



CHINA TIANRUI GROUP CEMENT COMPANY LIMITED
中國天瑞集團水泥有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1252)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

2016





TABLE OF CONTENTS

1	ABOUT THIS REPORT	2
1.1	REPORTING SCOPE	2
1.2	REPORTING PRINCIPLES	3
1.3	COMMENTS AND FEEDBACK	3
2	COMPANY DESCRIPTION	4
3	ENVIRONMENTAL PROTECTION	6
3.1	EMISSIONS	7
3.2	USE OF RESOURCES	9
3.3	THE ENVIRONMENT AND NATURAL RESOURCES	11
4	FRIENDLY EMPLOYER	13
4.1	EMPLOYMENT PRACTICE	13
4.2	SAFETY AND HEALTH MANAGEMENT	14
4.3	NURTURING TALENT	16
4.4	PROHIBITION OF CHILD AND FORCED LABOR	17
5	QUALITY PRODUCTS	18
5.1	SUPPLIER SELECTION	18
5.2	OUTSTANDING PRODUCTION	18
5.3	FAIRNESS AND INTEGRITY	20
6	CONTRIBUTION TO SOCIETY	21
6.1	BLOOD DONATION ACTIVITIES	21
6.2	EDUCATIONAL ACTIVITIES	22
7	CONCLUSION	23
8	INDEX OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE ..	24

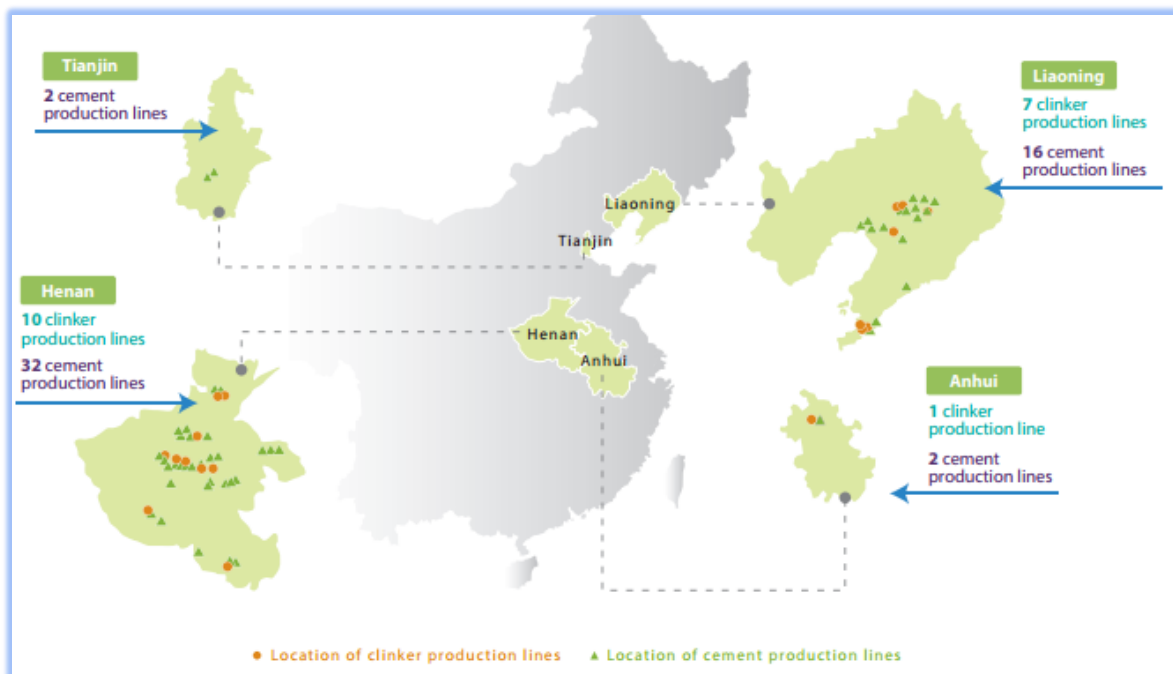
1 ABOUT THIS REPORT

1.1 REPORTING SCOPE

This report is the first Environmental, Social and Governance ("ESG") report issued by **China Tianrui Group Cement Company Limited** (stock code: **01252**) (together with its subsidiaries, "the Group"). In addition to complying with the listing requirements of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the report serves to disclose the Group's sustainability strategy to the stakeholders.

