typical case of discipline violations of two Party members and cadres reported by Lingbao City Discipline Inspection Commission, the Group held themed Party Day activities and a “Promoting Reforms Based on Cases” educational warning meeting, to encourage Party members and cadres to learn lessons from cases and make rectifications, so that they heighten their integrity awareness, fortify the line of defense against corruption and compromise, and resist various temptations and corruption.



Themed Party Day



Promoting Reforms Based on Cases

**II. ENVIRONMENT PROTECTION AND GREEN PRODUCTION**

Currently, the major development strategy of an enterprise is to establish the scientific development concept of people-oriented, comprehensive, coordinated and sustainable development. It will be a major force for an enterprise to achieve the ecological production and operation, green product technology and sustainable growth and development that the enterprise protects and improves the ecological environment under the philosophy of green, environmental protection and safety production throughout the production process to realize the harmonious development between the community it operates and the economy.

**2.1 Playing a Responsible Role in Safety and Environment Protection**

The Group attaches great importance to environmental protection and strictly complies with environmental regulations. Bearing in mind the development concept of “lucid waters and lush mountains are invaluable assets”, the Group prevents environmental pollution, promotes energy conservation and waste reduction, utilizes resources reasonably, emphasizes on continuous improvement, promotes green development and develops green mines in an all-round and multi-angle manner.

The Group insists on complying with the law to manage enterprise, preventing and controlling pollution, leveraging technology to save energy and reduce waste, and maintaining stable development. The Group takes quality, environment and professional health management as the core, and energy saving and emission reduction as the main line, actively implements clean production, energy saving and emission reduction, and comprehensive utilization of resources. The Group also promotes the application of new technologies and new products in energy-saving to reduce energy consumption, recycle and reuse waste water, so that the sewage can be fully utilized, with less resource consumption and environmental impact to achieve greater economic benefits.

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The main objectives for the Group to carry out environment operations are to strictly control the total amount of exhausting pollutants, such as waste water, waste residue and waste gas within target; implement energy saving and consumption reduction, target the main product material and energy consumption at leading industry level; launch comprehensive utilization of resources and developing circular economy; put an end to major pollution accidents and major environmental complaints. The Group is committed to resolutely complete the restrictive indicators of energy saving and emission reduction through the following measures: strictly abiding by environmental laws and regulations and practically strengthening pollution prevention and control; strengthening the commitment of energy saving and consumption reduction and the level of technology transformation to ensure the full realization to the goals of energy saving and consumption reduction; enhancing the operation management towards pollution management facilities to ensure the exhaustion achieving the goal; eliminating the obsolete production equipment and skills, actively implementing the clean production in each step, such as procurement, production, transportation and sales, and developing circular economy to raise the comprehensive utilization rate of resources, reduce the emission of pollutants, and ensure zero existence of environment pollution incidents; firmly instilling the awareness of environment, resolutely realizing the indicators of environment protection, and accepting the supervision from the society. With the improvement of the industry standards, we promise further reducing the exhaustion of pollutants and increasing the investment in environmental protection, so as to enable the enterprise environment protection level to keep up with the trend, and allow each pollutant exhausting indicators to stay in the leading role in the industry, trying our best to formulate “resource-saving and environment-friendly” enterprise.

In order to adhere to the concept of “safe development and green development”, and to conscientiously implement the national, provincial and municipal decisions and arrangements for safety and environmental protection, in 2022, the Group organized and carried out various activities such as “physical examination” for safety and environmental protection, production safety inspection and three-year campaign for special improvement of work safety. We strengthened safety education and training, increased efforts in safety and environmental protection risk management and control and hidden dangers investigation and treatment, and ensured the implementation of the shaft operation policy governing supervised shift roster. Through sufficient investment in safety and environmental protection funds, the Group has effectively improved the conditions of production safety, making our basic management more robust. We have strengthened environmental risk control and implemented governance measures, and the overall operation of 18 environmental pollution control facilities in use by the Group is in good condition to ensure the smooth operation of the safety and environmental protection work.

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## 2.2 Emissions Management

In order to implement the environmental policy of “comprehensive utilization, turning disadvantages into benefits, relying on the masses, protecting the environment with united efforts for the benefit of the people” and to perform well in environmental protection, the Group strictly complies with the “Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution”, “Law of the People’s Republic of China on the Prevention and Control of Water Pollution”, “Law of the People’s Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes”, “Technical Specification for Pollution Control of Cyanide Leaching Residue in Gold Industry”, “Regulations on the Prevention and Control of Environment Pollution Caused by Solid Wastes in Henan Province” and “Emission Standards for Pollutants in Gold Smelting Industry” and other laws and regulations on prevention and control of environmental pollution. Full Gold, located in the Kyrgyz Republic, also complies with local laws and regulations, such as the Environmental Protection Technical Regulations of the Kyrgyz Republic, Mountainous Area Law of the Kyrgyz Republic, Air Pollution Prevention and Control Law of Kyrgyzstan and Tailings and Mining Dump Law. We will never sacrifice our environment to exchange for the growth of our economic benefits, but will insist on the path of sustainable development, aiming to maintain the balance between production and operation and environment protection. To this end, we have formulated the Environmental Protection Measures Plan for 2022.

### 2.2.1 Waste Gas Emissions and Management

The Group is a mining, smelting and processing enterprise. As at the end of the Reporting Period, mining operations did not involve emissions. The smelting and processing process, especially the gold refining process, will generate the exhaust gas, including sulfur dioxide and nitrogen oxides, from the combustion. In order to totally solve the problem of exhaust gas emissions and further adapt to the new exhaust gas emission standards, the smelting and processing plants of the Group implemented the integrated desulfurization and denitrification transformation of the exhaust gas for the acid production system in 2019, which adopted advanced treatment processes, improved the treatment effect of the exhaust gas absorption equipment, optimized the exhaust gas emission indicators, alleviating the pressure of systematic production on environmental protection and laying a solid foundation for the long-term stable development of the Group.

### 2.2.2 Waste Discharge and Management

The Group generates certain types and quantities of hazardous waste and non-hazardous waste in the mining, smelting and processing processes. The Group’s units related to mining operations have continuously strengthened the discharge control of the waste during the mining process and formulated relevant documents on waste management systems and disposal methods and plans, with a view to minimizing the waste discharge, and actively protecting and beautifying the environment. For example, Nanshan Branch, a subsidiary of the Group, has formulated the Hazardous Waste Management System in order to strengthen the management of hazardous waste in the processing plant and to eliminate environmental pollution and waste caused by indiscriminate discharge. Based on production control plans for waste management, Full Gold has timely carried out separate collection of waste by type and hazard level, and complied with the regulation of the upper limit of production and consumption waste accumulation.

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In addition, the hazardous wastes generated in smelting and processing operations mainly include red slag, waste catalyst, waste mineral oil, cuprous thiocyanate, cyanide-containing peat, etc. For the above hazardous wastes, we have formulated hazardous waste management plans and annual transfer plans. Among them, red slag is generally stored in the temporary storage warehouse of the plant for a short time due to its large amount and then transferred to a third-party cement plant for disposal through the transfer procedures and the execution of the Receipts of Hazardous Wastes Transfer (危險廢物轉移聯單). Other hazardous wastes with smaller quantities such as waste catalyst, waste mineral oil, cuprous thiocyanate and cyanide-containing peat, are stored in hazardous waste warehouses on a daily basis and are transferred to regular disposal units through the transfer procedures and the execution of the Receipts of Hazardous Wastes Transfer after reporting to the system. The information related to the disposal volume and destination of the above hazardous wastes are available in the Sanmenxia Hazardous Waste Pollution Prevention and Control System (三門峽市危廢污染防治監管系統). General solid waste generated in the smelting and processing operations mainly includes waste ore, tailing sand, yellow mud (sulfur gypsum slag), etc. Yellow mud is generally stored temporarily in the sulfur gypsum slag field and transported by vehicle to the Company's self-built Xingwa sulfur gypsum dry stockpile tailing dam (杏洼硫石膏乾式堆存尾礦庫) for storage.

### 2.2.3 Wastewater Discharge and Management

The Group complies with the laws and regulations related to the environment in the PRC such as the Law of the People's Republic of China on Environmental Protection, the Law of the People's Republic of China on Prevention and Control of Water Pollution and other relevant environmental regulations in Kyrgyzstan. The wastewater discharged by the Group includes domestic wastewater and production wastewater, of which domestic wastewater is discharged into the sewage network after pre-treatment to the standard, and production wastewater is mainly generated by the Group's smelting production units and mining production units. With the working idea of "strict control over the source, precise treatment and long-term control", the Gold Smelting Branch, a smelting production unit of the Group, has actively implemented the production, living and rainwater collection and treatment projects to fully realize "zero discharge" of wastewater.



Introduction to the "zero discharge" process of wastewater in the Gold Smelting Branch

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In respect of production wastewater discharge from mining production units, each of the Group's subsidiaries also conducted strict wastewater discharge management, continuously improved wastewater management mechanisms and optimized wastewater treatment facilities.

**Case: A sound wastewater management mechanism developed by Tongbai Xingyuan Mining Company Limited**

Tongbai Xingyuan Mining Company Limited, a subsidiary of the Group, has formulated a sound wastewater management mechanism. The wastewater generated by Tongbai Xingyuan mainly include processing wastewater, mine water and domestic sewage. For beneficiation wastewater, the clear water recycling is adopted for the tailing dam through an anti-seepage dam and a backwater tank established as required, and the rainwater in the tailing dam area is recycled to achieve rain and sewage diversion. By this approach, beneficiation wastewater has been fully recycled to achieve zero discharge. As for mine water and dust control water from rock drilling, part of them are recycled for processing water, while the remaining of approximately 40–55m<sup>3</sup>/d is discharged into the sewage treatment plant with a treatment capacity of 120m<sup>3</sup>/d for treatment to meet the standards for external discharge. Domestic sewage is discharged after meeting the standards through treatment. The Company has appointed a third party to conduct the wastewater detection every month to ensure that it is discharged after reaching the standard.

**2.2.4 Noise and Management**

The Group pays attention to and prevents the risk factors in the production environment that may affect human health and pays attention to noise management. The noise in our production process is mainly the noise from the working process of rock drills, air compressors, ball mills, crushers and other equipment, for which noise reduction measures such as sound insulation, vibration isolation and noise elimination are taken, and we have engaged a third-party agency to test the noise in the production process of the Group's main mining production units, which is carried out once a month.

