



中國罕王控股有限公司

CHINA HANKING HOLDINGS LIMITED

罕王
HANKING

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 03788

2022

ENVIRONMENTAL, SOCIAL &
GOVERNANCE REPORT



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1. About This Report

Basis of Compilation

This report is prepared in accordance with Appendix 27 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) – “Environmental, Social and Governance Reporting Guide” (“**ESG Reporting Guide**”), and with reference to the GRI Standards 2021. This Report is the tenth Environmental, Social and Governance Report (“**ESG Report**”) published by China Hanking Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**” or “**We**”). All information herein reflects the performance of the Group in respect of environmental management, corporate social responsibility and corporate governance from 1 January 2022 to 31 December 2022 (namely the reporting period of the Group’s financial report), which is available for public use to enhance transparency and increase the understanding and confidence of the stakeholders toward the Group.

Reporting Scope

This report covers the high-purity iron business (“**High-purity Iron Business**”) and iron ore business (“**Iron Ore Business**”) in the PRC and the gold mine business in Australia (“**Gold Mine Business**”) owned by the Group. The reporting scope is consistent with that of last year.

Source of Data and Internal Verification

Information contained in this report is compiled from the measures taken, policies adopted and related statistics provided by the Group. Sources of the data contained in this report include the internal statistical data of the Group and relevant public data, etc. The non-financial data contained in this report is collected and summarized by the Environmental, Social and Governance (“**ESG**”) taskforce before being submitted to the Company’s audit department for independent verification and to the board of directors (“**Directors**”) of the Company (the “**Board**”) for review before publication. The financial data is derived from the 2022 annual report of the Company, which has already been audited by Deloitte Touche Tohmatsu (the auditor of the Company). The Group guarantees that there are no false records, misleading statements or major omissions in this report. Monetary amounts involved in this report are denominated in RMB saved for those otherwise stated.

1. About This Report



Reporting Principles

“Materiality”: During the preparation of this report, important stakeholders have been identified, stakeholder communication channels have been established, and important ESG issues of the Group have been determined through materiality assessment;

“Quantitative”: This report discloses various ESG quantitative key indicators of the Group, relevant standards and methods used for the calculation;

“Balance”: This report presents the ESG performance of the Group impartially, as far as reasonable and practicable, to disclose both positive and negative information;

“Consistency”: Unless otherwise specified, the preparation method of this report is the same as that of the previous year. This report uses consistent data statistical methods to present continuous performance in relevant areas with coherent database.

Publication and Contact Method

This report is prepared in both Chinese and English versions. Should there be any discrepancy between the Chinese and the English versions, the Chinese version shall prevail. If you have any doubts or suggestions regarding this report, please contact us at any time, which will enable us to continuously improve our ESG practices.

Investor Relations Department of China Hanking Holdings Limited
Address: Room 203, Building 1, Lujiazui Century Financial Plaza,
No. 729 South Yanggao Road, Pudong New Area,
Shanghai, the PRC

Tel: (+86) 21- 50850619

Email: ir@hanking.com

Website: <https://www.hankingmining.com>



2. Hanking at a Glance

2.1 Company Profile



Business Summary

Being a high-quality material supplier for the new energy industry, the Company relies on its own high-quality iron ore resources to produce wind power ductile casting iron products, and also engages in the development of gold mine projects in Australia.



- **Iron Ore and High-Purity Iron Business in China**

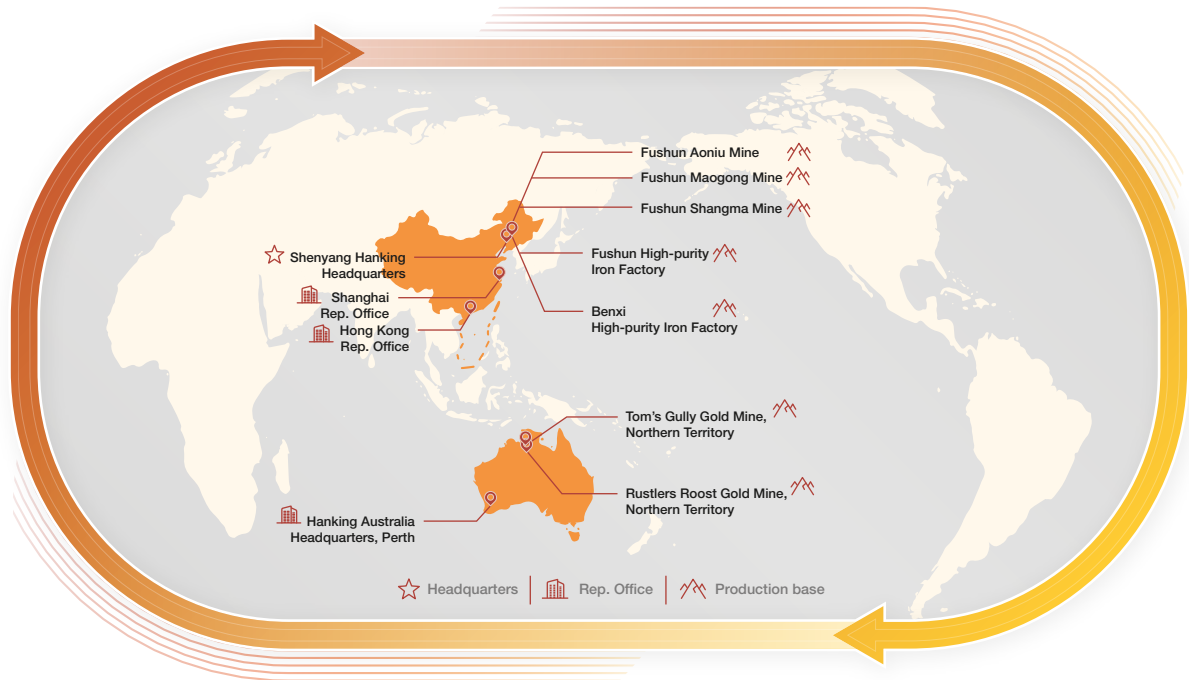
Thanks to the advantages of its own high-quality iron ore resources and unique technical process, the average grade of iron ore concentrates produced by Hanking is over 68%. Due to the minimal impurity contents of sulfur, phosphorus and titanium, together with the technical advantages accumulated over the years, high-purity iron products smelted by Hanking enjoy strong corrosion resistance and high tensile strength, thereby well meeting the casting requirements of major equipment in wind power, marine engineering and other sectors. Therefore, the Company's iron ore and high-purity iron business in China provides high-quality raw materials for clean energy wind power component casting enterprises. As at the end of the reporting period, Hanking had an annual production capacity of high-purity iron of 930 thousand metric tons, making it the largest supplier of wind power ductile casting iron in China's market.

- **Gold Mine Business in Australia**

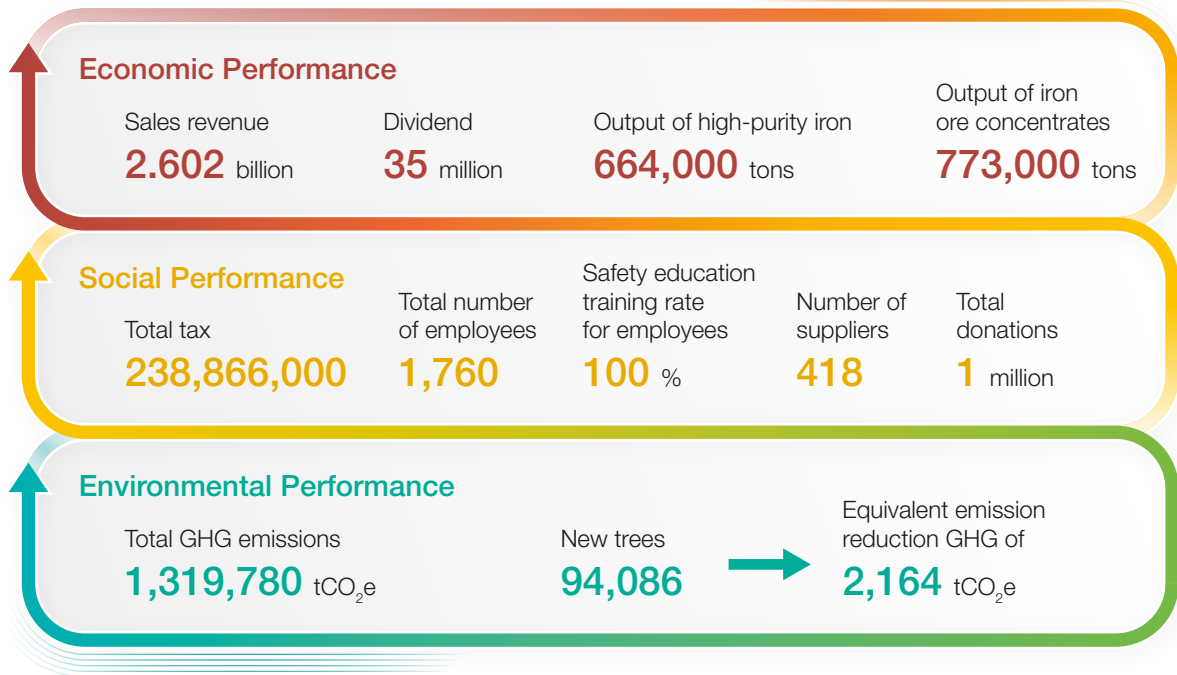
The Company has commenced setting up teams in Australia since 2010, and established its subsidiary in Australia in 2011, which is headquartered in Perth, the capital of Western Australia. Over more than 10 years, by completing the complete closed loop of acquisition, resource exploration, relaunched production and operation and capitalization in respect of SXO Gold Project, Hanking Australia has developed a gold mining and operation team with outstanding performance and applied its experience to the existing PGO gold project, in an effort to create maximum value for the shareholders.

2. Hanking at a Glance

2.2 Business Layout



2.3 Highlights of 2022



Zero fatality, zero casualty, zero occupational morbidity rate, zero environmental pollution and zero fire for six consecutive years





3. Corporate Governance

The Company is committed to maintaining a high level of corporate governance. The Company believes that good corporate governance provides a framework that is essential for ensuring effective management, business growth and shareholder value. The Corporate Governance Policies of the Company, which is prepared in accordance with the principles, code provisions and certain recommended best practices of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, is in the best interest of the Company and its shareholders. For the year 2022, the Company has fully complied with the principles and all applicable code provisions as set out in the Corporate Governance Policies and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (except for code provision C.2.1, and complied with most of the recommended best practices of the Corporate Governance Code.

In 2022, the Company successively revised the Terms of Reference and Operating Model of the Remuneration Committee, the Board Diversity Policy (《董事會成員多元化政策》), and the Whistle-blowing Policy (《舉報政策》) to strictly comply with relevant provisions of the Listing Rules, and further improve the governance level of the Company.

3.1 Governance Structure

The Board is the highest governance body of the Group, with a total of 8 members, including 3 executive Directors, 2 non-executive Directors, and 3 independent non-executive Directors. The proportion of non-executive Directors and independent non-executive Directors is 62.5%. The members of the Board come from mainland China, Hong Kong, and Australia. They not only have a background in international project development, but also possess rich experience in industry management, geological exploration, international investment, and listed company operation, and a strategic perspective of global resources, thus laying a solid foundation for the development of the Company. The Company annually reviews the structure, number, and composition of the Board, assesses the independence of independent non-executive Directors, and reviews the implementation and effectiveness of the Board Diversity Policy.

The Board has four committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Health, Safety, Environmental Protection and Community Committee (the “**HSEC Committee**”). These committees have clear terms of reference to enable them to properly perform their functions and assist the Board in enhancing the Group’s corporate governance practices. The Company convened 2 general meetings, 5 Board meetings, and 6 meetings of specialized committees under the Board in 2022.

For the most comprehensive information on corporate governance of the Company, please refer to the 2022 annual report of the Company.



3.2 ESG Organization

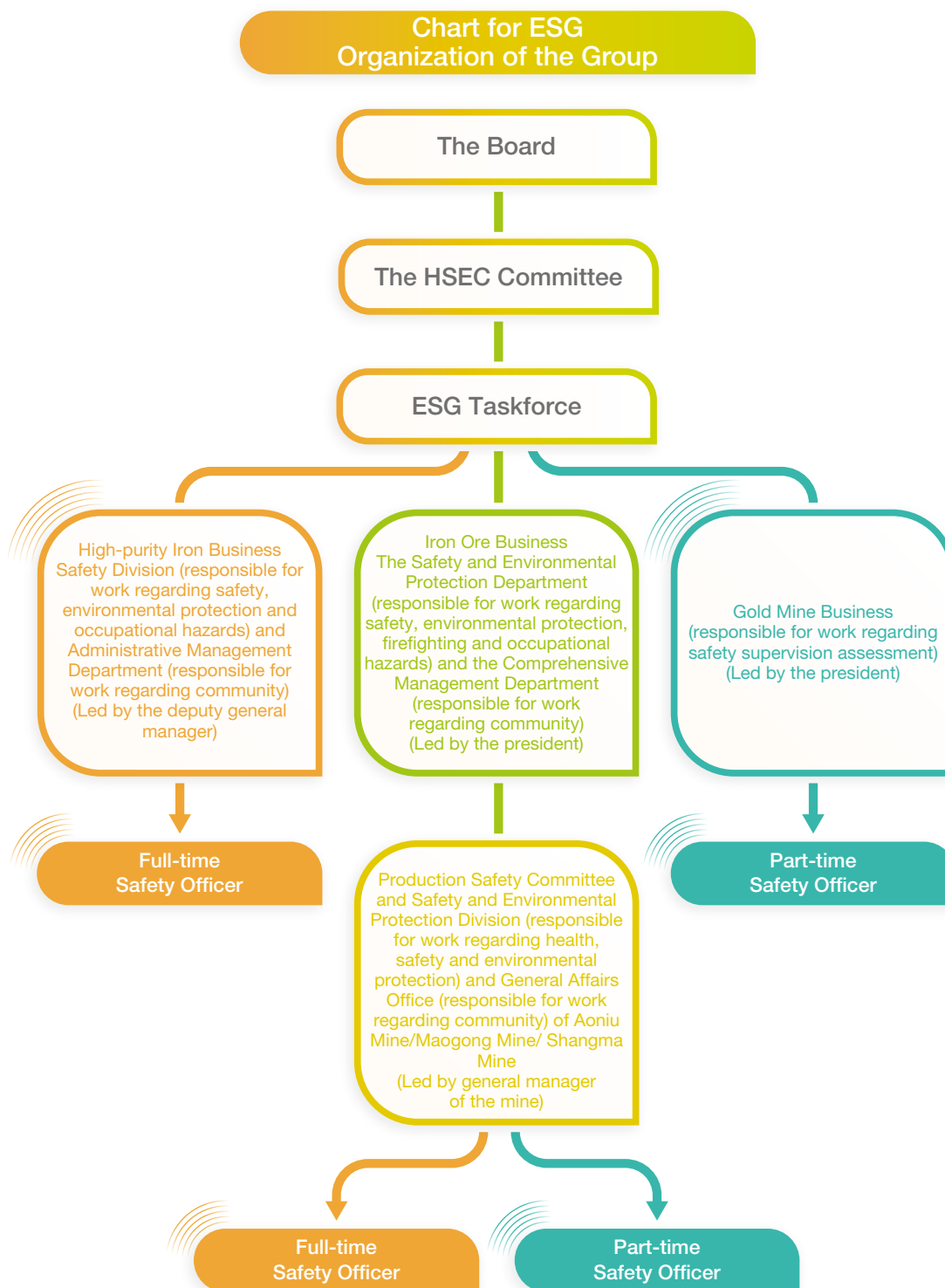
The Group has set up the multi-level health, safety, environmental protection and community organization (“**ESG Organization**”) from the Board to the production workshops at each business segments to establish a working organization with clear responsibilities and effective supervision. The Board is fully responsible for the risk management and internal control system of the Group, including the identification of significant ESG risks and opportunities. The Board is responsible for formulating the Group’s ESG strategies, setting ESG goals, and reviewing the progress of achieving such goals.