Unless otherwise stated, this report is consistent with the reporting period of the Group's annual report, covering its efforts and contributions to the environment and society for the financial year 2016 (i.e. **1 January 2016** to **31 December 2016**).

This report covers all of the Group's cement and clinker production, which are located in **Henan Province, Liaoning Province, Tianjin** and **Anhui Province**. As at 31 December 2006, the Group has possessed 18 clinker production lines and 52 cement grinds production lines.



1.2 REPORTING PRINCIPLES

This report follows the Appendix 27 **ESG Reporting Guide** ("ESG Guide") of the Stock Exchange's Listing Rules and is based on the principles of materiality, quantitative, balance and consistency to determine disclosures. The information of the Group's corporate governance was published in its Annual Report in accordance with the Appendix 14 **Code of Corporate Governance** of the Stock Exchange's Listing Rules.

Based on the framework of the ESG Guide, the Group invites stakeholders to identify material sustainability issues that shall be included in this report. During the reporting year, stakeholders have expressed their views through various channels set up by the Group, such as site visits, meetings, customer satisfactory surveys and visits, and employee opinion boxes. Meanwhile, industry peers' sustainability practices and performance are also one of the important references to defining the material issues.

ESG Aspects	Material Issues
Aspect A1: Emissions	Air Emission Control
	Wastewater Treatment
	Waste Management
Aspect A2: Use of Resources	Energy Conservation Measures
	Water Saving Initiatives
	Efficient Use of Resources
Aspect A3: The Environment and Natural Resources	Landscaping and Vegetation
	Integrated Soil and Water Protection
Aspect B1: Employment	Employment Practice
Aspect B2: Health and Safety	Safety and Health Management
Aspect B3: Development and Training	Nurturing Talents
Aspect B4: Labour Standards	Prohibition of Child and Forced Labour
Aspect B5: Supply Chain Management	Supplier Selection
Aspect B6: Product Responsibility	Outstanding Production
Aspect B7: Anti-corruption	Fairness and Integrity
Aspect B8: Community Investment	Contribution to Society

1.3 COMMENTS AND FEEDBACK

The Group invites you to read this report and to express your views on the report content or the Group's sustainability strategy through the following:

E-mail address: ir@ctr cement.com

2 COMPANY DESCRIPTION



The Group is principally engaged in: limestone extraction, and production and sales of clinker and cement. The Group is committed to laying a solid foundation to support its long-term development. From the capacity and resources side, the Group owns a total of 18 clinker production lines and 52 cement grinds production lines, with an annual production capacity of 281 million tons of clinker and 508 million tons of cement respectively, and its limestone reserves can support the operation of clinker production lines for more than 30 years. All of the Group's clinker production lines have utilized the advanced New Suspension Preheater Dry Process and heat recovery technology, which effectively reduce electricity cost and pollution. Its clinker production line established in 2009 in Zhengzhou Xingyang is the world's earliest clinker production line with a production capacity of 12000 tons, the largest single-line production capacity and the most advanced technology and equipment.

The Group is also honourable to receive supports from of the government of People Republic of China ("PRC") to be prioritized in project approval, land use rights and credit approval during the mergers and acquisitions, and project investments among the cement industry.

The Group was successfully listed on the Main Board in Hong Kong in 2011 and took the advantages of listing to reformulate its strategy and facilities. The Group strategically located its operation units at its major market areas, where close to the limestone resources, the end market and the transportation hub. Meanwhile, to produce high quality cement and clinker products, the Group established the only provincial-level building materials technology center in Henan Province – “河南省新型干法水泥工程技术研究中心”, which served to develop advanced technology. The Group has received a number of patents attributed to the technology developed.

Facing the changing economic and social environment, the Group adopts internationally standards for its management systems and continuously improves on its cement and clinker products to meet the challenges. The Group and its subsidiaries have established three major management systems in accordance with international ISO standards, namely quality, environment, occupational health and safety and obtained product quality certification. It provides clear guidelines and improvement plans on the three major areas. The Group also received an honor of "**China Well-known Trademark**".