**Case: Management measures for noise prevention and control adopted by Tongbai Xingyuan Mining Company Limited, a mine production unit**

1. To establish a sound occupational hazard management organization and to carry out noise detection.
2. To monitor the noise of mining and processing operation sites at least once a day.
3. At mining operation sites, three points are selected at each monitoring location and the average value is taken.
4. To give a play to its own noise reduction function, and in the case of the noise index exceeding the standard, to examine and repair immediately.
5. The employees are equipped with labor protection supplies or work on shifts to reduce the time exposed to noise.

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6. Any sudden noise shall be notified to the nearby employees in advance for safety protection.
7. To provide regular physical examinations for workers exposed to noise, protect the physical and mental health of workers, and establish a sound management mechanism for protection supplies.
8. To strengthen the maintenance of equipment to reduce the noise caused by the aging of machinery.
9. To strengthen personal protection: workers exposed to strong noise shall wear ear plugs, earmuffs, etc., to reduce the impact of noise on workers.
10. To adopt methods such as sound insulation and sound absorption: silencer or sound insulation hood shall be installed at the source of strong noise.

During the Reporting Period, there have been no penalties imposed on us for environmental damage within China. During the operation process of Full Gold, there was some damage caused to trees, which has been properly addressed. The surface backfill treatment and soil covering planting will also be carried out in the mining area every year.

In the future, we will gradually improve our management and target setting system in emissions management and waste management to promote continuous improvement.

**2020-2022 Statistics on the Discharge Amount of Waste Gas and  
Waste Water of the Group**

| Relevant indicators |                      |                    | 2022  | 2021  | 2020  |
|---------------------|----------------------|--------------------|-------|-------|-------|
| Smelting plants     | waste water (tonnes) | COD                | 0     | 0     | 0     |
|                     |                      | NH <sub>3</sub> -N | 0     | 0     | 0     |
|                     | waste gas (tonnes)   | SO <sub>2</sub>    | 1.96  | 3.06  | 4.66  |
|                     |                      | NO <sub>x</sub>    | 25.68 | 20.64 | 84.02 |
| Operating mines     | waste water (tonnes) | COD                | 1.65  | 2.37  | 0.839 |
|                     |                      | NH <sub>3</sub> -N | 0.003 | 0.45  | 0.001 |
|                     | waste gas (tonnes)   | SO <sub>2</sub>    | 2.01  | 1.99  | 14.76 |
|                     |                      | NO <sub>x</sub>    | 1.023 | 1.30  | 1.037 |

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**2021–2022 Statistics on the Greenhouse Gas Emissions of the Group**

| <b>Relevant indicators</b>   | <b>2022</b>       | 2021       |
|--|-------------------|------------|
| Direct greenhouse gas emissions (Scope 1)<br>(tonnes of CO <sub>2</sub> e)                         | <b>11,263.33</b>  | 14,649.28  |
| Indirect greenhouse gas emissions (Scope 2)<br>(tonnes of CO <sub>2</sub> e)                       | <b>113,498.61</b> | 105,425.58 |
| Total greenhouse gas emissions (tonnes of CO <sub>2</sub> e)                                       | <b>124,761.94</b> | 120,074.86 |
| Greenhouse gas emissions intensity (in terms of revenue)<br>(tonnes of CO <sub>2</sub> e/RMB1,000) | <b>0.01</b>       | 0.02       |

**2.3 Use of Resources**

We attach importance to the economical use of natural resources and put resource conservation and resource efficiency in an important position in the Group's development strategy and operation methods. We constantly improve our management system in resource use and energy consumption management, optimize energy saving and emission reduction measures, and devote ourselves to continuously monitoring and constantly improving the performance of Lingbao Gold's resource use efficiency. The main energy consumed by our subsidiaries and branches is electricity, with a small amount of coal oil and diesel as auxiliary energy. The Group reports the monthly energy consumption of Nanshan Branch and Smelting Branch to the Lingbao City Development and Reform Commission around the 10th day of each month. In August 2022, the energy consumption of Nanshan Branch and Smelting Branch was reported to the provincial Development and Reform Commission, including the monthly and annual consumption of electricity, diesel, and coal oil.

**2.3.1 Energy Saving and Efficiency Improvement**

Lingbao Gold attaches great importance to the economical use of natural resources and is committed to improving the efficiency of energy utilization. We comply with the laws and regulations such as "Energy Conservation Law of the People's Republic of China", "Energy Conservation Regulations of Henan Province (《河南省節約能源條例》)", "Management Measures for Energy Saving at Key Energy Consumption Entities (《重點用能單位節能管理辦法》)" and "Implementation Measures of Henan Province for Management of Energy Saving at Key Energy Consumption Entities (《河南省重點用能單位節能管理實施辦法》)", while Full Gold complies with local laws and regulations, such as the "Kyrgyzstan Environmental Protection Law" and the "Kyrgyzstan Energy Conservation Law".

In 2022, we have implemented a number of energy saving and emission reduction measures, such as the implementation of clean production; recycling waste products and reusing packing and container products; strengthening maintenance and management of the atmospheric treatment equipment to achieve the emission reduction of pollutants, such as sulfur dioxide, nitrogen oxides, and dusts; implementing systematic water-replenishing technology, reusing the waste water after in-depth treatment, increasing the recycling rate of water resource; and improving the output rate of resources. We have established sound and modern enterprise environmental protection management system through clearly defining the responsibilities of environmental protection at all levels to make each kind of work further standardized and institutionalized, promoting clean production and raising the enterprise economic benefits and social benefits. In 2022, we have carried out a number of process technical improvements to save energy and improve efficiency.

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| <b>2020–2022 Statistics on the Energy and Resource Consumption of the Group</b> |                     |              |              |
|---|---------------------|--------------|--------------|
| <b>Related indicators</b>   | <b>2022</b>         | 2021         | 2020         |
| Coal (tonnes)   | <b>3,232.00</b>     | 3,975.40     | 4,926.00     |
| Gasoline (tonnes)   | <b>15.00</b>        | 49.85        | 6.00         |
| Coal oil (tonnes)   | <b>198.00</b>       | 225.10       | 306.00       |
| Diesel (tonnes)   | <b>1,254.00</b>     | 1,748.50     | 1,459.00     |
| Coke (tonnes)   | <b>7.00</b>         | 36.10        | 5.00         |
| Electricity (Ten thousand kWh)  | <b>19,746.00</b>    | 18,478.33    | 6,468.00     |
| Total energy consumption (MWh)  | <b>233,836.47</b>   | 232,318.59   | 214,496.27   |
| Energy intensity (in terms of revenue)<br>(MWh/RMB1,000)                        | <b>0.02</b>         | 0.04         | —            |
| Water consumption (cubic meters) (“m <sup>3</sup> ”)                            | <b>2,253,062.00</b> | 1,972,942.00 | 1,465,658.00 |
| Water consumption intensity (in terms of<br>revenue) (m <sup>3</sup> /RMB1,000) | <b>0.22</b>         | 0.37         | —            |

**Case: Xingyuan Upgrades Facilities and Adopts Staggered Power Consumption**

In 2022, Xingyuan completed the replacement works related to processing plants' high and low voltage power supply lines, aged power lines of the logistics department, small processing plants, and transformers for dry storage facilities, ensuring the safe operation of the power supply system. At the same time, without affecting production, the company urged the adjustment of the start-up time for the underground drainage equipment, ventilation equipment, and processing and crushing equipment, so that pricing differences for the power consumption peak and off-peak seasons can be reasonably utilized to effectively stagger the power consumption, which would help minimize electricity cost incurred from production.

**Case: Nanshan Branch Shortens Power Supply Distance**

A shorter power supply distance can effectively reduce power loss during transmission and save power consumption. In 2022, Nanshan Branch switched the power supply for the production at the No. 1452 pit from the Qianglao line to the Cangxin line, reducing the power supply distance by five kilometers.

In the future, while constantly improving resource and energy utilization rates, we will continue to establish and improve a more comprehensive system for managing energy and resource utilization and setting goals.

**2.3.2 Recycling of Water Resources**

The Group attaches great importance to the protection of water resources and the use of water resources, and has realized the reuse of water resources mainly in the smelting segment and the mining segment.

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Smelting segment: Except for the water content of about 15%–20% in the tailings and the evaporation of water due to heat dissipation of production system equipment, the smelting plant basically realize the recycling of all water resources by adopting the dry discharge method, with a total amount of supplemental water consumption of approximately 400,000 tonnes/year, and the total use of return water from thickener pond, water treatment plant and sedimentation tank of about 3,500 tonnes per year.

Mining segment: The main sources of water used for production in mining units are surface water, mine water and tailings return water. The production water is mainly used for grinding and flotation, carbon leaching, and dry discharge of tailing water, which is pumped back to the high-level pond for storage after sedimentation and repeated recycling. Mine water and surface water enter the high-level pond and are used as new water supplement supply. Xingyuan uses about 4 tons of water to process each ton of ore, of which 85% of the water is continuously recycled from the return water in the dry stockpile tailing dam and will be used in the workshop, and the remaining 15% of tailings water is supplemented from the drainage volume underground. The water used for production in the processing plant of Nanshan Branch mainly comes from surface water, tailings return water and recycled water from dewatered concentrate.

### 2.3.3 Green Office

Since 2022, Lingbao Gold Group has actively integrated into the practice of constructing a resource-conserving society by adhering to the concept of green development, establishing a complete mechanism, innovating office methods and increasing efforts to save energy and reduce consumption, and has embarked on a path towards green office practices.

Closely following the theme of “green office for energy conservation and emission reduction”, we issued the “Proposal for Energy Conservation and Environmental Protection to All Employees of the Company”, formulated the management system for office electricity, water, paper, and fuel consumption of non-production vehicles, and established a supervision and evaluation leading group to supervise and promote the energy conservation and environmental protection and the optimization of the office environment, which has achieved remarkable results.

- Electricity saving. In response to the implementation of the national policy of controlling electricity consumption, we strengthened the propaganda of electricity saving, and guided the employees to develop the habit of saving in the daily office. We also refined the regulations on electricity consumption in facilities such as computers, lighting and air conditioners, such as transforming the ceiling lights in the corridors of the office into motion sensor lights, turning on office appliances when they are used and turning off when leaving; turning off the landscape lights at the factory at night, and seriously investigating and punishing the illegal use of high-power appliances by dormitories and offices; implementing office area lighting renovation, and replacing over 400 ordinary light bulbs with LED energy-saving lamps. As a result, a total of 126,000 kWh of electricity has been saved since the renovation until the end of the Reporting Period.