The primary function of the HSEC Committee is to help the Board to effectively perform its responsibilities in relation to health, safety, environmental protection and community matters arising from the Group’s operating activities, and risk management in relation to such matters, so as to achieve its control and objectives regarding ESG risks. The HSEC Committee is composed of three members with expertise in the ESG field: Dr. Qiu Yumin, serving as the Chairman, is the president of the Gold Mine Business in Australia of the Company and a member of the Australian Institute of Geoscientists; Mr. Yang Jiye, serving as a member, is the Chairman of the Board and the Chief Executive Officer of the Company; and Dr. Wang Anjian, serving as a member, is a professor and chief scientist of the Research Center for Strategy of Global Mineral Resources, Chinese Academy of Geological Sciences.

The ESG taskforce under the HSEC Committee is mainly responsible for collecting and collating ESG data to prepare the ESG Report, regularly reviewing ESG matters that are important to the Group and related to its business, and reporting the assessment results to the HSEC Committee to assist it in assessing and determining whether the Company’s risk management and internal control systems for ESG are appropriate and effective, and making recommendations for rectification.

In 2022, based on the review results of the HSEC Committee, the Board confirmed that the Group has fully complied with the “comply or explain” provisions set out in the ESG Reporting Guide. The ESG measures taken by the Group were compliant and effective during the reporting period.

3. Corporate Governance



3.3 Sustainable Development Strategy

For the common peace and prosperity of mankind, in 2015, all UN Member States adopted the 2030 Agenda for Sustainable Development, which provides a common blueprint, with 17 sustainable development goals as its core, aiming to completely solve the development problems of social, economic and environmental dimensions in a comprehensive way from 2015 to 2030, so as to turn to the road of sustainable development.



We support the United Nations Sustainable Development Goals, actively fulfill our corporate citizenship responsibilities, and integrate sustainable development and ESG concepts into the construction, production and operation of enterprises. Adhering to the tenet of safety, harmony and green, the Company pays close attention to the sustainable development actions of the countries and regions where the projects are located, and contributes to the global economic growth and sustainable development with high-quality mineral resources and metallurgical products, thus becoming one of the important forces in the clean energy market.

United Nations Sustainable Development Goals	Materiality Issues of the Company	Our Actions
 	Economic Performance/Financial Performance Scientific and Technological Innovation and Intellectual Property Rights Energy Efficiency and Clean Energy	Support the growth of strategic emerging industries and create sustainable economic growth. Improve energy efficiency by innovating technologies and optimizing production processes. Continue to increase investment in technology development, research and innovation to keep the innovation vitality. Produce and sell clean energy raw materials that conform to the trend of sustainable development, and provide high-quality raw materials for clean energy to contribute to sustainable development. Gradually adopt natural gas, blast furnace gas, wind power, and nuclear power as fuels and power to increase the proportion of clean energy.

3. Corporate Governance

United Nations Sustainable Development Goals	Materiality Issues of the Company	Our Actions
  	<p>Protection of Human Rights Employees' Remuneration and Welfare Employees' Development and Training Employees' Occupational Health and Safety Employee Diversity and Equal Opportunity</p>	<p>Strictly prohibit forced labour and child labour. Respect and protect the rights of every employee, and do not treat employees differently due to age, gender, disability, race, ethnicity, origin, religious belief and economic status, so as to prevent inequality. Provide employees with a competitive salary and welfare system, and create a positive corporate culture and working atmosphere. Actively help poor employees. Think highly of employees' occupational health and safety, and provide a good occupational environment and development platform. Put an end to gender discrimination, implement equal pay for equal work regardless of gender, protect the legitimate rights, interests and benefits of female employees.</p>

3. Corporate Governance

United Nations Sustainable Development Goals	Materiality Issues of the Company	Our Actions
     	<p>Greening and Reclamation of Mines Protection of Biodiversity Management of Wastes & Carbon Emissions Management of Tailing Ponds Use of Mineral Resources Water Resources Management Risk of and Response to Climate Change</p>	<p>Protect the environment and natural resources, actively carry out greening and reclamation, build green mines, maintain the stability of the local ecosystem, and protect biodiversity. Based on the concept of “harmonious coexistence between man and nature”, produce environmental impact assessment reports for operating projects to minimize the impact of such projects on the environment. Reasonably develop and utilize mine resources with adherence to the route of circular economy and comprehensive utilization so as to maximize the use of resources in all aspects of production and operation, strictly manage the use of hazardous chemicals, and reduce waste emissions to minimize the impact on the environment. Manage water resources, and improve water use efficiency. Target for water use: reduce the proportion of fresh water year by year. The production wastewater is recycled with zero discharge, and the domestic sewage is properly treated and discharged up to the standard or enters the municipal sewage pipe network, without polluting the water quality of local rivers and lakes. Carry out actions on energy-saving and emission reduction to address climate change, take measures to save energy, conduct greenhouse gas accounting, and improve the Company’s adaptability to climate change.</p>
 	<p>Corporate Governance Structure Compliance Operations and Risk Management Anti-Corruption Supplier Management Product Quality and Customer Service</p>	<p>Continuously improve corporate governance, strengthen anti-corruption efforts, and strive to establish an efficient and transparent governance system. Build a responsible supply chain, assess the environmental and social risks of the supply chain, and select products and services that meet environmental standards. The Company and partners establish a cooperative and win-win relationship, and work together with upstream and downstream partners in the industrial chain to promote sustainable management.</p>
 	<p>Community Relationship Social Welfare</p>	<p>Fight the pandemic and make donations. Through 2022 Deshan AiXin Fund (德山愛心基金) public welfare activities, we launched charity actions to assist students. Pay attention to the infrastructure construction of the communities where projects are located. Respect the rights of indigenous peoples, and comply with relevant laws and regulations in the design, exploration, and operation of the project. Create more jobs, and give priority to local employees. Send condolences and blessings to impoverished residents in the community.</p>

3. Corporate Governance

3.4 Scientific and Technological Innovation-driven Development

Smart Mine Construction

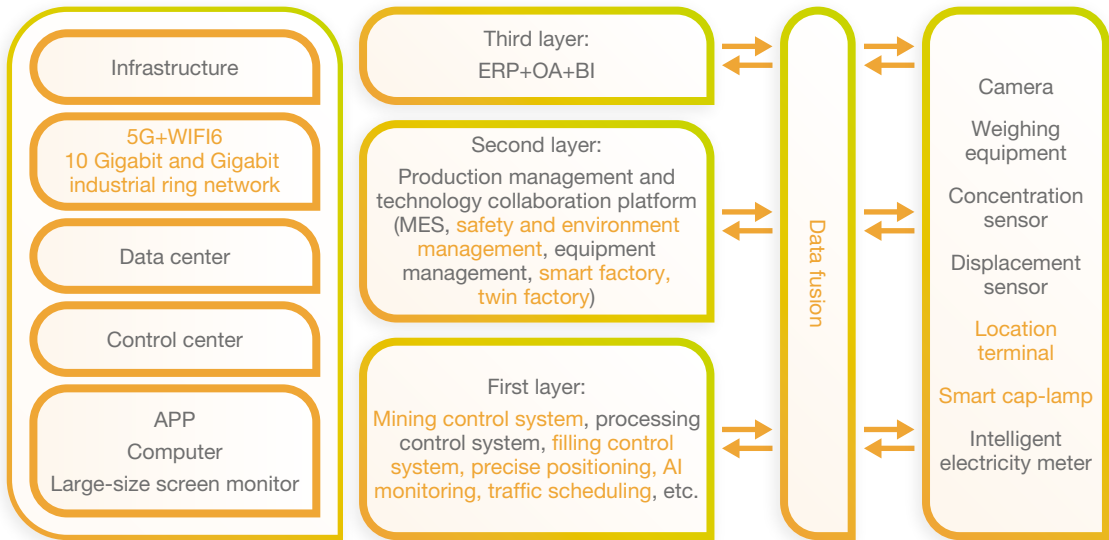
Since 2019, the Company has taken the lead in launching the construction of a smart mine system in the industry in China. At present, the Company has completed the transformation and upgrading of infrastructure. The data center and control center has been built and put into use. The whole process intelligent control system, personnel and vehicle positioning system, six underground safety systems, tailings ponds safety monitoring system, intelligent operation, management, decision-making and control integration system, enterprise resource planning (ERP) system, the business intelligence (BI) system and other mine production, operation, and decision-making systems have all been put into operation online.



Smart Mine Cockpit of Hanking Mining

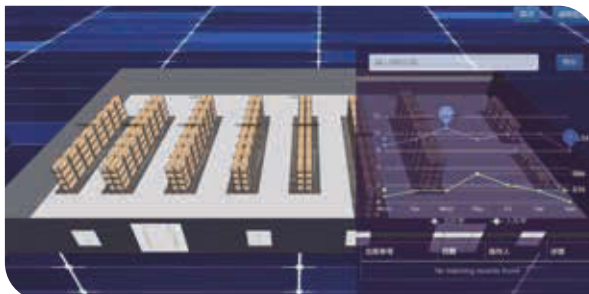
The business functions of the Hanking smart mine system are generally divided into three layers. The first is the bottom control layer, mainly composed of hardware devices and control systems. It is oriented towards production operators, enabling the collection and fusion of data sensed during the production process, and automotive and intelligent operating. The second is the MES layer in the middle, with focuses on production, operation and management software, and is oriented towards production management personnel. It can realize information-based production management, and flat and tight management organizations. The third is the highest ERP and BI layer, mainly based on business management software, and oriented towards business management and decision makers. It can achieve information-based business decision-making management, and flat and intensified management organizations.

3. Corporate Governance



General Plan for Construction of Hanking Smart Mine System
(Note: the yellow parts in the picture are projects to be carried out)

In 2022, in the process of building the smart mine system, the Company successfully applied for a special fund of approximately RMB5 million for the innovative development of industrial internet in Liaoning Province for the project of Integrated Platform for Enterprise Production, Operation, Management and Control for Smart Mines (《面向智慧礦山的企業生產運營管理與控制一體化平台》). The self-developed warehouse self-service picking system won the third place in the programmer design competition of the 1st Vocational Skills Competition of Liaoning Province.



Model Intelligent Warehouse Digital Twin



Group Photo of Award-winning Employees

3. Corporate Governance

In the next three years, based on the three-layer structure of the previous phase, the Hanking smart mine system will expand and improve system functions and improve the coverage of the system to the business, centering on the overall planning and according to the Company's business development needs for smart mine system tools. Efforts will be made to construct a hyper-integrated dispatching platform and dispatching center that perceive the state of mining operations, and introduce a management and control collaboration platform for production technologies, safety management and control platform, and other systems. While improving and strengthening its own strength, the Company will continue to adopt the mode of cooperating with mature informatization enterprises and well-known universities to enhance its influence in the mining industry and fields of scientific and technological innovation as well as safety and environmental protection.

Create a Scientific and Technological Enterprise

We adhere to driving development through sci-tech innovation, and aim to reduce the Company's comprehensive operating costs through continuous technological innovation, provide quality products, and share innovation results with customers.

- **Iron Ore Business**

In 2022, Fushun Hanking Aoniu Mining Co., Ltd (撫順罕王傲牛礦業股份有限公司, "Aoniu Mining") applied for 15 utility model patents, 9 of which have been authorized, and 94 intellectual property rights have been protected. Based on continuous technological innovation and management upgrading, Aoniu Mining has been re-certified as a national "high and new technology enterprise" (高新技術企業) upon the expiration of the original certification period, with a term of three years. The high-grade pure iron concentrates of the Company was recognized as a product of specialty, excellency, uniqueness and innovation in Liaoning Province, while Aoniu Mining was recognized as a "little giant" enterprise of specialty, excellency, uniqueness and innovation in Liaoning Province, with a validity period of three years from 1 June 2022.



3. Corporate Governance

In the strategy of driving development by technological innovation, the Company actively promotes the construction of innovation platforms and technological talent teams, with the main achievements as follows:

Innovation subjects	Honors
Aoniu Mining	Liaoning Provincial-level Enterprise Technology Center
Aoniu Mining	Liaoning Province Professional Technological Innovation Center for Iron Ore Resource Development and Utilization
Aoniu Mining	Technology-based Enterprise of Liaoning Provincial Staff Skill Upgrading Platform
Li Mingyu Studio, Aoniu Mining	Liaoning Provincial Staff Innovation Studio
Tong Sheng Studio, Maogong Branch, Aoniu Mining	Fushun Staff Innovation Studio

- **High-purity Iron Business**

Established in 2002, Fushun Hanking D.R.I. Co., Ltd (撫順罕王直接還原鐵有限公司) has more than 20 years of production experience. It has continuously optimized production processes, with emphasis on research and development investment, and has obtained a number of national invention patents. Currently, it is a national “high and new technology enterprise”. The pig iron for low TI upgraded wind energy ductile casting of the company has been recognized as a product of specialty, excellency, uniqueness and innovation in Liaoning Province. The company offers high-purity iron products with a quality higher than national standards, and is able to establish internal control standards for products based on customer needs, and continuously refines the classification accordingly. There are tens of product brands to meet the requirements of different customers.