The Group has been recognised as the member of World Business Council for Sustainable Development Cement Sustainability Initiative ("CSI") and is one of the only three pioneer cement companies from PRC. CSI focuses on issues such as safety, climate protection, fuel and raw material utilization, gas emissions, water resources, supply chain management, local impacts on land and communities and the sustainability of concrete issues of the cement industry. CSI collaborates with members to optimize cement production process and reduce their adverse impacts on the society and the environment.

The management team of the Group has also continuously supervised the implementation of the corporate social responsibility policy, committed to the research and development of advanced environmental technology and waste recycling. The Group has invested in the construction of waste heat recovery power generation facilities, dust recovery facilities ,and waste rock and corporate wastes recycling facilities, in order to achieve corporate sustainable development.



3 ENVIRONMENTAL PROTECTION

Facing the increasing concern on the environmental quality, the Group finds itself duty-bound for environmental protection. The Group aspires to reduce the environmental impact of its production and sets an example to encourage industry practises to reduce emissions, avoid the excess use of resources and conserve the environment. In particular, the Group has developed environmental management system and policies in compliance with the international standard **ISO14001** to integrate environmental awareness into operational management.

The Group aims at achieving comprehensive pollution management through upholding precautionary principle in pollution management, in short control and mitigate pollution issues prior to any discharges. It specifies the responsibility on pollution management based on “polluters manage” principle. Specific policies are as follows:

- ✓ Environmental protection targets the "three wastes" pollution, i.e, waste gas, waste water and refuses
- ✓ Environmental protection facilities should be kept operating and checked regularly to timely avoid mal-function
- ✓ Under the "three simultaneous" principle, during the construction, expansion and reconstruction of projects, pollution control devices shall be considered and incorporated, to ensure its effectiveness
- ✓ Responsible departments shall strengthen the promotion of environmental protection laws, regulations and relevant provisions, and conscientiously implement measures

To closely monitor the environmental performance, the Group has assigned Production Safety and Environmental Department to conduct inspections and assessments on a quarterly basis to improve and avoid security flaws in a timely manner. Meanwhile, onsite environmental engineers will conduct daily environmental inspections. Scope of inspection includes main workshop, garbage areas, sewage and emission treatment devices. During the year, the Group has not discovered any significant environmental violations and complied with laws and regulations such as air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, such as “Environmental Protection Law”, “Air Pollution and Control Law”, “Water Pollution Prevention Law”, “Prevention and Control of Environmental Pollution by Solid Waste”, “Environmental Noise Pollution Control Law” and “Emission Standard of Air Pollutants for Cement Industry” etc.



3.1 EMISSIONS

Air Emission Control

Air pollution threatens the health of the public and imposes negative impacts on the natural environment. In view of this, the Group has implemented policies to tailor stringent monitoring and measures for major emission projects. Major emissions of cement company come from cement kilns, which burn coal to calcine cement clinker. The combustion process releases a large amount of atmospheric emissions, such as carbon dioxide, nitrogen oxides, sulphur oxides and suspended particulates, which affect the air quality. Moreover, majority of the Group's greenhouse gas emissions are produced from coal burning, and its emissions exacerbate global warming and affect the natural environment.

Through the implementation of emission reduction measures, the Group controls its gaseous emission as safe and in compliance with the standards of laws and regulations. The Group has imposed stringent regulations on the quality of coal purchased, to reduce the sulfuric and harmful substance content from the source. During combustion, cement kilns, boilers and packaging facilities have installed dust collection devices to collect excess dust and particulates from the exhaust. The Group has also transformed the electrostatic precipitator into a more efficient bag filter to successfully reduce dust emissions. Responsible department will inspect and replace the dust collection equipment irregularly according to their dust collection capability and the quality of exhaust.

In addition to dust control, the Group has also formulated measures to limit the emissions of the above-mentioned major atmospheric emissions. For example, the Group has built denitrification systems in the clinker production line to reduce the emissions during the calcination process of various raw materials.

