



ZHAOJIN

ZHAOJIN MINING INDUSTRY COMPANY LIMITED*

招金礦業股份有限公司

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

(Stock Code : 1818)




2020

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



* For identification purposes only



*The gold inherits millennium
benevolence and righteousness
knot the world*

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ABOUT THIS REPORT

Zhaojin Mining Industry Company Limited (hereafter the “Company” or “Zhaojin”) and subsidiaries as listed in “Scope of Report” (collectively the “Group” or “we” or “us”) are pleased to publish the environmental, social and governance (“ESG”) report (the “Report”), summarising our policies, initiatives and performance on managing ESG-related issues and risks. The Report has been reviewed and approved by the board of directors (the “Board”) of the Company. This Report can be downloaded from the Company’s website and the website of The Stock Exchange of Hong Kong Limited (“HKEx”).

Scope of Report

The Report covers the period from 1 January 2020 to 31 December 2020 (the “Reporting Period” or “2020”). As compared to the last year’s report, the Company has refined the scope and assessed the relevant importance and impact of its subsidiaries to the business operation, taking into account of the turnover, profit, production volume and total assets value. The Report focuses on our major mining businesses, including the Company and 11 subsidiaries. Unless otherwise specified, the scope of data will be the same.

- Zhaojin – Xiadian Gold Mine, Dayingezhuang Gold Mine, Jinchiling Gold Mine and Canzhuang Gold Mine;
- Zhaoyuan Jintingling Mining Industry Company Limited (“Jintingling”);
- Xinjiang Xinhui Copper Company Limited (“Xinhui Copper”);
- Tuoli Zhaojin Beijiang Mining Company Limited (“Zhaojin Beijiang”);
- Xinjiang Xingta Mining Company Limited (“Xingta Mining”);
- JHKAShi Tonghui Mining Company Limited (“Tonghui Mining”);
- Fengningjinlong Mining Company Limited (“Fengningjinlong”);
- Gansu Hezuo Zaozigou Mining Industry Company Limited (“Zaozigou”);
- Zhaojin Jinhe Technical Company Limited (“Zhaojin Jinhe”);
- Zhaojin Baiyun Mining Company Limited (“Zhaojin Baiyun”);
- Gansu Zhaojin Precious Metal Smelting Company Limited (“Gansu Smelting”); and
- Laizhou Ruihai Mining Industry Company Limited (“Ruihai Mining”).

The Company will continue to review the scope of reporting regularly according to our materiality principles and the key stakeholders’ opinions, and will extend the scope in the future if necessary.

Reporting Standard

The Report has been prepared in accordance with the “Comply or Explain” provisions as well as the social key performance indicators (“KPIs”) under the “Recommended Disclosures” of the ESG Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities on HKEx (“HKEx ESG Reporting Guide”). If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Contact & Feedback

The Group values your feedback on this Report and our sustainability performance. If you have any comments or suggestions, please feel free to contact us via:

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ABOUT THE GROUP

Zhaojin is a large-scale enterprise focusing on gold production business with comprehensive operations in exploration, exploration, processing and smelting of gold. We are one of the leading gold producers and smelting companies in China. The core products include “9999 gold” and “9995 gold” standard gold ingots. Our main production technology and equipment are leading in the local industry and reach to advanced level in the international market, which we also achieve the national level new and high-tech enterprise. The Company’s headquarter is based in “China Gold Capital”– the Zhaoyuan City of Shandong Province, with major gold mining sites and production facilities located in 5 provinces in the People’s Republic of China (hereafter “PRC” or “China”).





The main road runs together



Our Culture and Values

We understand that our businesses can exert a great influence on the society. Our Cultural Policy emphasises the importance of cultural management and collaborative effort of various stakeholders to grow our businesses. While developing our businesses, we are committed to incorporating environmental and social concerns in our business models. We endeavour to utilise an innovative management approach to work towards our business goals and also society's wider goals. Our values define our way to operate and navigate our process to develop desired corporate culture in our businesses. We value and share common values with our stakeholders. Therefore, it can help us to continuously improve, motivate and innovate to run a business and enhance our position in the national and international gold mining industry.

Corporate Culture

Vision	Zhaojin aims to develop people-oriented and harmonious culture, be a world-class enterprise and continuously explore a new form of business.
Mission	We strive to boost the local economy, sustain and expand our long-established brand, make the most of our limited resources and create values together with our stakeholders.
Core Values	Comply to create mutual benefits; Combine everyone's idea to innovate; Catch people's heart to achieve a win-win situation; Collaborate to improve the business with everyone's effort
Enterprise Spirit	Practicality; Innovation; Honesty; Dedication



Awards and Recognition

We are delighted to receive various awards and honours in the market to recognize the effort and contribution in ESG, corporate development, human resources, and innovation development.

Awards/Recognition – Operation

Top 100 Hong Kong Listed Companies – Outstanding Gold Company

Top 100 Hong Kong Listed Companies Research Centre

Hong Kong Golden Stock Awards – Best in ESG and Best in IR Team

Zhi Tong Finance and Hithink

Annual Bench Marking Company in Equipment Management

Standardization China Equipment Management Association

Outstanding Company in National Gold Industry – Zhaojin (Xiadian Gold Mine)

Ministry of Human Resources and Social Security of the People's Republic of China & China Gold Association



Awards/Recognition – Innovation



Scientific research achievements, including the “Complex and Difficult-to-process Gold Concentrate Multi-element Comprehensive Recovery and Utilization Project in Gansu”, and the “Research and Application of Precise Control Technology of Beneficiation Process based on Big Data Analysis” were awarded the science and technology progress award at the provincial and ministerial level or above.



The “Research and Application of Underground Unmanned Intelligent Equipment” was granted the First Prize in National Equipment Management and Technological Innovation Achievements



Model Company in Corporate Culture Implementation and Innovation of the “Salute to the Centennial Birthday of the Communist Party of China”



The “Research and Application of the Technology for the Harmless Utilization of the Full Component of Gold Concentrate Cyanide Slag” was granted the Innovative Technology Award with the Most Investment Values in Comprehensive Utilization of Industrial Solid Waste





***“Always pursue excellence
daily surpass oneself”***

邵亦波

CHAIRMAN FOREWORD

2020 is a crucial year for the Group to cultivate and coordinate breakthroughs to achieve high-quality and well-round business development. This year, we put emphasis on the objectives – “Difficulties, Challenges and Opportunities” and organized numerous activities – “Five Excellence Competition” and “Tackling Action” to confront the impact of COVID-19. We enable a sound response to pandemics and put extra and proactive effort to develop our business under this difficult situation. Our hard works pay off and we are delighted to deliver an excellent result, achieving a win-win situation on both pandemic prevention and business development. These accomplishments are based on the improved production management, cost control, and governance capabilities of the Group. More importantly, it also thanks to the dedicated work of all employees and constant support and care of our shareholders, as well as the strong support by all our stakeholders.

The Group concentrated on the dual focal points in 2020, resolved significant and challenging issues and continued to address major problems. We prioritized the construction of key projects such as Ruihai Mining and Jintingling Caogoutou Mine as role models. Moreover, the Fengningjinlong and Zhaojin Baiyun successfully completed the capacity expansion and transformation as well as process optimization in the beneficiation process, which enable the enhancement of production volume and standard. On the other hand, Xiadian Gold Mine successfully upgraded and optimized the transportation system. The full circulation of H-shares went off without a hitch, with the Company achieving “first declaration, first approval, and listing within the year,” and ensuring the Company’s value creation and realization. For technology and innovation development, we received 80 patents and six scientific research achievements were awarded the science and technology progress award at the provincial and ministerial level or above during the Reporting Period, as well as 8 new and high-tech companies, with a total investment in scientific research of RMB49,828,700. By referencing the experience from the Canzhuang Gold Mine’s fine tailings filling techniques, we opened up a new way of tailings-free mine development. Besides, the development of Dayingezhuang Gold Mine into a smart mine was assessed and successfully approved.

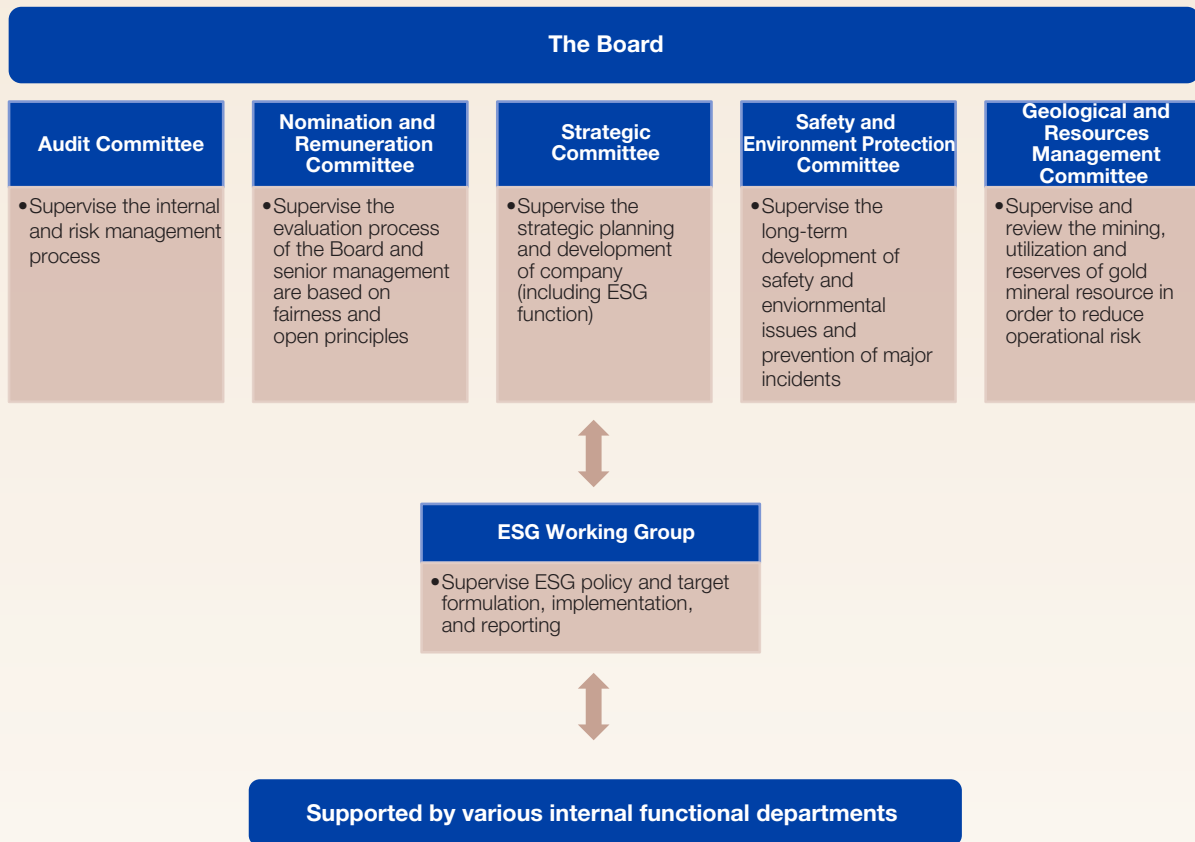
In 2020, the Group continued to work on improving the line management and upgrading our operations. Our overall safety and environmental protection performance remains stable. Zone management has been further streamlined and deepened, and a three-year project which aims at production safety has been completely launched. Through mechanization, automation application and the “Four Latest” technology investment, we gradually achieve our own core principles in production safety management. This year, RMB63 million was invested in environmental conservation to continue the “Beautiful scenery” competition, which promotes the “Clear Water and Green Mountains Project”. Throughout the year, a total of 41 hectares of green areas were added, the total number of green mines at the national level reached 10, and the number of green factories at the national level reached 2, maintaining the Company’s leadership role in the industry.

In 2020, as navigated by the Party building and culture, the Group introduced various initiatives such as “Ten Community Enhancement Projects”, including caring for the relatives of employees who work off-site, improving off-site subsidy, employment of old employees’ children, poverty relieve, education sponsorship, and the “4411” construction project. By organizing these initiatives, the community becomes more harmonious and the relationship between management level and employees are closer, which can fulfil our development goal effectively at a steady pace. In the Reporting Period, a series of social activities and events have been organized, including donations of RMB6.06 million to charity, spending RMB15.84 million in community construction, and 1,393 hours of participation in these events.

2021 will be a fresh start for the Group to undertake our strategic plans and the “14th Five-Year Plan”, embarking on our adventures in the year to upgrade, evolve and develop high-quality business. We will grasp the new trend of the “dual circulation” strategy, seize new opportunities in the “14th Five-Year Plan”, proceed with high-quality and well-development, address the key problems, strengthen operational support, and optimize our core business. We will prepare for our “14th Five-Year Plan” and utilize own advantages to strive for the “Four-Goals Mine” which include ecological and environmental protection goal; efficient development goal; safety and health goal; and employee, shareholder, government, and community satisfaction goal. All we aim for is to create more value for our shareholders!

OUR SUSTAINABILITY MANAGEMENT

Sustainability Governance



* The graph only includes the key functions of the Board's special committees in ESG management.

Good ESG governance structure is a key to the corporate success as it associates to an effective chain of decision-making, leadership and planning of the Group. A clear hierarchy can enable a smooth process in dedicating works across different departments and key messages can be reached to the various employment levels.

The Board of the Company oversees the sustainability initiatives, practices and progress as part of the business strategy and risk management process through the support of Audit Committee, Strategic Committee and Safety and Environment Protection Committee. The Board takes responsibility in ESG management, including ESG strategies, initiatives and target formulation, policy and procedures approval etc. Our governance approach incorporates in the daily operations, where different internal functional departments are responsible for their line of responsibility. The functional departments regularly provide a report containing KPIs to the management and/or the Board for evaluation of effectiveness of the business operations.

The Board of the Company sets up 5 specialized Board committees. Every year, at least one specialized meeting is held for discussing sustainability issues in core aspects such as compensation system, internal risk control, corporate development plan, social responsibility engagement, values of shareholders, safety and environmental protection, resource reserve etc. of the Group. The ESG report is reviewed and approved by the Board before publishing for investors to read.