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- Paper saving. We invested funds in the continuous update and improvement of the “OA” office system, which realized online business reporting and review and online transmission of the Company’s documents and information, and innovated office methods to improve office efficiency, basically achieving paperless office and saving more than RMB50,000 in paper costs for the year.
- Water conservation. We introduced energy-saving and environment-friendly drinking water equipment, implemented a gas-to-electric water heater renovation project, and implemented centralized water supply for the Group; promptly repaired pipelines, valves, faucets and other facilities to solve the problem of running and dripping; built a rain and sewage diversion system, and used rainwater to water flowers and plants, reaching over 85% in water resources recycling.
- Strict control of office supplies. We implemented the administrative measures for the planned application, procurement by designated personnel and requisition approval of office supplies. The office is responsible for the procurement of office supplies according to the plan after review and approval of the applications of the departments and divisions, while each department or division designate a person to manage the office supplies and make application for the office supplies according to the monthly plan, and an incentive and penalty system has been established so as to reduce the consumption of office supplies.
- Strict control of the fuel consumption of non-production public vehicles. We reduced the allocation of public vehicles and strictly approved the use of public vehicles. Meanwhile, we implemented vehicle refueling management and accessed fuel consumption on a vehicle-by-vehicle basis according to the mileage, the results of which will be announced on a month basis, to eliminate management loopholes such as private use of public vehicles, reducing 13% year-on-year in the fuel consumption cost of non-production vehicles throughout the year.
- Greening and beautification of the office environment. In accordance with the requirements of the green mine construction, we have invested over RMB600,000 in planting trees, flowers and grass, hardening regional roads, and painting and beautifying walls to update wall paintings, so as to build an energy-saving and emission reduction culture within the Group. Therefore, the purple wisteria, osmanthus, and American red maple trees in the office courtyard have become beautiful scenery. We have also implemented the sorting, sorting and centralized treatment of office garbage and built rainwater and sewage diversion pipelines to further optimize the working environment.

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Mine afforestation

## 2.4 Environment and Natural Resources

We always adhere to the circular mining development model guided by the concept of ecological civilization and always insist on “Commitment to Protecting Our Environment, and Making the World a Better Place with Love”. The Group is a mining, smelting and processing enterprise. The wastes generated during the production process have a certain impact on the environment. The solid wastes generated from the mine are mainly waste rocks and tailings. The waste rocks from the mine are concentrated in the dumping site, and are covered with the soil to plant trees and grass in a timely manner to help facilitate ecological restoration. Part of rock wastes are transported to the gravel plant for comprehensive utilization. The Group has continuously strengthened the discharge control of the waste during the production process, so as to minimize the waste discharge, and actively protect and beautify the environment.

For example, in order to fully implement the national guidelines, policies, laws and regulations on environmental protection and to comprehensively improve the standard of environmental management of the branches, the Nanshan Branch, the main mining production unit of the Group, has formulated and issued the Compilation of Environmental Management Systems for the branches, established an environmental protection committee and clarified the responsibility system of environmental protection, while further standardizing a series of environmental protection management rules and regulations such as the operation procedures of environmental protection facilities and equipment, the environmental management system of hazardous waste, the system of environmental protection supervision and inspection, and the system of environmental protection promotion, education and training. All production-type mines under the Group have been awarded the title of national-level green mine.

From August to September 2022, Xingyuan closed off the concentrate plant and waste dump, covering more than 2,000 square meters according to the relevant requirements of the performance classification review. The closed areas were equipped with spray facilities, effectively reducing dust emissions.

Nanshan Branch invested over RMB2.8 million in building demolition at the closed pit, as well as ash disposal and grass planting at industrial sites and slag slopes. Repair and maintain was provided to the upper part of the river along Mine Yin Xin to ensure safety during floods. The company also renovated and covered the tailings dam of the Nianzigou mine and the Qiangma tailings warehouse.

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**Mineral Resources Management**

All subsidiaries and branch companies of the Group conduct regular follow-up inspections of mineral resources. Taking Nanshan branch as an example, the branch controls the depletion rate of mineral resources at source through follow-up inspections. After the ore is extracted, waste rocks are sorted out to improve the ore grade. By increasing the use of cement slurry to construct pillars, the branch stabilizes the roof of the mining area and recovers part of pillars to reduce resource waste. The tailings are also used to fill the mining area, reducing the loss rate of minerals to varying degrees.

We also adopt measures such as technological improvements and optimizations to improve the quality of the ore and further increase the recovery rate of gold.

**Case: Xingyuan's Technological Upgrade and Optimization of the Processing Plant**

In May 2022, Xingyuan conducted a technological upgrade and optimization of the processing plant, increasing its production scale to the original design capacity of 500t/d (the production load of the original grinding system was reduced to 300t/d, and the design processing capacity of newly-built grinding system was 200t/d, the same below). It improves the production efficiency of the crushing system and lowers the particle size of mined ore to below 15mm. With the production scale of the processing plant meeting the design capacity requirements, the proportion of -200 mesh overflow from the original grading machine increased by 5-10% to reach 60%, the overall flotation recovery rate increased by about 1%, and the gold recovery rate reached 91.69%. By optimizing the ore structure, increasing the recovery of low-grade ores, and establishing a waste rock sorting management system, the ore grade was improved, and the total amount of waste rock sorting in 2022 was about 2,600 tonnes, which reduced production costs and improved the quality of the ore to a certain extent.

**Tailings Management**

In order to carry out tailings management in a more standardized manner, each subsidiary and branch company has formulated regulations such as the "Tailings Management System" in accordance with local laws and regulations, and regularly monitors the soil, surface water, and groundwater of tailing dam. Xingyuan conducts monthly, quarterly, and annual monitoring of soil, surface water, and groundwater of the dry stockpile tailing dam according to the "Environmental Impact Assessment Report on Dry Stockpile Tailing Dam Construction Project of Tongbai Xingyuan Mining Company Limited" and the "Opinions on the Implementation Standards of Environmental Impact Assessment on Dry Stockpile Tailing Dam Construction Project of Tongbai Xingyuan Mining Company Limited" issued by the Nanyang Municipal Ecology and Environment Bureau. The implementation standards are as follows: the "Soil Environmental Quality-Risk Control Standard for Soil Contamination of Agricultural Land (on trial)" (GB15618-2018) for soil quality, the Class III standard in the "Groundwater Quality Standard" (GB/T 14848-2017) for groundwater quality, and Class II standard in the "Environmental Quality Standards for Surface Water" (GB3838-2002) for surface water quality. The company has a total of five tailing dams, of which four are closed and there are no high-risk tailing dams. The coverage rate of risk assessment is 80%.

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To ensure the safety of on-site employees, we have developed the “Tailing Dam Safety Management System” and other systems. For example, Nanshan branch strictly implements a flood prevention duty system, engages professional companies to conduct relevant inspections, and conducts annual joint emergency response drills for flood control at the tailing dams with local villages and groups to improve emergency response capabilities. The company has also installed online monitoring and network surveillance device and set warning values to monitor the various facilities of the tailing dam in real-time and the readings are transmitted to emergency management departments. Every month, the company manually measures and analyzes the dam displacement and infiltration line of the tailing dam, timely detects and eliminates any abnormal situations, and sets up disaster avoidance signs and escape routes in the tailing dam, clearly stating how to evacuate in an emergency. In strict compliance with the “Safety Regulations for Tailing Dam”, the company has developed the “Tailing Dam Safety Management System”. It regularly conducts hazard investigations and implements corrective measures to reduce environmental risks, while conducting emergency drills and revising emergency plans as needed. The company strictly follows the design of the tailing dam for ore discharge and dam construction operations, and establishes a complete lifecycle management system for the tailing dam. Nanshan branch has a total of three tailing dams, of which one is an active tailing dam, and there are no high-risk tailing dams. Risk assessments have been conducted for all tailing dams.

**Chemical Usage**

Our subsidiaries and branch companies have all established comprehensive chemical management systems. In the case of Nanshan branch, chemicals are divided into two categories: explosives used for tunnel exploration, and hazardous chemical reagents used for laboratory analysis. The procurement, transportation, storage, and use of these chemicals comply with the regulations on the management of civil explosives and the safety use of hazardous chemicals.

**Biodiversity**

As our production activities are conducted in mountainous areas, the importance of biodiversity is self-evident, and we have made efforts in this regard. Taking Nanshan branch as an example, it strictly complies with the “Environmental Protection Law” in terms of land use and biodiversity conservation. The branch has established an environmental protection leadership group and clarified the responsibility system for environmental protection, while further standardizing the operation procedures of environmental protection facilities and equipment, the environmental management system of hazardous waste, the system of environmental protection supervision and inspection, and the system of environmental protection promotion, education and training.

During the Reporting Period, none of our subsidiaries and branch companies had operating locations or projects located in or adjacent to protected areas or areas with rich biodiversity outside of protected areas. The solid waste produced by our mining activities mainly consists of waste rocks and tailings. The waste rocks from the mine are concentrated in the dumping site, and are covered with the soil to plant trees and grass in a timely manner to help facilitate ecological restoration. Part of rock wastes are transported to the gravel plant for comprehensive utilization and the tailings are stored in the tailing dam. There were no material incidents related to damage to biodiversity during the Reporting Period.

## 2.5 Combating Climate Change

Global climate change has become the most significant common environmental and development challenge in the 21st century. As a responsible enterprise, Lingbao Gold actively responds to the national carbon peak target and carbon neutral vision, and responds to climate change with its every effort, to build ecological civilization and to promote high quality green development. In this section, we demonstrate our effort to address climate change in alignment with the recommendations of TCFD (Task Force on Climate-related Financial Disclosures) and the “Guidance on Reporting Climate Disclosure in accordance with TCFD Recommendations” issued by HKEx under the framework of governance, strategy, risk management, and metrics and targets.

### **Governance**

Lingbao Gold’s ESG governance structure specifies the roles and responsibilities of the Board and management on climate change issues. The Board is responsible for coordinating and establishing the Group’s policies and response mechanisms on climate-related issues, as well as overseeing their implementation; while the management of the Group is responsible for the implementation and execution of relevant strategies.