4. Materiality Assessment

4.1 Communication with Stakeholders

Stakeholders are entities or individuals with internal or external relationships with the Group who are deeply influenced by and/or have a material impact on the business of the Group. The Group's stakeholders mainly include shareholders and investors, customers, suppliers, employees, the communities, the governments and regulatory authorities. The Group has established an open, transparent, and efficient communication channel with the stakeholders, responded to the demands of the stakeholders in a timely manner, and deeply understood their expectations and suggestions for the sustainable development of the Group.

Communication with Key Stakeholders of the Group in 2022

Stakeholders	Areas of Concern	Ways of engagement and communication	Communication frequencies or time
Shareholders and investors	Protection of shareholders' rights and interests Financial position Compliance operation Openness and transparency of information	Annual/interim report Press release/announcement Results briefings Annual/extraordinary general meeting Roadshow and investor communication sessions On-site visits	Annual/semi-annual Regular/as needed Semi-annual Annual/as needed As needed As needed
Customers	Product quality assurance Service commitment	Call or email from customer Customer follow-ups and visits Company's website and promotional materials	Irregular Irregular Daily



Stakeholders	Areas of Concern	Ways of engagement and communication	Communication frequencies or time
Suppliers	Transparent procurement Commercial ethics Policy stability	Open tendering On-site visits Exhibitions and fairs Establishing a complaint mechanism	Irregular As needed As needed As needed
Employees	Remuneration and welfare Development and training Occupational health and safety Humanistic care	Internal communication channels Employees' satisfaction survey Employee team building activities Training and learning activities Occupational health examination	Daily As needed Irregular Irregular Annual
Communities	Emission management Community wellness Employment and procurement	Establishing a complaint mechanism Charity and donation Community construction activities Recruitment and procurement announcement	As needed Irregular Irregular As needed
Government and regulatory authorities	Legal and compliant operation Response to policy Enterprise environmental protection and safety Employment and taxation	On-site visits and inspections Government meeting Response to regulatory requirements Application for licensing documents Information disclosure	Irregular Irregular As needed As needed Irregular

4. Materiality Assessment

Participation Association

Vice Chairman Unit of Casting Pig Iron Branch of China Foundry Association

Promote the comprehensive low-carbon and green development of the casting industry based on the concept of carbon peaking and carbon neutrality in the industry.



Honors and Awards

In December 2022, at the 2023 Investor Relations Innovation Summit for Listed Companies and the 6th China Excellence IR Awards Ceremony, China Hanking won the “Best Information Disclosure Award” for its professional and compliant information disclosure and sincere and transparent management of investor relations.



4. Materiality Assessment



In December 2022, China Hanking was awarded the “Best Energy and Resources Company” by Zhitong Caijing (智通财经) in the 7th listed company selection. The award aims to recognize energy and resource listed companies in Hong Kong and the United States that have a healthy corporate governance structure, prominent industry position, sound principal business, and provide investors with sustained and stable value returns.



In December 2022, Aoni Mining was awarded the first “Employer of the Year” title in the talent market selection of Fushun City. Aoni Mining has been committed to creating a harmonious, pleasant, and warm working environment for employees, providing fair, just, and open promotion channels for employees, and standing out in terms of sustained and stable operation, industry influence, popularity, and annual absence of major labor safety issues and significant labor disputes. It has become a benchmark enterprise among excellent employers in Fushun City.

4. Materiality Assessment

4.2 Materiality Analysis

The Company conducts ESG materiality assessment at least once a year to identify and review material issues that have significant impact on the Company's operations and stakeholders during the year and in the future, and accordingly understand the demands and expectations of various categories of stakeholders towards the Company, and then incorporate the most important issues into the Company's operations and decision-making process. The process of materiality analysis is carried out in three steps: identification, prioritization, and verification.

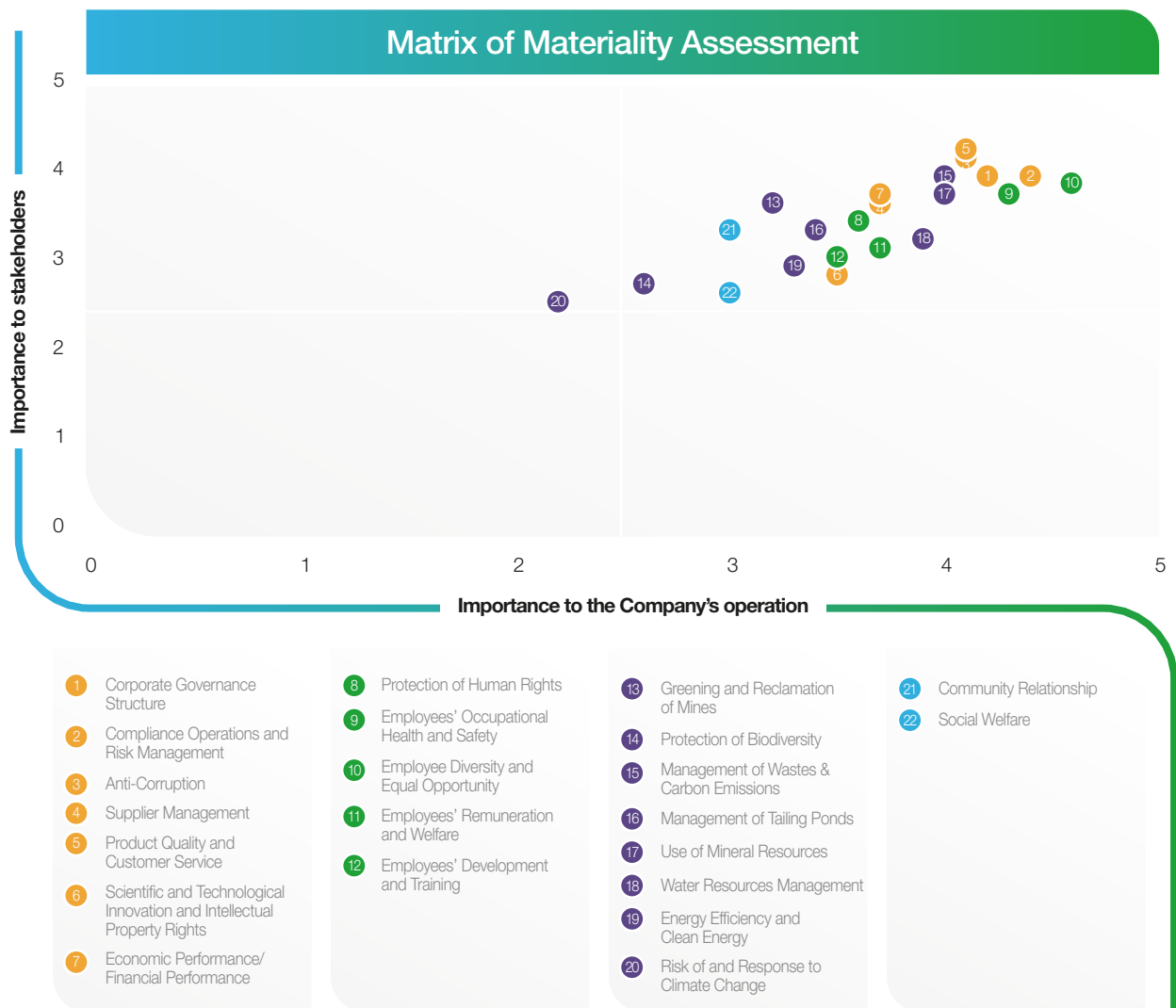
Identification

Taking into account of the ESG Reporting Guide of the Hong Kong Stock Exchange, GRI Standards, United Nations Sustainable Development Goals and peer's outstanding ESG Report, and combining with the Company's strategic objective, the Company has identified the 22 material issues and determined the scope and boundary of the impacts of such issues.

4. Materiality Assessment

Prioritization

We conducted questionnaires for internal senior management and external stakeholders, carried out materiality assessment and prioritized the identified material issues with reference to their importance to the Company's operations and their importance to stakeholders, and then prepared the materiality matrix.



Verification

In respect of the identified material issues, the ESG taskforce and senior management of the Company reviewed and confirmed the prioritization results, and submitted the assessment process and results to the HSEC Committee and the Board for consideration, for inclusion into this report.



5. Environmental Protection

FOLLOWING THE CONCEPT OF HARMONIOUS COEXISTENCE BETWEEN MAN AND NATURE AND ADHERING TO THE STRATEGY OF SUSTAINABLE DEVELOPMENT

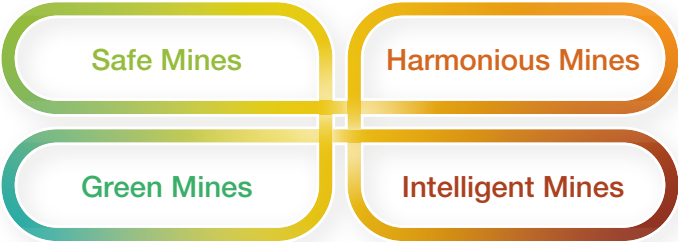




5.1 Protection of Environment and Natural Resources

The Company adheres to the sustainable development strategy, integrates the concept of environmental protection into the entire process of enterprise construction, production, and operation, and creates a green development path that integrates production and operation with environmental protection, in order to minimize the impact of business activities on the environment and natural resources.

OUR PURPOSE:



Green Mines

The two mines under the Company’s Iron Ore Business, Aoni Mine and Maogong Mine, are both national-level green mines. Maogong Mine was awarded the honorary title of “Top Ten Factories and Mines” among the 7th metallurgical mines by the Metallurgical Mines’ Association of China in 2020. Mining activities require the occupation of a portion of land, which will have a certain impact on the environment and vegetation. The Group adheres to scientific and orderly mining methods to minimize the ecological and biological environmental impacts that may be caused in investigation, exploration, production and operation. An assessment report on environmental impact is prepared for each operating project which will not be implemented until such report is reviewed and passed by professional experts, so as to minimize the impact of the operating project on the environment.

5. Environmental Protection

Ecological Construction

Following the concept of “harmonious coexistence between mines and nature”, the Group would timely afforest and reclaim the damaged land in resource development areas such as mines, dump and tailings ponds, effectively improve ecological outlook of mines and build ecological functional areas to protect biodiversity, thereby building a friendly and modern ecological mine.

Before and after of the restoration in mines:



Ecological restoration data of Iron Ore Business in the past three years:

	2022	2021	2020
Investment in greening and reclamation (RMB'000)	693	538	1,270
Restored area (mu)	192	372	128
New trees planted (tree)	94,086	258,773	87,080
Equivalent annual reduction of greenhouse gases (“GHG”) emissions for new trees planted (tCO ₂ e)	2,164	5,952	2,003

Environmental restoration-underground goaf filling

In the process of long-term mining of mines, the formed underground goaf is affected by ground pressure activities, which may cause potential safety hazards. The Group strictly abides by relevant laws and regulations on environmental protection, earnestly performs its responsibility for mine environmental restoration, and prepares and implements mine environmental protection and restoration management plans. We use tailings sand from mine processing to fill underground mined-out areas, which can not only solve the environmental pollution problem caused by tailings discharge and storage to the surface, prolong the service life of tailings ponds, but also eliminate potential safety hazards caused by long-term exposure of underground mined-out areas. As of 31 December 2022, the disposal volume of tailings for filling was 943,100 cubic meters.

Environmental Monitoring and Management

Each business segment of the Group employs qualified third-party professional organizations to regularly monitor the noise, organized emission of waste gas, unorganized emission of waste gas, surface water and groundwater in mining areas and plant areas, identify potential environmental risks and make timely rectification or response. In 2022, there were no environmental pollution accidents.

High-purity Iron Business

Hanking D.R.I. has continuously improved environmental management system to promote the environmental management in a standardized, organized, and normalized way, and has formulated and strictly implemented various environmental management systems within the system. Hanking D.R.I. again obtained the ISO 14001 environmental management system certification in 2022.

Iron Ore Business

In 2022, Aoniu Mine, Maogong Mine, and Shangma Mine conducted routine environmental monitoring to monitor plant noise, organized emissions, unorganized emissions, surface water, and groundwater. The Environmental Impact Assessment Report Form of the Research and Development and Quality Inspection Center Laboratory of Fushun Hanking Aoniu Mining Co., Ltd (Liaoning Iron Ore Resource Development and Utilization Professional Technology Innovation Center) was completed, and approval documents were obtained. The Environmental Impact Report of Maogong Branch (Iron Ore) of Fushun Hanking Aoniu Mining Co., Ltd was completed, and approval documents were obtained.

Gold Mine Business

In order to accelerate the development of the project, CDM SMITH, a professional environmental assessment company, was commissioned to complete a large amount of work on environmental assessment in 2021, including the submission of a preliminary environmental assessment report for the project development. In 2022, work on environmental assessment was further advanced on the basis of the previous efforts, mainly in the following aspects:

1. The environmental assessment report was publicized three times, and no significant objections were received.
2. According to the requirements of the environmental protection department in Northern Territory, all supplementary materials required for the approval of the environmental impact assessment report have been submitted. It is expected that the report will be approved in the first half of 2023.

The Company conducted an animal diversity survey around the Rustlers Roost mine, and arranged a total of 6 sampling and tracking points around the mine pit. After 32 to 153 days of tracking, a large amount of effective data has been collected, laying the foundation for the future construction of green mines.



5. Environmental Protection

5.2 Emissions Control and Management

In 2022, the Group's three industrial wastes (waste gas, waste water and solid wastes) have met the discharge standard, and the noises in the plants have met the requirements set forth in "Emission Standard for Industrial Enterprises Noise at Boundary of the Factory" (GB12348-2008).

