



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



2021

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”, and with reference to the GRI Standards 2016. All information herein reflects the performance of China Hanking Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**” or “**We**”) in respect of environmental management, corporate social responsibility and corporate governance from 1 January 2021 to 31 December 2021, which is available for public use to enhance transparency and increase the confidence and understanding 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.

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 management and main personnel of 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 of the Company (the “**Board**”) for review. The financial data is derived from the 2021 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. Unless otherwise specified, the amount data in this report are all denominated in RMB.



Reporting Principles

This report is prepared in compliance with the following reporting principles:

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

“Quantitative”: This report extracts all data from relevant documents or data of the Group, and discloses relevant standards and methods used for the calculation of emissions and energy consumption data;

“Balance”: This report presents the ESG performance of the Group impartially, as far as reasonable and practicable, to ensure that readers can make reasonable and objective assessment;

“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 and no major changes have occurred.

Publication and Contact Method

This report has been prepared in the same manner as in prior years. 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. Our contact details are as follows:



2. About Hanking

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.

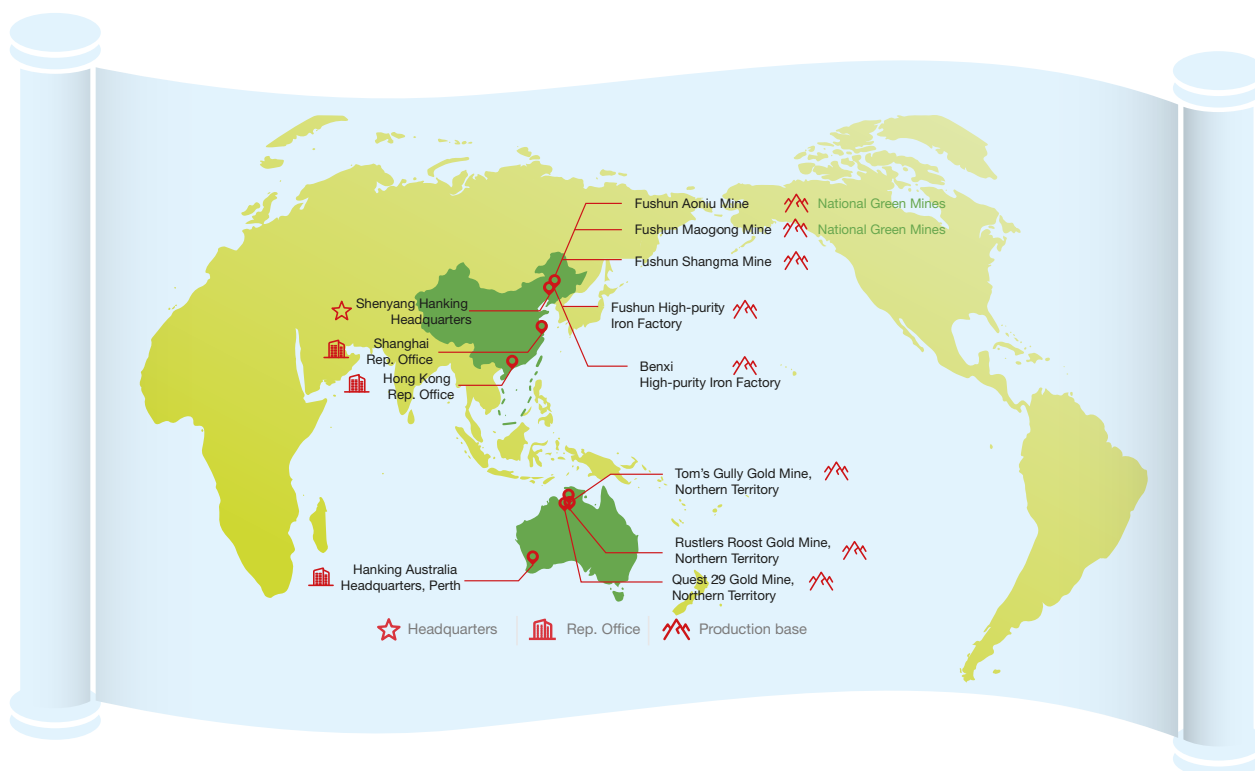
- **Iron Ore and High-Purity Iron Business in China**

Thanks to the advantages of its own high-quality iron ore resources and unique technical process, the average grade of iron ore concentrate 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 the subsidiary Hanking Australia in 2011, which is headquartered in Perth, the capital of Western Australia. Over the last 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.

Global Layout





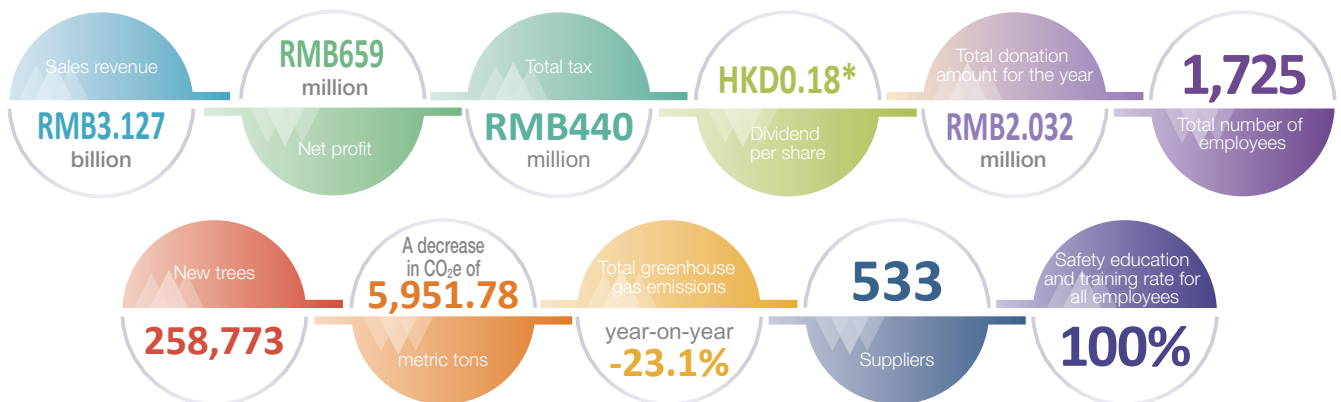
Enterprise Principles

Safety, Harmony and Green

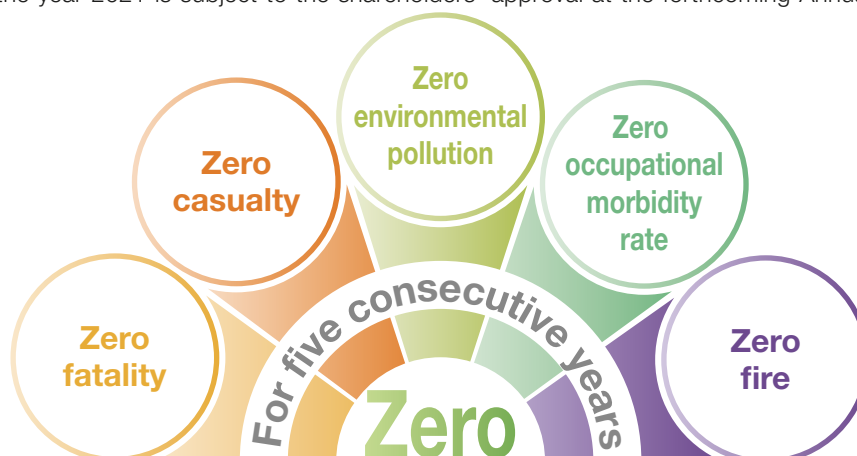
Core Value

People-First and Business Integrity

2021 Figure Overview



*Note: Include the interim dividend of HKD0.06 per share for the year 2021 (paid). The final dividend of HKD0.12 per share for the year 2021 is subject to the shareholders' approval at the forthcoming Annual General Meeting.