### **Strategy**

Climate-related risks include transition risks in relation to the transition to a low-carbon economy and physical risks in relation to the impact of climate changes. Transition risks include political and legal risks, technical risks, market risks, reputational risks while physical risks include acute physical risks (dominated by single events, such as typhoons, floods and other extreme weather conditions) and chronic physical risks (representing long-term change in climate pattern such as persistent high temperatures).

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With respect to transition risks, we are mainly exposed to policy and regulatory risks against the backdrop of carbon neutrality targets announced by the governments in both China and Kyrgyzstan, where our production-type mines are located. With respect to physical risks, the Group is less exposed to typhoons and rising sea levels and more exposed to extreme precipitation and extreme high temperatures as its production-type mines are located inland. A detailed analysis is as follows:

| Issue                     | Category | Evaluation Results  | Response Measures   | Potential Financial Impact     |
|---------------------------|----------|---|---|--------------------------------|
| Extreme precipitation     | Risk     | Under the RCP4.5 and RCP8.5 scenarios, extreme heavy rainfall in the areas where the Group mainly operates will increase, which may trigger floods, water resource pollution, and landslides <sup>2</sup>   | <ul style="list-style-type: none"> <li>Cooperate with the government to strengthen ecological restoration and ecological monitoring</li> <li>Strengthen monitoring of extreme weather such as weather forecasts and early warning;</li> </ul> | Increase in operating expenses |
| Extreme high temperatures | Risk     | Under the RCP4.5 and RCP8.5 scenarios, the average temperature in the areas where the Group mainly operates will rise, and the frequency of extreme high temperature events will increase, which may trigger wildfires <sup>3</sup> . In addition, high-temperature operations may affect the health and safety of employees. | <ul style="list-style-type: none"> <li>Develop emergency plans and improve firefighting and emergency response capabilities</li> </ul>  | Increase in operating expenses |

<sup>2</sup> Assessment Report on the Evolution of China's Climate and Ecological Environment (《中國氣候及生態環境演變評估報告》) (September 2021)

<sup>3</sup> Assessment Report on the Evolution of China's Climate and Ecological Environment (《中國氣候及生態環境演變評估報告》) (September 2021)

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| Issue                            | Category | Evaluation Results   | Response Measures  | Potential Financial Impact                                   |
|----------------------------------|----------|--|--|--|
| Greenhouse gas emission policies | Risk     | The government in the place where the Group operates may increase energy prices, set caps on energy use, expand coverage of compensated greenhouse gas emissions, or enhance other regulatory requirements related to the environment. | <ul style="list-style-type: none"> <li>Initiate more energy-saving technological improvements to reduce the energy consumption level of existing facilities;</li> <li>Actively explore the use of renewable energy.</li> </ul> | Increase in asset investment; Increase in operating expenses |

### Risk Management

In view of the nature of the industry in which the Group is located and taking into account the actual situation, we have identified and assessed the management process of climate-related risks. For example, based on the results of years of meteorological data analysis, the most likely natural disasters in the area where Tongbai Xingyuan Mining Company Limited is located are windstorms and heavy rainfall, which can lead to wastewater overflow. Sudden rainstorms may cause environmental hazards, exacerbating pollution and the accumulation of pollutants in downstream receiving water bodies. In response to the identified risks associated with climate and extreme weather events, the company has established the Emergency Rescue Plan for Workplace Safety Accidents to clarify emergency measures for possible safety accidents and minimize or reduce the impact of accidents on people, property and the environment.

### Metrics and Targets

In order for the climate change process to be measured, it is vital to select appropriate parameters and metrics and to set responsive targets. We have gradually improved the statistical and assessment mechanisms for the basic energy consumption indicators related to greenhouse gas emissions sources, including electricity consumption, natural gas consumption, etc.

Considering the changing operational and market environment in which the Group operates, we will constantly review our activities and adjust our objectives and proposed measures as appropriate. In the future, we will further optimize our strategies, risk management as well as indicator and objective identification and management. We will cooperate with other social sectors to address climate changes in an effort to achieve a sustainable development.

### III. SHOULDER RESPONSIBILITY FOR PROSPERITY

#### 3.1 Quality Management

Product quality improvement and effective quality control play a key role in meeting the market demand and enhancing efficiency, while representing the inevitable requirements for our business sustainability by achieving our grand objectives and enhancing our business strengths. Attaching great importance to product quality, the Group has formulated the “Record Control Program (《記錄控制程式》)” to ensure the efficient transmission of information on quality, environment, and occupational health and safety management systems, as well as to deliver timely and accurate reports on various production technical and economic indicators. Such program provides a basis for our managers to make correct decisions, and ensures that statistical analysis, accounting and assessment are carried out smoothly. Furthermore, the “Substandard Product Control Program (《不合格產品控制程式》)” has been formulated, which applies to the process of the quality control assessment over raw materials, work in progress, and finished products.

#### Smelting Branch

The Gold Smelting Branch is a member of Shanghai Gold Exchange and has received the quality system certification from Shanghai Gold Exchange. The subsidiaries of the Group has also crafted product quality systems based on major product categories, such as gold ingots, silver, and electrolytic copper, which clarify the operating procedures, internal control standards and index assessment, so that there are rules governing quality management to follow through. In 2022, we implemented technical renovation projects such as smelting flue gas treatment, nitrogen oxide treatment, and acid-making flue gas desulfurization and denitrification to improve the environmental performance of our products. During the Reporting Period, there were no product recalls.

We have also formulated a standardized and detailed gate access, security, and entrance and exit management system for product warehouse security management to implement comprehensive management, including:

- Establishing a safety production scheduling center to implement 24-hour real-time monitoring of major production positions and the surrounding areas of the factory;
- Setting up a safety management department to manage the production, sales, and transportation of products, as well as to provide safety skills training for relevant personnel.

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The products produced by the Group are all subject to third-party quality inspection, the results of which are all qualified as follows:

|                | <b>Inspection entity</b>   | <b>Inspection frequency</b> | <b>Last inspection</b> |
|----------------|--|-----------------------------|------------------------|
| Gold bullion   | Administration for Market Regulation of Sanmenxia City   | Once a year                 | April 2022             |
|                | Changchun Gold Research Institute Co., Ltd. National Gold, Silver and Product Quality Inspection and Testing Center (長春黃金研究院有限公司國家金銀及製品質量檢驗檢測中心) | Once a year                 | November 2022          |
| Sulphuric acid | Administration for Market Regulation Henan Province  | Once a year                 | December 2022          |
|                | Administration for Market Regulation of Sanmenxia City   | Once a year                 | April 2022             |
| Cathode copper | Administration for Market Regulation of Sanmenxia City   | Once a year                 | April 2022             |
| Silver         | Administration for Market Regulation of Sanmenxia City   | Once a year                 | April 2022             |

In the future, we will continue to improve product quality, enhance quality management, meet market demand, and increase efficiency.

#### **Lingjin Jewelry (靈金珠寶)**

On 1 June 2022, Lingjin Jewelry (靈金珠寶) flagship store officially opened, specializing in products such as gold, silver, and jewelry. The store offers specialized areas for gold and silver jewelry, ornaments, diamonds, custom-made products, and online live streaming, and adopts a combination of online and physical stores for marketing.

Quality management of products is crucial for the sustainable development of an enterprise. Lingjin Jewelry (靈金珠寶) has established a comprehensive quality management system that covers production, processing, technical innovation, and end-to-end sales, strictly controlling the quality of products to ensure their quality. We implement strict control measures in product procurement and use professional testing equipment to sample each batch of products to ensure product quality. We achieved a 100% product qualification rate and zero recalls in 2022. The metal types, precious metal content, and quality labels on the products are consistent with the labels. In terms of security, we have installed cameras and alarm systems throughout the store, with security personnel on duty 24/7 to ensure the safety of our products.

In the future, we will continue to strictly comply with relevant laws and regulations, and strengthen the supervision and inspection of product quality to ensure that consumers can purchase our products with confidence.

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**3.2 Quality Service**

With customers as the foundation of business survival and development, only an enterprise can achieve successes by developing a correct customer service philosophy and providing good services. The Company has always attached great importance to customer service and strives to provide customers with high-quality and attentive services.

**Smelting Branch**

In the smelting business, customer service mainly involves providing on-site services such as handling loading procedures for customers' silver, electrolytic copper, sulfuric acid, and contacting relevant departments for scheduling. In accordance with the relevant laws and regulations in the place where we operate and the relevant systems of the Company, we require that customer personnel and vehicle qualifications must comply with relevant regulations. We strictly enforce relevant laws and regulations. We will conduct regular customer return visits. Usually, we will conduct return visits to the enterprise site in the first half and second half of each year. However, our original communications means has been changed to telephone interviews as a more flexible communications means in recent years.

Gold products are sold or in transit without any product recall due to safety and health issues, or complaints about such products and services. The operating activities of the Group's smelting business do not involve customer privacy and confidentiality.

In the future, we will continue to maintain a serious and responsible attitude, conduct market research to understand customer needs, and use gain customer recognition with the advantages of our products. We will maintain a calm mindset and think from the customer's perspective to help customers solve problems.

**Lingjin Jewelry (靈金珠寶)**

As a subsidiary of the Lingbao Gold brand of the Group, Lingjin Jewelry (靈金珠寶) focuses on building the Lingbao Gold jewelry flagship store to increase the visibility of Lingbao Gold. We always adhere to a customer-centric approach.

Service quality:

- In daily sales activities, we require sales personnel to provide excellent customer service, pay attention to every detail, and strive to achieve 100% customer satisfaction. As a new store, we pay special attention to organizing relevant training to improve service quality and level.

Communication with customers:

- We communicate with customers face-to-face and provide suggestion boxes to understand their suggestions on services (including in-store reception, product introduction, jewelry try-on, sales billing, after-sales service, and other processes). For regular customers, we will inquire about any problems encountered during the daily wearing process, explain the daily maintenance methods, and provide free jewelry cleaning and maintenance for every customer who visits the store.

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## Responsible marketing:

- Currently, the Company only has one physical store, whose main marketing and market development methods include offline promotion, online platforms such as Douyin, Xiaohongshu, WeChat Moments, and WeChat public accounts. We firmly oppose false advertising and promotion, and all promotional products are selected from the actual products in the store. Our marketing activities are all conducted truthfully and effectively.