As part of the pilot scheme of circular economy in Henan Province, the Group rates highly on rigorous monitoring to ensure no illegal emissions. The Group has constructed central control rooms to instantly track and monitor the production process, to ensure production performance meets with production standards. The monitoring team of the national Ministry of Environmental Protection has visited Tianrui Group Zhengzhou Cement Company limited in the year and carried out inspection and guidance work, and carefully checked the operation of environmental protection equipment. The emission data reviewed by the monitoring team have complied with relevant standards.



In addition to the greenhouse gases produced by coal combustion, the chemical reactions and electricity consumption during production give rise to the major greenhouse gas emissions of cement company. Chemical reactions that convert limestone into lime require high level of heat and oxygen to break down limestone, a process which releases large amount of carbon dioxide.

From the electricity aspect, since the electricity production process involves greenhouse gas emissions, the Group's electricity consumption will cause indirect greenhouse gas emissions. The power grid of the Government has supplied electricity to drive the Group's electrical appliances in offices and some production machinery. Improving electricity efficiency can reduce the use of coal and electricity from the beginning, hence effectively avoid air pollutants and greenhouse gas emissions. Please refer to the "**Energy Conservation Measures**" section for details on the Group's energy conservation activities.

Wastewater Treatment

Wastewater control is one of the key environmental protection works undertaken and the Group strives for zero wastewater discharge. The Group's major effluent comes from domestic water, while the remaining is from the cleaning works of machinery, production plant and workplace. The Group has adopted the water recirculation system so that it reduces the wastewater generated from the production process.

The Group has treated wastewater properly according to legal standards before discharge through the wastewater treatment facilities, and has obtained qualified wastewater discharge license. The Group also utilized discharge monitoring system to ensure the effluent is non-hazardous.

Waste Management

Non-hazardous wastes produced by the Group is mainly derived from the production of cement and clinker, and employees' daily lives and works. Wastes generated from cement and clinker production include dust from cement kiln, soil and defective products etc.. Wastes generated by employees are general office wastes, such as paper, food and packaging.

Proper waste treatment can safeguard public health and safety. Reducing wastes and improving the efficiency of natural resources usage can effectively avoid wastage. The Group upholds the principles of reuse and recycle resources to handle its wastes produced. The Group have sand and aggregate production lines in place, which can recycle approximately 3 million tons waste rocks from limestone extraction annually into sand and aggregate for sale, and be used in construction activities or paving and building.



Apart from non-hazardous waste, the Group's operations do not produce significant hazardous waste.

3.2 USE OF RESOURCES

Energy Conservation Measures

Energy consumption is one of the most prominent environmental impacts of cement and clinker production. Energy is mainly used to drive production machinery, such as rotary kiln and crushing machine etc.. Therefore, energy conservation is one of the key environmental protection measures and targets of the Group. The Group has established its energy management system conforming to **ISO 15001** international standards, so that it allows systematic energy conservation works. The Group has also devoted significant amount of resources to re-examine its production model and implement energy efficiency programs.

Since energy supply affects the production efficiency of the entire business, the Group endeavours to ensure a stable supply of energy through providing and connecting electric cables of all cement and clinker production plants to the public power grid, hence supplying electricity for production equipment in a timely manner.

To reduce reliance on external electricity, the Group has constructed waste heat recovery systems in all clinker production lines which can enhance the autonomy of electricity supply, at the same time reduce the fossil fuel consumption and air emissions. The system effectively uses the clinker calcination process which its heat boils the water for steam to propel the turbine, and its rotation generate electricity. The collected heat are used for power generation, as well as direct production of warm water and heating to support the works and lives of employees.

In addition to the heat recovery technology, the Group has built an energy management center to proactively adopt advance energy management methods and technologies to oversee the whole process of energy utilization to effectively conserve industrial electricity. Fan, raw material production and cement mill also has utilized the upgraded inverters.

Water Saving Initiatives

The Group considers the conserved use of water as a virtue and is committed to reduce water usage. The Group has purchased fresh water for production from water company, mainly serves as domestic water, industrial cooling water for machinery and medium for waste heat recovery. The Group reuses the cooling water from waste heat recovery system.



Some of the cooling systems also use the treated industrial water from the production plant as cooling water, to avoid unnecessary extraction of water resources. Its pumping system is able to carry out filtration to ensure that water used is safe, non-poisonous and suitable to assist in production. Meanwhile, the Group has also actively used the treated water for irrigation, on-site landscape and dust control spray.