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 2021, the Company has fully complied with the 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 (former code provision A.2.1), and complied with most of the recommended best practices of the Corporate Governance Code.

3.1 Board Statement

The Board of the Company is fully responsible for the Group's risk management and internal control systems, including supervision of ESG related matters. 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**"). The HSEC Committee comprises three members with certain expertise in ESG, the primary function of which 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.

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. 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 2021, each business segment further improved the ESG Organization and formed a working organization with clear responsibilities and effective supervision. Based on the review results of the HSEC Committee, the Board confirms that the Group has fully complied with the "comply or explain" provision set out in the ESG Reporting Guide. The ESG measures taken by the Group are compliant and effective during the reporting period.



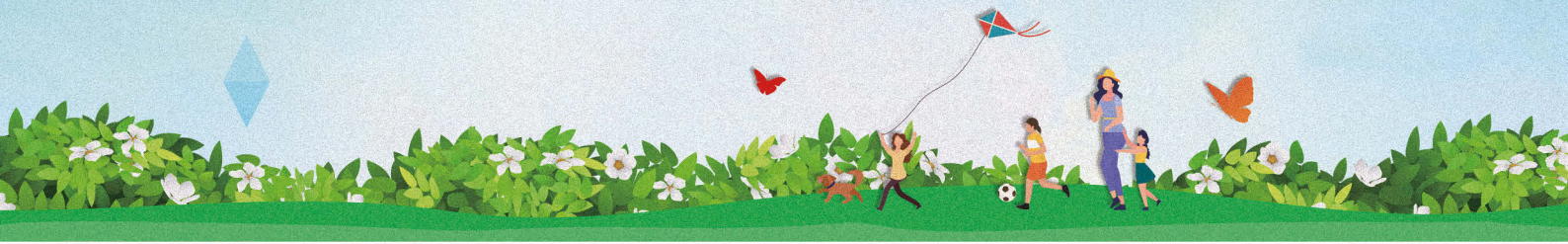


Chart for ESG Organization of the Group



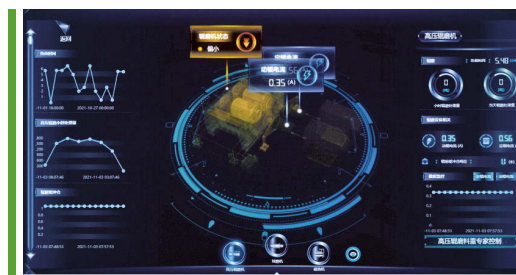
3. Corporate Governance

3.3 Scientific and Technological Innovation

Build Intelligent Mines

With the goal of creating “safe mines, green mines, intelligent mines and harmonious mines”, and relying on the platform of “integrated system of intelligent operation decision-making and control”, the Iron Ore Business has completed the construction of “digital workshop and intelligent management” in the past three years.

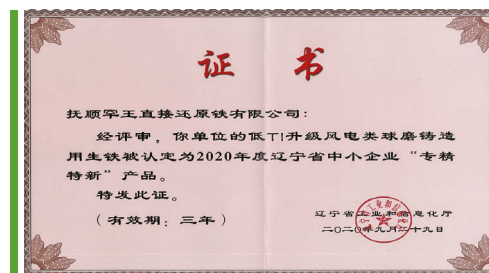
The overall solution of an intelligent mine consists of the industrial internet of things (whole process intelligent control system, personnel and vehicle positioning system, six underground safety systems, tailings ponds safety monitoring system), the intelligent operation management decision-making and control integration system, the enterprise resource planning (ERP) and the business intelligence (BI) system, which can realize horizontal and vertical deep integration and intelligence of the mine business. Through the implementation of the “decision-making and control system of mine intelligence production and operation management driven by industrial internet”, the production indicators and operating results of enterprises have been greatly improved. In the future, we will continue to accelerate the innovation and development of industrial Internet, and lead the mining industry to develop in the direction of high efficiency, green and intelligence.



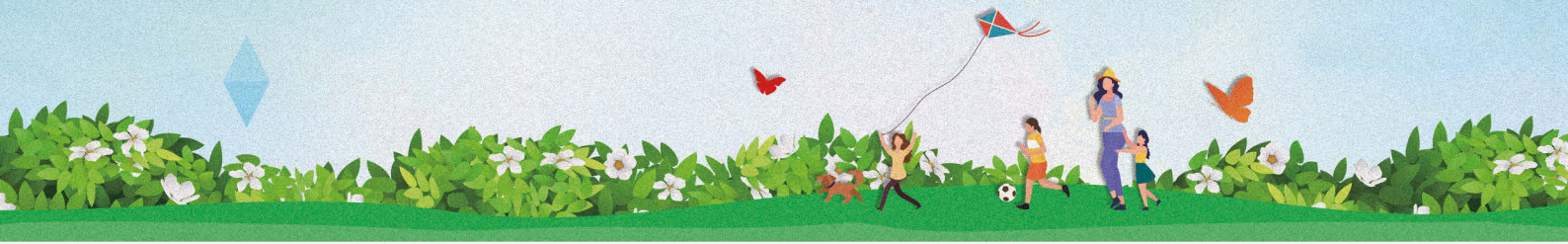
Create a Scientific and Technological Enterprise

We insist on innovation-driven development, reduce the Company’s comprehensive operating costs through continuous technological innovation, provide quality products, and share innovation results with customers.

The core subsidiary of the High-purity Iron Business obtained the national-level “High-tech Enterprise” status, and its product, low T1 upgraded wind power ductile casting iron, was recognized as a “specialized, sophisticated, special and new” product by Liaoning Provincial Industry and Informatization Department. Through the continuous innovation of ductile casting iron smelting technology, the Company can make customized production according to the technical parameters of downstream customers.