We are committed to reducing waste generation, discharge and impact on the environment through continuous improvement of technical practices and recycling to ensure compliance with local environmental standards. We regard the reduction and standard discharge as one of the important tasks as well as energy conservation and emission reduction targets for enterprises to fulfill their environmental protection responsibilities.

Strictly complied with the environmental protection standards stipulated by laws, regulations and industry standards:

Environmental Protection Law of the People's Republic of China

(《中華人民共和國環境保護法》)

Law of the People's Republic of China on Prevention and Control of Water Pollution

(《中華人民共和國水污染防治法》)

Emission Standard for Air Pollutants from Iron and Steel Industry—Sintering (Pelletizing) (GB28662-2012)

(《鋼鐵燒結、球團工業大氣污染物排放標準》)

Emission Standard for Air Pollutants from Ironmaking Industry (GB28663-2012)

(《煉鐵工業大氣污染物排放標準》)

Emission Standard for Air Pollutants from Steelmaking Industry (GB28664)

(《煉鋼工業大氣污染物排放標準》)

Measures for Management of Mining Solid Wastes

(《礦山固體廢棄物管理辦法》)

Measures for Management of Hazardous Waste

(《危險廢棄物管理辦法》)

Air Cleaning

- **Waste Gas Emission and Management**

The main sources of the Group's waste gas, are nitrogen oxides, sulfur oxides and particulate matter from industrial production. According to the Opinions on Promoting the Implementation of Ultra-low Emission in Iron and Steel Industry (《關於推進實施鋼鐵行業超低排放的意見》) jointly issued by the Department of Ecology and Environment of Liaoning Province, Liaoning Provincial Development and Reform Commission, Liaoning Provincial Industry and Informatization Department, the Department of Finance of Liaoning Province and the Transportation Department of Liaoning Province, the High-purity Iron Business will achieve the ultra-low emission target stipulated by the State by the end of 2025, and gradually select mature and applicable environmental protection transformation technologies based on this, and the denitration system for reducing NOx emission in the High-purity Iron Business will be built and put into use by the end of 2024.

The waste gas emission of the Group during the reporting period and comparison with the same period of the previous year:

Pollutant factors	2022			2021			
	Discharge amount (ton)	Discharge Per Metric Ton (10 ⁻⁴ ton/ton)	Concentration of emission	Discharge amount (ton)	Discharge Per Metric Ton (10 ⁻⁴ ton/ton)	Concentration of emission	
High-purity Iron Business	Nitrogen oxides	227.27	3.42	<300mg/m ³	124.30	2.13	<300mg/m ³
	Sulphur dioxide	64.63	0.97	<180mg/m ³	41.07	0.70	<180mg/m ³
	Particulate matter	199.29	3	<40mg/m ³	169.68	2.91	<40mg/m ³
Iron Ore Business	Particulate matter	68.47	0.89	<20mg/m ³	432.97	4.12	<20mg/m ³

5. Environmental Protection

The waste gas emission of the High-purity Iron Business is divided into unorganized emission and organized emission. "Organized emission" refers to the automatic monitoring and database system (enterprise server) of key pollutant discharge units, which summarizes the emission of key waste gas by day, hour, minute and in real time to meet the access requirements of national standards, and at the same time through the third-party organization monitoring according to the requirements. The unorganized emission of waste gas refers to formation of a monitoring report through third-party monitoring and evaluation.

The main sources of waste gas of the Iron Ore Business are general dust (particulate matter) in mining sites, dust remover exhaust pipes. Emissions are the data after the application of end-treatment technology. The emission data of gas pollutants comes from the data system of environmental protection tax of Fushun County Taxation Bureau, and is calculated according to the production and discharge coefficient method of iron ore mining and processing industry in the Industrial Classification for National Economic Activities (GB/T475-2017).

Dust removal measures and reduction of tail gas emissions:

For the High-purity Iron Business, we use electric dust removal and bag-type dust removal to dispose of particulate matter, and the sintering machine and shaft furnace use lime-wet desulfurization facilities to reduce sulfur dioxide emissions. At present, through desulfurization (emission indicator is lower than 20mg/m³, while improving the environment and reducing power consumption) and dust removal (emission indicator is lower than 10mg/m³), we can reduce the emissions of sulfides and particles.

Specialized dust removal equipment is put in place in the processing plant of the Iron Ore Business. Wet operation is used in underground mining. Sprinkling trucks and pipelines are used to remove dusts on roads. In the processing plant and grinding workshops, a wet grinding process has been adopted to achieve minimum dusts discharge. Bag filters have been installed across the crushing workshops, screening workshops, waste ore storehouse, main building and other areas of the processing plant, and high-level emission has been adopted to eliminate dusts resulting from production, with the dust removal ratio reaching 99%. Dust emission is in compliance with national standards.

The Company selects and uses diesel-powered equipment strictly compliant with national emission standards in a reasonable fashion, and switches off equipment not running for a long time in a timely manner, so as to reduce its off-gas emissions.

In 2022, for the Gold Mine Business, a third-party was arranged to assess air quality of the Rustlers and Quest 29 mining areas. The simulation results have confirmed that the emissions from existing activities are expected to result in the maximum concentration of off-site PM10 reaching 71% of the standards specified in the New South Wales Air Pollutants Modeling and Assessment Approval Methods (《新南威爾士空氣污染物建模和評估核准方法》) (2016), and the concentration of PM2.5 reaching 45% of the standards. The following measures can be implemented to reduce the emissions of dust and other pollutants:

5. Environmental Protection

Event	Mitigation Measure
Mining and transportation area	<ul style="list-style-type: none"> • Limit high dust activity (e.g., removal of topsoil/overburden and blasting) to accommodate favorable weather conditions. • Reduce humidity (approximately > 2 liters/square meter/hour); when visual monitoring indicates excessive dust generation, spray water on worksites, storage areas, passageways, and other hard ground areas. • Limit vehicles to designated routes as much as possible. • Implement speed limits on internal roads. • Keep the road surface in good condition. • Prevent and clean any spillage of raw materials/products or accumulation of dust on driveways or sealed roads. • Whenever possible, use a dust removal system on the drilling rig, or use a fabric filter.
Processing plant	<ul style="list-style-type: none"> • Use established water sprays and/or dust collection systems. • Use closed conveyor belts. • Maintain equipment according to the specifications provided by original equipment manufacturer. • Wet materials before transporting/handling it.
Inventory	<ul style="list-style-type: none"> • Where practicable, limit the height of any inventory. • Regularly store water to reduce dust emissions. • Spray additional water to inventory during high wind conditions.
Transport materials	<ul style="list-style-type: none"> • During transportation, ensure that materials on incoming and outgoing trucks are covered.

5. Environmental Protection

GHG emissions and management

During the reporting period, the Group's total GHG emissions increased, and the emissions per metric ton of each business segment were basically the same as in 2021.

Emissions and density of GHG are set out below:

Indicator	Unit	2022	2021	2020
Scope 1	tCO ₂ e	1,191,926	964,641	1,279,325
Scope 2	tCO ₂ e	127,841	227,165	270,435
Scope 3	tCO ₂ e	13	66	61
Total GHG emissions	tCO ₂ e	1,319,780	1,191,872	1,549,821
GHG emission density	tCO ₂ e/RMB'000,000 operating income	507	381	579
	tCO ₂ e/metric ton of iron ore concentrates	0.050	0.054	0.054
	tCO ₂ e/metric ton of high-purity iron	1.974	1.945	2.294

- Notes: 1. During the reporting period, the output of High-purity Iron Business increased by 13.79% year-on-year, resulting in an increase in the total GHG emissions in 2022. In 2022, the total GHG emissions increased by 10.73% and revenue decreased by 16.79%, resulting in an increase in tCO₂e/RMB'000,000 operating income.
2. The Iron Ore Business planted 94,086 new trees in 2022, which reduced GHG emissions by 2,163.98 tCO₂e for earth's atmospheric environment.

Scope 1: Refers to the direct GHG emissions. The emissions of the Group are derived from the GHG generated by consumption of stationary source and mobile source, and minus the GHG removal from new trees planted each year (Global warming potential (GWP) is derived from the Fifth Assessment Report (AR5) by Intergovernmental Panel on Climate Change (IPCC)). The direct emissions of High-purity Iron Business also includes emissions from industrial processes and deducting emissions implied by carbon sequestration products and is accounted according to the Guidelines for the Accounting and Reporting of Greenhouse Gas Emissions for Chinese Steel Producers (Trial).

Scope 2: Refers to the indirect GHG emissions. The emissions of the Group are derived from the purchased electricity. The GHG emission factors of the Iron Ore Business, High-purity Iron Business and the headquarters are derived from the GHG Protocol Tool for Energy Consumption in China (Version 2.1). The measurement of GHG emission of the Gold Mine Business is based on the GHG Protocol.

Scope 3: Refers to other indirect GHG emissions. The Group chooses to disclose the emissions caused by business air travel by our employees, which is calculated in accordance with ICAO Carbon Emissions Calculator.

5. Environmental Protection

During the reporting period, to handle climate change, we reduced GHG emission through the following measures:

Optimizing process:	Strengthen the utilization of residual gas, pressure and heat, and improve equipment energy efficiency.
Energy transformation:	Minimize the proportion of fossil fuels, increase the proportion of wind power, nuclear power, and achieve energy conservation and emission reduction goals.
Natural carbon sink:	Increase natural carbon sink through greening and reclamation.
Business process automation:	Realize business process automation through the smart mine system, and reduce or replace travel activities through virtual or hybrid meetings as a way to greatly reduce greenhouse gas emissions caused by flights of employees.

Case:

The High-purity Iron Business achieves utilization of residual pressure and heat through coaxial BPRT, and saves power through energy recovery. The blast furnace gas generated during the smelting process of the blast furnace is a by-product that is transported through pipelines to sintering machines, shaft furnaces, boilers, and hot blast furnaces for use as fuel in the above production links. In 2022, the High-purity Iron Business generated 737.7053 million standard cubic meters of blast furnace gas, all of which were recycled.

Zero discharge of wastewater

- Recycle industrial wastewater with zero discharge.
- Domestic sewage enters the septic tank and is used as manure on the farm.

Case 1

In the Iron Ore Business, except for the underground water used for mining, the rest water is pumped to the processing plant and used as production water, and the backwater from tailings ponds is also used as production water for the processing plant.

Case 2

The High-purity Iron Business recycles production wastewater through wastewater treatment equipment. The installation of LPH intelligent energy-saving equipment can control the load change of the water pump and fan motor via real-time monitoring based on the pressure (flow) of the detection system, and adjust the operation load of the water pump and fan motor in real time to realize intelligent control.

5. Environmental Protection

Emission and management of solid waste

Our main solid waste is mining waste rock, tailings sand, and desulfurized gypsum generated during mining, processing and smelting processes. We ensure that the solid waste does not leave the factory, but is fully recycled and exported. Domestic waste is stored in a centralized and classified manner, and non-perishable domestic waste is transported to a waste station for treatment.

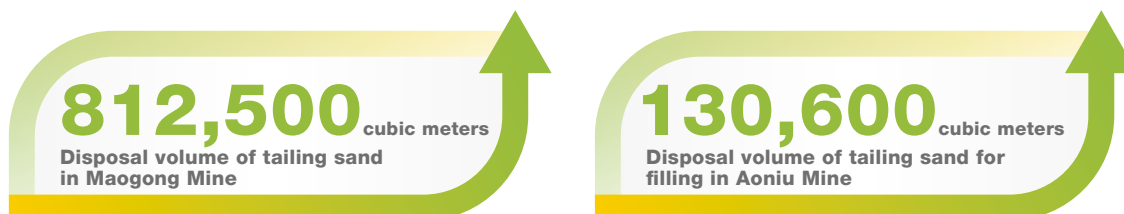
Business segment	Process	Emissions	Category of pollutants	Total volume (metric tons)	Measures taken to reduce the emissions
Iron Ore Business	Mining	Waste stones arising from mining process	Non-hazardous waste	248,142	All waste stones generated in mining are used for backfilling.
	Processing	Tailing sand	Non-hazardous waste	1,218,727	Tailing sand can be used for underground goaf filling, construction sand and mine environment restoration and treatment.
		Waste oil	Hazardous waste	13	We have signed a transfer contract with a qualified waste oil recovery unit, and upon being approved by the competent department, such oil has been recycled by the waste oil treatment unit for comprehensive utilization.
High-purity Iron Business	Production Workshop	Desulfurized gypsum	Non-hazardous waste	1,830	Reduce the sulfur content of raw materials. Raw materials with lower sulfur content can be exported as our by-products.

The data on emissions is derived from internal statistics of the relevant departments of the Company.

Management of Tailing Ponds

The design, construction and management of the iron ore tailing ponds are strictly in accordance with the standards of the Provisions on the Supervision and Administration of Tailing Ponds Safety of the People's Republic of China and the Safety Technical Regulations for Tailing Ponds, which meet the national safety and environmental protection standards.

In 2022, the tailings dry discharge workshop of Maogong Mine was put into operation. After two levels of tailings grading, coarse grained tailings were used for construction sand, and fine-grained tailings were all used for mine recovery and treatment. By doing this, we achieved full utilization of tailings, increased economic benefits, reduced tailings storage, and extended the service life of the tailings pond. Aoni Mine used tailings to fill the underground goaf.



In the intelligent mining industry internet system, we use the tailing pond safety monitoring system, and use sensors such as displacement detection, liquid level detection and video monitoring to collect and visualize the real-time data of tailing ponds, and use data fusion technology to realize multi-sensor data fusion and safety diagnosis, real-time alarm in case of abnormality, and finally realize intelligent safety monitoring of tailing ponds.

5.3 Use of Resources

Energy Management

The mining and processing of our Iron Ore Business, and ironmaking of High-purity Iron Business require significant energy consumption. The direct energy is mainly diesel, coal, coke, etc., while the indirect energy is mainly purchased electricity. We realize that energy management is crucial to the economic benefits of enterprises and the external ecological environment. We earnestly implement the national laws on energy conservation and relevant regulations, scientifically and rationally manage energy in a normalized, standardized and systematized manner, and use energy reasonably and economically. Each of our business segments has a dedicated energy management department that is responsible for reviewing the annual energy consumption plan, and advancing matters of decomposition, evaluation, rewards, and penalties for our energy conservation goals. We actively adopt energy-saving technologies, arrange and organize the production of various types of pig iron according to the Company's requirements, and continuously adjust operating parameters to meet the requirements of high yield and low consumption.