## Membership management:

- We have established a complete membership system and membership manual and invite customers to become our members. Members are required to provide identification when applying or reapplying for membership. After registration, members can enjoy different discounts based on their membership level and accumulate points to exchange for gifts or coupons. During the Reporting Period, we took seriously the issuance of membership cards, accumulation of points, reissuance, consumption records, and processing of point redemption for members.

## Customer complaint handling:

- We have a service hotline, and customers can file complaints in-store or via phone. When receiving a customer complaint, we provide help or solutions in a timely and customer-oriented manner after understanding the reasons for the complaint by following the principle of “dealing with feelings before handling complaint”. We value our customers and treat their complaints as opportunities for improvement, continuously improving our service quality. As of the end of the Reporting Period, we have not received any customer complaints.

## Customer privacy protection:

- We strictly comply with the “Law of the People’s Republic of China on the Protection of Consumers’ Rights and Interests”, the “Cybersecurity Law of the People’s Republic of China”, the “E-Commerce Law of the People’s Republic of China”, the “Information Security Technology – Personal Information Security Specification”, and other relevant laws and regulations concerning personal information of citizens. In the collection of member information, we minimize the collection of unnecessary information and keep the collected information confidential. During the Reporting Period, member information was stored on a third-party server, and we have required the third-party service provider to strictly keep customer information confidential and secure. During the Reporting Period, we have conducted a training session related to information security and privacy protection, covering all employees. As of the end of the Reporting Period, there was no incidents of privacy breaches or damage and loss of customer information.

### 3.3 Intellectual Property Protection

The Group continues to strengthen the awareness of intellectual property protection and recognizes the great importance of protecting intellectual property rights. Besides actively protecting the intellectual property rights established by the Group and supporting the combat against infringement and other various unfair competition acts, the Group respects the intellectual property rights of others and avoids infringement. As at the end of the Reporting Period, the Group has 25 patents, including 23 invention patents and 2 software copyrights.

### 3.4 Research and Innovation

#### Scientific and Research Institutions

The Group has two technology innovation platforms, one being Henan Provincial Engineering and Technology Research Center of Comprehensive Utilisation of Gold Concentrations (the "Research Center"), established in 2015, with laboratories specialising in metallurgy, mineral processing, environmental protection, analysis, etc.; another being Henan Provincial Strategic Alliance of Technology Innovations in Gold Industry, established in 2016, which was formed by bringing together 28 gold industry enterprises, 10 research institutions, and 4 colleges and universities within and outside Henan Province and has developed constitutional documents, and established alliance organizations.

#### Development of Scientific and Technology Talents

We actively develop a scientific mechanism to introduce and cultivate scientific and technology talents, focusing on internal training and supplemented by external recruitment. We formulate talent cultivation and recruitment plans to give full play to the role of scientific and technology talents, and provide them with platforms to showcase their talents. We encourage the establishment of various groups for technological breakthroughs, and reward units and individuals who have achieved tangible results in technological innovation and breakthroughs.

#### Implementation of Scientific and Research Projects

In 2022, we invested RMB31 million in nine scientific and research projects at our Smelting Branch and Nanshan Branch, including research on the desalination technology of cyanide-containing wastewater, study on the formation pattern of relevant veins, aiming at improving our economic efficiency by becoming a "technology-driven enterprise".

#### University-enterprise Cooperation

##### Case: Study on technologies for green and efficient processing of refractory gold ores in cooperation with Central South University

In 2022, we entered into the Contract for the Development of Key Technologies for Green and Efficient Processing of Refractory Gold Ores (《難處理金礦綠色高效選冶關鍵技術開發合同》) with the School of Minerals Processing and Bioengineering of Central South University, pursuant to which we would engage in long-term cooperation in the research on the flotation, recovery, extraction, and other processes of refractory gold ores.

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### 3.5 Supply Chain Management

In order to standardize the supply chain management and materials procurement, the Group has formulated various systems, including the “Material Management Approach (《物資管理辦法》)”, “Raw Materials Procurement Management System (《原料採購管理制度》)”, the “Gold Concentrates On-site Bidding Management Regulations (《金精礦現場競買管理辦法》)”, the “Raw Materials Procurement Market Environment and Compliance Standards (《原料採購市場環境及達標標準》)”, the “Regulations for Raw Materials Procurement Pricing (《原料採購計價辦法》)”, the “Procedures of Unqualified Gold Concentrates (《不合格金精礦處理辦法》)”, the “Management Regulations of Gold Concentrates Prepayments (《金精粉預付款管理辦法》)”. We have established a comprehensive procurement system to manage and monitor the procedures of supply chain of the Group and to conduct consolidated and comprehensive review and assessing on supplier’s quality, credit, supply capacity and others aspects. In order to strengthen the Company’s supervision and control functions, prevent and control procurement risks, and fully embody the principle of prioritising efficiency, the Company established a management organization for relevant supply and marketing business in December 2022 to optimize and adjust the supply and marketing management system of the Company, with the Smelting Branch being responsible for the procurement of gold concentrations, and Lingbao Jinda Gold Company Limited, a wholly-owned subsidiary of the Company, being responsible for the procurement of bulk materials and equipment. Relevant management regulations have also been amended and improved successively.

#### Supplier Selection and Relevant Processes

We prioritize the selection of suppliers who operate with integrity, provide quality services, offer stable and reliable product quality and can provide environmental-friendly and energy-saving products. In March 2022, the Group issued the “Supplier Management Measures (《供應商管理辦法》)” to strengthen the supervision and management of suppliers and standardize the supplier selection process.

The supervision and management of suppliers mainly includes, but is not limited to, the supervision and management of the safety, environmental protection, quality, price, supply capability, technical reliability, intellectual property rights, service level, contract performance, intellectual property rights ownership, infringement liability, etc. of the products or services provided; and timely evaluation of major changes, risk issues, negative information, etc. of suppliers, putting forward preliminary handling opinions, tracking the implementation of rectification measures by suppliers, and, if necessary, holding them accountable and lodging claims, etc.

In the future, we will also optimize supplier access, assessment and related management models, and take into consideration more ESG factors into the supplier assessment system.

#### Number of Suppliers

In 2022, our suppliers were mainly from “within the Group”, “within the province”, “outside the province”, and “from foreign traders”, including 66 within the province, 31 outside the province, and 7 from foreign traders. In addition, 11 new raw material suppliers were added. In reviewing suppliers, we mainly carried out audits on our current and new suppliers for their qualifications, credit, scale, etc. In 2022, all new raw materials suppliers were audited, and the suppliers subject to annual audit amounted to 87 (including 11 new ones).

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**Supplier Anti-corruption**

The procurement process is a high-risk area for corruption. We focus on strengthening the integrity management of our suppliers. The Company enters into an integrity agreement with suppliers, promising to strictly comply with the provisions of the integrity agreement in business activities in the form of a contract. We also conduct integrity-themed training for all employees on regular or ad hoc basis.

The Company's requirements for integrity practice management are as follows:

- At the beginning of each year, the Company's personnel in charge of procurement and procurement personnel sign an "Integrity Responsibility Agreement". The new procurement personnel must participate in integrity-themed education within one month of taking the position.
- At the beginning of each year, the Company signs an integrity agreement and letter of undertaking with major suppliers.
- A rotation system should be implemented for procurement personnel (including those responsible for evaluation, negotiation, inquiry, contract review, and price supervision) and working in the same position should be no more than 3 to 5 years.
- Violations of regulations during the procurement process shall be handled by the Company's disciplinary inspection department in accordance with relevant regulations. Those suspected of criminal offences shall be handed over to the judicial authorities for handling.

**IV. PEOPLE-ORIENTED EMPLOYEE CARE**

Our employees, who are the irreplaceable wealth of our Company, will always find a sense of belonging at our Company. We persist in the "people-oriented" philosophy by developing a platform for employees to manifest their potential and realize themselves. We are committed to working with our employees towards a prosperous future for all.

**4.1 Recruitment Standardization****4.1.1 Employment Standardization**

The Group emphasizes on talents. The reason is that talents are the most valuable asset of the Group and crucial for maintaining sustainable development. The Group is committed to providing our employees with career development and room and appropriate platform for promotion. In addition, the Group has specially formulated the "Lingbao Gold Group Company Ltd. Employee Management Regulations", which aims to regulate behaviors of our employees, as well as to advocate the working style where our employees will hone strict self-discipline, abide by the rules and regulations, and maintain a rigorous and meticulous approach. Furthermore, the regulations protect the legitimate rights and interests of our employees, boost their workplace morale, and mobilize their enthusiasm for work. We respect differences, and encourage diversity, without discriminating against our employees, or hindering their development in the Group based on gender, age, region, religion, etc. As at the end of the Reporting Period, the Group employed 25 employees with disabilities.

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The Group strictly complies with the “Social Insurance Law of the People’s Republic of China (《中華人民共和國社會保險法》)” combining with local government and administrative regulations where each branch and subsidiary locates, participates in pension insurance, unemployment insurance, medical insurance, major disease insurance, work-related injury insurance, maternity insurance, and housing fund for all employees, and makes full payments on timely basis. We give away holiday consolation goods and funds during traditional holidays of China, goods and supplements that keep cool in summer and stay warm in winter, yearly health check for female employees, etc. Through these ways, we create a good working and living surroundings, raising up employees’ belongings, safeguarding their interests and relieving them from future worries.

*Remuneration*

The Group determines the remuneration packages for the senior management, middle management, professional technicians and general staff based on the Company production and operation development, combining macro factors such as China’s labour safeguarding policy and CPI (Consumer Price Index), and competitions among the industry and different regions. Furthermore, the Administrative Measures for Remuneration to Middle Management, Administrative Measures for Basic Salary to Employees, and the Administrative Measures for Remuneration to Middle and Senior Technicians are formulated. Each branch and subsidiary formulate the internal second level review mechanism according to the remuneration managing approach, with the employees’ actual salaries directly related to their positions, capabilities, performances and the operating results of the enterprise for the period, thus stimulating their activeness at work.

*Recruitment*

We take into account of the actual needs and the vacancies at each unit to formulate the criteria for employment in terms of position, type of job, professional level, quantity, qualification, and working experience for staff recruitment. The recruitment channels include: internal recruitment, social recruitment, current graduates, ex-military settlement and the recruitment through government poor aiding program. In connection with employee dismissal, the Group is in strict compliance with the relevant provisions of the “Labour Law of the People’s Republic of China” and the “Law of the People’s Republic of China on Employment Contracts”. As for the situation of negotiable dismissal of labour relations between employees and the Company, the Company should report to the local social security authority for record. The Company will handle unemployment procedures for those who are in line with relevant policies and guarantee unemployed staffs to receive unemployment benefits in a timely manner.