Strategic Committee and ESG Working Group

Led by the Board, the Strategic Committee is responsible to determining the Group's strategy, decision-making on major business issues, set forward-looking goals, monitor the implementation effectiveness and timely discuss on the business planning for sustainable development of the Group, identify sustainability opportunities and risks, review the annual ESG work report and report to the Board. Under the supervision of Strategic Committee, an ESG working group was set up this year to reinforce the management of ESG issues, aiding to coordinate the policy and procedures implementation, and ESG reporting works. The working group regularly conduct review and analysis on a variety of sustainability development topics, such as health and safety, community relations, environment, human rights, and anti-corruption, identify relevant risks and opportunities, and report to the Board in order to establish policies, procedures, strategies, and goals timely. Moreover, it focuses on career growth opportunities of different employees in order to ensure that all employees have equal rights at work.

Safety and Environment Protection Committee

In strengthening the Group's management on the safety and environmental issues, the Safety and Environment Protection Committee is responsible to (1) determine the major investment in environmental and safety project, (2) confirm the annual commitment and targets, (3) formulate long-term and yearly plan, (4) comply with the national laws and regulations, (5) conduct due diligence and supervision of the implementation progress. The committee can supplement the Board with information in determining the Group's strategies.

Geological and Resources Management Committee

Geological and Resources Management Committee adjust and authorize resource exploration, development, utilization, and reserve plans according to the actual operating conditions. While ensuring the business development and resource reserve are as planned, we can conduct the exploration work in a more environmentally friendly and safer way, as well as to better manage ecological and environmental protection work, in order to minimize our impact on the surrounding environment and local residents.

Audit Committee

The committee is responsible to oversee the internal control and risk management processes, as well as evaluating the efficacy of risk control measures, including sustainability risks and challenges. The Group's internal management practices and systems are reviewed on a regular basis to ensure risk analysis, optimization, and management are performed fairly and independently.

Nomination and Remuneration Committee

Effectiveness of a corporate governance structure can optimize the management success. As such, the Nomination and Remuneration Committee is responsible for supervising the performance appraisal and human resource systems of the senior management to ensure their capability of performing their duties (including ESG-related matters).

ESG Risk Management

Effective risk management is essential for a business to minimise potential risks and determine business plans in advance. We continue to keep abreast of the latest laws and regulations, market trend and stakeholders' concerns in order to improve the sustainability management, as well as to increase our competitiveness in the market.

The Board has set up Audit Committee to supervise the risk management process (including sustainability risks). By adopting enterprise risk management system, the Audit Committee is responsible to identify, analyse and audit the major issues and risks and report those issues and risks to the senior management and the Board when necessary.

We conducted a detailed ESG risk assessment in 2020, prioritizing ESG risks with the involvement of the Board and senior management and identified 9 major risks in our businesses. In following year, we continue to prepare for the emerging risks (such as climate change) and industrial risks (such as health, safety and environmental), and translate into strategic plans. In terms of industrial risks, we have taken measures to mitigate the health, safety and environmental related risks. This includes the formation of a safety and environment management organisation for better internal control, increasing the investment on safety and environment for better safety and environmental protection related facilities, as well as the implementation of safety zoning, formulation of rescue plans to deal with emergencies in a timely manner, enhanced trainings by categorized staff training management. In the light of corruption risks, we have set up a bespoke anti-corruption training approach and a thorough inspection approach.

Management Framework

To ensure a systematic and robust management approach, the Company implements Integrated Management Manual in defining our principles for various departments and our subsidiaries to design, implement and monitor the entire management process. We apply top-down and bottom-up approach, and adopt the national and international standards as our fundamental management basis, such as ISO 9001:2015, ISO 14001:2015, GB/T 28001-2011 and GB/T 23331-2012.



The Company establishes the management manuals with corporate goals and directions which are supplemented with management guidelines and principles so that a consistent work approach can be achieved at site-level.

Megatrend and Changes

We are committed to actively participating in the global gold mining industry and utilizing our advantages to drive the development of the gold industry in China. In order to achieve long-term success and sustainable growth, we have invited an independent consultant to conduct an analysis on the future challenges and development strategies of the Group. We assess the potential difficulties and megatrends in the market to determine the strategic direction of business development in long run.

In tackling the trend that we may face in the future, we orientate to shoulder social responsibility, address potential challenges in our businesses and seek new opportunities in our development journey. We establish strategic pillars in our business plans every year, also formulate a five-year plan and medium and long-term strategic planning to enhance our internal management system and drive sustainable growth. We aim to achieve “Double H” development of “Half local and half international business” in 5 to 10 years and build a world-class gold mining company with adequate competitiveness in the international market.

Megatrend and Changes

Cost of mining increases	Given the increase in cost of manpower and fuel consumption, the cost of mining businesses will increase.	We see the opportunities that technological innovation can bring to the Group and hence invest vastly in automation, digitalization and intelligence mine projects. For details, please refer to “Smart Mine” in this Report.
Technological innovation	In the future, technology is the key to increase the relative competitiveness, enhance efficiency and lower the operational cost for long-term development.	
More stringent environmental protection requirements	Chinese government has imposed more stringent requirements and regulations on protecting the environment.	Concerns on the environmental conditions in the mining industry are increasing. In response to the concerns, we have the management team and local taskforce to plan and implement various mitigation measures for enhancing the overall environmental performance. For details, please refer to “Our Environment” in this Report.
Increasing standards to explore international market	At the same of gauging opportunities internationally, the social and environmental concerns on the local communities cannot be neglected neither.	Collaboration with different key stakeholders can remain our competitive advantages in the market. Therefore, we maintain constant communication to understand their needs and consideration. For details, please refer to “Stakeholder Engagement” and “Community Participation” in this Report.

Stakeholder Engagement

To better understand the needs, concerns and expectations of our stakeholders in relevance to our business operation, the Group has been maintaining regular communications with our stakeholders through various channels. We actively improve both internal and external two-way communication channels and encourage our employees and relevant stakeholders to participate in our business management. Major stakeholders include investors and shareholders, employees, customers and community, which are illustrated in the table below.

Types of stakeholder group

Communication channels

Investors and shareholders	<ul style="list-style-type: none">• Company website• Company's announcements• Annual general meeting• Annual and interim reports• Roadshow and reverse roadshow
Customers	<ul style="list-style-type: none">• Company website• Customer direct communication• Customer feedback and complaints• Customer satisfaction surveys
Employees	<ul style="list-style-type: none">• Training and orientation• Emails• Social networking platform, e.g. WeChat, corporate website, internal communication platforms• Regular meetings, e.g. staff meeting• Employee performance evaluation• Employee activities
Community	<ul style="list-style-type: none">• Company website• Community activities• Communication platforms, e.g. newsletter, TV
Suppliers and business partners	<ul style="list-style-type: none">• Selection assessment• Procurement process• Performance assessment• Regular communication with business partners (e.g. emails, meetings, on-site visit etc.)
Government authorities, industry associations	<ul style="list-style-type: none">• Documented information submission• Compliance inspections and checks• Regular meetings with local government representatives• Forums, conferences and workshops
Non-governmental organisations	<ul style="list-style-type: none">• Emails• Phones• Charity donations and voluntary services

Types of stakeholder group

Communication channels

Media

- Company website
- Company's announcements
- Social networking platforms

Stakeholders' concern

Our Response

Investors and Shareholders



- Production quality
- Compliance and information disclosure

- Devise policies and procedures to comply with relevant laws and regulations
- Timely and systematically disclose the Company's information

Customers



- Product and service quality
- Customer satisfaction

- Establish two-way communication channels to collect opinions from our customers and follow-up by relevant functional departments to analyse and provide recommendation for improvement

Employees



- Remuneration package
- Working environment
- Personal development
- Legal employment

- Ensure our employment condition complies with all the legal requirements
- Establish a fair and open employment system and promotion ladder
- Develop green mine and improve the working environment by installing online monitoring system

Community



- Compliance of laws
- Operational impact to the society

- Deliberately consider the impact of our business operation to the surrounding environment and community before each production plan, and formulate mitigation and improvement plan

Materiality Assessment

The Group has commissioned an independent consultant to conduct a materiality assessment in form of an online questionnaire. Both our internal and external stakeholders (e.g. employees, the Board or top management, customers, suppliers, non-governmental organizations, government etc.) are invited to fill in the questionnaire and rank the identified 27 ESG issues in accordance with their relevance and importance to the business operation and the stakeholders respectively. Over 1,400 survey responses were received in this assessment.



Identification of a list of ESG topics

- With reference to the HKEx guidelines and international guidelines such as Global Reporting Initiative, 27 ESG issues were identified.



Engagement

- We invited our key stakeholders to complete online questionnaire.



Priorization of ESG issues

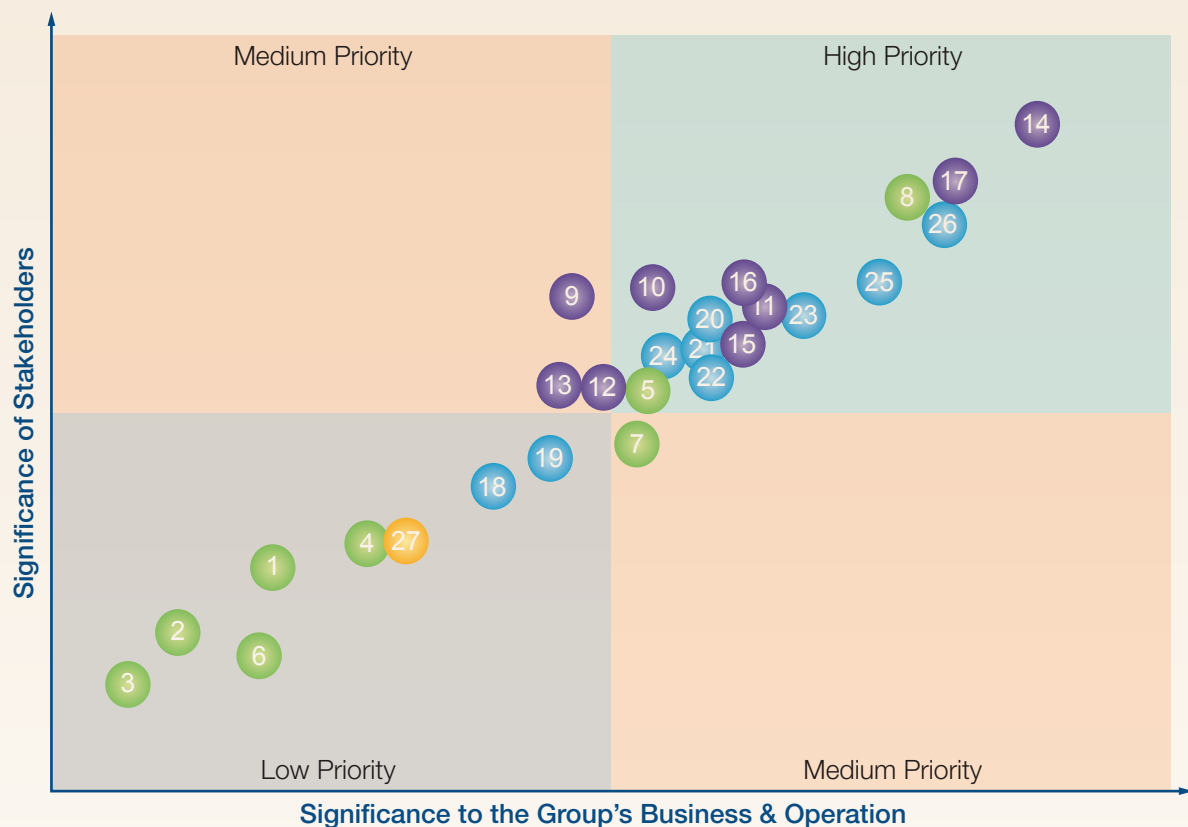
- Based on the response result expressed by the stakeholders, materiality analysis is performed to map and prioritize the most material ESG issues to the Group.



Validation of result

- The Group review the result for reporting and performance enhancement in the future.

Based on the materiality analysis, ESG topics are prioritised as the materiality matrix below. The issues which fell in the upper right corner of the matrix were defined as the topics that matter most on the Group's business operation and concern by our stakeholders.



- | | | |
|----------------------------|---|---|
| ● Environment | ● Employment | ● Operation |
| 1 Air emission | 9 Labour rights | 18 Customer satisfaction |
| 2 Greenhouse gas emission | 10 Labour-management relations | 19 Customer service quality and complaints handling |
| 3 Climate change | 11 Employee retention | 20 Customer health and safety |
| 4 Energy efficiency | 12 Diversity and equal opportunity | 21 Marketing and product and service labelling compliance |
| 5 Use of water & effluents | 13 Non-discrimination | 22 Intellectual property |
| 6 Use of materials | 14 Occupational health and safety | 23 Customer privacy and data protection |
| 7 Waste management | 15 Employee training | 24 Responsible supply chain management |
| 8 Environmental compliance | 16 Employee development | 25 Business ethics |
| | 17 Prevention of child labour and forced labour | 26 Socio-economic compliance |
| | | ● Community |
| | | 27 Community support |

According to the results of the materiality matrix, the Group should focus on occupational health and safety, prevention of child labour and forced labour, environmental compliance, socio-economic compliance and business ethics. Looking forward, the Group will continue to review and develop corresponding ESG policies and targets in these aspects, as well as optimising the ESG reporting disclosure in order to pursue continuous improvement in our ESG performance in the future.

ETHICAL BUSINESS

Aligning with our core values and culture, we highly emphasize the integrity of our employees during our business operations. We understand that fraud, corruption or other unlawful behaviour can undermine the reputation of the Group and reduce the confidence when collaborating with our business partners. Supported by the working group comprising of management level and disciplinary committee at each subsidiaries, we believe to establish a sound governance structure that adheres to the highest ethical standards. There is no legal case regarding corrupt practices brought against the Group or its employees during the Reporting Period.

Clear management manuals are formulated to guide the business operations and reduce the business integrity risks, which our employees should strictly follow. In addition, we require all personnel in charge to sign an Integrity Responsibility Declaration annually to establish an anti-corruption risk prevention and control structure. For job positions that involve higher integrity risks, integrity agreement will be signed by the employees and job rotation will be adopted to minimize the risks.