In 2022, all of our key energy consuming units passed the acceptance of the online energy consumption monitoring terminal system for key energy consuming units launched by provincial development and reform commission, connecting enterprise energy consumption data with the platform data of the provincial energy bureau to ensure data can be monitored in real time by the provincial energy bureau.

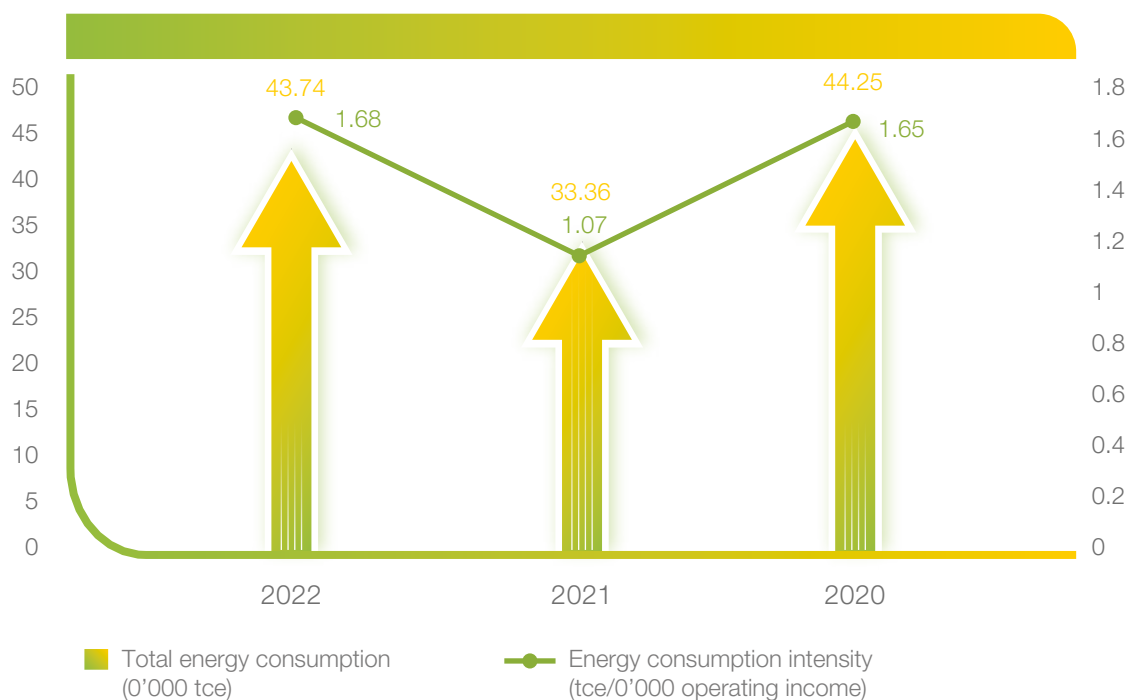
In 2022, the comparable comprehensive energy consumption per metric ton of the products of underground mining of our Iron Ore Business was 1.60 kilograms consumed energy per metric ton ("kgce/t"), which is superior to the advanced value of national standard of 2.05 kgce/t; the comparable comprehensive energy consumption per metric ton of the products of mineral processing was 2.05 kgce/t, which is superior to the advanced value of national standard of 2.4 kgce/t. The comprehensive energy consumption of the high-purity iron unit product of Hanking D.R.I. is 540 kgce/t, representing an increase of 8.43% year on year, which is mainly affected by the discontinuous production this year.

Energy Consumption:

Category of Energy		2022	2021	2020
Direct Energy	Gasoline (liters)	106,829	143,264	174,135
	Diesel (liters)	2,112,968	1,914,349	1,729,366
	Coke (metric tons)	380,785	262,623	355,658
	Coke powder (metric tons)	10,717	25,870	24,696
	Coal (metric tons)	63,956	56,100	80,953
Indirect Energy	Power consumption (GWH)	212	200	238

In 2022, the indirect energy includes 14 GWH of renewable energy (wind power). The Company is committed to working with local power suppliers to increase the proportion of renewable energy in electricity supply.

5. Environmental Protection



Water Resources Management

In terms of water resource management and protection, we strictly abide by the laws and regulations related to water resource management in the place where projects are located, strive to balance operational needs with the needs of local community ecosystem, and strengthen water resource management.

There were no difficulties in obtaining water for each business segment of the Group, office and domestic use.

Target for water use: reduce the use of fresh water year by year.

Water Consumption

	2022	2021	2020
Surface water (metric tons)	201,320	683,206	1,163,097
Underground water (metric tons)	991,159	758,980	296,224
Municipal water supply (metric tons)	–	–	151,762
Total water drawn from source (metric tons)	1,192,479	1,442,186	1,611,082
Water consumption intensity (metric tons/'000,000 operating income)	458	461	602

5. Environmental Protection

For the Iron Ore Business, mine water and backwater of tailings ponds are the main sources of water for production; technical transformations and other measures are carried out to continuously reduce the water consumption per metric ton of iron ore concentrates. In 2022, the electrical cabinet for water pump room independently designed and configured in the Iron Ore Business was successfully installed and put into use underground -220 meters. It is a complete set of power distribution cabinet facilities independently constructed from model selection to layout, from design to installation, from parameter setting to machine commissioning. Considering that the location of the power distribution cabinet is 220 meters underground, a remote-control system has been added to the original control. In the event of an accident, it is unnecessary to go down the well, and relevant equipment can be controlled directly in the central control room, which not only improves safety but also simplifies the operation process. Meanwhile, an online monitoring mode is set for the information collection of relevant instruments in the water pump room, which allows real-time monitoring of underground pipeline flow, pressure, and other data through the network with devices such as mobile phones or computers. In case of problems, an alarm is issued in a timely manner to prevent accidents.



In July 2022, in terms of the Gold Mine Business, we developed a water management plan for the Rustlers Roost and Quest 29 mining areas to assess the quality of the environment and inventory water, and manage the risks posed by the interaction of on-site drainage, dehydration, and groundwater. The water management plan outlines the water quality standards for discharges from Charles creek and Mt Bundey creek, which are the benchmarks for water quality management in the project area. In order to obtain an assessment of the overall watershed of the Mali River basin, a water quality improvement plan for the lower reaches of the Mali River was developed in August based on the above-mentioned water management plan.



Utilization of Mineral Resources

Green mining is not only about ecological construction, and green mining and processing is also an important measure. In terms of the Iron Ore Business, according to the national standards of intelligent mining industry, we are the first in the industry in China to build smart mine system. Leveraging on such system, we can optimize mining and processing through intelligent means, strengthen on-site operation management, and improve the recovery rate and extraction rate of useful metals in ore to improve resource efficiency, and reduce mineral resource consumption.

In 2022, the extraction rate and recovery rate of the Iron Ore Business are as follows:

Mine	Extraction rate	Recovery rate
Maogong Mine	Underground mining: 91.56%	Metal recovery rate of raw ore: 88.19% Magnetic iron recovery rate of raw ore: 98.27%

5. Environmental Protection

5.4 Addressing Climate Change

We have always been concerned about climate change and the risks and opportunities that climate change may bring to the Company's business. Continuing to enhance energy efficiency, reducing carbon footprint and developing a cyclical economy are key drivers for our sustainable development. Climate related risks are an important part of the Company's ESG risk management. According to the division of responsibilities of the Company's ESG Organization, the Board is responsible for identifying climate related risks and opportunities, formulating relevant strategies, and supervising the implementation. The HSEC Committee is responsible for assisting the Board in the overall implementation of climate risk related strategies, and each ESG working group is responsible for putting specific plans into practice and feeding back on information and opinions.



Response to Physical Risk

Extreme weather such as rainstorm and blizzard may significantly impact the Company's business and disrupt normal production, transportation and other activities. Each business segment of the Company has prepared and filed the emergency plan for safety production accidents and the emergency plan for environmental accidents with relevant government authorities to effectively cope with extreme weather, and reduce the loss of disastrous weather to the Company. In 2022, the Iron Ore Business and the High-purity Iron Business carried out a total of 88 emergency drills, including special drills for coal gas poisoning rescue, fire fighting drills and so on, through which the workers' ability to respond to emergencies can be improved, with an aim to prevent any environmental accidents and the expansion of negative impact.

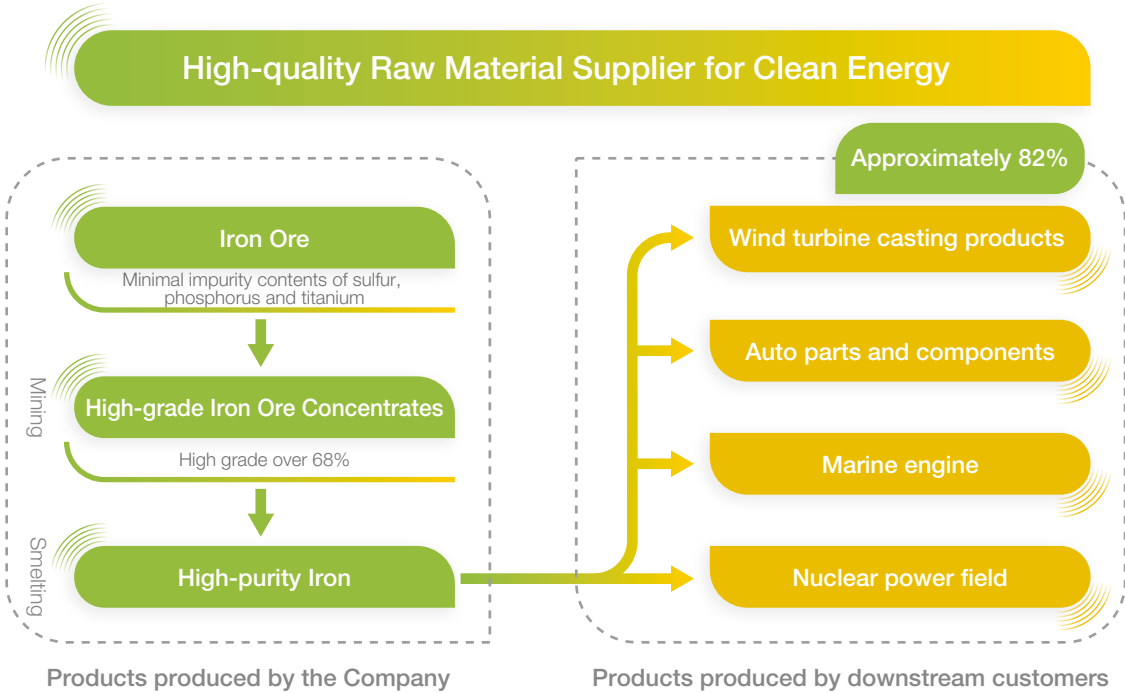


Response to Transitional Risks

The transitional risks faced by the Company are mainly reflected in the increasingly strict environmental policies and regulations related to the Company's business activities, as well as the more strengthened supervision by regulatory agencies, which has led to an increase in the Company's environmental compliance costs and raw material costs such as coal and coke. The Company has formulated environmental management systems and upgraded environmental protection equipment so as to ensure that emissions are discharged up to standards, and by adopting smart management and improving production processes, to reduce energy consumption required for production as a way to produce low consumption, eco-friendly products that are more popular in the market.

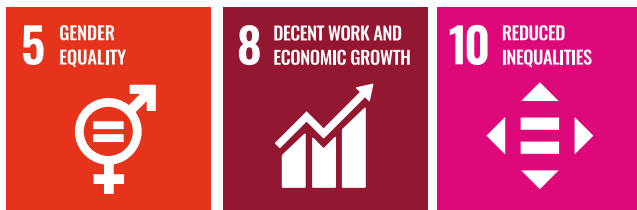
Transforming into a High-quality Raw Material Supplier for Clean Energy

Risks often accompany opportunities. Climate change accelerates energy transformation worldwide. In order to seize the opportunities brought by the development of the new energy industry, the Company acquired the High-purity Iron Business in 2019. Since 2020, the revenue from high-purity iron has accounted for more than 50% of the Company's total revenue, marking the Company's transformation from a bulk resource manufacturer to a new energy material supplier. The annual production capacity of the Company's High-purity Iron Business is 930,000 metric tons, with a sales volume in 2022 of 616,000 metric tons. Among them, the sales volume of ductile casting iron for wind power accounted for about 82% of the total sales volume, making the Company the largest supplier of ductile casting iron for wind power in the domestic market. Our high-purity iron mainly features extremely low content of harmful impurities such as phosphorus, sulfur, titanium, and reverse spheroidizing elements, strong corrosion resistance, and high tensile strength. It is very suitable for casting requirements of major equipment used in wind power, nuclear power, and marine engineering. In the future, we will also use high-quality raw materials of high-purity iron to assist the transformation of global energy institutions.



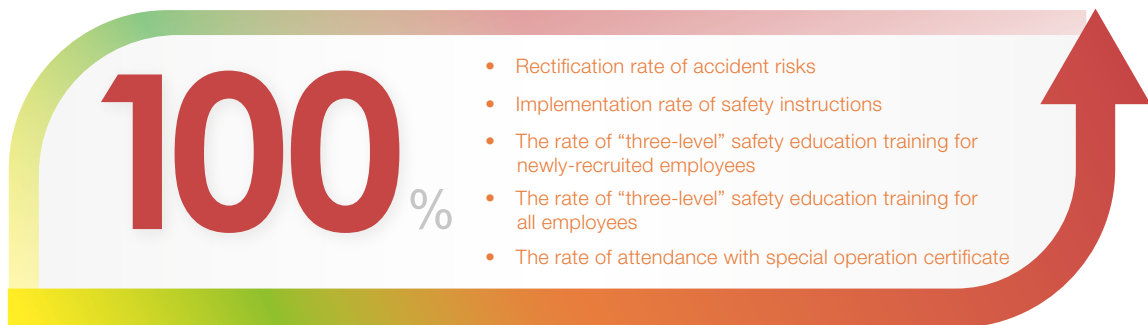


6. Employment and Labour Practices



6.1 Health and Safety

In 2022, the Group continued to enhance management and control over safety and health risks, and achieved the targets of zero death, zero serious injury accident, zero incidence of occupational disease, zero fire and zero environmental pollution for consecutive six years. The injury rate per thousand persons is 0 in the Iron Ore Business. The injury rate per thousand persons is 1.86% in High-purity Iron Business.