*Promotion*

Democratic evaluation, recommendation, selection and mobilization based on the cadre’s and the employees’ working performance at the end of each year. The middle cadre of our branch and subsidiary is selected by competition, through speeches, working presentations, democratic voting. Outstanding management personnel are shortlisted to fill the positions suitable for one’s capability and experiences, so as to provide them with a stage to shine, and refresh the Company’s development and management.

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*Dismissal*

The Group strictly in accordance with relevant requirements of the “Labour Law of the People’s Republic of China (《中華人民共和國勞動法》)”, the “Law of the People’s Republic of China on Employment Contracts (《中華人民共和國勞動合同法》)”. As for the situation of negotiable dismissal of labour relations between employees and the Company, we should report to the local social security authority for record. We will handle unemployment procedures for those who are in line with relevant policies and guarantee unemployed staffs to receive unemployment benefits in a timely manner.

*Working Hours and Holidays*

We strictly complies with the “Labour Law of the People’s Republic of China”, the “Provisions of the State Council on Working Hours of Workers and Staff (《國務院關於職工工作時間的規定》)” and the “Notice of the Department of Human Resources and Social Security of Henan Province on Strengthening the implementation of Flexible Working Hour System and the Approval and Administration Work of Comprehensive Calculation Working Time System by Employers (《河南省人力資源和社會保障廳關於進一步加強用人單位實行不定時工作制和綜合計算工時工作制審批管理工作的通知》)” and relevant regulations, and have formulated systems in respect of annual leave, family visit leave, marriage leave and funeral leave. We carry out 8 working hours each day, 40 hours a week, and for voluntary overtime work, corresponding overtime pay shall be given if no alternative leave could be arranged for compensation, and triple pay will be offered for overtime work on national legal holidays.

*Statistical Table of the Number of Employees by Gender and Age Group*

| Category                | Gender |        | Age      |          |          |          |          |          |        | 55 and above | Sub-total |
|-------------------------|--------|--------|----------|----------|----------|----------|----------|----------|--------|--------------|-----------|
|                         | Male   | Female | Under 25 | 25 to 35 | 36 to 40 | 41 to 45 | 46 to 50 | 51 to 54 |        |              |           |
| Henan region            | 1,715  | 684    | 55       | 547      | 329      | 350      | 531      | 320      | 267    | 2,399        |           |
| Xinjiang region         | 363    | 113    | 22       | 130      | 43       | 58       | 92       | 75       | 56     | 476          |           |
| Inner Mongolia region   | 365    | 73     | 4        | 53       | 56       | 71       | 86       | 80       | 88     | 438          |           |
| Gansu region            | 0      | 0      | 0        | 0        | 0        | 0        | 0        | 0        | 0      | 0            |           |
| Jiangxi region          | 0      | 0      | 0        | 0        | 0        | 0        | 0        | 0        | 0      | 0            |           |
| Kyrgyzstan              | 797    | 66     | 43       | 283      | 142      | 136      | 140      | 83       | 36     | 863          |           |
| Total                   | 3,240  | 936    | 124      | 1,013    | 570      | 615      | 849      | 558      | 447    | 4,176        |           |
| Percentage of the total | 77.59% | 22.41% | 2.97%    | 24.26%   | 13.65%   | 14.73%   | 20.33%   | 13.36%   | 10.70% |              |           |

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*Statistical Table of the Number of Employees by Employment Category and Geography*

| Category<br>Unit name   | Management            | Technology                  | Sales and<br>marketing | Quality<br>control | Safety | Environmental |            | Sub-total |
|-------------------------|-----------------------|-----------------------------|------------------------|--------------------|--------|---------------|------------|-----------|
|                         | and<br>administration | research and<br>development |                        |                    |        | Protection    | Production |           |
| Henan region            | 284                   | 128                         | 124                    | 151                | 137    | 28            | 1,547      | 2,399     |
| Xinjiang region         | 51                    | 7                           | 1                      | 11                 | 23     | 10            | 373        | 476       |
| Inner Mongolia region   | 60                    | 13                          | 3                      | 9                  | 12     | 6             | 335        | 438       |
| Gansu region            | 0                     | 0                           | 0                      | 0                  | 0      | 0             | 0          | 0         |
| Jiangxi region          | 0                     | 0                           | 0                      | 0                  | 0      | 0             | 0          | 0         |
| Kyrgyzstan              | 10                    | 3                           | 2                      | 4                  | 2      | 1             | 841        | 863       |
| Total                   | 405                   | 151                         | 130                    | 175                | 174    | 45            | 3,096      | 4,176     |
| Percentage of the total | 9.70%                 | 3.62%                       | 3.11%                  | 4.19%              | 4.17%  | 1.08%         | 74.14%     |           |

*Statistical Table of Turnover Rate of Employees by Gender, Age Group, and Geography*

| Percentage of Employee Turnover | Employee Turnover Rate |       |        |
|---------------------------------|------------------------|-------|--------|
|                                 | 2022                   | 2021  |        |
| Gender                          | Male                   | 4.96% | 5.82%  |
|                                 | Female                 | 1.34% | 4.00%  |
| Age                             | Under 25               | 0.69% | 12.50% |
|                                 | 25 to 35               | 2.08% | 9.03%  |
|                                 | 36 to 40               | 0.89% | 4.60%  |
|                                 | 41 to 45               | 0.81% | 4.74%  |
|                                 | 46 to 50               | 0.86% | 3.81%  |
|                                 | 51 to 54               | 0.55% | 3.27%  |
| Geography                       | 55 and above           | 0.41% | 1.93%  |
|                                 | Henan region           | 2.97% | 6.06%  |
|                                 | Xinjiang region        | 1.75% | 6.72%  |
|                                 | Inner Mongolia region  | 1.20% | 9.39%  |
|                                 | Gansu region           | 0.00% | 0.00%  |
|                                 | Jiangxi region         | 0.00% | 0.00%  |
|                                 | Kyrgyzstan             | 0.38% | 0.44%  |

During the Reporting Period, the Group did not identify any violation against national and local laws and regulations in terms of employment.

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**4.1.2 Prohibition of Using Child Labour**

In strict compliance with the relevant laws and regulations such as the Law of the People's Republic of China on the Protection of Minors and the Provisions on Prohibition of Using Child Labour, the Group clearly prescribes that employment of persons under the age of 18 is prohibited. The human resources officers of the Company and each branch and subsidiary will verify ID cards and academic credentials of recruits during the recruitment process to prevent use of child labour. The Human Resources Department of the Group conducts random inspections of employee entry information during internal audits. Use of child labour, if identified, will be immediately rectified by terminating the employment, and the relevant responsible persons will be held accountable. As of the end of the Reporting Period, the Group did not identify any incident involving the employment of child labour.

**4.1.3 Anti-forced Labor and Worker Protection**

The Group resolutely persists in ending forced labor, and strictly complies with the "Labour Law of the People's Republic of China", "the Regulations on Employees' Work Hours" by the State Council, and the "the Circular on Further Strengthening Management of the Approval for Irregular Work Hours and Comprehensive Calculation of Work Hours of Employers" by Henan Provincial Department of Human Resources and Social Security. Besides signing the "Labor Contract" with the employees in a timely manner, the Group entered into the "Collective Contract" and "Special Collective Contract for the Protection of the Rights and Interests of Female Workers" with the labour union to protect the rights and interests of workers, strengthen the labour and employment management and regulate the labour and employment behavior. As of the end of this Reporting Period, no incidents related to forced labor, discrimination, or harassment have occurred.

**4.2 Employee Care and Benefits**

As regards employee rights protection, the Group operates its business in strict compliance national policies, laws and local government regulations, and implements relevant labour laws and regulations such as the "Labour Law of the People's Republic of China" and the "Law of the People's Republic of China on Employment Contracts". In addition, the Group formulates and improves various rules and regulations so as to protect the legitimate rights and interests of our employees in accordance with the law. All employees of the Group sign labour contracts, the contents of which shall proceed in compliance with the laws and regulations. The Group clarifies the employment rules in such areas as contract term, labour service-based remuneration, fringe benefits, labour discipline, employment contract modification and termination, termination and renewal, and economic compensation, so as to avoid labour disputes, effectively establishing an equal labour relationship between our Company and our employees, while safeguarding the legitimate rights and interests of our Company and our employees.

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Employee care management represents an important means to safeguard a harmonious ambience for the Company, and constitutes an important part of our corporate culture development. Our focus on employee-friendly management and care for employees can enhance our employees' sense of identification with and belonging to the Company, so as to keep our employees in better working conditions so as to grow and develop together with the Company. We adhere to the "people-oriented" business philosophy by attaching great importance to the development and improvement of the employee benefits system, and making full contribution to the "five insurances and one housing fund" programs. We also provide responsibility allowances, performance incentives, communications subsidies, paid leave for employees, and paid elder care leave for single-child families, family visit leave for employees in remote areas. In addition, holiday benefits for employees are available on national statutory holidays, alongside high temperature subsidies in summer, and high-cold subsidies for employees in Xinjiang. Furthermore, occupational disease examinations, annual employee health examinations, etc. are also provided so that our employees can fully experience the care and warmth of the Company.

In recent years, Lingbao Gold has established a top-down assistance system to address employees' difficulties. Each business unit conducts a thorough investigation into the families of our employees in difficulties, and establishes profiles for the employees in difficulties. The leaders of our business units at all levels pay visitations to the grassroots employees in difficulties to assess their living conditions. During public holidays, including New Year's Day and Spring Festival, each unit launches employee care activities by providing assistance to sick employees, retiring bereaved senior citizens, and families with low incomes. Furthermore, assistance will be given as much as possible to local underprivileged households, ethnic minority compatriots, and local people's livelihood infrastructure construction in places where our business units operate.

We pay attention to smooth communications with our employees by providing a feedback box, and holding discussion sessions for cadres and certain employees representatives at the annual appraisal meeting. As of the end of the Reporting Period, the employees representative meeting was conducted in an irregular and non-gathering form.