In order to effectively prevent and rectify misconducts, the Company has formed a Discipline Inspection Department and entrusted professional auditors to efficiently audit and supervise our production, business performance, and internal and external affairs. The Company has also set up an Administrative Personnel Accountability System to clearly declare management's responsibility in taking relevant actions. Top management will be subject to disciplinary actions, including adjustment of salary and pursuit of law suit for critical situation, if they make bad decisions or hold legal liability.

Integrity management procedures	Provide guidance on code of conduct, conflict of interests, unlawful activities that may harm the benefits of the Group. Violation of the internal guidelines may result in disciplinary actions.
Solicitation and acceptance of advantages management procedures (presents or monetary benefits)	Specify that solicitation and acceptance of advantages from business partners are forbidden in any business operations. Under any circumstance that the gifts/money cannot be rejected, a form should be registered and filed with the relevant departments for records.
Inspection work management procedures	Cover the inspection principles in internal contractors or supplier selection processes. Internal monitoring and audit are conducted to prevent bribery and corruption practices in ways such as document review, on-site inspection, interviews with relevant personnel etc. The behaviours and disciplines of the inspectors are also regulated to assure their compliance and probity.
Contract management system	A Legal Affairs Department of the Company has been formed for the management of all contracts signed with the Group. At the same time, we have engaged an external software firm to create a contract management system and provide maintenance for the system to implement contract networking management. Furthermore, we advocate contract standardization management and regular law training, which not only can efficiently deter and resolve business risks, but also improve the Group's trustworthy reputation of adhering to the law and contracts.
"Integrity + Accountability" dual-track system	To tackle any internal breaches of the rules, disciplines, and conducts, an Integrity Practice Management Policy and Responsibility Investigation Management System are developed, which clearly outline the integrity practices that all employees must follow. In the event of any breaches of the rules and disciplines, the Group strictly enforces our standards and regulations to handle the cases.

The Opinions on Credit System Construction is published to foster an integrity culture within the Group. We hope to initiate a credit system by incorporating the efforts from internal and external parties to implement behaviour monitoring and achieve continuous improvement mechanism.

Training

For establishing an internal integrity system, we proactively carry out law-abiding education. We set up training plan regarding business ethics and integrity annually to instil related knowledge to the employees in key positions. We recruit external lawyers to strengthen the Group's training regarding operation and legal requirements, as well as to cultivate a lawful cultural atmosphere. In addition, we pay close attention to the Group's integrity education. By inviting public prosecutors and law enforcement departments to deliver anti-corruption seminars and organize visits to the prison for our management staff to constantly alert on the issues, we can firmly uphold the Group's dignity and law-abiding spirit. At least 4 trainings are organised each year, covering the topics such as the national and local ethical laws and regulations, company ethical standards and internal whistleblowing procedures, case studies, promotion videos etc. To ensure the training is effective, opinions will be collected in form of questionnaires and knowledge will be tested by quizzes after the end of each training session. In the Reporting Period, we conducted 805 hours of anti-corruption training.

We constantly enhance our credit system. Apart from organising regular training for our general staff, the Implementation Measures on Establishing a Credit System for Management's Integrity Education is published to manage integrity education for our senior management. We require our management staff to study the party disciplines and the Company's systems before taking online quizzes for evaluating their learning outcomes and the results are taken into consideration during their annual integrity assessment.

Knowledge Sharing Workshop

We always seek best practices to enhance the management of integrity in the Group and drive the mutual growth in the industry. We conducted a workshop and visit with the industrial peer – Shandong Gold Group Co., Ltd in the Reporting Period, in exchange of the new measures to effectively supervise the employees' behaviours and improve our communication in order to reduce the clean governance risks.



Establish an indicator framework for ethical conduct monitoring

We developed monitoring measures and indicators to advocate all employees' ethical conduct during collaboration process with our business partners, the community and other related parties. In addition, the results of evaluation are considered for management promotion, performance appraisals and etc. to ensure employees' fulfilment of their moral obligations.

For top management of the Group, we primarily track their number of notification report by listed companies and infringement of regulations and disciplines through appraisal and whistleblowing to make sure that they can meet management standards and achieve integrity works. For middle management and employees in key positions, KPIs in terms of contract performance rate, financial data validity, legal taxation, customer satisfaction, breaches of regulations and disciplines, and rate of rapid complaint handling are adopted to evaluate their work performance such as management behaviours, work efficiency, and business integrity.

Whistleblowing system

For establishing an external credit system, we target at "Preventing Risk, Sharing Responsibilities, Defending Rights" has been set to fulfil the Group's full commitment to clients and suppliers. We establish various communication channels – "One Website, Two Boxes, Three Platforms" for domestic and international stakeholders to report any suspected misconducts, through website, mailbox, telephone and WeChat etc. All reported cases will be investigated and reported to the management and working group for verification. If the case is confirmed, the Group will take necessary disciplinary actions or even file lawsuit according to the relevant laws and regulations. The case will be analysed internally to identify preventive measures and make recommendations to the relevant process owners or businesses. We will keep the identity of the whistle-blowers in high confidentiality to prevent them from any unfair treatment. To encourage the reporting of unethical behaviour, we also provide rewards to the whistle-blowers if the case is confirmed.

Integrity Evaluation Index

To enhance management of business integrity and anti-corruption issues, we establish an assessment system for our employees to evaluate the supervision works of the Group. We review the evaluation from our employees and year-round accomplishment to reflect the performance and effectiveness of daily supervision. The result is also linked to the annual performance review so as to constantly enhance the existing policies and regulations as well as to demonstrate the determination of the Group's effort on clean governance and related integrity issues.

CARE FOR OUR EMPLOYEES

Healthy and Safe Workplace

“Safety First” is one of the Group’s core values and cornerstone in the gold mining industry. Building a safe working environment for employees and cultivating a safety culture in workplace have always been the top priority of the Group. Certified by the international standard (OHSAS 18001:2017 Occupational Health and Safety Management System) and national standard (GB/T 28001-2011 Requirements on Occupational Health and Safety Management System), an comprehensive occupational health and safety (“OHS”) management system has been established to identify and manage potential OHS risks along with the entire production chain. At the same time, we have formulated an internal OHS policy which provides safety precaution guidelines to our staff in order to eliminate occupational risk and diseases at root.

In joining hands to improve the safety performance with our subsidiaries, a Safety and Environmental Responsibility System has been practised. Person in charge and relevant internal staff of the subsidiaries have to sign an agreement at the start of each year, so as to outline the duties of each position and assign specific rights based on their responsibilities. In order to foster a responsible culture at work, we have introduced a reward and punishment scheme together with a monthly incremental safety award to effectively uplift employees’ initiatives for working safely, thus encouraging all workers to carry out their safety production responsibilities.



Each of our subsidiaries has to dedicate an OHS taskforce with management representatives from different departments to build a leadership team in safety management and implementation. Furthermore, the Group has adopted zone management approach. According to the production organization and process flow, our subsidiaries divide their production areas into different zones based on their duties before setting out safety management responsibilities for each zone, so that we can clearly distinguish the person in charge of each areas and of different management aspects including safety, production, equipment, and workplace hygiene. The responsible person is required to manage and monitor the site safety issues inside their designated areas. On-site inspection is of pivotal importance for the implementation of zone management. We assess each zone's performance based on the findings from monthly inspections and daily management practices. Through assessment approaches such as announcement of the on-site assessment result, monthly evaluation and ranking and elimination system, we can raise the workers' awareness on safety production and ensure all employees perform safely. By adopting the zone management approach, our employees become more proactive and innovative on site safety management with the solid implementation of the "One Position, Duo-responsibility" safety responsibility mechanism, which achieve a transformation of employees' attitudes from passive fulfilment to proactive commitment. Their safety consciousness is also changed and they are more willing to participate, which greatly improves their obligations in safety management.

In 2020, the Company established a Safety and Environmental Plan to provide directions for all subsidiaries to plan their internal safety working guidelines and implementation guidance, which include strengthening on-site risk assessment for various industrial utilities (including transportation and electric power system, underground ventilation and emergency system etc.) and enhancing management on personal protective equipment.

Application of innovative technology to enhance safety performance

When it comes to the safety concern of the underground mine where severe accidents such as collapsing and rock falling may happen in the mining industry, we make no hesitation to adopt possible measures in eliminating the potential safety risks. The Group devotes resources to digital security and research and develop various automatic, intelligent and digitalized production technologies to enhance production safety. We allocate adequate resources to increase production capacity in accordance with the annual production and operation plan of the Group. By organising a meeting regarding the equipment selection, we make sure the purchased equipment comes with the most advanced features. Below are some innovative safety measures developed and implemented by the Group in 2020:

**Automatic Fire
Fighting System for
Underground Mobile
Equipment**
(井下移動設備自動
防滅火系統)

The system provides real-time monitoring on temperature of electrical components of underground mobile equipment. The fire fighting system will be activated once excessive or abnormal of the temperature is detected in order to protect the equipment and prevent fire emergency.

**Research on Refined
Mining Techniques
for Deep Mining at
High Ground Pressure
Location**
(深井高地壓採礦方法
研究優化)

The refining ground pressure control techniques mainly target on the stratifications at or below -780m to lower the mining loss rate to 5%. With the newly installed ground pressure monitoring system, the pattern of the deep ground pressure can be tracked and the appropriate ways to support and extraction parameters can be calculated afterwards thereby controlling the ground pressure effectively and ensuring the safe extracting works in deep ground.

**Research on Underground
Ventilation and Cooling
System**
(深井開採通風降溫
技術研究)

Visualized 3D models demonstrating the ventilation of gold mines are built by making use of information obtained from investigation, researches and examination result regarding the existing underground ventilation and other six systems by the University of Science and Technology Beijing, the Northeastern University, and the Central South University. Based on the visualized 3D models, medium to long term ventilation plans are established. After implementation of the system optimization, efficient ventilation rate and passing rate of wind speed at working platform were enhanced by 5% to 10%.

Besides, real-time monitoring system has also been set up to observe and record the real-time temperature of gold mines. The data collected will be used for future study on the underground temperature pattern and refining works for the ventilation system (including measures to prevent heat stroke and improving the humid working environment for deep mining works).

**Safety Risk Avoidance
System (SRAS)**

In order to protect the safety of our employees in the underground work environment, a communication system using the industrial networking technology has been established to facilitate the communication between employees in the underground and aboveground. The SRAS can collect real-time environmental data in the underground work areas through high-definition monitors and environmental detection sensors to identify hazardous and harmful gases in order to avoid employees working in harmful environment. Furthermore, the SRAS also equips with a staff positioning feature that can easily track the location of underground staff and vehicles via location-based facilities to keep an eye on the underground movement. To effectively apply the wireless monitoring and IoT features of the SRAS, we also invented the first underground 4G network, so that the SRAS can automatically report potential safety risks at the operational site through the mobile terminal to significantly reduce the risk for employees to work underground.

Safety risks and hazards control

To implement a comprehensive safety management system, the Group has engaged all employees to participate in risk management as well as conducting work to screen, identify, and control hazards. A Safety Risk and Potential Hazards Control Policy has been formulated to standardize the classification, procedures and methods of the safety production risks management system. Based on the Double Prevention System (i.e. the safety risk classification and hazard management system together with the risk screening, identification and management system), we screen out all potential hazards of the workplace, equipment, facilities, and production activities comprehensively. By identifying the risk factors and evaluating the impact of risks, we determine four risk levels, namely red, orange, yellow and blue grade. In addition, we implement respective management and monitoring measures at mine level, work station level, team level, and position level to carry out risk screening and identification regularly as well as implementing the “Four Levels, One System” risk screening, identification and management plan. The Group sets Dayingezhuang Gold Mine as an example to facilitate a sustainable, effective and safe operation of the Double Prevention System. In addition, we invest to develop a safety risk management platform as well as a mobile phone application to further enhance the effective implementation of the system through the use of technology. By logging in the mobile app, the management level can directly view the details of safety production risks and hazards screening, identification and management in real-time, such that they can supervise and provide directions on safety management. The real-time warning on four risks level in red, orange, yellow and blue grade can allow safe business operation, which guides the Group to continuously improve site safety management.

Safety Precaution

The Group greatly concerns and cares for the employees’ occupational health. As the mining industry is commonly considered as a high-risk industry for its potential incidents, work-related injuries and casualties, the Group is committed to putting every effort to minimize the safety risks in the workplace. We comply with occupational health-related laws and regulations including the Law of the PRC on Prevention and Control of Occupational Diseases, Mine Safety Law of the PRC and Production Safety Law of the PRC. To prevent health impact on the employees, we implement a series of precautionary measures to high risk event such as potential high exposure to dust, noise and chemical handling etc. Regarding the personal protection aspect, the Group provides adequate personal protective equipment that fulfils the national standards for staff to prevent them from exposing to occupational diseases.

Underground dust is of utmost concern when it comes to improving the working environment in the gold mining industry. In view of that, the Group has adopted underground water supply pipelines and wet operation during working procedures such as rock drilling and shovelling, and installed a dust collector at the unloading station to suppress dust. Furthermore, water curtain, dust curtains, and dust removal device have been installed in the major haul roads, the chute heads for consolidating transportation, and the laboratory crushing process respectively, so as to maximize our dust suppression performance and provide a healthy working environment for our workers. For working environments with different hazards, we set up corresponding monitoring systems and conduct regular identification on the occupational hazards to control the implemented mitigation measures. Regular occupational health check for our employees is also carried out to screen the potential safety risks and avoid work-related injuries in order to eliminate the occupational hazard of the employees. In the past three years (i.e. from 2018 to 2020), the Group had no major work-related fatalities or injuries.

Safety Performance of the Group in 2018 – 2020

Item	2020	2019	2018
Number of work-related fatalities	0	0	0
Rate of work-related fatalities	0%	0%	0%
Lost days due to work injury	0	N/A	N/A

Risk and Hazard Identification and Assessment

We put emphasis on safety prevention by conducting occupational risks and hazards identification and assessment. By evaluating potential risk factors posed to our employees such as noise generation, high temperature, dust and chemical handling, operational procedures, working guidelines and preventive measures are formulated. Hazard and risk identifications are also carried out annually by qualified third parties to conduct review and provide improvement recommendations on the existing preventive measures in operation sections of the mines including extraction of mineral deposit, on-site transportation and processing.

A joint site inspection for the Group is initiated every six months with the involvement of experienced representatives of the functional departments in the Company to assess the major production facilities and systems such as lifting, underground ventilation systems, drainage system and tailing etc. According to the inspection findings, remediation measures are implemented rapidly to improve the safety conditions.