Breakdown of accidents incurred by the Group in 2022

Production safety indicator	Accident	Description	Lost working days
Environment pollution accident	0		
Fire accident	0		
Minor injury	2	In January 2022, a cloth worker's foot was crushed with the wheel of a cloth truck. In June 2022, a maintenance worker's finger was injured during welding.	60
Serious injury	0		
Death	0		

Note: The accident data set out in the above table were calculated in accordance with the classification standard of casualty accidents as specified by the State Council.

Safety First, Prevention Foremost

The Group adheres to the direction of "Safety First, Prevention Foremost" to provide employees with a full range of production safety facilities, develops and improves enterprise safety management system and operating procedures. Through taking health and safety precautions, carrying out safety supervision and assessment, fund support and other measures, the Group spared no efforts to enhance safety awareness, so as to ensure their health and safety production.

6. Employment and Labour Practices

Health and Safety Precautions

The Group implements occupational health system and strictly abides by the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), Law of the People's Republic of China on Work Safety (《中華人民共和國安全生產法》), Labour Law of the People's Republic of China (《中華人民共和國勞動法》), Law of the People's Republic of China on Prevention and Control of Pneumoconiosis (《中華人民共和國塵肺病防治條例》), Special Provisions on Labour Protection for Female Employees (《女職工勞動保護特別規定》), Safety Regulation for Metallic and Non-metallic Mines (《金屬非金屬礦山安全規程》), Provisions on the Supervision and Administration of Labour Protective Articles (《勞動防護用品監督管理規定》), and Standard for Outfit of Labour Protection Articles (《勞動防護用品配備標準》). In accordance with the above laws and regulations, the Group strives to enhance occupational hazard evaluation, and monitors the occupational health condition at workplace, so as to provide scientific basis for the proper prevention and treatment of occupational diseases. The Group arranges physical examination for employees at positions with potential occupational hazards on a regular basis, and strengthens occupational diseases examination for those who are exposed to dust, toxic and hazardous materials. In 2022, the Group has organized all employees to undergo health checkups, and arranged 1,262 employees to accept checkups for occupational diseases.

Dedicated Organization and Personnel

The health and safety working organizations at all levels of the Group from the Board to the production workshops at each business segment have been set up and are responsible for the implementation and monitoring of health and safety work, constituting a multi-level health and safety management system and organizational structure as well as a comprehensive fleet of competent personnel. Please refer to the Organization Chart on page 10 of this report for details.

Health and Safety Training

In order to improve the health and safety awareness of employees, the Group organizes training for employees every year, and conducts targeted emergency rescue training and disease prevention lectures to strengthen humanistic care. The Group holds regular meetings on work safety, gives safety tips before work every day, promotes safety activity months and safety lectures, organizes safety knowledge contests and practical operation skills competitions for major types of work, and sets up safety and health work bulletin boards, safety warning signs, banners, slogans, etc., to improve the safety awareness and risk prevention ability of employees.

In order to enhance employees' awareness of emergency rescue and improve their ability of self and mutual medical aid in response to sudden diseases and accidental injuries, on 23 September 2022, Fushun Hanking Mining Institution (撫順罕王礦業學院), in conjunction with the Red Cross Society of Fushun, opened a training course for rescue workers, with a total of 50 employees participating in the training. With the explanation of "cardiopulmonary resuscitation method", "airway infarction emergency treatment method", and "trauma bandaging method", such training imparted emergency rescue knowledge to employees of the Company, improved their ability of self and mutual medical aid due to emergencies, and provided safety guarantees for daily work, life and health.



In 2022, 1,330 employees have received safety education (internal training), and 110 safety managers and 184 employees for special operation were trained with corresponding courses (initial training and second review). Such training intensified the occupational safety education and embedded safety awareness into the mind of employees.

6. Employment and Labour Practices

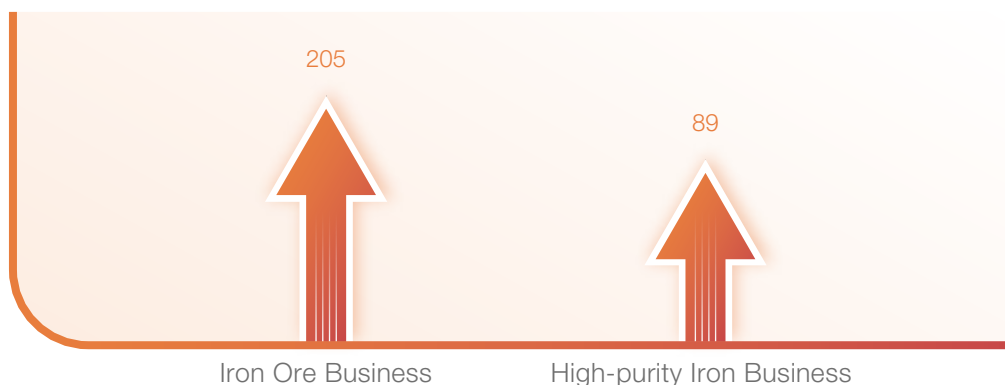
- As for the Iron Ore Business, the Group has established and improved the enterprise safety management system. In 2022, the Measures for the Administration of Production Safety Expenses was revised. The Group has implemented the responsibility system for safe production for all employees, established an occupational health management system, and carried out the investigation and management of hidden dangers for all employees. Through daily inspection, regular inspection, special inspection, safety inspection and other means, the Group monitors the operation of various regulations and systems, identifies and corrects problems in time, so as to ensure the effective implementation of various systems and the normal operation of various systems.
- In terms of the High-purity Iron Business, we strictly comply with the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), and adopt the ISO45001 safety/occupational health management system. On active protection, we establish and improve relevant management systems and operating procedures, and regularly carry out safety education, promote safety standards, distribute compliant articles for labor protection in terms of on-site management, conduct interval operations in dust, noise, and high-temperature positions, and implement the safety production responsibility system for all employees. There were no violations in the assessment of safety production responsibility system in the whole year of 2022.



Safety Supervision and Assessment

Maintain regular and irregular inspections and assessments, including quarterly inspection, monthly inspection, weekly inspection, daily inspection, spot check, and mutual check, so as to discover potential safety hazards in a timely manner and make effective rectification. Focus on monitoring key hazard sources such as underground operation sites, temporary storage points of explosives, tailing ponds, etc. Include the safety management of subcontractors into the Company's safety management system. Strictly implement the safety production responsibility system assessment, implement the safety one-vote veto system, link the effectiveness of safety production work with personal economic interests, promotion, evaluation and awards, and strictly reward and punish. Implement the safety production responsibility at all levels and sign the safety production responsibility form. Responsibility for production safety is implemented to specific person. The Iron Ore Business conducts safety supervision and assessment for each mine every quarter, and the Mine Safety and Environmental Protection Department conducts safety supervision and assessment for the workshop, and implements the responsibility of safety supervision at all levels. Hanking D.R.I. conducts production safety management through the comprehensive supervision platform for production safety in Shenyang-Fushun Reform Demonstration Zone (沈撫改革示範區), including risk management and control, hidden danger investigation, emergency plan management, etc., giving full play to the role of information management in safety supervision.

Number of safety inspections in 2022:



6. Employment and Labour Practices

Fund Support

The Group ensures the fund investment in health and safety and sets aside safety measure fees for health and safety protection purpose every year, which was used for the improvement of the Company's production safety conditions, the addition, updating and maintenance of safety equipment and environmental protection facilities, the purchase of labour protection appliances, special equipment inspection as well as safety promotion and education. Through the above investment in safety and environmental protection, the level of mine safety and environmental protection has been further improved.

In 2022, the Group invested approximately

RMB **36.4848** million in safety measure fees

in total and conducted **163**
special equipment inspections



6.2 Labour Standards

The Group follows the relevant provisions in the Labour Law and the Labour Contract Law and abides by International Labour Standards (ILS) to safeguard the labour interest.

The Group respects the right of workers to choose their profession freely, regulates labour management, prohibits forced labour, prohibits the recruitment and use of child labour, so as to protect the health and safety of our employees and enhance the management of occupational health. During the reporting period, the Group has never recruited or used child or forced labour.

A labour union is established by various levels of corporate bodies of the Group as required and employees may join a labour union of their own free will. The Group has signed the Special Collective Contract on Protecting Female Employees' Labour Rights with female employees.

A human resources department is established by the Group's headquarters and various levels of corporate bodies to regularly review and deal with violations of labour standards. During the reporting period, no violation of labour standards was identified.

6. Employment and Labour Practices

6.3 Employment

Adhering to the philosophy of “human oriented”, the Group protects the rights and interests of employees in strict accordance with the requirements of the Labour Law of the People’s Republic of China. We look to achieve mutual development between individual employee and the enterprise. As at 31 December 2022, the Group has a total of 1,760 employees (as at 31 December 2021: 1,725), all of whom are full-time employees. During the reporting period, the total employees’ turnover rate of the Group was 9.32%. The number of employees by gender, age and region, as well as the turnover rate of each category are as shown in the following table:

	Number of employees	The proportion to total number of employees	Turnover rate
<i>By gender</i>			
Male	1,453	82.56%	9.29%
Female	307	17.44%	9.45%
<i>By age</i>			
30 and below	120	6.82%	34.17%
Between 31 to 50	1,098	62.39%	8.11%
51 and above	542	30.80%	6.27%
<i>By region</i>			
Mainland China	1,753	99.60%	9.36%
Hong Kong, China and Australia	7	0.40%	0.00%

Note: turnover rate = loss of employees in the category during the reporting period/total number of employees of the category at the end of the reporting period*100%.

6. Employment and Labour Practices

Diversified Employment Policy

With the diversified development of our business, the Group employs diversified talents and provides a broad development platform for employees. The Group adheres to the talent philosophy of “self-actualization and repaying the society, being both virtuous and talented, right man for the right job, equality of opportunity, and survival of the fittest”, providing employees with equal career development opportunities. The Group will treat employees equally, regardless of gender, nationality, marriage and childbearing, religious belief, etc. to create a fair and non-discriminatory atmosphere.

Fair Remuneration and Benefits

The Group’s remuneration policy is based on the principle of “those who deliver more will be paid more”. Remunerations are determined in accordance with individual contribution and performance of employees. The contributions of key managers and employees will be recognized and stimulated. Assessment and distributions are made via basic salary, performance salary, overtime salary, bonuses, allowances, share incentive plans and other forms. The ordinary employees are paid under a monthly salary system, including basic salary and overtime salary. The salary of the sales employees includes the basic salary and commission, which is assessed based on the completion of the sales return. Employees’ income will be adjusted from time to time in accordance with the Company’s operational results, the value of employee positions, individual capability and performance, the level of social development and other factors, with the goal of motivating employees at work. It is advocated that employees’ income is closely linked to the Company’s production and operation results, and the Company strives to create an attractive platform to attract and retain outstanding talents to grow with the Company.

The Group provides employees with comprehensive welfare guarantee. The Group pays five social insurance and one housing fund for employees in accordance with the law, and provides benefits in terms of transportation, communication, accommodation (non-local employees), lunch subsidy, holiday benefits, wedding benefits, consolation for the injured and ill, employee birthday, summer sunstroke prevention, etc. The Company organizes health examination for management personnel, health examination and occupational disease examination for front-line employees every year.

In 2022, the total employee remuneration and benefits of the Group amounted to approximately RMB196,444,000 (2021: RMB185,798,000).

Caring for Employees with People-oriented Philosophy

The Group not only provides employees with competitive remunerations and benefits, but also offers necessary reliefs to employees who face difficulties in life due to special reasons. In every festival or memorial day, the management at all levels will visit the front line and extend their sincere care and greetings to employees who are still working on their positions. Every summer, the labour unions of each subsidiary will carry out the activity of bringing coolness in summer, and send heatstroke prevention and cooling items to employees.

In order to enrich the employees’ leisure life and enhance their physical and mental health, all business segments of the Company also have staff recreation rooms with books, entertainment and fitness facilities, etc. The Group organizes health examination and tours every year and holds various vocational skills competition, sports and social activities for the employees. In addition, through the active organization of participation in voluntary blood donation activities and compulsory tree planting activities, employee birthday parties and other activities, the Company cultivates the team spirit and creates a good atmosphere in which all staff participate and strive to improve.



In 2022, the headquarters of the Group received the government’s stable post subsidy for no layoffs. Aoniu Mining was awarded the title of the first “Employer of the Year” in the talent market selection of Fushun City. Please see details in Honors and Awards on page 21 of this report.

6. Employment and Labour Practices

Working Hours and Holidays

The Group strictly complies with the provisions regarding working hours and holidays under the law of the places where each business operates. The administrative departments at the headquarters of the Group adopt a five-day week working pattern with eight working hours a day. The production departments work in shifts with consideration of the actual production conditions. The Company provides personal leave, annual leave, marriage leave, compassionate leave, sick leave, maternity leave, nursing leave, pregnancy test leave and work injury leave (statutory holidays and public holidays are not included in annual leave) for the convenience of the employees to balance their work and life.

During the reporting period, there were no cases of non-compliance with relevant laws and regulations on remuneration and benefits, working hours and holidays, anti-discrimination, diversity and other rights and benefits of the Group.

6.4 Development and Training

The Group encourages employees at all levels to learn professional knowledge. We have established a comprehensive employee training system and developed different training content for our employees, based on different ranks and position characteristics, including corporate management, management skills, professional qualifications and professional skills. We help employees improve their professional quality and work skills, establish team awareness and promote the common development of employees and enterprises by organizing training activities with rich contents and various forms.

The training of the Group is available to all the staff, subject to the overall planning by the HR Department of the headquarters and each subsidiary. The HR Department of the headquarters conducts annual training needs survey for all employees every year. After careful analysis of the feedback, the survey results are used as basis for formulating next year's training plans. The Company formulates annual training plans and sets performance targets, mid-year review and year-end summing-up based on the Company's resources, and performance may be an important reference for pay adjustment and performance appraisal. In 2022, training of the Group has been changed to online and offline training together, and the time arrangement and organization became more flexible and convenient.