Through the technological innovation of iron ore processing technology, the core subsidiary of the Iron Ore Business has produced 71.5% of high-grade iron concentrates in 2021 for customers in the chemical industry. Through continuous technical transformation and management upgrading, it was awarded as “specialized, sophisticated, special and new” enterprise and “Liaoning Provincial-level Enterprise Technology Center” by Liaoning Provincial Industry and Informatization Department in 2018, as a national-level “High-tech Enterprise” in 2019, and as “Liaoning Iron Ore Resources Comprehensive Utilization Technology Innovation Center” in 2020.



In the innovation-driven development strategy, we actively promoted the construction of industrial workers in Liaoning Province and the construction of employee innovation studios, and the main achievements were as follows:

- 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
- The project of “Establishing Dry Drainage and Dehydration Process of Tailings to Reduce the Pressure of Tailings Reservoir” submitted by Shao Yan of Maogong branch, Aoniu Mining
Fushun Excellent Small Innovation Award



In terms of Gold Mine Business, through the innovation of gold mineral processing technology, the processing recovery rate of Rustlers Roost gold mine increased from 85% to 91%, which means that the operating cost per ounce of gold was reduced by about 4%, and the total gold output was increased by about 4%, thereby significantly improving the overall economic value of the project.



3. Corporate Governance




3.4 Sustainable Development Goals

Sustainable Development






We support the United Nations Sustainable Development Goals.





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. 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, adheres to the concept of high-quality, green and sustainable development, 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.

Target	Materiality Issues of the Company	Related Targets	Our Actions
	Labour Standards Community Participation	1.5 By 2030, enhance the disaster resilience of the poor and vulnerable groups, and reduce their probability and vulnerability to extreme weather events and other economic, social and environmental impacts and disasters.	Build wind power projects in remote areas of Tibet to help improve the quality of life of Tibetans. Create employment opportunities, give priority to local employees and improve local business vitality. Assist in the construction of infrastructure including transportation and education at the project site.
	Occupational Health and Safety Management Protection of the Environment and Natural Resources Emission Control and Management Tailings Management	3.9 By 2030, significantly reduce the number of deaths and patients caused by hazardous chemicals and air, water and soil pollution.	Pay attention to employees' occupational health and safety, and provide a good occupational environment and development platform. Protect the environment and natural resources, and build green mines. All the emissions were discharged in compliance with standards, and the generation and emission of wastes were reduced through technical measures and cyclic utilization.
	Community Participation	4.a Establish and improve educational facilities that take into account children, the disability and gender equality, and provide a safe, non-violent, inclusive and effective learning environment for all.	Hanking Deshan AIXin Fund (罕王德山爱心基金) injects RMB1 million every year to help education and public welfare undertakings for women and children.






Target	Materiality Issues of the Company	Related Targets	Our Actions
 <p>5 GENDER EQUALITY</p>	Diversity, Equity, and Inclusion	<p>5.1 Eliminate all forms of discrimination against women and girls globally.</p> <p>5.5 Ensure that women fully and effectively participate in the decision-making of political, economic and public life at all levels, and enjoy equal opportunities to enter the decision-making leadership at the above levels.</p>	Put an end to gender discrimination, implement equal pay for equal work for men and women, protect the legitimate rights and interests, benefits and promotion opportunities of female employees.
 <p>6 CLEAN WATER AND SANITATION</p>	Protection of the Environment and Natural Resources Emission Control and Management Water Resources Management	<p>6.3 By 2030, improve the water quality by reducing pollution, eliminating waste dumping, minimizing the discharge of hazardous chemicals and materials, halving the proportion of untreated wastewater, and substantially increasing global waste recycling and safe reuse.</p> <p>6.4 By 2030, all industries will greatly improve the efficiency of water use, and ensure the sustainable access and supply of fresh water to solve the water shortage problem and greatly reduce the number of people who are short of water.</p> <p>6.b Support and strengthen the participation of local communities in improving water and environmental sanitation management.</p>	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. Manage water resources, and improve water use efficiency. Target for water use: reduce the use of fresh water year by year.
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	Resource Management Energy Conservation and Emission Reduction	<p>7.2 By 2030, significantly increase the proportion of renewable energy in the global energy structure.</p> <p>7.3 By 2030, the global energy efficiency improvement rate will double.</p>	Gradually install solar panels in factory buildings, and replace production vehicles with electric vehicles; wind power and nuclear power are preferred when purchasing electric power. Provide high-quality raw materials for clean energy industry and facilitate sustainable development. Through optimization of production process, improve energy efficiency and recover the blast furnace gas.

3. Corporate Governance

Target	Materiality Issues of the Company	Related Targets	Our Actions
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Scientific and Technological Innovation Remuneration and Benefits Labour Standards Diversity, Equity, and Inclusion</p>	<p>8.2 Achieve a higher level of economic productivity through diversified operation, technological upgrading and innovation, including focusing on the development of high value-added and Labour-intensive industries.</p> <p>8.5 By 2030, all men and women, including young people and disabled people, will have full and productive employment, decent jobs and equal pay for equal work.</p> <p>8.7 Take immediate and effective measures to eradicate forced Labour, modern slavery and human trafficking, prohibit and eliminate the worst forms of child Labour, including the recruitment and use of child soldiers, and stop all forms of child Labour by 2025.</p> <p>8.8 Protect Labour rights, and promote the creation of a safe and secure working environment for all workers, including migrant workers, especially female migrants and people who have no stable jobs.</p>	<p>Through innovation of production technology, produce 71.5% of high-grade iron concentrates, so as to improve added-value of products.</p> <p>Strictly prohibit forced Labour and child Labour, uphold the principle of equal pay for equal work.</p> <p>Provide employees with a competitive salary and welfare system, and create a positive corporate culture and working atmosphere.</p>
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>Scientific and Technological Innovation Protection of the Environment and Natural Resources Community Participation Resource Management</p>	<p>9.4 By 2030, all countries will take actions according to their own capabilities, upgrade infrastructure, improve industries to enhance their sustainability, improve resource use efficiency, and adopt more clean and environmentally friendly technologies and industrial processes.</p>	<p>The Company continues to increase investment in technology development, research and innovation to keep the innovation vitality.</p> <p>Produce and sell clean energy raw materials that conform to the trend of sustainable development.</p> <p>Pay attention to the infrastructure construction of the communities where projects are located.</p>
 <p>10 REDUCED INEQUALITIES</p>	<p>Diversity, Equity, and Inclusion</p>	<p>10.3 Ensure equal opportunities and reduce inequality in outcomes, including abolishing discriminatory laws, policies and practices, and promoting appropriate legislation, policies and actions related to the above efforts.</p>	<p>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.</p>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Protection of the Environment and Natural Resource Supply Chain Management</p>	<p>12.2 By 2030, realize the sustainable management and efficient utilization of natural resources.</p> <p>12.4 By 2020, according to the agreed international framework, realize the environmentally sound management of chemicals and all wastes in the whole life cycle, substantially reduce the probability of their discharge into the atmosphere and leakage into water and soil, and minimize their negative impact on human health and the environment.</p> <p>12.5 By 2030, substantially reduce waste generation through prevention, emission reduction, recovery and reuse.</p>	<p>Utilize resources to the maximum extent by improving the resource utilization rate, recovery rate and recovery rate.</p> <p>Adhere to the development route of "circular economy and comprehensive utilization", recycle waste materials, save energy and reduce emissions, and reduce the impact of production activities on the environment.</p> <p>Build a responsible supply chain, and purchase raw materials that meet environmental standards.</p>