Safety Training and Emergency Preparedness

The Group always put its employees' lives and health at the top of the list. In recent years, we have proactively invested in installation of the Six Major Systems for emergency and risk avoidance for all of its mining subsidiaries. Apart from that, every underground operator has equipped with a set of oxygen self-rescuer and carbon monoxide detector, while each work station in smelting process has provided emergency kit and medicines to ensure the hardwares are in place to handle emergency situations.

For production activities with high safety risk, the Company has established a Safety Production Committee to adhere to the philosophy of "Gold is Precious, but Life is Priceless" and formulate corresponding control and emergency management measures. In addition, we appoint specialists to regularly screen and examine emergencies and unstable factors relating to public complaint, news, information security, fire, natural disasters etc., in order to formulate emergency plans for safety and fire prevention etc.. Moreover, all subsidiaries have their emergency contingency plan in place for corresponding actions towards different emergency situations such as poisoning, fire outbreak, damage of tailing, explosion etc. Emergency management team and emergency rescue team are also formed for implementation of the plan. To prepare the employees to respond quickly during emergency events and raise their awareness about workplace health and safety, rescue drills and safety trainings are organised and conducted regularly by all subsidiaries. In 2020, we organized around 65 drills including fire drill, the tailings dam break drill and emergency evacuation drill etc.

Safety Awareness – Safe Production Month

To further emphasise and promote the idea of safe production to all employees, a Safe Production Month is launched every year. During the Safe Production Month, each subsidiary organised activities such as safety seminar and speech contest to encourage employees to discuss and exchange ideas on occupational health and safety.



Emergency Drill



Fire Drill



Safe Production Month Activity



Safety warning education activity

Employment Conditions

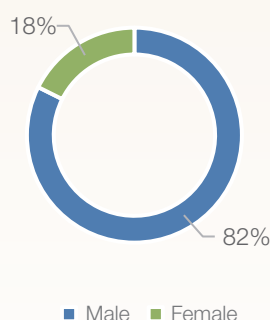
The Group insists in embedding the people-oriented philosophy into its human resources management approach. With the expectation to achieve a mutual growth with our employees, a Human Resources Plan is devised to clearly state our goals in the corporate governance, performance appraisal, benefits and remuneration management, and training and development for implementation of the plan.

Our employees are the important assets to the Group and we strive to provide an inclusive and fair working environment for them. We strictly follow national and regional laws and regulations regarding labour and employment including the Labour Law of the PRC, and the Labour Contract Law of the PRC. As governed by our human resources management policy, a set of guidelines are implemented to manage the employment issues and safeguard the right of our employees, such as employee obligations, recruitment, employee benefits and compensation, resignation and training.

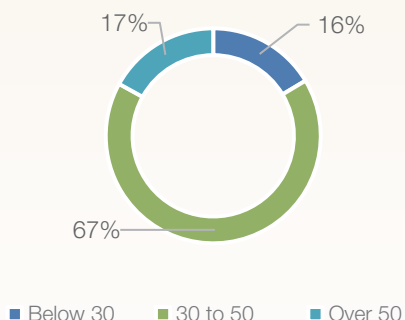
The Group embraces the idea of being open and fair, and encourages virtuous competition among employees. All staff are treated equally regardless of age, gender, race, disability status, marital status or other forms of difference that are unrelated to the job requirements. All decisions on recruitment, promotion, performance evaluation and salary adjustment are made solely based on qualifications, experiences, capabilities and performances. Every year, we conduct investigation and research on labour demand in accordance with the human resources strategy to identify the required number and types of talents. The Group depends on the requirements such as position natures, job duties, qualification and competency required as stipulated in the Job Position Manual to analyse the employment standards for different positions in the recruitments process of the talents.

As of 31 December 2020, the total number of full-time employees of our Group was 5,819. Employees aged between 30 and 50 account for 66.59% of our total workforce while employees aged below 30 and above 50 represent 16.43% and 16.98% respectively. Details of the employee structure are illustrated below:

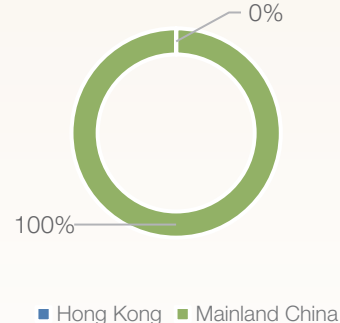
Gender Profile



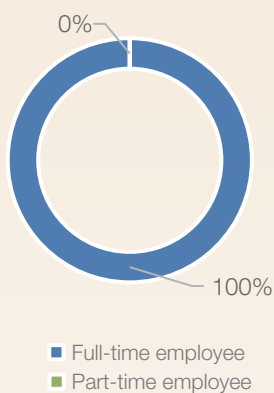
Age Profile



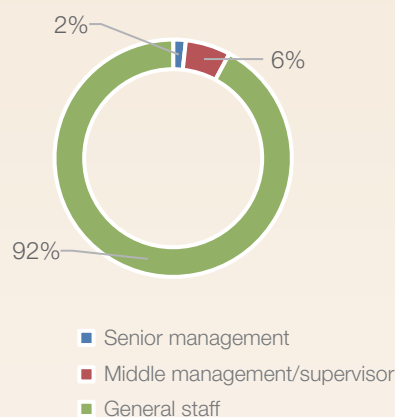
Geographical Region Profile



Employment
Type Profile



Position Profile



Employee Structure of the Group in 2020 (as of 31 December 2020)

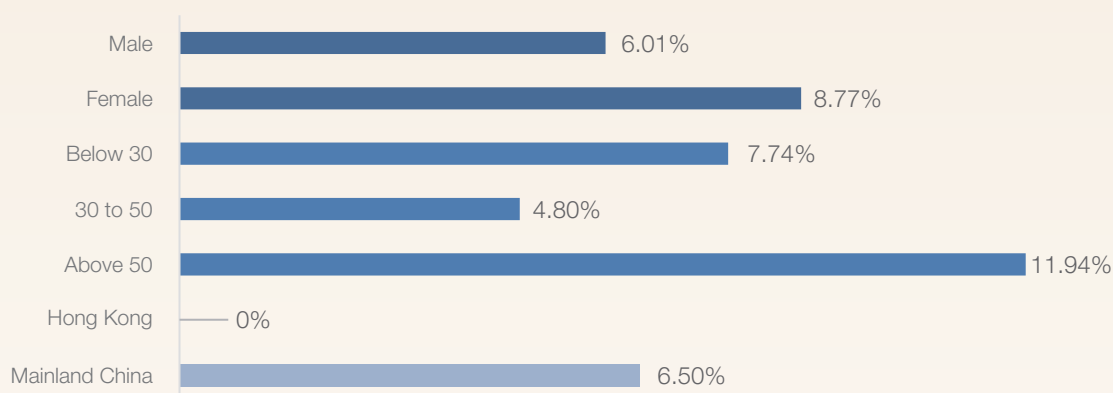
Category		Number of employees
By gender	Male	4,793
	Female	1,026
By age	Below 30	956
	30 to 50	3,875
	Over 50	988
By employee type	Full-time	5,819
	Part-time	0
By geographical region	Hong Kong	1
	Mainland China	5,818
By position level	Senior management	100
	Middle management/supervisor	357
	General staff	5,362

Remuneration & Benefits

The Group prefers to hire external talents for top management in key positions and research and development professionals while nurturing its own technicians and corporate management talents internally. Adhered to our Policy on Employee Recruitment, all employees are recruited in an open and equal manner. Their remunerations, leaves and statutory holidays are bounded by the Employee Labour Contract. Full-time employees are entitled to paid leaves (including annual leave, sick leave, home leave, marriage leave, maternity leave, paternity leave and compassionate leave), social insurance (including endowment insurance, medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance). Allowances (including housing allowance for those working outside hometown, business travel allowance and mobile allowance) and educational subsidies etc. are provided to suitable candidates.

In addition, we adopt various approach to retain the talent within our Group and strive to build a work environment that our employees can fully utilize their strength, such that everyone strives to make great effort and feel a sense of belonging. We do not only give honours to outstanding employees, but also safeguard basic rights and interests of employees. We promote work-life balance and require our staff to take paid leave regularly. For employees who work outside their hometowns, we set a number of minimum home visits per year to encourage them to spend more time with their family. We also offer bonus to qualified fresh graduates and employees who recommend highly calibrated candidates in order to attract the talents to work in our Group. As stipulated in the Standards for Granting Subsidies for Off-Site Work, our Group provides incentives and subsidies for employees who work off-site for more than 6 months under eligible conditions to commend their contribution. This year, the employee turnover rate of the Group is 6.5%.

Employee Turnover Rate in 2020



Employee Turnover Rate of the Group in 2020

Category

By gender	Male	6.01%
	Female	8.77%
By age	Below 30	7.74%
	30 to 50	4.8%
	Over 50	11.94%
By geographical region	Hong Kong	0%
	Mainland China	6.5%

Labour Standards

The Group is dedicated to promote ethical employment and strictly prohibits child and forced labour of any kind in accordance with the relevant national and regional laws. All applicants have to provide eligible identification documents when applying for job positions. Falsification of documents is prohibited and the applicants will be blacklisted by the Group. In addition, all contracts are formulated based on the Labour Contract Law of the PRC and all employees are required to sign the legally binding contracts before commencement of work to prevent forced labor from happening.

During the Reporting Period, the Group was not aware of any breach of relevant laws and regulations in PRC relating to preventing child and forced labour such as Law on the Protection of Minors of the PRC.

Employee Wellness and Communication

We pay extra attention to our employees' mental and physical health development. Therefore, the Company has established a Corporate Culture Construction Leading Group, with the chairman as the group leader, the president and vice presidents in charge as the deputy group leaders, and the heads of the Party and Masses Affairs Department, the President's Office, the Human Resources Department etc. as team members. The Party and Masses Affairs Department is responsible to coordinate, schedule and organise activities related to the corporate culture. It is expected that the our corporate culture can be instilled in the minds of employees through various cultural and sport activities.

In 2020, we centered on corporate culture and strategy development, thereby implementing activities such as Children's Day (六一節), Double Ninth Festival, student scholarship, food tasting and visit of underprivileged people etc. to share our love and care to our employees. These activities help strengthening the bond between employees and our corporate, growing the sense of belonging and happiness in our Group. To relieve the nerve of our employees and enhance workforce communication, fellowship activities such as annual dinner, distributing rice dumpling packages to frontline during Dragon Boat Festival and basketball competition, were organised.



Double Ninth Festival Activity



Basketball Competition



Holiday Benefits Giving to Frontline Employees



Staff Art Performance Gala

Our care extends to the employees' family, hoping to create a healthy and harmonious working environment. By developing the relationship with our employees and their family, we can foster a workplace with strong sense of belonging to the Group and thus enhance their work performance.



Golden Autumn Student Scholarship (金秋助學活動)
– We visited the families of our employees, sending our concern and scholarship, so that warmth and positive energy can be passed to the next generation.



Caring for the growth of employees' children

Employees' Children Visiting
to the Company



We also concern about the adaption of the ethnic minority and respect their culture. Taken into consideration of their cultural background and tradition, we try to provide greater variety of food and diet options. The needs of our female employees in the workplace are also considered. Committee for Women Workers has been established to protect female workers from workspace discrimination and secure the benefits for them in workspace. By providing support such as nursery room and health care, we improve their condition of working in the Group so as to achieve the people-oriented spirit.



Mine Loving Mother Cottage



Medical Examination for Female Staff

Our people-oriented culture and active response drive us a better development pathway when we and our employees work together towards to the same goal. We insist in having two-way communication with our employees so as to communicate with them in an open and sincere manner while encouraging them to participate in the Group's operation management. For the Group's improvement, employees can provide their suggestions on the Group's future development through various communication channels including email, WeChat, Chairmen Direct Contact and meetings. All suggestions and opinions will be handled by our top management directly that they will either organize meetings to discuss on the suggestion received, or appoint relevant departments for implementation, feedback and rectification. We are committed to responding all suggestions within five to ten days.

Furthermore, ways such as irregular business affairs disclosure and annual meeting with labour union representatives are in place for Group's top management to announce decisions on employment conditions and other major corporate-related matters, as well as the Group's future development strategies and policies. All of the existing internal communication channels are illustrated below:

Communication Channel	Communication Content
"Zhaojin Lecture Hall"	We set every Wednesday as the collective study day that top management is invited to conduct a sharing session at the Zhaojin Lecture Hall. All employees can learn the corporate development guidelines, rules and regulations altogether during the session. We hope that the top management can take the role as a leader and put the Zhaojin's corporate culture into practice while planning the future development goals in advance.
Business Affairs Disclosure	Information in relation to employee remuneration, material procurement, and other major corporate-related matters are presented to employees in the disclosure. Through disclosing the Group's operation management process, employees are able to obtain the Group's latest status and development information.
Annual Meeting with Labour Union Representatives	The meeting covers a variety of topics including the President's work report, corporate strategies, goals, summary of the previous year's performance, work ideas for the next year etc.. All representatives from the labour unions are welcomed to put forward suggestions and opinions during the meeting, so that the direction of the corporate operation in the coming year can be explicitly defined by the Group and employees.
Meeting System/Retreat	Since the Group has multiple subsidiaries, we hold monthly meeting to identify the existing difficulties that the Company and its subsidiaries are facing. Employees attending the meeting can make suggestions on the Group's business operation and come to a consensus on a ultimate development direction.

Communication Channel

Communication Content

Democratic Gathering

Through employees' discussion during the gathering, we hope to find out the opinions related to business operation from the employees, so that we can further improve the operation system to meet the needs of employees and increase their satisfaction with the Group.

Survey for Regular Employees, Employee Seminars

In order to understand the actual work situation of the Group, we invite our general staff to conduct survey and attend employee seminars from time to time. These events allow the general employees and the Group to have a chance to directly communicate. The suggestions and opinions obtained are used for formulating relevant measures to solve actual problems, hence enhancing employee satisfaction.

"Zhaojin Newsletter", Zhaojin Channel

In view of the drastic development of new technologies, the Group has also make use of social media to establish channels such as "Zhaojin Newsletter" to share the latest information regarding the Group and promote the spirit of Zhaojin, so as to enhance employees' sense of belonging and accomplishment.