Training for Directors and Management

The Company places great emphasis on training for Directors and management, and requires its Directors to learn the "Guidelines on Directors' Responsibility" issued by the Registrar of Companies in Hong Kong, the "Listing Division Newsletter" issued by the Hong Kong Stock Exchange, as well as the "Introduction of the Company's Anti-Corrupt Practices", the "Integrity Management System of China Hanking Holdings" and other training materials issued by the Company. The company secretary shall attend not less than 15 hours of professional training courses every year.

Trainings for Employees

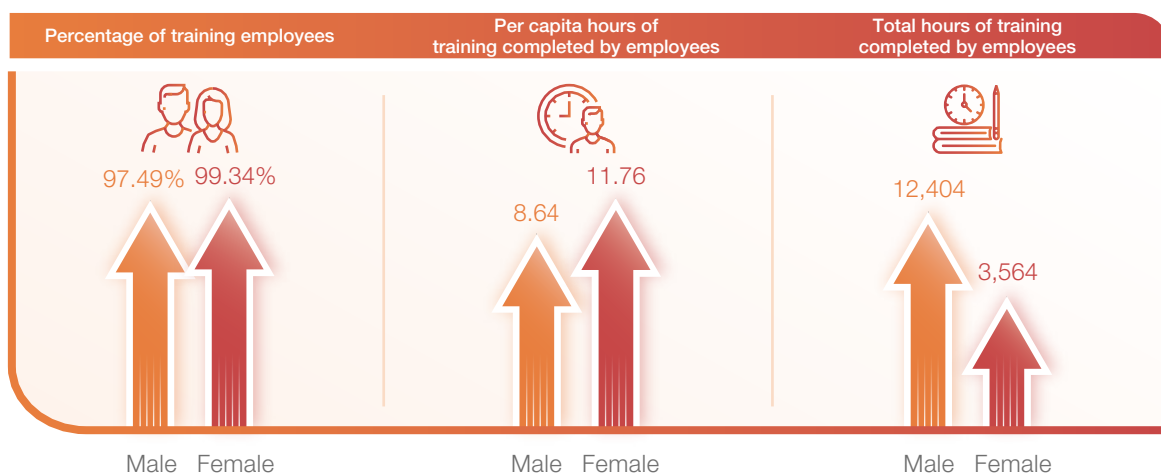
In order to better help employees grow up and improve their professional quality and work skills, the headquarters of the Group launched the learning points competition of "Hanking Team (Hanking天團)" in 2022. At the same time, the headquarters of the Group used the rich learning resources of "Cool College" (50 post series courses and thousands of micro-courses), combined with online and offline training methods, and through personal points and learning team points competition, appraised and elected outstanding learning employee, prominent team and excellent lecturer of the year to stimulate employees' growth and promote professional skills for years.



6. Employment and Labour Practices

In terms of the Iron Ore Business, we have established a complete employee education and training system. Due to the characteristics of mining enterprises, and starting with the needs of posts and employees, the system has adopted an online and offline three-dimensional teaching, with contents covering various aspects including mine management, address measurement, mining and processing technology, mechanical foundation, electrical technology, safety production, production technology, and culture and health. In particular, the lecturers of Hanking Mining have rich experience in arranging courses on mining and processing technologies in non-coal mines. In 2022, Hanking Mining Institute selected a total of 4 courses and arranged training, and uploaded the video course Mining Method Lecture (《採礦方法大講堂》) on the official account of Hanking Mining. The Mining Method Lecture has been launched in 12 episodes so far. The explanation of AI lecturer supported by 3D animation demonstration is intuitive and easy to understand, facilitating employees to use their spare time to study anytime and anywhere, and making the course setup and schedule more efficient.

In 2022, the training employees of the Group and percentage are as follows:



Employee category	Gender	Number of employees	Number of training employees	Average training hours	Percentage of training employees	Total training hours
Senior management	Male	25	8	1	32%	27
	Female	5	4	10	80%	51
Middle management	Male	46	32	12	70%	546
	Female	6	6	33	100%	200
Technological and operational employees	Male	78	78	19	100%	1,512
	Female	18	18	10	100%	179
General staff	Male	1,286	1,281	8	100%	10,319
	Female	274	273	11	100%	3,134
Total	Male	1,435	1,399	9	97%	12,404
	Female	303	301	12	99%	3,564

6. Employment and Labour Practices

Internal Trainers

In order to support the strategy and workforce development plan of the Company, the headquarters and each business segment carried out the building and training of a team of internal trainers to develop and use the internal intelligent resources, preserve and pass on the Company's management and technical experience, spread Hanking's corporate culture, create a knowledge sharing atmosphere, further improve the training system and provide a platform for the training and growth of the employees.

In 2022, the training contents for internal trainers are as follows:

Training title	Training class hour	Number of participants
The story of light and shadow	1	20
The thinking weapon McKinsey taught me	1	24
How to set performance appraisal targets	1	14
The growth course of the trainer	1	50
Redefinition of teaching, class and curriculum	1	50
Five standards for good course development	1	50
Presentation of internal trainer	1	50

On 15 December 2022, Mr. Guo Yiwei (郭義偉) from the Shanghai representative office brought a book sharing titled *The Thinking Weapon McKinsey Taught Me* (《麥肯錫教我的思考武器》). The after-school training video was uploaded to "Cool College" DingTalk, where courses can be found in the knowledge base "Hanking Internal Courses" (罕王內部課程). Those who missed the course can log in to the Cool College to learn at any time.



The Iron Ore Business has trained dozens of excellent internal lecturers, with courses covering multiple professional fields. The internal trainers are composed of engineers, technicians, middle and senior management personnel, and business backbone forces from various disciplines, including geology, surveying, mining, processing, and machinery. In cooperation with professional academicians from the national key laboratory in Northeast University, we have jointly established an industrial artificial intelligence experimental base. While building a "smart mine", we have also cultivated a group of outstanding skilled talents, thereby achieving win-win results for both enterprises and employees. Aoni Mining has been awarded the title of Enterprise of Liaoning Provincial Staff Skill Upgrading Platform and Fushun City Staff Vocational Skills Training Base by Liaoning Federation of Trade Union and Fushun Federation of Trade Union, respectively.



7. Operating Practices

ADHERE TO THE PRINCIPLES OF QUALITY, OUTSTANDING SERVICE, INTEGRITY AND SELF-DISCIPLINE, HIGH QUALITY AND EFFICIENT TO CREATE VALUE FOR CUSTOMERS AND SET A BENCHMARK FOR THE INDUSTRY



7.1 Supply Chain Management

The Group attaches great importance to environmental and social risk control in the supply chain and timely collects and updates national laws, regulations and related requirements, and adjusts its relevant supply chain management according to the updated national requirements to bring it in line with the prevailing national laws and regulations and relevant requirements. In accordance with the Measures for the Administration of Materials Procurement, the Group regularly assesses the environmental and social risks in supply chain to ensure the safety of its supply chain. In 2022, the Group did not find any supplier that has material social or environmental negative impact.

The selection of suppliers by each business segment of the Group shall go through the approval and supervision procedures of each business segment, and the legal department and audit department shall participate in the supervision to ensure the fairness of the selection procedures. Each business segment has formed and implemented materials procurement management system, and generally purchased, stored and managed materials required by various departments. Contracts shall be signed for all purchases and each business segment strictly supervises and controls the performance of the contracts and the payment of the funds. Each business segment keeps a list of suppliers, evaluates and updates it regularly, and analyzes the materials stock,



procurement varieties and the consumption of procured materials in real time. On the basis of the material requirement plans developed by the production department and the categories of the materials, the Company generally purchases materials through bidding, price enquiry/comparison and sentinel procurement. In 2022, the 418 suppliers of the Group are all from China.

	Bidding	Price Enquiry/ Comparison	Sentinel Procurement
Number of suppliers	76	313	29

The Company regularly evaluates the environmental and social risks of the supply chain to ensure the safety of the supply chain. In the selection of suppliers, according to the current national environmental protection policy, the Company gives priority to the selection of products and services that meet the environmental protection requirements. The Company collects supplier qualification data, checks suppliers through online credit information system, provides relevant suppliers with our requirements on environmental and social risks and the admittance criterion. In every link of the whole supply chain, there is a special person to supervise and select qualified suppliers to ensure that every link of the supply chain does not pose risks to the environment and society.

7.2 Product Responsibility

The Group attaches great importance to its product quality and reputation, establishes good cooperation with its customers, so that both parties can ensure quality first, achieve mutual benefit and joint development. It implements product quality management in strict accordance with the relevant PRC laws and regulations and industry standards. Subject to the Product Quality Law of the People's Republic of China, the Advertising Law of the People's Republic of China, the Road Safety Law of the People's Republic of China and other laws and regulations related to product responsibility, the Group has developed and implemented measures on management of product quality and sales, and enhanced product quality inspections and sales management, so as to ensure that high-quality products are offered for customers. It strictly implemented the relevant complaint handling procedures, actively solved the relevant problems, completed customer communication and maintenance work, and followed up goods sold to our customers' warehouses by telephone to ensure quality compliance. In 2022, the Group did not see any major violation of laws or regulations in respect of product responsibility, and did not receive any complaint about products or services.

7. Operating Practices

The Iron Ore Business strictly complies with applicable laws, regulations and policies. All of its contracts explicitly stipulate the ownership of intellectual property and such contracts should be strictly observed in operation.

The Iron Ore Business strictly implements its quality inspection in accordance with applicable laws and policies, as well as related Company systems, in order to ensure compliance with product quality standards. A product recall process is formed. In case of any product problem, related products should be recalled in strict accordance with such processes. In 2022, the average grade of iron ore concentrates in the Iron Ore Business reached about 69%, with low content of sulphur and phosphorus. Our excellent product quality helps lower production costs of customers.

The High-purity Iron Business signed quality guarantee agreements with customers, established a quality management system according to the requirements of ISO9001 standard, ensured long-term and stable supply of qualified products to customers, and sent the third-party certification certificates of products to Party A's quality management department for record. According to the relevant national standards, if the performance test and reliability test need to be conducted regularly, the test shall be conducted in a qualified statutory test institution and the report shall be provided to the customer for record. When the Company provides products, raw materials and process changes to customers, the Company must obtain the approvals and written recognitions of customers, and at the same time, provide customers with full-size and full-performance inspection reports. Product quality is inspected through chemical analysis. Unqualified products are processed in two ways: Firstly, they may be sold at lower prices. Secondly, those unsalable products will be smelted again in blast furnace.



The Company has formed sound partnership with its customers and strictly protected customer information and privacy, and stores customer information in different files by category.

7.3 Anti-corruption

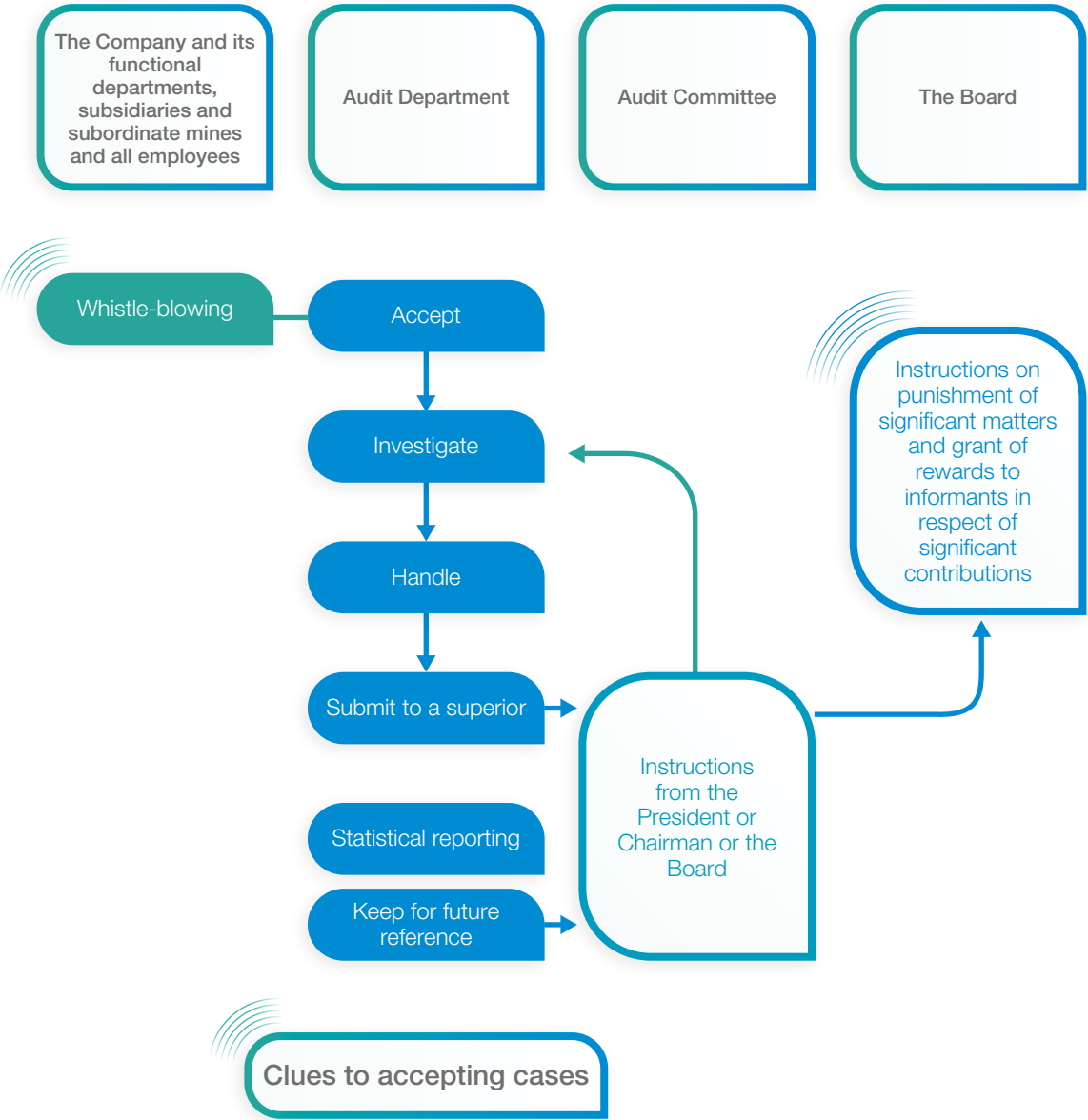
The Group has always attached great importance to the construction of a clean and self-disciplined corporate culture, and is on no account engaged in bribery, blackmail, fraud and money-laundering. No employee of the Group is allowed to obtain illegal interests by taking advantage of their authority or convenience at jobs. In order to meet the needs of professional management of the Company, improve the internal supervision and inspection mechanism, and create a clean and efficient working atmosphere, the Group has developed and implemented the auditing and whistle-blowing system, and also has engaged independent auditors to conduct external audits on the Company, with an aim to prevent and control the fraud or immorality within the Company through internal and external audit.