Target	Materiality Issues of the Company	Related Targets	Our Actions
 <p>13 CLIMATE ACTION</p>	Climate Change Response Emission Control and Management	13.1 Strengthen the capabilities of countries to resist and adapt to climate-related disasters and natural disasters.	Formulate an emergency management plan to reduce the losses caused by severe weather. Purchase high-quality fuel, reduce carbon footprint and greenhouse gas emissions, and plant trees.
 <p>15 LIFE ON LAND</p>	Protection of the Environment and Natural Resources	15.2 By 2020, promote sustainable management of all types of forests, stop deforestation, restore degraded forests, and significantly increase global afforestation and reforestation. 15.4 By 2030, protect the mountain ecosystem, including its biodiversity, so as to strengthen the capacity of the mountain ecosystem and enable it to bring benefits essential for sustainable development.	During the mining process, the Company minimized the impact on surroundings, actively carried out greening and reclamation, and built a friendly and modern ecological mine.
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	Corporate Governance Anti-corruption	16.5 Significantly reduce all forms of corruption and bribery. 16.6 Establish effective, responsible and transparent organizations at all levels.	Constantly improve corporate governance system, establish a special agency to handle complaints and reports and provide training on anti-corruption.

4. Stakeholders' Engagement

The Group aims to maintain open and effective communication with stakeholders. The Group's stakeholders include shareholders and investors, customers, suppliers, employees, peers, the communities, the governments and regulatory authorities. According to the operation principle of "self-actualization and repaying the society", 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. This report aims to convey to the stakeholders the Company's activities and performance in respect of ESG, and the intention to create the highest value for the stakeholders.

Communication with Key Stakeholders of the Company in 2021

Stakeholders	Key interests	Ways of engagement and communication
Shareholders and investors	<ul style="list-style-type: none"> Planning and development Operating conditions Financial position Ethics and integrity 	<ul style="list-style-type: none"> Annual and interim report Press release and announcement General meeting Roadshow and investor communication sessions On-site visits
Customers	<ul style="list-style-type: none"> Planning and development Service commitment Market information Product quality Legal compliance Ethics and integrity 	<ul style="list-style-type: none"> Regular follow-ups and visits Company's website and promotional materials
Suppliers	<ul style="list-style-type: none"> Planning and development Legal compliance Financial position Corporate governance and internal control Ethics and integrity Occupational health and safety 	<ul style="list-style-type: none"> Open tendering On-site visits Exhibitions and fairs
Employees	<ul style="list-style-type: none"> Remuneration and welfare Development and training Occupational health and safety Labour standards 	<ul style="list-style-type: none"> Internal communication channels Employee team building activities Training and learning activities Occupational health examination
Peers	<ul style="list-style-type: none"> Market information Planning and development Operating conditions Financial position 	<ul style="list-style-type: none"> Seminars Exchange visits Industry organization conferences



Communication with Key Stakeholders of the Company in 2021

Stakeholders	Key interests	Ways of engagement and communication
Communities	Community wellness Environmental responsibility	Charity and donation Volunteer services Community construction activities
Government and regulatory authorities	Legal compliance Corporate governance and internal control Planning and development Ethics and integrity Financial position	On-site visits and inspections Compliance conferences Application for licensing documents



4. Stakeholders' Engagement

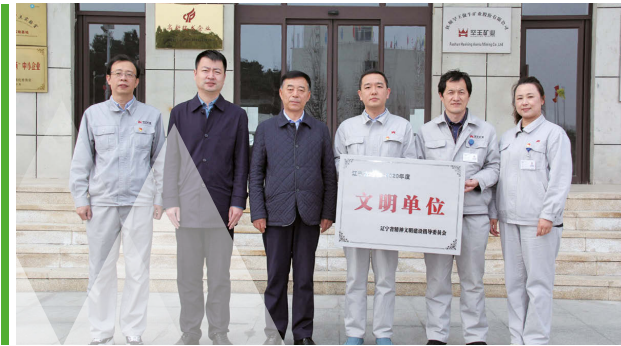
Communication with stakeholders



Liaoning Green Mine Exchange Conference, Liaoning Provincial Department of Natural Resources and other leaders and members of the exchange delegation visited Maogong Mine



Gao Jian, Mayor of Fushun City, listened to Li Mingyu, Technical Director of Hanking Mining, to introduce the development history of the industrial internet of Hanking Mining



Fushun Municipal Party Committee Propaganda Department and the Municipal Civilization Office awarded Maogong Mine the honorary title of "Civilized Unit" in Liaoning Province.



At the global industrial internet conference, technicians of Hanking Mining exchanged ideas on technology with their counterparts in the same industry



Teachers and students of Liaoning Petrochemical University went to Aoniu Mining for exchange and study



Police officers of Hou'an Town Police Station of Fushun County conducted special training on telecom fraud prevention for the employees of Aoniu Mine