"Employee Satisfaction Survey Management Measures"

Employees are invited to respond to an online questionnaire, which includes 60 multiple-choice questions and 1 long question, to understand our employees' satisfaction with various aspects including but not limited to remuneration and benefits, workplace environment, personal growth and development, recognition and appreciation, training and learning, cultural identity. The results will be further analyzed and used for fine tuning the existing system. Our feedback for the results will be presented to employees after improvements are made.

Apart from the abovementioned communication channels, employees can also contact us through the labour unions of the subsidiaries. Employees are welcomed to raise suggestions and concerns to the unions. We listen to their needs carefully and enhance our policies.

Development and Training

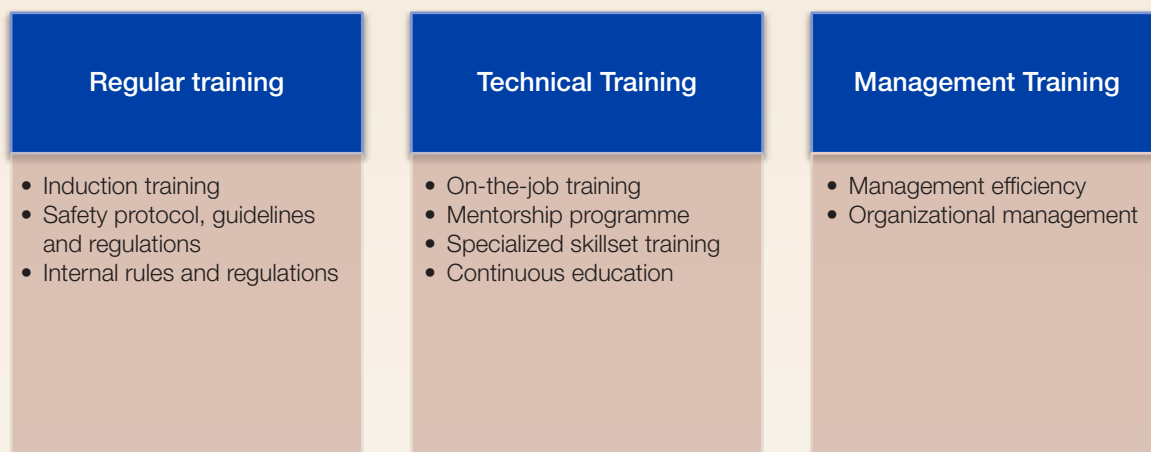
Zhaojin's corporate vision is to **Develop people-oriented and harmonic culture, be a world-class enterprise and continuously explore a new form of business.**

Adhering the people-oriented principle, to unleash the potential of our employees is the core of our development. This core value leads the Group to the international market and enhance our operation to a globalized level. We have immersed the internationalized concept into our corporate operation. In order to become more competitive in the international gold industry, the Group focuses greatly on nurturing its employees in order to strengthen the Group's competitiveness. To cultivate a continuous learning culture, a management system is established to standardize all trainings and provide guidelines on planning, participating, and monitoring of all career development related events. A training plan is formulated each year based on the training needs identified according to the employees' knowledge, production and operational needs for systematic organization of effective and targeted training. In assessing if the training objectives are met, we will evaluate the outcome of the training programmes by arranging quizzes or questionnaires.



Focusing on building a team of talented and compassionate internal tutors, an Internal Tutor Management Policy has been formulated to make sure our internal tutors fulfil a certain level of standard. The tutors are divided into two divisions for delivering trainings at Company level and subsidiary level. Company level tutors deliver training for the Company while the subsidiary level tutors can only provide training for the subsidiaries. For the hardware required for employment development, we provide sufficient learning facilities, including E-learning platform, no less than 30 reading rooms, more than 50 training rooms etc., to allow employees to pursue training and personal development. In addition, a online-training platform has been created. Our Human Resources Department publish various course outlines, quizzes, and questionnaires as well as training videos on the platform. At the same time, employees can share their learning progress and lessons learnt via the platform.

The Group standardises a set of guidelines on training requirements for our employees depending on their positions and needs. We encourage our staff to continuously develop new knowledge and skills by providing subsidies to attend work-related external trainings and organize various internal training programmes to them.



For the Group's management staff, we invite external lecturers to hold a number of leadership training courses on business management, investment and financing, management strategy, innovation etc., as well as management technique training on management role recognition, goals, plans, control, authorization, motivation, coaching and other aspects to improve their ability to manage our business. On the other hand, we provide a series of professional skills courses which cover a wide range of technical knowledge such as mining, geology, safety and environmental protection, equipment operation, finance etc., to our professional and technical personnel. For the general employees, we hope to enhance their professional qualities through internal lectures on corporate culture, office work system, online learning and development training. All new recruits are required to attend induction training on topics such as introduction of the national and local environmental, corporate culture, safety and occupational regulations and internal rules and regulations. Aiming at further promoting the Zhaojin culture, all new comers are required to attend training sessions on the Successful Pathway Culture Manual and Employee's Code of Conduct. A mentor is also assigned to the new recruits and employees who consider necessary to build their technical knowledge. In 2020, we organized 915 training programmes including seminars and toolbox training.

The Group provides comprehensive training programmes for its employees to grow:

“Three Teams” Cultivation Programme	To unleash the potential of the employees and reinforce the Group’s foundation on talent development, a “Three Teams Cultivation Programme” was organised to focus on training the employees from the management, mining technology, and professional team, aiming to improve their strategic thinking and professional skills.
Professional Technician Training Programme	In order to enrich the technical skills and increase learning opportunities of our technicians, the Group corporates with the Yantai Gold College to provide short term trainings (from three to six months) to our employees. The trainings cover a wide range of practical topics such as operation of underground ventilation system, techniques for mining, mining processing and surveying.
Internal Professional Training Programme	Each professional department is responsible for designing training plans to its employees based on their capability and desired development direction. The training plans should be in line with the Group’s expectation and requirements on professionals as well.
Online Training Platform for Top Management	Business environment is rapidly changing and bringing new challenges to different industries nowadays. It is essential for top management to keep themselves updated in order to lead their businesses to survive in the competitive world. The Group has therefore launched an Online Self-learning Platform with courses covering wide range of topics for top management. The courses are updated annually to allow them to learn the latest information. In 2020, courses related to risk management, taxation, tendering, and negotiation skills etc. are provided.
Internship programme	Bringing new blood to the Group can stimulate new thinking, allowing businesses to stay innovative and motivated. To make the Group more appealing to young talents, an internship programme is organised annually for new generations to provide work experience.
“Golden Seed” Programme	In addition to internship programme, the Group recruits fresh graduates from university annually. Orientation camp is organised to allow the hired fresh graduates to explore more on our corporation culture and background. The Group also wish to create a welcoming environment for them, which could enhance their sense of belonging.

Apart from training, we also endeavour to establish a knowledge sharing system to create an active learning atmosphere. Our middle and senior management share their experiences with general employees through the “Zhaojin Elite Lecture” occasionally. In addition, Zhaojin Learning Briefing, an electronic newspaper, is published to disseminate Zhaojin’s successful cases to employees and set up role models for them.

As of 31 December 2020, 294,187 hours of training were organised by the Group and the average training hour per employee is 50.56 hours. The training coverage rate for male and female employees are 89.94% and 96.13% respectively. The general staff has a training rate (i.e. 90.3%) while top management and middle management have a slightly higher training rate (i.e. 98% and 97.2% respectively).

Trained Employees		2020
By gender	Male	4,311 (89.94%)
	Female	976 (95.13%)
By position level	Senior management	98 (98%)
	Middle management/supervisor	347 (97.2%)
	General staff	4,842 (90.3%)

Average Training Hours of Employees		2020
By gender	Male	49.91
	Female	53.59
By position level	Senior management	93.82
	Middle management/supervisor	62.02
	General staff	48.99



Provided various professional and technical training to the operation staff



Provided training to the management staff

Performance evaluation system

Apart from internal and external training, the Group also focuses on employment development by designing a comprehensive incentivised system, in order to encourage employees to strive for excellence and mutual grow with the Group. We successfully establish a standardized employees' performance management system by setting KPIs based on the Company's strategic KPIs for employees' performance evaluation, formulating performance evaluation plan, implementation the performance management, coaching employees and applying the evaluation results. The system enables to promote employees' growth and our corporate goals. Under the management system, a HCM Human Resources Management Platform managed by the Human Resources Department has been built to manage employees, strengthen compliance and internal risk control, and achieve information sharing. The Group aims to improve our decision making process by adopting the scientific and quantifiable indicators, so as to drive the overall development of human resources.



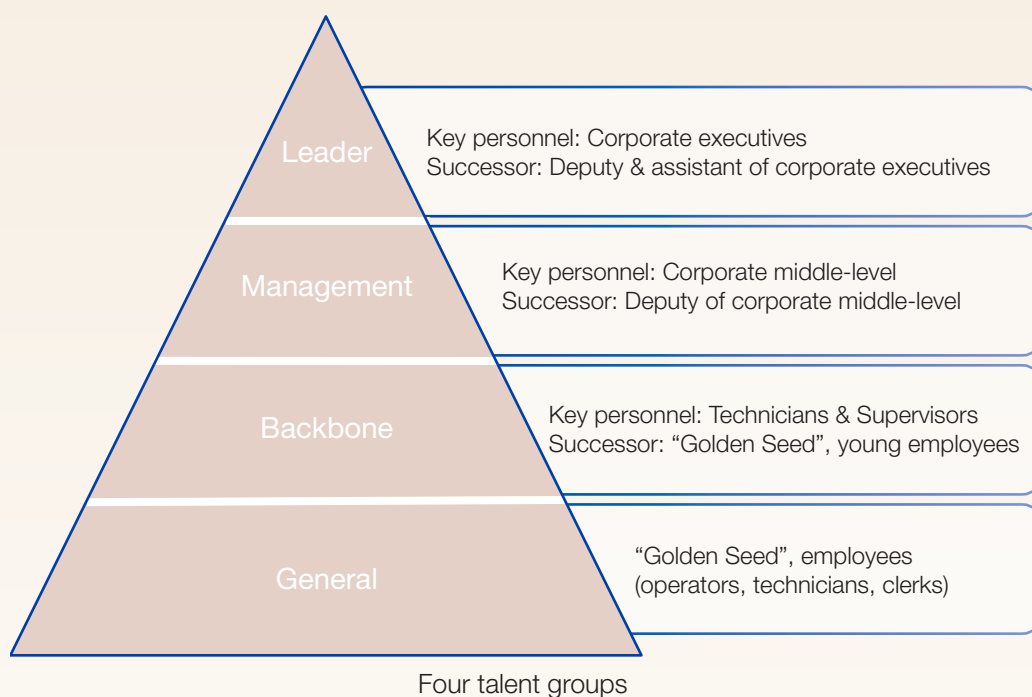
Through monthly and annual performance appraisal, we set appropriate performance goals with employees and monitor their work progress on a regular basis before evaluating their working performance according to the completion rate of their performance goals. The evaluation results will be applied to employee rewards and punishments scheme, promotion, and training considerations. For employees with outstanding performance, such as continuous excellent safety performance, the Group will reward them by adjusting their salary or promoting their positions to show our recognition of their hard work. Different assessment methods have been adopted for employees from the Company and its subsidiaries:

Employee Type	Assessment Content	Assessment Method	Feedback Announcement Method
Company's employees	Monthly duty completion rate, quality of work, effectiveness etc.	Self-evaluation, superior evaluation, cross-level evaluation	Zhaojin e-Home, HCM Human Resources Management Platform, performance meeting
Subsidiaries' employees	KPIs such as: equipment failure rate, product consumption, improvement and rectification etc.	Self-evaluation, superior evaluation	Performance appraisal report, email, performance interview

The Group also values innovative ideas. Therefore, we conduct annual review on employees' management innovation, technological innovation, and overall operational innovation. For projects accredited, we will provide awards to those employees.

Cultivating future management

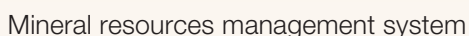
The Group spares no efforts in maintaining our sustainable development in future. Therefore, the Company proactively nurtures talents and set up a leading group to be responsible for guiding the Human Resources Department to provide training for the Company's potential management staff as well as support and guidance for management talents in the subsidiaries. In order to meet our development needs in the next five to ten years, a Management Procedures for Zhaojin Leaders has been formulated to standardize the selection, training, evaluation, and promotion of the management successors. Training model consisting of two major level (i.e., top management, and operational level) and four talent groups (i.e., general, backbone, management, and leader) have been established.



With reference of the industry nature and corporate needs, our existing top management assigns potential candidates to suitable position based on their knowledge, youth and speciality. We mainly focus on candidates' professional knowledge in the mining industry while their management abilities are also considered. Besides, we prefer nurturing our internal staff than hiring external candidates in the stage of selecting our future successors. Every year, Zhaojin's top management would guide the leading group to assess the performance of the successors at the leader, management levels, and the subsidiaries' management level as well as backup candidates and conduct investigations on the existing employee distribution for drafting the Annual Leader Investigation Report. At the same time, custom-designed development plan, career plan, and training plan are provided to each successor to plan for their career development.