In order to safeguard the legitimate rights and interests of our employees and coordinate the relationship between employees and the Company, the Group has established a labour union committee to safeguard the rights and interests of our employees and enable the labour union to serve as a means of communications between our employees and the Company. The organizational structure of the labour union committee is divided into an organization committee, finance and economics committee, production safety committee, labour security committees, and female workers committee. As at the end of the Reporting Period, the Group had 7 grassroots labour union organizations, namely, Labour Union Committee of Nanshan Branch, Labour Union Committee of Smelting Branch, Labour Union Committee of Lingbao Hongxin Mining Company Limited, Labour Union Committee of Habahe Huatai Gold Company Limited, Labour Union Committee of Chifeng Jinchuan Mining Company Limited, Labour Union Committee of Tongbai Xingyuan Mining Company Limited, and Labour Union Committee of Full Gold Company Limited.

## 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 4.3 Training and Development

Employee training represents the source of strength to maintain our business sustainability, and a pool of high-calibre employees can enhance the market competitiveness of our Company. We recognise the importance of talent training by providing our employees with abundant training opportunities and diversified training programs, which are divided into induction training, business management training, professional technical training, job skills training, and other special training, with training methods divided into centralized training, network training, on-the-job training, external training. For instance, we train new employees on safety knowledge, corporate culture and skills, etc., so that new employees develop a good understanding about the company profile, rules and regulations, and organizational structure, become familiar with job responsibilities, work procedures and work-related business knowledge, and adapt faster to the workplace conditions. The training methods are divided into centralized off-job training and on-the-job training at a later stage. As for technical maintenance personnel, external lecturers are invited to provide maintenance-related professional training. Business-related training is provided to our employees holding production and operation positions, such as training related to mineral processing safety and mining activities.

In 2022, the Group organized diversified employee training programs, including Trainings on professional technologies, management system, safety education and environmental protection knowledge. Among them, Jinchan organizes all employees to watch safety warning education videos every month to enhance employees' safety awareness. In addition to the "three-level" safety education and training, the 10th and 24th of each month are designated as safety training times for management personnel, and each production unit organizes safety education and training every Friday.

"Safety Production Month" Training of Xingyuan



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## Management System Training of Smelting Branch



## Skills Enhancement Training Organized by Nanshan Branch

**Case: Special Safety Knowledge Training of Xingyuan**

On 15 and 16 October 2022, the county's safety training center organized two special safety knowledge training sessions for Xingyuan. The theme was to study the Safety Production Law and fulfill the responsibilities of the first person in charge. A total of 150 people attended the training.

In the future, we will improve the all- round training system, and sort out training records and training feedback, so that more diversified training programs targeting our employees will be provided. We will also establish cooperative relationships with universities and colleges to provide diversified trainings for employees and continuously enhance their overall quality.

## 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To ensure our employees are provided with fair and promising promotion channels, the Group sets up a year-end evaluation system covering all employees, and promotion methods are mainly divided into the reserve cadre recommendation model, as well as a selection process involving the democratic evaluation, recommendation, selection and transfer of cadres at the end of each year based on the performance of cadres and employees. The middle-level cadres of each branch and subsidiary are selected under a competitive recruitment system, the selecting methods of which include speech, work report, and democratic voting. According to the comprehensive evaluation results, outstanding managers will be identified, so that those outstanding talents with competence and experiences will find themselves in suitable positions, providing them with a stage to demonstrate their capabilities so as to inject new momentum into our business development management.

#### 4.4 Occupational Health and Safety

The interests of an enterprise are guaranteed by the safety of the enterprise and its employees. There is a necessity for not only the enterprise but also its employees and the society to attach great importance to and conscientiously safeguard effective safety commitments, and continue to strengthen the management of safety production and system construction.

Each of the Group's subsidiaries has established a safety committee, which holds a special meeting on safety, environmental protection, and occupational health on a monthly basis to strengthen promotion and education in order to raise employees' awareness of occupational disease prevention. Employees' reasonable suggestions on occupational health will be adopted to improve their working environment.

The main occupational hazards faced by employees of the Group's subsidiaries are dust and noise hazards, mainly in the crushing, screening, and ball milling processes of the processing plant. We try our best to avoid or reduce these hazards through various methods, such as requiring employees to wear labour protection equipment correctly during work, conducting regular tests on occupational hazard factors in the workplace, and organizing annual physical examinations for employees. In addition, different subsidiaries will adopt different countermeasures according to their actual situation. For example, our Nanshan Branch has installed a closed protective cover over the belt corridor for double sealing, and increased the application of fogging devices to reduce dust and noise; and Xingyuan has used wet rock drilling in underground mining to avoid dust generation, and sprayed water to reduce dust during cutting process.

In 2022, we spent over RMB100,000 on organizing occupational health checks for employees, testing occupational disease hazards in workplace, purchasing labour protection equipment, equipping occupational disease protection facilities and equipment and maintaining insurances.

All companies have formulated emergency plans and carry out drills on an annual basis. For example, our Nanshan Branch conducted emergency drills for tailing dam overtopping accidents, underground poisoning and suffocation drills, fire prevention drills and emergency drills for environmental emergencies, covering 210 employees in 2022; Full Gold in Kyrgyzstan has improved the "Comprehensive Emergency Response Plan of Full Gold (《富金公司綜合預案》)", "Plan for Environmental Pollution Emergencies (《突發性環境污染預案》)", "Fire Emergency Rescue Plan (《火災應急救援預案》)", and "Emergency Rescue Plan for Tailing Dams (《尾礦庫應急救援預案》)" and organized an evacuation drill for riots and terrorism in 2022, covering 70 employees.

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In 2022, the Group reported 323 lost days due to work-related injuries.

**Performance of occupational health and safety**

|  | 2022             | 2021      | 2020      |
|--|------------------|-----------|-----------|
| Number and rate of work-related fatalities | <b>1 (0.02%)</b> | 4 (0.13%) | 1 (0.03%) |

Following occurrence of accidents, the accident prevention measures taken by the Group include:

1. The units responsible for accidents are required to conscientiously analyse the causes and summarise the lessons of such accidents, as well as warn and educate all employees.
2. All units are required to deeply learn lessons from these tragic accidents, by drawing inferences from one case to another, as well as strictly preventing the recurrence of such tragedies. It is necessary to recognise that the deep-seated issues such as weak safety awareness and weak safety literacy of employees, which are derived from the accidents caused by non-compliant operations and the failures to follow through the production safety system. It is necessary to firmly uphold the awareness of the red line of production safety, truly maintain constant vigilance, and reinforce a mental defence for production safety.
3. All units are required to conscientiously implement the main responsibility of production safety, especially the safety responsibility of the main responsible person, production safety supervisor, and specifically designated officer, and implement the safety risk study and assessment, and hidden danger investigation and management system. It is necessary to exert ongoing efforts to effectively advance the in-depth progress of the production safety inspection, as well as to exercise strict control over the risks of special operations such as work at heights, hot work, confined spaces, inspection and maintenance, and temporary electricity consumption. Furthermore, our employees will strengthen their safety education and training, so as to strictly carry out operating safety procedures and resolutely eliminate hidden dangers at source.
4. Besides adhering to the concept of “safety comes before production, and unsafe production is prohibited”, all units are required to strengthen the safety inspection of key parts and key links in wells so as to develop a full understanding of production safety conditions in the wells, in which case accidents and hidden dangers can be timely identified and eliminated. Routine maintenance, as well as regular repair and inspection, shall be strengthened for production equipment. In addition, confirmation of inspection and maintenance operation procedures and the approval of operation licenses shall be strictly implemented so as to ensure personal safety of maintenance workers and the safety of equipment, which will guarantee the safe and efficient operation of production equipment.

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5. While conscientiously carrying through and implementing the “Production Safety Law”, “Safety Regulations for Metal and Non-Metal Mines” and other laws and regulations, all units are required to strictly follow the laws and regulations to ensure effective production, operation and management, and take the hardcore work style as an important safeguard for production safety. In addition, they shall persist in the policies of impartiality, determination, and executability to strengthen and closely maintain the management of production safety, and ensure that all risk control measures for production safety are in place.
6. All units are required to strengthen safety education and training, heighten the safety awareness of all employees, and enhance the common sense and business skills of self-rescue and mutual rescue of all employees. Furthermore, the safety work concept shall be firmly maintained where “safety is top priority, and prevention is a major approach alongside comprehensive management”, and all units shall consciously maintain effective production safety to prevent all kinds of accidents.

There were no irregularities or non-compliance relating to production safety and occupational health and safety of the Group in 2022.

In the future, the Group will continue to optimize and implement employee health and safety policies, further improve relevant systems, and gradually improve health and safety facilities and environment.

## V. CHARITY AND COMMUNITY ENGAGEMENT

The social governance landscape of co-construction, co-governance and sharing between enterprises and communities is an inevitable requirement for developing harmonious enterprises and communities, as well as realizing the modernized social governance. In addition to actively fulfilling our social responsibilities over the years, we insist on sharing development achievements and giving back to communities, and always regard rendering support to charitable causes as a compelling commitment. We provide necessary support to resident construction and local residents’ affluence, making due contributions to regional economic and social development.

The Group continues its commitments to local communities, by exerting its corporate resources and strengths, which are dedicated to improving the living standard of local residents, promoting community prosperity, and realizing the integration and development of enterprises and communities. In 2022, we continued our community engagement by investing RMB631,000 and 183 volunteers in charity and community engagement, with a primary focus on education, support for the underprivileged, charity donation, rural revitalization, and urban construction.

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**2022 Summary Table for Charity Investments by Lingbao Gold**

| <b>Charity sector</b>  | <b>Annual investment amount (RMB)</b> | <b>Annual investment in manpower</b> |
|--|---------------------------------------|--------------------------------------|
| Education, support for the underprivileged, and consumption assistance | 33,000                                | 20 persons                           |
| Rural revitalization   | 362,000                               | 43 persons                           |
| Medical and health   | 127,000                               | More than 15 persons                 |
| Community charity donation   | 110,000                               | More than 350 persons                |
| Total  | 631,000                               | 428 persons                          |

**5.1 Giving Back to Communities by Donations**

The Group continues its commitments to local communities, by exerting its corporate resources and strengths, which are dedicated to improving the living standard of local residents, promoting community prosperity, and realizing the integration and development of enterprises and communities.

**Case: Volunteer services for maintaining traffic order**

In 2022, our employees volunteered as traffic guides to maintain traffic order, and ensure civilized traffic. Volunteer services lasted for more than 2 months.