5. Materiality Assessment

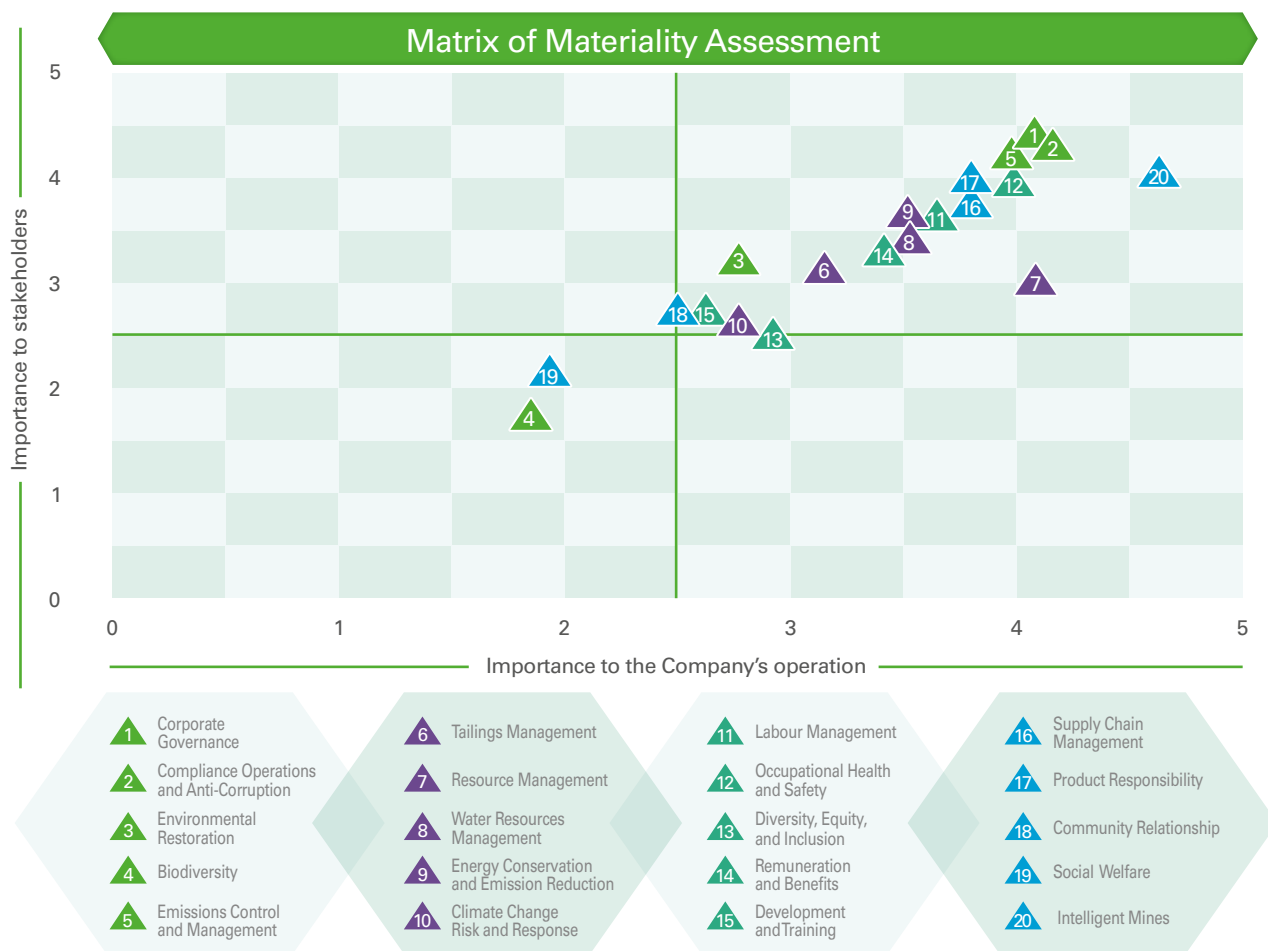
Materiality assessment is conducted through three processes: identification, prioritization and verification.

Identification

Taking into account of the materiality topics of Appendix 27 to the Listing Rules – ESG Reporting Guide and GRI Standards, the established major issues in the mining and manufacturing industries as well as the communication results of stakeholders, the Company has identified the 20 material issues and determined the scope and boundary of the impacts of such issues.

Prioritization

We prioritized the identified material issues with reference to their importance to the Company’s operations and their importance to stakeholders. These issues enable us to formulate risk management intervening measures at the operational level to ensure that we respond effectively to the expectations and demands of our stakeholders.



Verification

In respect of the identified materiality topics, 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.



6. Environmental Protection





6.1 Protection of Environment and Natural Resources (A3.1)

Green Mines

In the process of mine development, the Company aims at “**safe mines, green mines, intelligent mines and harmonious mines**”, always adheres to scientific and orderly mining methods, and controls the disturbance of ecological environment around the mining area within a controllable range, realizing the ecological environment, scientific mining methods, efficient resource utilization, digital management information and harmonious mining area and community. Aoniu Mine and Maogong Mine (two mines under production of the Company) were among the national-level green mines in 2012 and 2019, respectively.

Strengthening the ecological construction of mines through differentiated greening and reclamation

Following the concept of “harmonious coexistence between man and nature”, the Group minimized 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. (A3)



In the process of operation, we timely afforest and reclaim the damaged land in resource development areas such as mines, dump and tailings ponds, and build ecological functional areas to protect biodiversity, thereby building a friendly and modern ecological mine. With the office buildings of the mine area interlaced with the green belt, we planted trees such as hawthorn trees, apple trees, locust and sea buckthorn in production area, living area and hillside, to create a harmonious environment where the mining area is covered with the forests and gardens.



6. Environmental Protection

371.97 mu 



Forest land reclaimed

258,773



Plant trees

5,951.78 metric tons



Reduction in GHG emissions 

Intelligent Mining and Processing

Green mines not only involve the ecological construction, but also the realization of green mining and processing as important measures. As part of the intelligent mine system, the whole process intelligent control system covers two parts: underground mining and ground processing, realizing the whole process control of magnetite mining and processing, as well as the one-button start-stop and intelligent collaborative control of the whole process at the process level, reducing the operation and intervention of field operators on the production process and ensuring the smooth operation of the production process. In 2021, the extraction rate was over 93.64%. Through the innovation of iron ore processing technology, iron concentrate with a grade of 69% was first produced by us in China, and iron concentrate with a grade of 71.5% was further produced in 2021. For details, please refer to "Improvement of the extraction rate and recovery rate" on page 30.

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. 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 2021, the disposal volume of tailings for filling was 109,000 cubic meters.



Environmental Monitoring, Management, Investigation, Evaluation and Reporting

Each business segment of the Group employs qualified 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. A subsidiary of the High-purity Iron Business obtained the environmental management system certification of China Quality Certification Centre. In 2021, the Iron Ore Business completed the preparation and approval of the Environmental Impact Report of Maogong Tailings Dry Discharge Workshop Phase II.

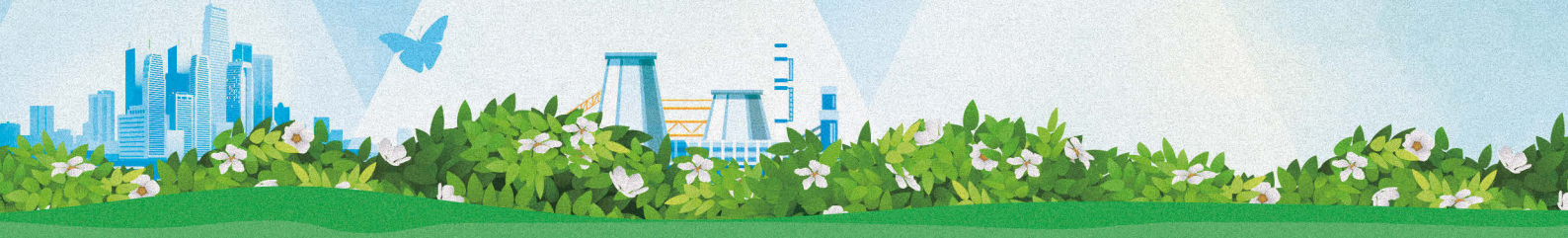


In terms of the Gold Mine Business, the environmental impact assessment report of the Rustlers Roost and Quest 29 open-pit mining project in Australia was formally submitted to Northern Territory Environmental Protection Bureau in November 2021, and the examination and approval of environmental impact assessment have entered the stage of project publicity and final approval.