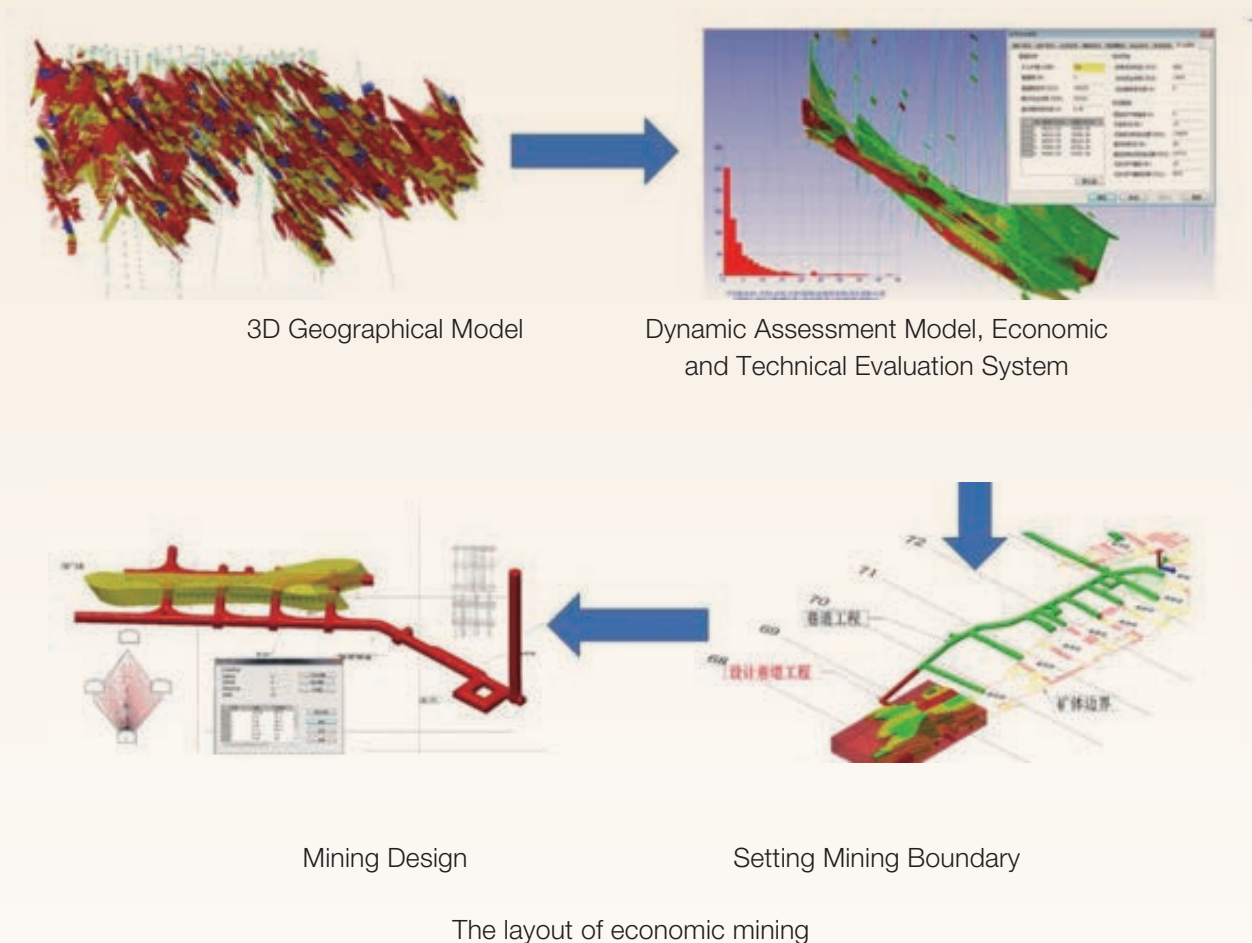
Our products fulfil the national requirement (GB/T4134-2015) and Regulations of the PRC on the Control of Gold and Silver. In the entire project lifecycle from infrastructure construction, exploration, mining, smelting, refining and tail management, we implement certified ISO 9001:2015 quality management system and internal guidelines on each production processes for comprehensive management. Internal and third party analysis are conducted to ensure the product quality. The gold is processed into standard gold ingots and transported to the designated warehouse of Shanghai Gold Exchange directly. In the Reporting Period, we did not receive any complaints or non-compliance of relevant laws and regulations in relations of product quality.

By developing a mineral resources management system, we have been able to achieve a unified end-to-end process management in geological exploration. We are able to track the progress of our geological exploration projects from time to time, achieving the inter-connection and resource integration. This saves time in surveying and analysing exploration data, providing estimation on reserves and economic evaluation on mineral deposits.



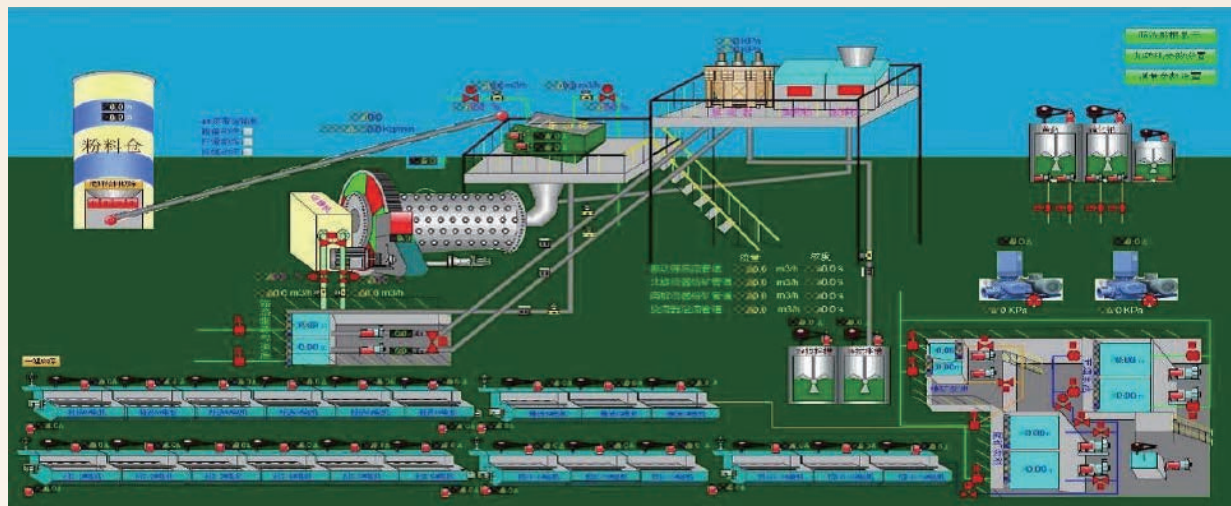
Mining management: Improving the comprehensive benefits of mining by adopting the economic and technical evaluation system

We adopt the advanced 3DMine three-dimensional mining engineering software, which uses the proven reserves and geological exploration data, the delineation technique derived from multi-indicators geological boundaries, algorithm, 3D geological modelling measures to delineate the mine, calculate the reserves, and to build a 3D geological model. We are able to attain economic benefits optimisation and economic mining under the condition of sustainable mining.



Mineral processing management: Building an intelligent factory to achieve upgrade from traditional production industry

Depending on the type of minerals, we make use of various facilities and techniques such as automated equipment, production network system and monitoring centre to monitor and control all major facilities, processes and parameters. Through data analysis, a more intelligent mineral processing workflow has been developed, achieving industrial upgrading.



An intelligent mineral processing system



Science and technology prosper gold

Smart Mine

Mechanization, automation, digitalization and intelligence – are the key words for technological innovation.

Construction of intelligent and smart mine is the development trend in the mining industry and our key focus in the upcoming year. Technology innovation can speed up the Group's development to keep up with the latest industrial standards, increase the efficiency of the mining process, reduce environmental pollution, and enhance resource use and safety performance. Integrated with digitalization and cloud technology, we can operate our business in scientific way and support our decision making with analysed data that collected from a centralized sharing and exchange platform.



Large-scale intelligent, mechanized operation group

Management of innovation development

In achieving these four objectives and foster a culture of innovative development, the Company has set up a Science and Technology Committee with the Board's Chairman as the director, which is mainly responsible for the following work:

- Determine the policies and guidelines on technological innovation works
- Examine and approve the innovation strategic plans including the key scientific research projects and the long-term development plan
- Make decision on intellectual property management and promotion of the major technological achievement
- Decide the resources use and allocation such as cooperation with external parties and research institution and the project funding

The Company has set up the Research and Development ("R&D") Center under the supervision of the Science and Technology Committee, the Science & Technology Department of the Company is responsible to lead and coordinate the assessment of innovative schemes, R&D project planning, management and practical implementation. Other departments such as R&D Center, Production & Technology Department, Human Resource Department and Finance Department also provide support including techniques, human resources and funding etc. in the development processes. At site level, a management team is also established with the involvement of the management level with at least one technical professional in R&D.



Leveraging our expertise and experience in the industry, we invest to solve the limitations of the mining processes by adopting following initiatives:

- Invest in mechanical equipment in replacement of labour works to reduce the safety hazards and increase efficiency;
- Enhance safety and environmental technology use;
- Upgrade the outdated and old equipment and production process; and
- Invest in automated mining technology in exploration and transportation.

As outlined in the Professional Regulation on Technology and Innovation, we establish internal standards and guidelines in scheme assessment procedures, collaboration with external parties, roles and responsibility of various departments and subsidiaries, research funding allocation principles, verification of innovation and intellectual property (“IP”) right management. We collaborate with research institutions, universities and experts in the industry to develop research objectives and approaches, as well as to attend seminars and workshops in exchange of latest knowledge and techniques, in order to increase successful rate of our research projects.



In addition, we emphasise “4 Latest” – Latest Technology, Latest Material, Latest Equipment and Latest Process. Application of these is based on each site’s condition to evaluate the potential benefits, and is approved by the Company for resource allocation. The Company regularly monitors the effectiveness of the innovative measures and adopts the measures in wider extent and in other subsidiaries if plausible.

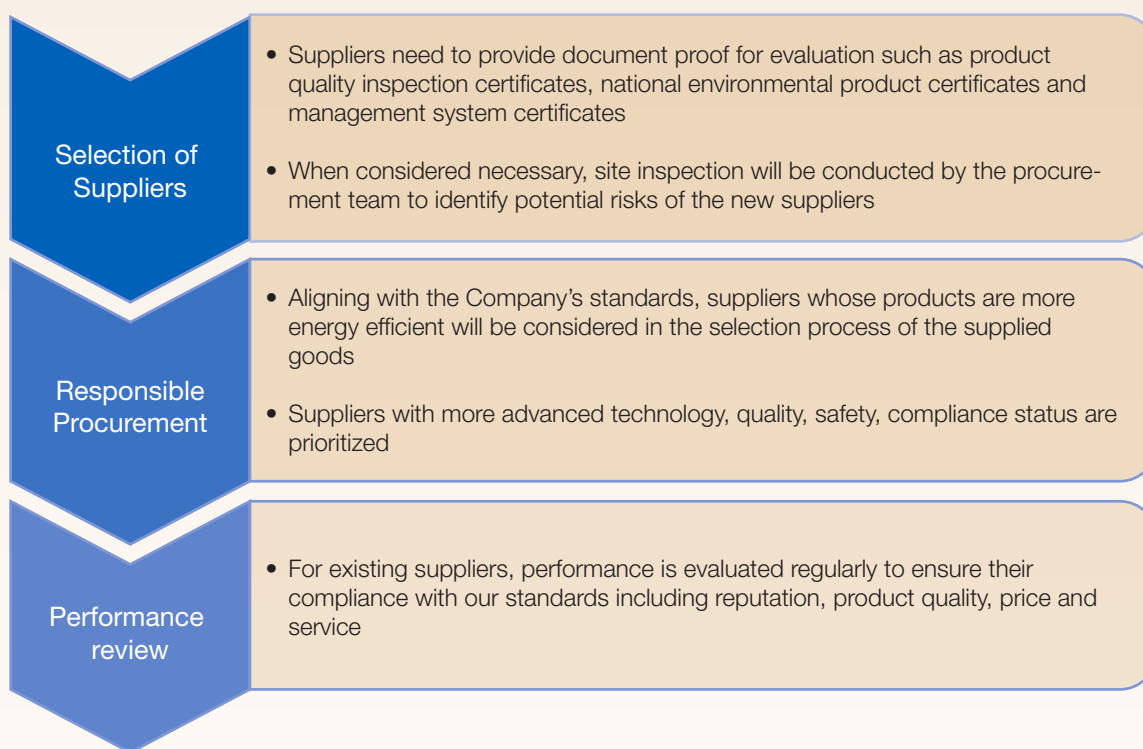
IP Right

Valuing the importance of IP rights and preserving the originality of research outcome, we are committed to protecting IP rights to avoid violation of laws and regulations and potential disputes. We participated in the Yantai Intellectual Property Association to be well acquainted with the latest industrial practices and share our knowledge. We continue to enhance the development of the culture and knowledge of the employees especially the technical staff in R&D. During the Reporting Period, we obtained 80 patents and six scientific research achievements were awarded the science and technology progress award at the provincial and ministerial level or above, established 8 new and high-tech enterprises, and invested RMB49,828,700 in scientific research by deploying cutting-edge technology and investing in R&D.

Supply Chain Management

Effective management and selection of supply chain can reduce the risks and increase the quality of our production process. We adhere to the principles of openness and fairness in the procurement process. Our Logistic and Equipment Management Standard stipulates guidelines in tendering, procurement, internal review and monitoring procedures. Potential suppliers are required to undergo a series of selection procedures before being qualified as approved suppliers and performance will be continuously reviewed to minimize the supply chain risks.

Business integrity is essential when collaborating with suppliers. In case integrity issues such as corruption and fraud or violation of our contractual requirements are identified, it may result in termination of contract. We have set up a communication channel for suppliers on important matters. Every year, we hold a Procurement Transparency Meeting for discussing major equipment in the year and procurement of material supplies to achieve transparent information disclosure and interaction.



Apart from our business advancement, we also consider our influence in the society. We therefore actively procure from the local suppliers or vendors, with an aim to support the community growth and local employment. During the Reporting Period, 810 suppliers are employed and all are located in China.





Lucid waters and
lush mountains are invaluable assets



OUR ENVIRONMENT

Environmental Management

The Group believes that our long-term business growth and development are closely related to the environment and resource protection. Therefore, we are committed to minimising adverse impacts on the environment through comprehensive management of our mining businesses. Our environmental management system, certified with ISO 14001:2015, is implemented in various business operations, which provides a systematic framework to identify key environmental aspects in preventing and mitigating the environmental impact. The system outlines the commitment, responsibility, principles, implementation practices and performance indicators to review the performance of the Group and drive continuous success.

Underlying in our development philosophy and adhering to our green concept of “Lucid Waters and Lush Mountains are Invaluable Assets”, we always insist to:

- Comply with relevant environmental laws and regulations and strictly adhere to “Three Waste One Noise” emission standards;
- Prevent environmental pollution;
- Promote energy efficiency and reduce wastage;
- Efficiently utilize resources;
- Continue to progress and improve our environmental performance; and
- Develop green mine.

We conduct environmental impact assessment (“EIA”) with due care and is committed to implementing all the statutory requirements and standards as identified in early planning stage and stipulated in the EIA reports. In addition, we formulate Environmental Protection Management Procedures detailing the general objectives and guidance to govern the management at site-level and continue improving the environmental performance.