On-site landscape (left) and dust control spray (right) use recycle water from waste heat recovery system

Efficient Use of Resources

The Group also shoulders the responsibility in solving the waste problem in the region and making efficient use of resources. The “**Waste Management**” section has highlighted that the Group has reused its wastes generated into production and treated its wastes through recycling to avoid increasing pressure on the Government to deal with community wastes.

To further involve in alleviating the community waste problem, the Group strives to convert wastes into resources and utilize them in production projects. The Group, on the basis of safeguarding its product quality, reuses the converter slag (by-products of ore smelting), and other industrial wastes such as fly ash and desulphurized gypsum in the manufacturing process of cement clinker. This measure effectively reduces the amount of wastes in the society. In addition, without sacrificing quality, the Group uses industrial residues to help remove wastes in the community.

3.3 THE ENVIRONMENT AND NATURAL RESOURCES

Landscaping and Vegetation

Limestone mining, which involves blasting, drilling and excavation, and hence will alter the landscape and destroy the natural environment. The Group is aware of the impacts, therefore it has encouraged every subsidiaries to initiate afforestation activities and repeatedly conducted afforestation and landscaping activities during the year to restore the natural environment. The Group has organized a total of nine afforestation activities, and planted grass seeds and fruit trees in wasteland of the production plants. For example, through the afforestation activities, Tianrui Group Yuzhou Cement Company Limited hopes to enhance the environmental awareness of its employees, and use wasteland effectively. During so, the employees have planted more than 200 apple trees and more than 100 Magnoliae trees to effectively utilize wasteland in production plant.



To restore the natural environment of mining areas through plantation

In addition to the landscaping activities, the Group also strengthened, pruned and planted trees. For example, Tianrui Group Guangshan Cement Company Limited. planted more than 150 poplar trees to restore the environment of the three mining areas, namely the aggregate line, northern Longjing dump and Liuwan dumps with a total of more than 50 employees participated in the event. Qianjin Factory of Tianrui Group Yuzhou Cement Company Limited also tried to vegetate its mines, according to the situation of the landscape and vegetation to arrange the planting activities. Attributed to the employees' hard works, 1000 poplar trees, 120 privet trees and 500 square meters of grass seeds were planted.



Tree planting activities in mining areas to restore the natural environment

Integrated Water and Soil Conservation

Limestone mining also alters the structure of the exposed soil through hydraulic erosion, and hence destructing the nearby ecological environment. In view of this, the Group has adopted millisecond blasting technique and formulated measures to prevent soil erosion. The millisecond blasting technique initiates explosions in a sequence within millisecond difference, which can effectively control the impact of blasting, vibration, noise and flying debris. After mining, the Group will carry out activities such as re-cultivation and afforestation to restore the blasted areas. The Group has also built walls and flood control drainages to prevent soil erosion.



4 FRIENDLY EMPLOYER

4.1 EMPLOYMENT PRACTICE

Excellent workforce is one of the foundations for the sustainable development of the Group. The Group has a total of 8,066 employees. To attract and retain talent, the Group has established an employment policy to regulate its employment behaviors. Employment policies include remuneration and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination and other benefits and welfares, and comply with relevant laws and regulations, such as:

- ✓ “The Labor Law of the People’s Republic of China”
- ✓ “Labor Contract Law of the People's Republic of China”
- ✓ “Labor Dispute Mediation and Arbitration Law of the People's Republic of China”
- ✓ “Employment Promotion Law of the People's Republic of China”
- ✓ “Law of the People's Republic of China on State Compensation”

The policy also clearly defines the responsibilities of different department to facilitate the follow-up of any employment incidents. The board makes the final decisions on human resource management, and the corporate management and human resources department fully implement and manage the human resource policy. Other departments must carry out the Group's human resource policies, principles and regulations as follow.

First, the Group continues to attract talent to bring fresh ideas for its development, so that it will continue its leading position in the market. As a result, the recruitment of the Group chooses suitable candidates based on their capabilities and advocates a diverse and anti-discriminating corporate culture. Any recruitment program must meet two requirements: non-discriminatory terms and recruitment requirements aligning with the job qualification requirements. Gender, marital status, pregnancy, disability, sexual orientation, religious beliefs and racial shall not be considered during the recruitment, and any employment decisions.