- 1 For this project, there were three 45-day government publicity and community opinion collection activities, which gave detailed answers to the questions raised by various departments and related parties, and research reports are provided.
- 2 The environmental impact assessment report covers in detail the impact of the project on the environment, ecology and community from development and commissioning to final pit closure and reclamation. The report includes community participation plan, operation and risk control, rock analysis, risk management of tailings pond, traffic control plan of mining area, groundwater model analysis, report on the impact of mine on plant microorganism and ecology, flood control, report on water source and ecological impact, acid and metal management from waste stones, mine reclamation plan, etc.
- 3 With the approval of the drainage permit of the Rustlers Roost mine, the drainage pipes and water pump equipment have been installed. The mine drainage project started in early 2022.



- 4 Complete the research report of Tom's Gully's water source ecology, and collected a large number of water source and ecological environment data to evaluate the impact of the mine and minerals on the environment and maintain the green ecology.



6. Environmental Protection

6.2 Emissions Control and Management

In 2021, the Group's three industrial wastes (waste gas, waste water and solid wastes) have met the discharge standard.

The main emissions of the subsidiaries of the Group strictly complied with the environmental protection standards stipulated by laws, regulations and industry standards. We controlled the emissions through tail gas treatment measures. We regard the reduction and standard discharge as one of the important tasks for enterprises to fulfill their environmental protection responsibilities, and reduce the generation and emission of waste through technical measures, recycling and other methods. **(A1)**

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》)



Management and Analysis of Emissions (A1.1/A1.3/A1.4/A1.5/A1.6)

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	442,219.18	All waste stones generated in mining are used for backfilling, reclamation and road repair.
	Processing	Tailing sand	Non-hazardous waste	1,675,886.81	373,800 cubic meters of tailings sand from Maogong Mine were used for building sand and back filling open pit; 109,000 cubic meters of tailings sand from Aoni Mine were used for underground goaf filling.
		Waste water	Non-hazardous waste	0	Except water for mining use, all the mine water will be pumped to the processing plant for use. All tailings backwater is pumped to the processing plant for use in a recycling manner.
		Waste oil	Hazardous waste	13.6	We have signed a transshipment contract with a qualified waste oil recovery unit, which will be recycled by the waste oil treatment unit for comprehensive utilization after being approved by the competent authorities.
High-purity Iron Business	Production Workshop	Desulfurized gypsum	Non-hazardous waste	1,938.16	Raw materials with lower sulfur content can be exported as our by-products.
		Waste resin	Hazardous waste	3	Improve the quality of the reducing agent, recycling.
		Industrial waste water	Non-hazardous waste	0	Closed-circuit circulation with zero emission.
		Blast furnace gas	Non-hazardous waste	104,999.41 (10,000 Nm ³)	The by-product generated during blast furnace smelting process is transported to sintering machine, boiler and shaft furnace, through pipelines and used as fuel in the above production links.

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

6. Environmental Protection

Gas Pollutant Management Performance

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 Company 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. At present, all gas pollutants meet the discharge standards.

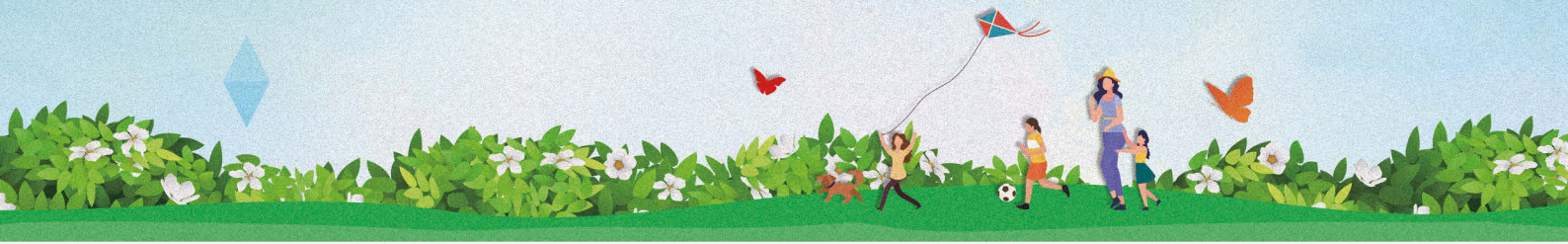
Pollutant factors	Iron Ore Business		High-purity Iron Business		
	Discharge amount (ton)	Discharge Per Metric Ton of Iron Ore Concentrate (10 ⁻⁴ ton/ton)	Discharge amount (ton)	Discharge Per Metric Ton of High-purity Iron (10 ⁻⁴ ton/ton)	Concentration of emission
Nitrogen oxides	22.00	0.21	124.30	2.13	< 300mg/m ³
Sulphur dioxide	2.91	0.03	41.07	0.70	< 180mg/m ³
Particulate matter	432.97	4.12	169.68	2.91	< 40mg/m ³

The emission of gas pollutants in the production process of the High-purity Iron Business is divided into unorganized emission and organized emission. “Organized emission” refers to the summary of key energy consumption on a daily, monthly and annual basis through the online monitoring of energy consumption by the State Bureau of Environmental Protection, so as to meet the first-class energy monitoring access requirements. “Unorganized emission” refers to formation of a monitoring report through third-party monitoring and evaluation.

The main sources of gas pollutants of the Iron Ore Business are general dust (particulate matter), nitrogen oxides and sulfur dioxide in mining sites, dust remover exhaust pipes and boiler exhaust pipes. 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).

Analysis of Greenhouse Gas (GHG) Emissions Arising from Energy Consumption

The direct GHG emissions of the Group are mainly caused by fossil fuel consumed for production, transportation and office operation, including diesel, gasoline, coal, anthracitic coal, coke powder, coke, natural gas and blast furnace gas. Indirect GHG emissions are caused by power consumed during the production process of enterprises. Other indirect GHG emissions are mainly from the emission sources of business air travel by our employees.



GHG emissions (A1.2)

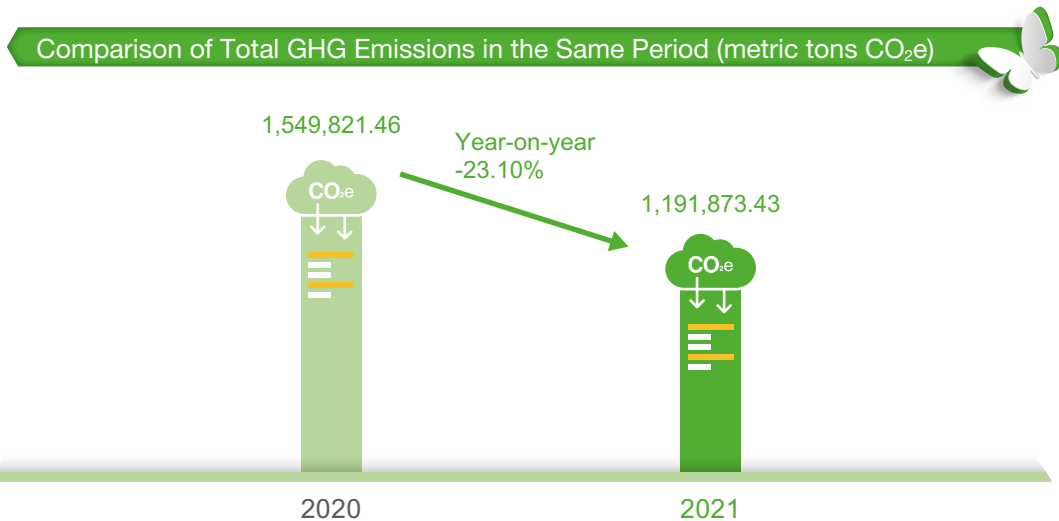
Category	Iron Ore Business	High-purity Iron Business	Gold Mine Business	Headquarter in China
Scope 1	-3,067.74 ^{Note}	967,640.07	-	70.36
Scope 2	60,163.06	166,904.68	16.57	80.28
Scope 3	10.05	5.96	20.55	29.59
Subtotal	57,105.37	1,134,550.71	37.12	180.23
Total emission	1,191,873.43			