A Corner of Garden Enterprise

Environmental Targets and
Initiatives Formulation

We highlight prevention against mitigation to protect the environment. Environmental professionals are assigned in site-level to coordinate the management and supervision of the works, as well as to set up environmental targets and initiatives that are in line with the Group's standards. Commitments of the environmental initiatives and pollution prevention are encouraged by linking employees' environmental performance to the annual performance appraisal to increase their accountability.

Law and Regulation
Management

Compliance of environmental laws and regulations are the fundamental basis of the Group's development. The Group always keeps pace with the latest development of applicable laws and regulations, updates the existing law and regulation management system and conducts analysis to ensure compliance with the latest updates.

Environmental Trainings

In order to enhance the awareness of environmental protection, we strengthen employees' knowledge and skills by environmental training on topics such as internal environmental rules and standards, environmental incident reporting mechanism, case study of major environmental events, laws and regulations etc.

Environmental Risk
Management and
Inspection

To eliminate risks of environmental incidents that impact on the natural environment, production facilities and employees, environmental risks should be comprehensively assessed and inspected by the Group. Inspection should be organized regularly as scheduled. For the major risk sources, management and monitoring practices should be established. We also implement zone management to ensure adequate inspection are conducted at all work processes.

Emergency and Incident
Management

In response to the major environmental pollution incidents (such as hazards waste storage, chemical storage and wastewater treatment facilities), management standards are provided to prepare for the emergency plans and drills. We classify to levels of response, and line of communication is clearly defined under emergency condition.

An investigation team will be set up after an environmental pollution event to identify the root cause and recommend measures to prevent reoccurrence of the similar cases.

Long-term goals

The Group is committed to doing our best in fulfilling our aspiration in environmental protection, which is to operate our business in a responsible way and utilize our leading position in the industry and innovative technologies to promote green production. Therefore, in the Reporting Period, we have set the following forward-looking goals for our long-term development and centralised resource to improve our performance in the key environmental issues.



Key Environmental Initiatives

An environmental work plan is formulated in driving progress in environmental protection development, with an evaluation of the performance each year. In 2020, we focused on three main aspects:

Enhance Environmental Awareness

- Incorporate environmental protection into part of the annual performance review
- Organize environmental protection activities
- Alert to the latest environmental laws and regulations

Enhance Environmental Mitigation measures

- Optimize the wastewater treatment facilities
- Upgrade the dust treatment and monitoring system
- Non-hazardous solid waste management
- Increase greenery of the surrounding neighborhood

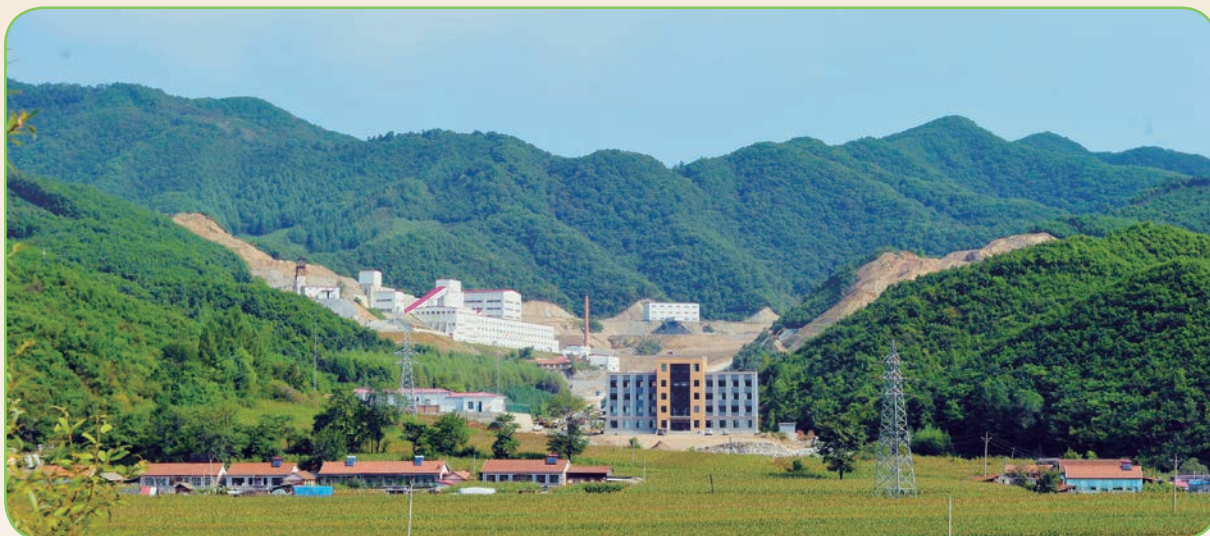
Green Mine Construction

- List in the national green mine
- Gradually transform to automated and intelligent mine
- R&D on converting hazardous waste to general refuse

Green Mine

We uphold a forefront position in green mine construction in the industry and target to achieve beyond laws and regulations. We move forward to actively cultivate our employees the sense of environmental protection and resource management and implement our policies. In the Reporting Period, we continue to organize the “Beautiful scenery” competition and support the “Clear Water and Green Mountains Project”. The Group invested a total of RMB63 millions in environmental protection funds. Throughout the year, a total of 41 hectares of green areas were added, the total number of green mines at the national level reached 10, and the number of green factories at the national level reached 2.





Air Emission

In the production process, dust or other gaseous emissions can be generated from the entire lifecycle of the operation, including exploration, construction, manufacturing, operation, rehabilitation and closure. We outline the management standards in mitigating the air emission at mine, smelting processes, mine rocks storage, tailings storage and vehicular emission etc. In the confined production facilities, centralised dust collection system is in place for removal to ensure the emission can fulfill the standards such as integrated emission standard of air pollutants (GB16297-1996), ambient air quality standards (GB3095-1996), emission standard of pollutants for copper, nickel, cobalt industry (GB25467-2010) etc. The flue gas will undergo filters, cyclone, electric and bag removal process to reduce dust at workplace when considered suitable in the environmental assessment stage. Dust generation from the fugitive sources such as underground and storage areas are suppressed by water spraying and mists.

Our major air pollutants include particulates, sulphur dioxide and nitrogen oxides, which are subject to the control under the laws and regulations. In the Reporting Period, emission of major air pollutants is within the permitted levels.

Type of pollutants	Unit	2020
Particulates	Tonnes	12,026.54
Sulphur dioxide	Tonnes	1,734.90
Nitrogen oxides	Tonnes	7,382.52

Water Stewardship

In mining process, we use water resources such as surface water, groundwater and generate wastewater from dewatering, production process and domestic uses. In preserving the water resources, we explore opportunities in recycling wastewater and reduce the discharge, carry out practices in protection of the water resources aiming and endeavour to achieve zero discharge.

Type ¹	Unit	2020
Water Consumption	m ³	10,399,055.07
Water Consumption Intensity	m ³ /Revenue (million RMB)	1,307.49
Water Recycled/Reused	m ³	9,258,168.37

89%

Recycling Rate

Sewage and leachate from mining processes may contain toxic chemical substances such as cyanide and heavy metals. All subsidiaries install the wastewater treatment facilities, where wastewater must be passed through to remove impurities and toxic substance, in order for reusing in production processes. Greywater is also filtered, disinfected and recycled for irrigation, and excess water is stored in a collection tank to enhance recycling rate. When the wastewater cannot be reused, we must ensure the discharge is in compliance with the discharge requirements as required in the environmental impact assessment and relevant regulations.

Regular monitoring is also conducted and real-time monitoring is promoted to further enhance the supervision of the wastewater quality. In the Reporting Period, the Group complied with the laws and regulations including Water Pollution Prevention Law of the PRC.

Wastewater	Unit	2020
Wastewater discharge ²	m ³	1,140,886.70
Wastewater Intensity	m ³ /Revenue (million RMB)	143.45
COD discharge	Tonnes	15.92
Ammonia nitrogen discharge	Tonnes	6.61

Noise Mitigation

Noise is emitted from the breaking of mine, processing facilities, construction and extension of mining sites. We strictly comply with the laws and regulations including Emission Standard for Industrial Enterprises Noise at Boundary (GB12348-2008) and Environmental Noise Pollution Prevention Law of the PRC. Mitigation measures such as noise barrier, noise and vibration absorber, silencer, low-noise model of the mining production equipment are adopted when considered appropriate in minimizing the noise pollution. In addition, noise generated from the transportation is controlled by speed limit and maintenance of the vehicles.

¹ The water consumption and water recycled/reused accounts for the water used in the production processes

² Accounts for the wastewater discharged from the production processes

Innovation: Enhancing environmental and safety monitoring performance

Comprehensive environmental disaster management system is gradually established to set up monitoring stations for tracking the change of environment, surface displacement, safety factors, water inflow in the pit, water quality, debris monitoring, such that the potential impact can be predicted and swiftly responded.

Real-time monitoring system

We utilize the automated system to monitor the environmental parameters such as lead, arsenic, COD, ammonia nitrogen, pH and water flow, which the data will be directly transmitted to the local government. If there is exceedance on the water quality, messages will be sent to alert the responsible person. In addition, in some mines, we adopt the online data collection to monitor ground pressure for analysis of the safety risks and potential hazards.



Remote Control

By using the innovation including IoT, we can supervise the environmental and safety parameters remotely with the aid of visual monitors and real-time data. The centralised system can analyse these parameters and respond automatically to adjust the temperature, humidity, carbon dioxide concentration etc. which highly enhance the operational efficiency and rate of response to eliminate environmental and safety risks.



Waste Management

We see opportunity in utilizing the waste and transform into resources, which can benefit to reducing the impact to the environment and maximizing the values of resources. Our main waste streams are waste rocks and tailings, which account for 18% and 81% of the total waste respectively. We try to maximize the values of waste rocks, by reusing for underground backfilling, constructing the dam for the tailing storage areas and making bricks within the site. Excess amount is sold to the external parties for producing construction material.

Waste Management

Unit

2020

Non-hazardous Waste	Tonnes	7,423,334.63
Waste rocks	Tonnes	1,360,248.07
Tailings	Tonnes	6,048,284.46
Others	Tonnes	14,802.10
Non-hazardous Waste Intensity	Tonnes/Revenue (million RMB)	933.35

Tailing management

Tailing management is one of the biggest concerns in the industry which can cause environment contamination by spillage and severe dam failure problems. We strictly abide by the environmental laws and regulations in designing and constructing the tailing storage area and its closure plan. The tailings are treated and detoxified to extract the harmful chemicals and cyanide through wastewater treatment methods such as sedimentation, chlorination, electrocoagulation etc. before depositing in the tailing storage area and disposal. We explore ways to reuse within the production processes such as backfilling. Gold mining companies typically use 60% of coarse-grained tailings for underground filling and the other 40% of fine-grained and muddy tailings are discharged to the tailing storage. Canzhuang Gold Mine's latest mine filling method, "Fine Tailing Cementation Filling," broke the traditional mine filling method. 70% of the fine-grained tailings are easily coagulated and backfilled in underground mine with the support of a new form of cementitious material. The remaining 30% of the coarse tailings are processed into high-silicon materials after being classified by cyclones for utilization of raw materials for ceramics and building materials, realizing zero tailings. The popularization and application of fine tailings filling expertise has opened up a whole new world for tailings-free mine construction. In the future, this technology will be widely adopted in the Group.

Hazardous waste management

The Group effectively manages the handling, disposal, transportation, storage and documentation of the toxic and harmful substances. Due to the potential environmental risks, they are prohibited to mix with other waste and should be stored in enclosed containers with chemical labels for preventing pollution problems. It is also forbidden to pour any chemicals or wastewater containing chemicals into drainage to prevent pollution of water source. Qualified and licensed contractor is employed to dispose the waste. To enhance the awareness of the employee, regular training on hazardous waste is conducted.

Waste Management

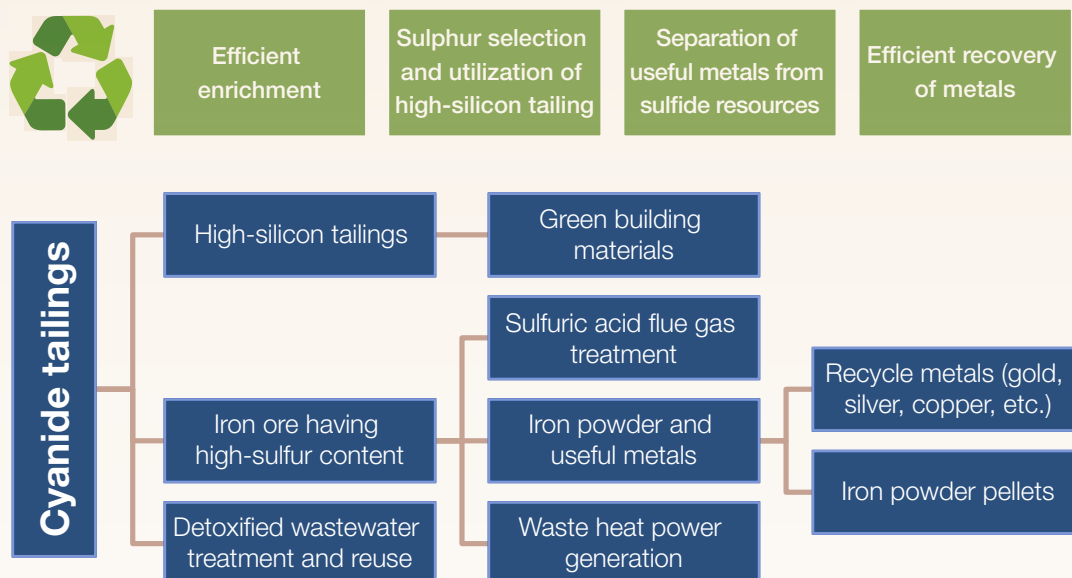
Unit

2020

Hazardous Waste	Tonnes	838,775.05
Cyanide	Tonnes	835,387.80
Others	Tonnes	3,387.25
Hazardous Waste Intensity	Tonnes/Revenue (million RMB)	105.46

Cyanide Management

The major hazardous waste generated from our business operations is cyanide, accounting for over 99% of the total hazardous waste. We understand spillage of cyanide can create contamination and create potential harm to human health. Therefore, Management Standard on Mine Processing and Smelting is established to regulate the storage and usage of raw materials. The possibility of recovery of the cyanide is always looked into to improve comprehensive utilization of resources including recycling and reuse. After years of R&D effort, we use four major technologies to treat wastewater, waste and waste gas from the smelting process, including:



Innovation: Enhancing the use of cyanide waste

Majority of the gold extraction uses of cyanide, thereby we investing to explore the latest technology in lowering the toxicity of the waste. Through the removal of cyanide, we can comprehensively utilize the cyanide tailing waste by extracting the useful substance and transforming into raw material of ceramic. Since there are sulphur content in raw materials, we also studied the manufacturing process to ensure that it will not induce air emission issues. It does not only reduce the environmental impact and the land for storage of cyanide waste, but also maximise the resource reuse.