Second, in order to retain talent, the Group is committed to providing competitive employment packages and welfares to provoke the enthusiasm of all employees. The basic types of salary of the Group are divided into annual, capacities, fixed and performance salary system. The prevailing market conditions, personal qualifications and corporate duties serve as the determinants of salary level. Eligible employee can enjoy on-the-job allowance, special post allowance, accommodation and meal services, food for holidays and festival cash gifts. The Group also provides social insurance for employees in accordance with the law.



The Group has set up employee opinion boxes to encourage and collect the opinions of employees on different aspects of the operation of the Group and therefore tailor make a suitable employment policy for employees.

Case Study :

Interesting cultural and sport activities celebrating the "1st of May " Labor Day



The Group paid attention to the leisure time of employees in addition to their works, to ensure that employees were physically and mentally healthy. This year, the administrative and personnel department of Weihui Tianrui Cement Company Limited organized interesting activities in front of the main entrance of the office, to celebrate the "1st of May" Labor Day. The event included a total of six activities for employees to participate, namely tug of war, rope skipping, badminton matches, and newly added tires rolling, slow bike riding and targeted shooting.

4.2 SAFETY AND HEALTH MANAGEMENT

Employee safety and health is one of the focus areas of the Group. The Group has developed a health and safety policy that complies with the International Standard **OHSAS 18001: 2007** and follows the following basic principles:

- ✓ All employees must follow the principle of safety first and prevention as the core for comprehensive management
- ✓ Leaders at all levels shall arrange safety responsible personnel and safety works with job duties simultaneously
- ✓ All safety works are required to keep records so that they are traceable
- ✓ Safety works shall strictly adhere to the relevant laws, such as "Production Safety Law", "Byelaw Governing Reporting, Investigation and Handling of Production Safety Accidents" and "Law of the People's Republic of China on the Prevention and Control of Occupational Diseases"



The Group conducts regular safety checks to ensure employees work under a safe environment and detect security risks in a timely manner. Responsible employees must carefully check, discover and eliminate any hidden dangers of equipment, facilities, working environment and employee operations etc.. During the year, the Group has complied with all laws and regulations relating to occupational health and safety.

Responsible employees shall handle any detected risks in accordance with the Group's guideline. Responsible employees are required to allocate staff, and establish measures and rectification period. Meanwhile, the guideline also focuses on the sense of responsibility of employees, the hidden dangers of accident if can be solved by individuals shall not demand team to solve them; can be solved by team shall not demand department to solve them; can be solved by subsidiary shall not demand the Group to solve them.

The Group also concerns about the health and safety of employees and conducts one to two occupational health examinations every year. The Group's Tianjin company has invited the medical specialists of the district to the production plants to conduct annual occupational health examination. Major medical examination includes ear, electrocardiogram, blood, lung function and DR chest X-ray etc.. Medical specialists also share their health related knowledge to employees, to enhance their awareness of occupational safety and health.



Tianjin company's physical examination



4.3 NURTURING TALENT

To maintain the competitiveness of the enterprise, the Group considers talent cultivation as one of the core tasks, and puts resources annually to improve employee training policy and plans. The training policy aims at enhancing employees' knowledge, work capabilities and establishing positive work attitudes through education and training. It avoids wasting labor resources due to the lack of knowledge, capacity and poor attitude of employees. Each year, the Group's human resources department will implement and improve the training policy through the following steps:

- ✓ Collect feedback through distributing feedback form, enquiring the suitability of content, competency of the instructor, course design, etc., to understand the training requests of various departments and employees
- ✓ Develop training programs and allocate budgets so that all employees have plans to follow
- ✓ Prepare and implement the training
- ✓ Evaluate the effectiveness of the training program, compose annual report, and examine the training strategy which serves as a reference for the following year's training program

The Group endeavours to provide diverse trainings for employees and establish an internal training team to guarantee the training quality. Trainings include orientation training for new employees and job training. Orientation training for new employees introduces corporate culture, management structure, management strategy etc., to deepen the understanding of the new employees of the Group. Job training is divided into trainings on general skills and attributes, professional skills, management and system etc.. Formats of training include internal training and external training, which the Group appoints internal trainers or external tutor to conduct trainings respectively.