Note: The Iron Ore Business planted 258,773 new trees in 2021, which reduced GHG emissions by 5,951.78 metric tons CO₂e 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)).

Scope 2: Refers to the indirect GHG emissions. The emissions of the Group 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.



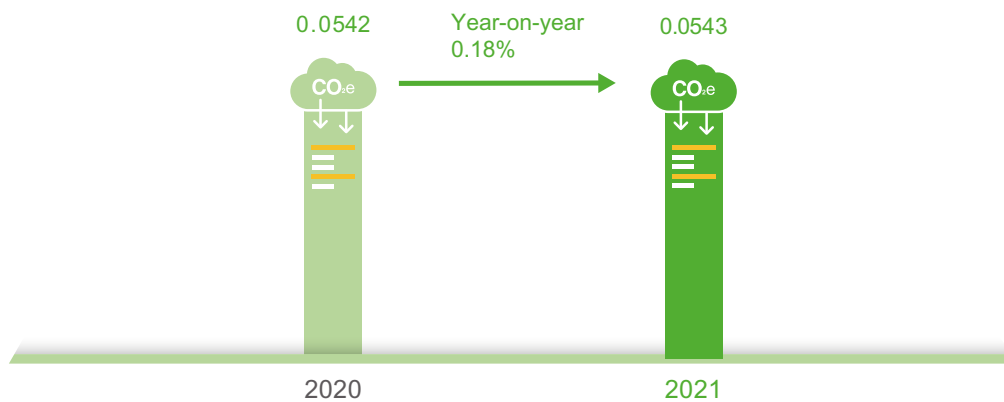
6. Environmental Protection

In 2021, the pandemic has had a great impact on the operation of global enterprises, and automation and digitalization of business processes have become the trend. In order to reduce GHG emissions and conduct pandemic prevention and control, the Group encouraged to substitute business travel with conference call to reduce business travels and mass crowd, which will reduce GHG emissions caused by air travelling.

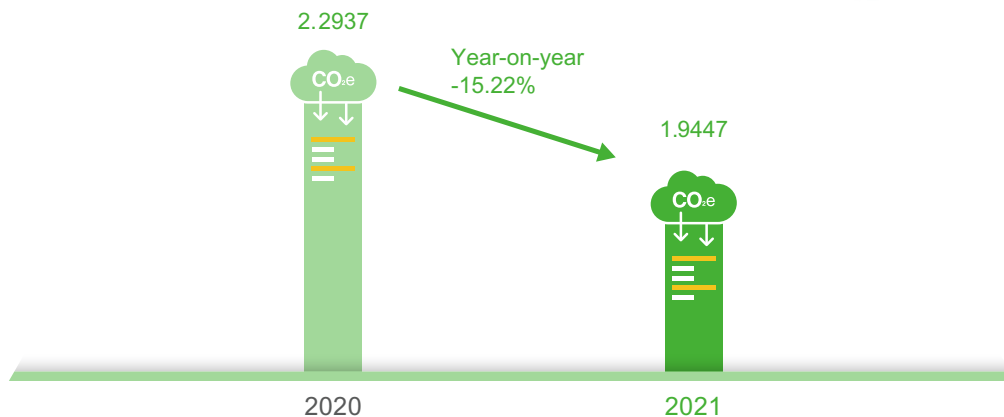
In 2021, the GHG emission per ton of the High-purity Iron Business was 1.9447 metric tons of CO₂ equivalent, representing a year-on-year decrease of 0.3490 tons CO₂ equivalent or 15.22%. In 2021, the blast furnace condition of the High-purity Iron Business was good, the quality of coke was improved, the range of stable and smooth blast furnace was also greatly guaranteed, the pig iron yield was improved, and then the fuel ratio per ton of high-purity iron was reduced. Specifically, the consumption of coke per ton was reduced by 0.11 tons, corresponding to the reduction of GHG emissions per ton by 0.3159 metric tons of CO₂ equivalent; the consumption of coal per ton was reduced by 0.03 tons, corresponding to the reduction of GHG emissions by 0.0597 metric tons of CO₂ equivalent.

The GHG emissions per ton of the Iron Ore Business was basically the same as in 2020.

Comparison of GHG Emissions Per Ton of Iron Ore Concentrates in the Same Period (metric tons CO₂e)



Comparison of GHG Emissions Per Ton of High-purity Iron in the Same Period (metric tons CO₂e)





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.

Safety Monitoring System of Tailing Ponds

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.

Maogong Mine Tailing Dry Discharge Phase II Project

In 2021, the Maogong Mine Tailing Dry Discharge Phase II Project was completed. In the Phase II Project, we concentrated the tailings with a thickener and then classified the tailings with a disc vacuum filter for the second time. The classified dry sand was used for underground backfilling and mine environment restoration, which reduced the amount of tailings in storage. Aoniu Mine uses tailings to fill underground mined-out areas, and the tailings treatment capacity in 2021 was 109,000 cubic meters.

Dust prevention and removal measures: For dust, we take technical measures such as dust control, dust collection and dust reduction.

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. In 2021, we transformed the 50-square-meter electrostatic precipitator of shaft furnace into bag-type precipitator, and carried out environmental control on unorganized dust discharge such as pellet discharge port in the factory area. We reformed the dust removal of blast furnace trough, increasing the filtering area from 3,500 square meters to 5,788 square meters, and the dust collection effect was better.

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 grinding workshops and processing plant, 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.

Noise reduction measures: Noise absorption, insulation and control technologies are adopted to ensure the noises in the plants meet the requirements set forth in "Emission Standard for Industrial Enterprises Noise at Boundary" (GB12348-2008). Large-scale noise-making equipment produces noises at intervals to reduce noise emission, and individual personnel use special Labour protection equipment.

Reduction of off-gas emissions: 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 the High-purity Iron Business, the waste gas from hot blast furnace is recycled and used for the heating of the pulverized coal equipment.