In order to strengthen the building of a clean governance and standardize the behavior of Directors, and according to the business needs of the Group and the requirements of the Hong Kong Stock Exchange, the Company distributed the study materials of "Integrity Management System of China Hanking Holdings" to the Directors. Employees can log in DingTalk "Cloud Classroom" for learning the video course on "Fraud Risk Management".

The employees of the Company have the right to report alleged violations of state laws, regulations and policies, internal control problems of the Company, and other fraud or violation of Company's disciplines to the Company. The Company's Audit Committee and audit department is responsible for dealing with reporting of violations in relation to functional departments, subordinate mines and employees of the Company. Informants may provide detailed information to the audit department of the Company through telephones, letters, e-mails, and interviews, etc.

In 2002, the Company revised its Whistle-blowing Policy in accordance with the Listing Rules and in light of the actual situation of the Company. The principal amendments are as follows: 1) The informants can choose to report in the form of anonymity; 2) Added third parties (such as customers and suppliers) that have dealings with the Company to the scope of informants; and 3) The Audit Committee shall be added to the institutions receiving and handling complaints. Meanwhile, the Company placed the contact information of the Audit Committee on the "Investor Contact" section of the Company's website for stakeholders to provide information on any possible improper matters concerning the Company.

Flow chart of whistle-blowing



During the reporting period, no litigation relating to anti-corruption was identified by the Group.



8. Community Engagement

Adhering to the business principle of “self-actualization and repaying the society”, the Group actively uses its own resources to make joint efforts with the community and all sectors of society to bring positive impact to the society, repay the society with practical actions, enhance the cohesion of enterprises and communities, and coordinate development with the society.



PROVINCIAL MUSEUM



In 2022, the Group donated RMB1 million for poverty alleviation, education promotion, pandemic prevention and disaster relief.

Fight against the COVID-19 Pandemic

Give Full Play to Our Own Advantages and Assume Social Responsibilities

Our employees are located in both China and Australia. We care for all of our employees and their families' wellbeing. We would like to shoulder our social responsibility, and make reasonable arrangements for work and pandemic prevention and control during the pandemic period. In order to ensure the effective development of production and operation and employee safety, according to the local government documents and advices of medical experts, the Group adopted different management methods of telecommuting and on-site office, and took various preventive measures, including postponing or canceling activities and meetings, and replacing physical meetings with virtual meetings. After the COVID-19 pandemic eased and the work was resumed, the Group paid attention to disinfection and ventilation in workplaces, while mines made full use of the integrated control cloud platform of production management and control in intelligent mines, which greatly reduced the number of field workers in mines, improved efficiency and ensured the safety of employees. Meanwhile, under the premise of complying with pandemic prevention regulations, employees are encouraged to actively participate in volunteer services and other work in their communities. While helping fight against the pandemic in their hometown and communities, such efforts allow more people to understand the corporate culture of the Group, namely "self-actualization and repaying the society".

The Gold Mine Business strictly complied with the safety policy of COVID-19 of Australian state governments, and isolation rooms were set up in the mining area to respond to emergencies. The Gold Mine Business reported the employees' itinerary during the travel, popularized the knowledge of safety, health and vaccine to employees. The Gold Mine Business timely adjusted the staff schedule according to the border policies of various states to minimize the impact of the COVID-19 pandemic on project development. During the spread of the COVID-19 in Australia, employees were encouraged to protect themselves. The Company provided masks and alcohol-based hand sanitizer for employees. None had major infections or complications. Employees survived the pandemic.

8. Community Engagement

2022 Deshan AiXin Fund Public Welfare Activities

In 2022, the Company continued to contribute RMB1 million to the Hanking Deshan AiXin Fund to assist public welfare undertakings on education, women and children.

- **Chunlei Student Assistance • Deshan AiXin Fund Makes Dream Come True**

The Hanking Deshan AiXin Fund has carried out activity of Chunlei Student Assistance for five consecutive years. In 2022, it supported 79 rural students from Fushun County, Xinbin County, and Qingyuan County who had difficulties in family life and had excellent academic and moral qualities.

On 14 January, a contribution of RMB12,400 was made to sponsor the science and technology competition of Fushun university;

On 16 January, a contribution of RMB157,200 was made to subsidize impoverished students in Fushun County, Xinbin County, and Qingyuan County;

On 13 May, a contribution of RMB41,500 was made to subsidize impoverished students in Fushun County, Xinbin County, and Qingyuan County;

On 31 May, a contribution of RMB6,100 was made to sponsor sports equipment for Weiziyu Primary School (葦子峪小學) and Ying'e Primary School (英額小學) in Xinbin County.

- **Continue to Build Love Bookstores in Township Primary Schools**

In 25 September 2022, Hanking Deshan AiXin Fund invested RMB200,000 to build love bookstores in Pingdingshan Primary School of Xinbin County, Beisanjia Primary School of Qingyuan County, helping rural primary schools and left-behind children share reading happiness.



8. Community Engagement

- **Hanking Deshan AiXin Fund • Dandelion Action • Aesthetic Education Summer Camp**

On 22 July 2022, a contribution of RMB32,500 was made to organize the Dandelion Action • Aesthetic Education Summer Camp to promote the balanced development of urban and rural aesthetic education.



- **Hanking Deshan AiXin Public Welfare Team**

On 7 May 2022, the Hanking AiXin public welfare team raised RMB3,025.6 for the care of critically ill children in Liaoning through Tencent Public Welfare (騰訊公益) to help poor children with leukemia and congenital heart disease.



8. Community Engagement

Community Environment

Upholding the principle of “establishing harmonious relationship between villages and enterprises”, the Group reinforced communication with the local communities, so as to promote harmonious coexistence with the villages. As we are part of the community, efforts to construct the community are to improve our living environment.

In 2022, environmental construction of Iron Ore Business community:

Greening	Dispatched 3 employees, spending 3 days, to water plants and flatten lands on both sides of village roads in Maogong Village.
Remove snow	Dispatched 2 employees, spending 4 days, to arrange forklifts removing snow on roads in Maogong Village.
Road renovation	Dispatched 9 employees, spending 12 days, to help Nangou Formation of Yanghu Village repair the road washed away by rain for 3 times. Dispatched 6 employees, spending 8 days, to help Beitai Formation of Shangma Village repair the road washed away by rain twice.



Learn from Lei Feng to take action • donate blood to spread love

To carry forward the spirit of Lei Feng and the Red Cross spirit of “humanity, fraternity, and dedication”, the Group has promoted the construction of spiritual civilization to highlight the good image of young employees who are willing to help others. On 3 March 2022, on the occasion of the 59th “Learning from Lei Feng Memorial Day”, the Iron Ore Business Youth League Committee organized young employees to participate in the voluntary blood donation activity organized by Fushun County Committee of the Communist Youth League, and a total of 47 young volunteers successfully donated blood. Many young people said that it was meaningful to contribute to social welfare undertakings and to give love to those in urgent need of blood donation.



Rights of Indigenous People

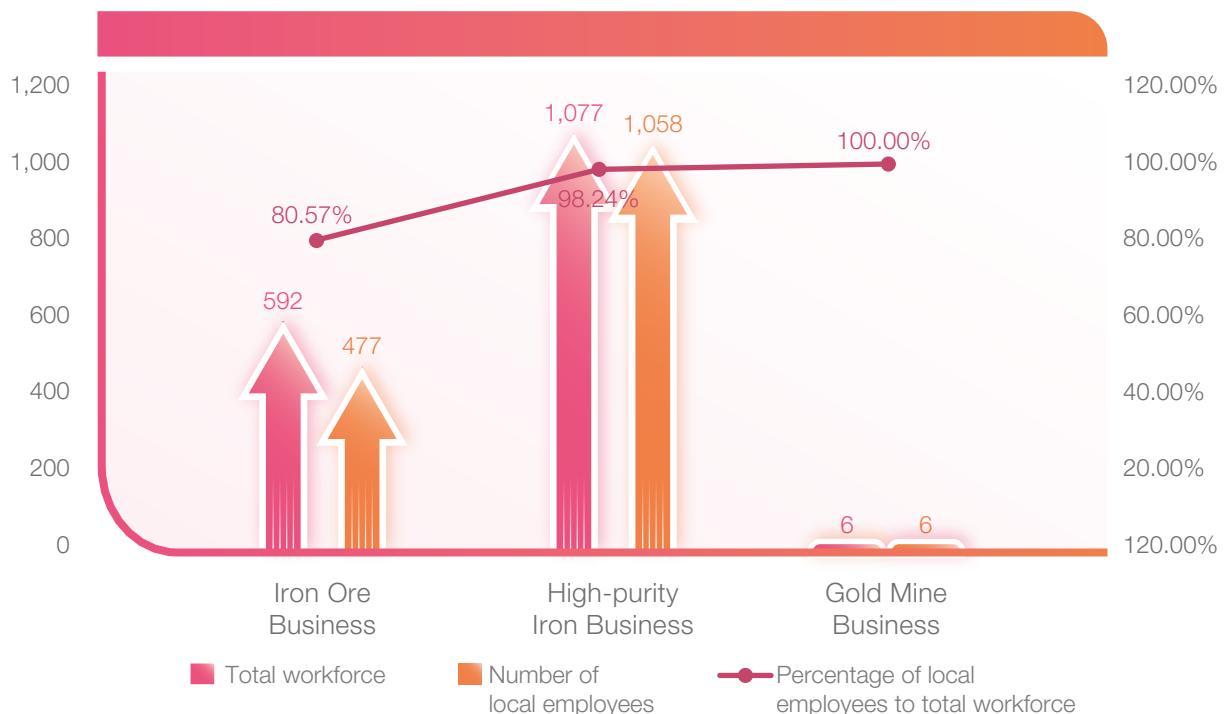
To respect the rights of indigenous people is also a part of our efforts to respect and protect human rights. We comply with relevant laws and regulations in project design, exploration, and operation. According with Section 22 of the *Northern Territory Aboriginal Sacred Sites Act 1989* (NT), the Rustlers Roost and Quest 29 mining areas of Gold Mine Business obtained a certificate of authorization from the aboriginal area protection agency in September 2022. According to the mining management act and the mineral exploration act, production and operation activities such as mining, transportation, processing, and refining of minerals in the project area are authorized.

Labour Demand

The candidates from the community where the Group runs business enjoy the priority to be recruited. The Group also provide the opportunity to the local residents to participate in the project construction. This can not only relieve the local employment pressure, and increase the income of local residents, but will also promote good relationship between villages and enterprises. The Group actively cooperates with local qualified contractors to enhance the participation and reputation of the project among local residents, maintained good cooperation and communication with the farms where the project is located to ensure that the project will not cause damage to farms and pastoral areas, and employed farm employees to assist in water supply and drainage, earthwork and transportation, and to monitor the fire and other potential safety hazards of the project.

In April 2022, the Gold Mine Business formally engaged Mintrex Pty Ltd to complete the final pre-feasibility study (DFS) for the development of the Mt Bundy Gold Project. In the pre-feasibility study of the project, the Group fully considered the use of local human resources in North Australia, to increase employment opportunities for residents in North Australia and enhance local commercial vitality.

As illustrated in the following diagram, Iron Ore Business, High-purity Iron Business and Gold Mine Business all employ a majority of local employees, representing an average of over 80% of the total workforce.



9. Indicators Index

This indicators index illustrates the Company's compliance with indicators of "comply or explain" and "mandatory disclosure requirements" set out in Environmental, Social and Governance Report issued by the Hong Kong Stock Exchange during the reporting period.

Aspects	Key Performance Indicators	Disclosures	Pages	Explanation
A. Environmental				
A1 Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	●	28	
A1.1	The types of emissions and respective emissions data.	●	28,31,34	
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	●	31	
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	●	34	
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	●	28,34	
A1.5	Description of emission target(s) set and steps taken to achieve them.	●	28,33,34	
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	●	28,33,34	
A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	●	35-37	
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).	●	35-36	
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	●	36	

Aspects	Key Performance Indicators	Disclosures	Pages	Explanation
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	●	33,35,37	
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	●	36,37	
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	○		N/A (No packaging is needed for the products of the Company)
A3 The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	●	25,35	
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	●	25-27,36,37	
A4 Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	●	38	
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	●	38,39	
B. Social				
Employment and Labour Practices				
B1 Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	●	46,47	
B1.1	Total workforce by gender, employment type (such as full-time or part-time), age group and geographical region.	●	45	
B1.2	Employee turnover rate by gender, age group and geographical region.	●	45	

9. Indicators Index

Aspects	Key Performance Indicators	Disclosures	Pages	Explanation
B2 Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	●	41,42	
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	●	41	
B2.2	Lost days due to work injury.	●	41	
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	●	42,43	
B3 Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	●	47-49	
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	●	48	
B3.2	The average training hours completed per employee by gender and employee category.	●	48	
B4 Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	●	44	
B4.1	Description of measures to review employment practices to avoid child and forced labour.	●	44	
B4.2	Description of steps taken to eliminate such practices when discovered.	●	44	

Aspects	Key Performance Indicators	Disclosures	Pages	Explanation
Operating Practices				
B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	●	50	
B5.1	Number of suppliers by geographical region.	●	51	
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	●	50, 51	
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	●	51	
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	●	51	
B6 Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	●	51	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	●	51	
B6.2	Number of products and service related complaints received and how they are dealt with.	●	51	
B6.3	Description of practices relating to observing and protecting intellectual property rights.	●	52	
B6.4	Description of quality assurance process and recall procedures.	●	52	
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	●	52	

9. Indicators Index

Aspects	Key Performance Indicators	Disclosures	Pages	Explanation
B7 Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	●	52	
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.	●	53	
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	●	52,53	
B7.3	Description of anti-corruption training provided to directors and staff.	●	52	
Community				
B8 Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	●	54	
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	●	55-58	
B8.2	Resources contributed (e.g. money or time) to the focus area.	●	55-57	