The Group encourages employees to continue their studies and participate in external training courses that can well-equip themselves. The Group also expects to provide a training platform for employees to fulfil their self-realization, and target that ultimately all employees receive certificates for works.



Case Study :
Four-in-one system re-certification (Henan) training



The Group has always put great emphasis on the design and implementation of the management systems and continuously updated its system with international standards (namely quality control system, environmental management system, occupational health and safety management system and food safety management system) to manage its environmental and quality related business activities in a more rigorous and systematic way.

On 14 April of this year, all of the Group's subsidiaries in Henan Province received a four-in-one system re-certification training. External instructor conducted the training to explain the requirements, learnings and application of **ISO14001: 2015** environmental management system and **ISO9001: 2015** quality management system, and answered the difficulties raised by participants.

A total of 168 employees participated in the training and carried out the "**ISO14001: 2015** Environmental Management System" and "**ISO9001: 2015** standard" closed book examination to ensure that they learned and understood the training content.

4.4 PROHIBITION OF CHILD AND FORCED LABOR

The Group has strictly followed laws and regulations relating to child or forced labor and achieved **zero employment of child or forced labor** in the year. Every new employee is required to submit a copy of identity card to ensure that he/she meets the age requirements of the Group and can clearly identify his/her identity. This policy retrain the hiring of child or forced labor from the beginning.

5 QUALITY PRODUCTS

5.1 SUPPLIER SELECTION

Environmental and social risks from the supply chain constitute part of the business challenges. The Group believes that maintaining good relationship with suppliers is extremely important and has taken a number of measures to enhance the effective two-way communication. The Group's major suppliers supply raw material and equipment. The Group maintains close contact with suppliers through tender, site visits and meetings.

The Group will take into account the environmental and social risks of its supply chain through procurement requirements and giving priority to advanced products, the provision or use of clean energy, environmental protection and cost reduction. Meanwhile, the Group purchases filling materials containing industrial wastes, fly ash, slag, non-ferrous metal ash, desulfurized gypsum to eliminate wastes in the society, at the same time maintaining high quality. The Group also strictly requires suppliers to comply with environmental and social laws and regulations during product supply.

5.2 OUTSTANDING PRODUCTION

Cement is widely used in most of the construction and public infrastructures in society, therefore the safety and hazards of buildings and infrastructures partly depend on the quality of cement. The Group's major customers are real estate developers and concrete manufacturers. The Group is committed to providing customers with high quality clinker and cement products, has obtained a valid production license and its products are sold under the brand name of “天瑞 TIANRUI”. To further strengthen the quality and safety of products, the Group has established its quality policy based on **ISO 9001: 2008** international standards. Under the supervision of the Group on product quality, “天瑞 TIANRUI” is honoured as “China Well-known Trademark” by the State Administration for Industry and Commerce and has become the signature of China's quality products. During the year, the Group has complied with the laws and regulations on the health and safety of its products and services, advertising, labeling and privacy matters and methods of redress.



Control room for immediate monitoring of production quality

The Group has in particular set up quality control departments for product quality checks and ensured employees are fully capable in carrying out quality works. The Group conducts chemical and physical analysis activities every six months. The quality control departments of the subsidiaries arrange relevant individual to participate to sharpen the skills of the inspectors. In addition to the internal analysis activities, the quality control department of Liaoyang Tianrui Cement Company Limited has achieved excellent result of the "特等奖"(the Grand Prize) in 2016 in the “全国第十五次化学分析大对比” (the country's fifteenth chemical analysis competition).

Quality control departments will collect relevant quality data upon the recipient of raw materials to the sales of end products, ensure that the end products meet the quality requirements. Quality control department will carry out experimental comparison of diverse ranges of materials and products every month to find discrepancies, continuously optimize raw materials ratio and improve product quality. Prior to the trade of products, tests on the loss of ignition, setting time, thickness and stability will be conducted. Professional companies will test all of the Group's products annually, and certify products.