Energy Efficiency and Carbon Emission Control

Concern on the climate changes has been growing in the market, to avoid severe conditions brought by extreme weathers. We spare all our effort to minimize our carbon footprint. Preliminary climate risk assessment was conducted to understand the impact of climate change to our business. In the future, we continue to analyse the risks and opportunities and formulate business strategies in preparing for the issues.

Type	Description of risks	Our Measures
Physical Risks	<p>Increasing chance of extreme weather such as severe typhoons and flooding may be induced. The integrity of mining sites may be impacted which reduces the production volume and increase the construction cost when the facilities are damaged.</p> <p>Availability of the water sources may change due to the change in the pattern of the participation and more droughts. Therefore, cost of water consumption may increase.</p>	<p>We formulate emergency plan to tackle with the flooding problem and try our best to reduce the water consumption and enhance water recycling rate.</p>
Transitional Risks	<p>Policies and Regulations</p> <p>More national policies and regulations will be imposed to achieve the aspiration in carbon emission targets. Stringent requirements may increase the regulatory cost as well as the production cost due to the use of energy.</p> <p>Technology</p> <p>Increasing R&D investments are adopted in the industry to enhance the production performance and efficiency. The competitiveness of the Group reduces, as well as lowering the production efficiency if we cannot catch up with this edge.</p> <p>Market</p> <p>Demand on our products may change if investors have increasing concerns on the energy and carbon emission. Our social license to operate may be impacted if our stakeholders consider the Group's effort on climate change is inadequate.</p>	<p>We continue to focus on the current policy development and actively reduce our carbon emission to minimize the risks by introducing new technologies and controlling the consumption of energy.</p> <p>We invest heavily on R&D to seek ways for improving the energy efficiency, employ latest technologies and optimize our process to reduce energy consumption.</p> <p>We enhance the awareness of the employee's concern on carbon management through training and communicate with our stakeholders of our effort and commitment.</p>

Through our response to carbon management, we believe to save energy consumption by adopting low-emission technology, become more resilience to the climate change problems, and create new business opportunities and international recognition that our stakeholders concern about.

With an understanding of the impact of carbon emission to the Group, we analyse our carbon emission profile to identify possible ways in reducing the emission. Majority of the footprint comes from the use of electricity, accounting for approximately 97% of the total carbon emission in 2020.

	Unit	2020
Energy Consumption		
Total Energy Consumption	MWh	779,434.49
<u>Direct Energy</u>		
Mobile Fuel:		
Unleaded Petrol	MWh	371.53
Diesel	MWh	76,071.40
<u>Indirect Energy</u>		
Electricity	MWh	702,991.56
Total Energy Intensity	MWh/Revenue (million RMB)	98.00
Greenhouse Gases (GHG) emission		
Total GHG Emission	Tonnes CO ₂ e	699,332.20
Scope 1 Emission ³	Tonnes CO ₂ e	20,703.16
Scope 2 Emission ⁴	Tonnes CO ₂ e	678,629.04
Total GHG Emission Intensity	Tonnes CO ₂ e/ Revenue (million RMB)	87.93
GHG Removal (from Tree Planting) ⁵	Tonnes CO ₂ e	1,266.38

³ Scope 1 represents direct GHG emissions generated by the use of fuels for mobile sources

⁴ Scope 2 represents energy indirect GHG emissions generated by the use of purchased electricity from local power companies

⁵ There were 55,060 trees planted

To minimize energy consumption, our Logistics and Equipment Department is responsible for energy management including energy commitment formulation, target achievement and energy audit etc. For this purpose, specialised energy management taskforce is set up for actual implementation. Every year, the Company signs an energy saving target commitment with our subsidiaries, strengthening their awareness and accountability in energy conservation. Annual plans are formulated to achieve the targets in an effective way. Some examples of the energy saving initiatives are as follows:



Optimization of production process

- Replace the old and energy intensive equipment such as replacing old heat pump/ coal-fired boilers to air-source heat pump
- Optimize power distribution system to reduce power loss
- Increase inspection and maintenance to reduce energy consumption
- Improve the peak electricity management



Investment in energy saving technology

- Use of energy efficient equipment e.g. transformer, generators etc. and prohibit the use of equipment listed in directory of phased-out products
- Install time control system to reduce unnecessary use of electricity
- Use of LED lightings in the underground mine
- Use of solar streetlighting

Energy Saving Promotion Week and Low Carbon Day

In support of government promotion, we organized various activities to enhance employees' awareness on low carbon development and energy conservation. Here are some examples:

- Organize training workshop through promotion video, morning sharing
- Display of environmental reminders and notices
- Conduct inspection on the topic – energy conservation
- Promote energy management such as use of natural lighting, consumption of electricity of idling equipment
- Participate in greenery activities



Ecological Rehabilitation

Ecological protection and rehabilitation are the Group's agenda in green mine construction and operation. We carefully plan during the environmental impact assessment stage to identify the measures and design of the tailing storage areas in order to enhance the ecological resilience and reduce our impact on the environment. Our approach is to communicate regularly with the local authority and exercise the mine rehabilitation plan. After closure of the mine, the land resources which are used for waste mining rock storage, transportation route, tailing storage will be restored and vegetated for landscaping and returning to an ecological balanced condition. We strive to minimize our disturbance to the community and land resource use.



COMMUNITY PARTICIPATION

We fully aware of the importance of harmonic community integration and inclusion. We shoulder our social responsibility and strive to give back to the society. The Company has dedicated a taskforce to formulate community construction plan, organize activities and follow-up the progress at site level. The taskforce is the bridge between the Group and the community in creating a cooperative relationship with the local citizens. We support the development of the community in which we operate, thereby actively engaging in continuous communication with the local community. The core areas in community participation that we focus on are community development, education, poverty alleviation and rescue support.

Total spending

RMB21.9 million

Total volunteering hours

1,393 hours

Areas	How we support	Reasons	Major events
Education	Supporting the education development in the remote and rural areas.	Education is part of the nation's long-term development plan. We attach great importance to the education development in the remote area, enabling more children to have the opportunity of schooling.	Project Hope; donation of school buses; refurbishment and greening of campuses; fixing the roads.
Poverty alleviation	Supporting the development of the villages we based in with our advantage in information and relationship network. We actively assist the villages in winning development projects and speeding up the progress of collective economic development.	Our support in poverty alleviation well reflects our role in the community. We are giving back to the society with our advantages in techniques, funds, insights and communication channels. The community can thrive due to the operation of our business.	Assisting the villagers in seeking ways to create wealth.
Rescue support	Assisting in rescue support and reconstructing works by providing volunteers, materials and funds and excising our corporate responsibility.	We are part of the community and we are obligated to participate in rescue support under the coordination of the local authority.	Teaming up with the local governments in rescue support when natural disasters occur in the areas that the Company's headquarter and subsidiaries are based in.

Areas	How we support	Reasons	Major events
Community development	Setting up the Leading Group on Harmonious Community Construction, which focuses in getting the Group involved in community management, policies and systems. Introducing the Zhaojin Mining Industry Co. Ltd. Community Development Implementation Plan to check and monitor the participation of our subsidiaries in community development, in order to timely identify problems and propose solutions.	We care about the community development and provide actual support.	Supporting the improvement of infrastructures in the areas we based in to achieve a win-win situation of the corporate and the community.

In accordance with social conditions, public opinions, national characteristics, religious culture, and other characteristics of the corporate locations, we consciously bear our corporate social responsibilities. We involve in volunteer works, disaster rescue, education, charity works, community integration, and employment opportunities to create values for the society, take our responsibility, and lay a foundation for the local development, in order to enhance the community's recognition of our corporate values, and create a good development environment.

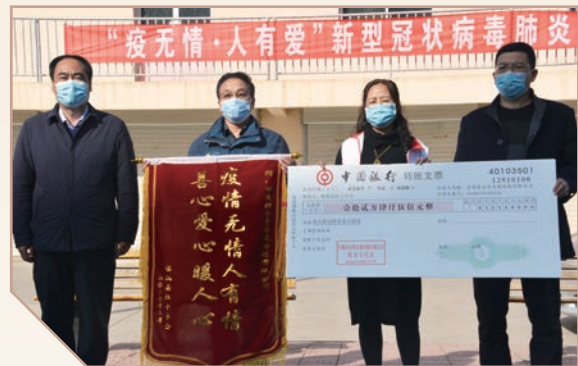
To swiftly respond to the community's concerns and opinions on time, we enhance the information collection system through the use of technology and the "89000 Community Service Platform". Upon receiving the concerns and opinions from our neighbourhood, we will handle them carefully and rapidly to resolve the problems. Communication with the villagers and local government are frequently conducted in building trust and support to our businesses.

We put vigorous effort on public welfare and education to promote the living standards of the local society. A series of social activities and events have been organized by the Group in the Reporting Period, which we donated RMB6.06 million to charity, spent RMB15.84 million in community construction and participated 1,393 hours in these events.

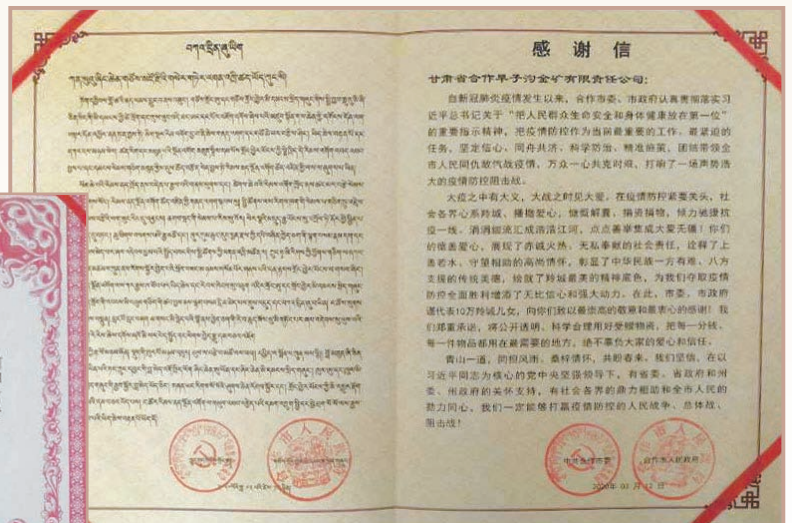




Visit nearby villages and send our blessing at Mid-Autumn Festival



During the period of epidemic prevention and control in 2020, the Party committee of the Company and its employees showed a big love. The party organizations of Shandong, Xinjiang, GanSu, Hebei, Liaoning and other enterprises have donated money to the regional government and the Red Cross Society, further establish a good corporate social image.



*Development is the eternal
theme and innovation is
the inexhaustible power*

APPENDIX – HKEX ESG REPORTING GUIDE INDEX

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
Aspect A: Environment		
A1 Emissions	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p><i>Note:</i></p> <p>Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.</p>	<p>Our Environment</p> <p>During the Reporting Period, the Group was not aware of any breaches of relevant laws and regulations in the PRC that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p>
KPI A1.1	The types of emissions and respective emissions data.	Our Environment
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Energy Efficiency and Carbon Emission Control
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Our Environment

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
Aspect A: Environment		
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Waste Management
A2 Use of Resources	<p>Policies on efficient use of resources including energy, water and other raw materials.</p> <p><i>Note:</i></p> <p>Resources may be used in production, storage, transportation, buildings, electronic equipment, etc.</p>	Our Environment
KPI 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).	Energy Efficiency and Carbon Emission Control
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water Stewardship
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Energy Efficiency and Carbon Emission Control
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Water Stewardship There is no issue in in sourcing water that is fit for purpose.
KPI A2.5	Total packaging material used for finished products (in tonnes), and, if applicable, with reference to per unit produced.	Our business engage in mining activities where packaging material is not a material concern.
A3 The Environment and Natural Resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	Ecological Rehabilitation
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Ecological Rehabilitation

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
Aspect B: Social		
B1 Employment	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment Conditions During the Reporting Period, the Group was not aware of any breaches of relevant laws and regulations in the PRC that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare in the PRC.
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment Conditions
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Remuneration & Benefits
B2 Health and Safety	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Healthy and Safe Workplace During the Reporting Period, the Group was not aware of any breaches of relevant laws and regulations in the PRC that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.
KPI B2.1	Number and rate of work-related fatalities.	Healthy and Safe Workplace
KPI B2.2	Lost days due to work injury.	Healthy and Safe Workplace
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Healthy and Safe Workplace

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
Aspect B: Social		
B3 Development and Training	<p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p><i>Note:</i> Training refers to vocational training. It may include internal and external courses paid by the employer.</p>	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
B4 Labour Standards	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.</p>	<p>Labour Standards</p> <p>During the Reporting Period, the Group was not aware of any breaches of relevant laws and regulations in the PRC that have a significant impact on the Group relating to preventing child or forced labour.</p>
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
B5 Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
Aspect B: Social		
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management
B6 Product Responsibility	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility During the Reporting Period, the Group was not aware of any breaches of relevant laws and regulations in the PRC that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Our major product is standard gold ingots, which do not involve issues of the products sold or shipped subject to recalls for safety and health reasons.
KPI B6.2	Number of products-and services-related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Smart Mine
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
Aspect B: Social		
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Our major product is standard gold ingots which are not directly sold to the customers. Therefore, consumer data protection and privacy are not applicable to the Group.
B7 Anti-corruption	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Ethical Business During the Reporting Period, the Group was not aware of any breaches of relevant laws and regulations in the PRC that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering.
KPI 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.	Ethical Business
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Ethical Business
B8 Community Investment	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.	Community Participation
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Participation
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Participation