**Case: Clean city campaign for a civilized city through practical actions**

In 2022, we actively assisted the local activities for a civilized city, by rallying our employees to participate in the clean city campaigns. More than 80 volunteers accumulatively provided 180 days of services.

**5.2 Fulfilling Social Responsibilities to Upgrade Rural Areas**

In recent years, Lingbao Gold has attached great importance to rural revitalization and included it into its annual work priorities. In 2022, we invested RMB100,000 in office environment renovation, road maintenance and other rural construction projects in three impoverished villages, including Heishan Village, Dongjiashai Village, and Gaohui Village, in Zhuyang Town, Lingbao City; invested RMB100,000 in the “Five-Star” Party Branch campaign in Liangjiashuang Village in Lingbao City; and invested RMB6,500 in poverty alleviation through consumption. In addition, Jinchan helped solve the problem of drinking water shortage for over 300 people in Dashuiqing Village and helped 378 local people find jobs. Huatai organized more than 20 employees to help villagers build walls and harden courtyards, improving their residential environments and contributing to rural construction.

## 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group places great emphasis on labor union, party building, poverty alleviation, petition, and others. The Group's labor union adheres to the goal of maintaining stability and promoting development, and focuses on providing practical benefits to our employees, eliminating worries, and resolving issues. We also conscientiously implement the petition policy, which resolve conflicts to the maximum extent so as to provide stable conditions for our corporate reform and development. In 2022, the department received more than 70 public visits and handled over 20 petition cases. Besides five cases transferred online by the Henan Provincial Petition Information System, we received 12 cases from the 12345 government hotline, and 3 group-wide cases, all of which were resolved on time and as required. We have effectively resolved social and internal conflicts, maintaining our good image and social stability in the city.

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**APPENDIX I: INDUSTRY ASSOCIATION**

| <b>Name of association</b>                    | <b>Participating entity (position)</b> |
|---|--|
| China Gold Association <sup>5</sup>           | Lingbao Gold as vice president unit    |
| Henan Gold Association (河南省黃金協會) <sup>6</sup> | Lingbao Gold as vice president unit    |

<sup>5</sup> China Gold Association is a national social organization officially approved and registered by the State Economic and Trade Commission and the Ministry of Civil Affairs of the People's Republic of China in 2001, which is also a national, non-profit, self-discipline social organizations formed voluntarily by enterprises engaged in gold exploration, production, processing, and circulation, investment enterprises, scientific research institutions, public entities involved in gold matters, and social organizations according to law.

<sup>6</sup> Henan Gold Association (河南省黃金協會) is a provincial social organization officially approved and registered by Henan Gold Administration (河南省黃金管理局) (business supervisory unit) and Henan Provincial Department of Civil Affairs, which is also a social body with legal person status, voluntary members of which include entities and individual engaged in scientific research and design, teaching, geological prospecting, resource development, smelting, and processing, distribution and management of gold products in the gold sector in Henan Province, as well as a social organization for economic and technical cooperation and academic exchanges between gold enterprises and institutions in Henan Province.

## 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**APPENDIX II: ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE  
INDEX OF THE HONG KONG STOCK EXCHANGE****Environmental, Social and Governance Reporting Guide****Chapter****Subject area A. Environmental**

## Aspect A1: Emissions

|      |  |  |
|------|--|--|
| A1   | General Disclosure Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non- hazardous waste. | Emissions<br>Management  |
| A1.1 | The types of emissions and respective emissions data.  | Emissions<br>Management  |
| A1.2 | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).  | Emissions<br>Management  |
| A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).   | Due to the adjustment of waste data collection system in the year, we will improve the waste data collection system as soon as possible and disclose it in the next year |
| A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).   |  |
| A1.5 | Description of emissions target(s) set and steps taken to achieve them.  | Emissions<br>Management  |
| A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.   | Emissions<br>Management  |

## 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**Environmental, Social and Governance Reporting Guide****Chapter**

## Aspect A2: Use of Resources

|      |   |                  |
|------|---|------------------|
| A2   | General Disclosure<br>Policies on the efficient use of resources, including energy, water and other raw materials.  | Use of Resources |
| 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). | Use of Resources |
| A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility).  | Use of Resources |
| A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them.   | Use of Resources |
| A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.                      | Use of Resources |
| A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.  | Use of Resources |

## Aspect A3: The Environment and Natural Resources

|      |  |   |
|------|--|---|
| A3   | General Disclosure<br>Policies on minimising the issuer's significant impacts on the environment and natural resources.  | Use of Resources<br>Emissions<br>Management<br>Environmental and<br>Natural Resources |
| A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.                                | Use of Resources<br>Emissions<br>Management<br>Environmental and<br>Natural Resources |
| A4   | General Disclosure<br>Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. | Combating Climate<br>Change   |
| A4.1 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.           | Combating Climate<br>Change   |

## 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**Environmental, Social and Governance Reporting Guide****Chapter****Subject Areas B. Social****Employment and Labour Practices**

## Aspect B1: Employment

|      |  |  |
|------|--|--|
| B1   | General Disclosure Information on:<br>(a) the policies; and<br>(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. | Recruitment<br>Standardization<br>Employee Care and Benefits<br>Training and Development |
| B1.1 | Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.   | Recruitment<br>Standardization   |
| B1.2 | Employee turnover rate by gender, age group and geographical region.   | Recruitment<br>Standardization   |

## Aspect B2: Health and Safety

|      |  |                                |
|------|--|--------------------------------|
| B2   | General Disclosure Information on:<br>(a) the policies; and<br>(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. | Occupational Health and Safety |
| B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.  | Occupational Health and Safety |
| B2.2 | Lost days due to work injury.  | Occupational Health and Safety |
| B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored.  | Occupational Health and Safety |

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**Environmental, Social and Governance Reporting Guide****Chapter**

## Aspect B3: Development and Training

|      |   |                             |
|------|---|-----------------------------|
| B3   | General Disclosure<br>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | Training and<br>Development |
| B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management).                                | Training and<br>Development |
| B3.2 | The average training hours completed per employee by gender and employee category.  | Training and<br>Development |

## Aspect B4: Labour Standards

|      |   |                                |
|------|---|--------------------------------|
| B4   | General Disclosure Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. | Recruitment<br>Standardization |
| B4.1 | Description of measures to review employment practices to avoid child and forced labour.  | Recruitment<br>Standardization |
| B4.2 | Description of steps taken to eliminate such practices when discovered.   | Recruitment<br>Standardization |

**Operating Practices**

## Aspect B5: Supply Chain Management

|      |   |                            |
|------|---|----------------------------|
| B5   | General Disclosure<br>Policies on managing environmental and social risks of the supply chain.  | Supply Chain<br>Management |
| B5.1 | Number of suppliers by geographical region.   | Supply Chain<br>Management |
| B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. | Supply Chain<br>Management |
| B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.                        | Supply Chain<br>Management |
| B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.     | Supply Chain<br>Management |

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## Aspect B6: Product Responsibility

|      |  |                                       |
|------|--|---------------------------------------|
| B6   | General Disclosure Information on:<br>(a) the policies; and<br>(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. | Quality Management<br>Quality Service |
| B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons.   | Quality Management<br>Quality Service |
| B6.2 | Number of products and service related complaints received and how they are dealt with.  | Quality Management<br>Quality Service |
| B6.3 | Description of practices relating to observing and protecting intellectual property rights.  | Intellectual Property<br>Protection   |
| B6.4 | Description of quality assurance process and recall procedures.  | Quality management<br>Quality service |
| B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored.  | N/A                                   |

## Aspect B7: Anti-corruption

|      |   |  |
|------|---|--|
| B7   | General Disclosure Information on:<br>a) the policies; and<br>b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | Honesty and Integrity<br>in Operations |
| 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.  | Honesty and Integrity<br>in Operations |
| B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.  | Honesty and Integrity<br>in Operations |
| B7.3 | Description of anti-corruption training provided to directors and staff.  | Honesty and Integrity<br>in Operations |

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**Environmental, Social and Governance Reporting Guide****Chapter****Community**

## Aspect B8: Community Investment

|      |  |  |
|------|--|--|
| B8   | General Disclosure<br>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. | Charity and<br>Community<br>Engagement |
| B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).  | Charity and<br>Community<br>Engagement |
| B8.2 | Resources contributed (e.g. money or time) to the focus area.  | Charity and<br>Community<br>Engagement |

## 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**APPENDIX III: DEFINITION INDEX****Glossary****Definition**

|   |       |  |
|---|-------|--|
| Company, our Company, Group Companies, and Lingbao Gold | means | Lingbao Gold Group Company Ltd.                        |
| The Group, or We  | means | Lingbao Gold Group Company Ltd. and its subsidiaries   |
| The Report  | means | Lingbao Gold 2022 ESG Report                           |
| Smelting Branch   | means | the smelting branch of Lingbao Gold Group Company Ltd. |
| Nanshan Branch  | means | the Nanshan branch of Lingbao Gold Group Company Ltd.  |
| Xingyuan  | means | Tongbai Xingyuan Mining Company Limited                |
| Jinchan   | means | Chifeng Jinchan Mining Company Limited                 |
| Full Gold   | means | Full Gold Mining Limited Liability Company             |
| Lingjin Jewelry   | means | Lingbao Lingjin Jewelry Company Ltd.                   |

## 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**READERS' FEEDBACK**

Dear readers,

Thank you for reading this report. In order to continuously enhance and improve the sustainable development management of the Group, we sincerely hope to hear opinions or suggestions from you on the Report. Please help to complete the following form and return to us through one of the following channels.

1. What is your opinion of this whole report?

Good       Not bad       Normal

2. How do you think of the clearness, accuracy and completeness of the information and data disclosed in this report?

Good       Not bad       Normal

3. How do you think of this report reflects the significant influence of the Group to the economy, society and environment?

Good       Not bad       Normal

4. How do you think of the Group's performance in safeguarding the interests of stakeholders?

Good       Not bad       Normal

5. Your opinions and suggestions on the sustainable development management of the Group:

We would appreciate it if you could specify your contact information below:

|                 |            |
|-----------------|------------|
| Name            | Occupation |
| Employer        |            |
| Contact address | Post code  |
| E-mail          | Tel.       |

We will take thorough consideration of your opinions and suggestions and make sure your personal information is handled properly.