The Group values customers' opinions and impressions, is committed to improve service quality and the level of customer satisfaction. The Group understands customers' needs through visits and satisfaction surveys. Customer satisfactory surveys explore the quality of products and services, price and delivery performances. Responsible departments will collect customer feedback on a monthly basis, consolidate into a report and follow up the negative comments. The Group has disclosed the complaint hotline and accepted customer complaints. Responsible departments shall investigate the complaint issues within 24 hours, convene relevant departments in the meeting to timely resolve the complaints and recorded the incidents to maintain the relationship with customers.



5.3 FAIRNESS AND INTEGRITY

The Group puts great emphasis on corporate integrity, and has established anti-corruption policy to monitor its daily management, production and business activities. The Group appoints supervisors to carry out internal inspections on a regular basis and put forward rectification. The modes of inspection include routine inspection, surprise visits and unannounced visits to eliminate bribes, extortion, fraud and money laundering. In order to further standardize the code of conduct of employees, the Group has set honesty and self-discipline in the scope of employee performance appraisal. During the year, the Group has complied with anti-corruption laws and regulations relating to bribery, extortion, fraud and money laundering.

The inspectors are under the supervision of all employees of the Group. Employees have the right to report to their supervisors or the board on suspicious inspectors.

The Group encourages individuals to report suspected or actual corruption cases, through letters, visits, phone calls and e-mails. The Group will handle any reported cases with the principle of "compulsory investigation, absolute confidentiality, efficient and pragmatic corporate actions".



6 CONTRIBUTION TO SOCIETY

The achievement of the Group is closely related to social development, especially since cement and clinker are indispensable in social construction. The Group appreciates the support and encouragement of various stakeholders and is committed to find diverse channels to understand the needs in the areas it operated at and to incorporate them into the consideration of business operations. During the year, the Group has actively engaged the community and maintained close relationships.

6.1 BLOOD DONATION ACTIVITIES

Blood inventory guarantees the quality of medical services in the community, which allows the patients to receive adequate blood supply during surgery and proper treatment immediately. Since blood has no substitute and a short shelf life, medical institutions face difficulties in ensuring adequate reserves. Therefore, employees of Tianrui Group Zhoukou Cement Company Limited have actively participated in the blood donation activities, hoping to relieve the pressures on blood inventory. Many employees have involved in the event, to show support and contribute to a good cause.



Employees of Tianrui Group Zhoukou Cement Company Limited actively participated in blood donation activities

6.2 EDUCATIONAL ACTIVITIES

The Group believes that social education is part of the corporate social responsibilities. Through cooperation with different organizations, the Group can convey its knowledge and experience about cement and clinker production to the community, so that the public can better understand the industry. Meanwhile, educational activities can also facilitate the exchange of opinions so that the Group can acknowledge the opinions of external stakeholders.

In the year, more than 70 students and teachers from North China University of Water Conservancy and Electric Power visited Tianrui Group Zhengzhou Cement Company Limited to conduct site visit and study. The Group arranged an introductory film and safety training for teachers and students in the multi-function hall. In order to deepen the students' understanding, the employees led the students to the warehouse and control room, and explained in details the latest dry process of cement production along the walkway. In addition, the employees also introduced processes such as raw materials preparation, clinker calcination, cement grinding and cement shipments etc. to students, and answered student questions.



Teachers and students watched the introductory film to understand the Group and the production of cement (Left) , and visited the control room of the Group (Right)



7 CONCLUSION

The Group considers sustainable development as an integral part of its business and has organized a number of related works during the year. This Environmental, Social and Governance Report provides a platform for the Group to introduce its sustainability policies and achievement to stakeholders who care about its operations. The Group endeavours to deepen the sustainability policies so that its business will continue to create value for the environment and society.



8 INDEX OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide of the Stock Exchange. General disclosures with related page numbers are set out in the table below.

Aspects	Pages
A. Environment	
A1. Emissions	6 – 9
A2. Use of Resources	9 – 10
A3. The Environment and Natural Resources	11 – 12
B. Social	
B1. Employment	13 – 14
B2. Health and Safety	14 – 15
B3. Development and Training	16 – 17
B4. Labour Standards	17
B5. Supply Chain Management	18
B6. Product Responsibility	18 – 19
B7. Anti-corruption	20
B8. Community Investment	21 – 22