Treatment of domestic waste: In response to national policies, the Company promotes waste sorting. The domestic waste is stored in a centralized and classified manner and non-perishable domestic waste is moved to the refuse depot for disposition. The domestic sewage is discharged into the impermeable septic tanks in plants, used as farm manure for crops.

6. Environmental Protection

6.3 Use of Resources

For mining companies, mineral resources are their foundation to survive and thrive. To achieve the sustainable use of natural resources, with its commitment to sustainability, the Group values and encourages thrifty and efficient use of resources, while preventing waste of resources by enhancing its effort in recycling. **(A2/A3)**

Mineral Resources

As the Group's mining activities will consume a large amount of mineral resources, the Group will maximize the use of resources by improving the utilization rate, extraction rate and recovery rate of resources. At the same time, it will continuously discover new mineral resources through exploration activities and increase the reserves of mineral resources.

As of 31 December 2021, the Group's iron ore resources amounted to about 96,190 thousand metric tons with an average TFe grade of 33.02%, and the JORC Code-compliant iron ore reserves amounted to about 23,540 thousand metric tons with an average TFe grade of 32.17%. For the Gold Mine Business, there were about 3.006 million ounces of JORC Code-compliant gold resources with an average grade of 0.9 gram per metric ton, and about 1.405 million ounces of gold reserves with an average grade of 1.0 gram per metric ton.

Use of other key resources

Besides mineral resources, other key resources used by the Group include water, electricity, gasoline, diesel, coal, coke, coke powder, and blast furnace gas. Use of each of these resources and measures for more efficient use of them are summarized below.

Energy and Water Consumption (A2.1/A2.2):

	Total annual consumption by Iron Ore Business	Total annual consumption by High-purity Iron Business	Total annual consumption by Gold Mine Business	Total annual consumption by the Headquarters	Total
Gasoline (liters)	45,458.33	71,353.00	/	26,453.15	143,264.48
Diesel (liters)	1,055,984.00	858,365.00	/	/	1,914,349.00
Coal (metric tons)	/	56,100.33	/	/	56,100.33
Coke (metric tons)	/	262,623.18	/	/	262,623.18
Coke powder (metric tons)	/	25,869.91	/	/	25,869.91
Power consumption (kW•h)	52,926,462.00	146,828,880.00	14,580.00	70,623.22	199,840,545.22
Blast furnace gas (10,000 Nm ³)	/	104,999.41	/	/	104,999.41
Surface water (metric tons)	683,206.00	/	/	/	683,206.00
Underground water (metric tons)	/	758,980.00	/	/	758,980.00



In 2021, the annual output of iron ore concentrates of the Iron Ore Business was 1,052,000 metric tons. The High-purity Iron Business had a high-purity iron output of 583,000 metric tons.

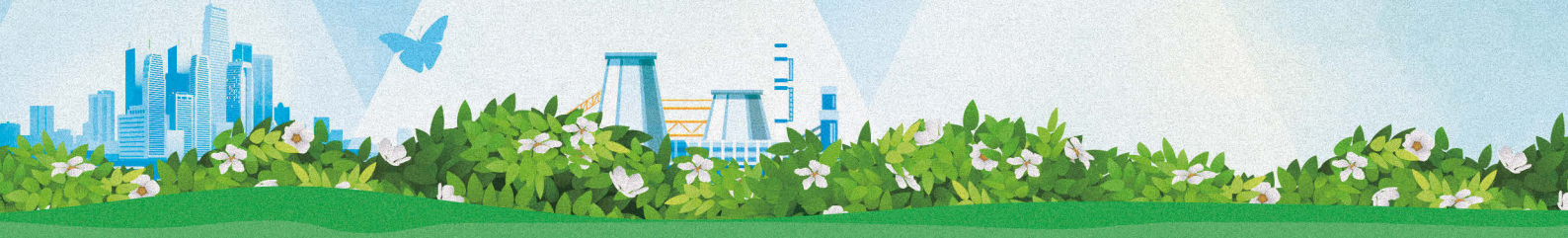
The unit energy consumption and water consumption are as follows (A2.1/A2.2):

	Consumption per metric ton of iron ore concentrates by Iron Ore Business	Consumption per metric ton of high-purity iron by High-purity Iron Business
Gasoline (liters)	0.04	0.12
Diesel (liters)	1.00	1.47
Coal (metric tons)	/	0.10
Coke (metric tons)	/	0.45
Coke powder (metric tons)	/	0.04
Power consumption (kW•h)	50.33	251.68
Blast furnace gas (10,000 Nm ³)	/	0.18
Water (metric tons)	0.65	1.30

Energy Saving, Emission Reduction and Effective Use of Resources (A2.3)

For the High-purity Iron Business, we established an energy management center to decompose, evaluate, reward and punish the energy-saving target of enterprise. We actively adopted energy-saving technology, arranged and organized the production arrangements of various types of pig iron according to the Company's requirements, and constantly adjusted the operating parameters to meet the demand of high production and consumption reduction. The online monitoring enterprise terminal of energy consumption of key energy units has been put into use, and the consumption of key energy units is summarized and reported on a daily, monthly and annual basis, thus meeting the requirements of the first-class energy monitoring access. We analyze the power consumption of the whole plant, make full use of peak-valley average electricity metering to arrange intermittent start-up equipment to run off peak, count the power saving situation of the whole plant, and make a power saving analysis report. After the energy-saving transformation of reactive power compensation in high-voltage distribution system, the power factor is controlled at 0.97-0.98.

For the Iron Ore Business, we achieved the goal of saving energy and reducing consumption by recycling and improving resource utilization rate. We improved the utilization efficiency of mine solid wastes, tailings resources and wastewater (see chapter on green mines for details), and reduced the water consumption per ton of iron ore concentrate by means of technical transformation.



6. Environmental Protection

Improvement of the Extraction Rate and Recovery Rate (A1.5/A2.3)

The Group strives to improve the recovery rate and the extraction rate of useful metal contained in the ores to enhance the efficiency of our resources, while offsetting such consumption by increasing its mineral reserve. The Iron Ore Business minimizes the mining loss rate and dilution rate and maximizes the processing recovery rate by optimizing its mining methods and processing techniques, strengthening on-site operational management and establishing strict technical standards for mining and processing in light of the actual conditions of each mine. The underground mining adopts high layered medium and deep hole blasting mining method, which reduces the explosive consumption and cutting engineering amount, and improves the extraction rate and minimizes the loss dilution rate.

The extraction rate and recovery rate of the Iron Ore Business are as follows:

Mine	Extraction rate	Recovery rate
Maogong Mine	Underground mining: 93.64%	Metal recovery rate of raw ore: 88.53% Magnetic iron recovery rate of raw ore: 98.23%
Aoniu Mine	Underground mining: 97.38%	Metal recovery rate of raw ore: 83.42% Magnetic iron recovery rate of raw ore: 98.30%

Circular Economy and Comprehensive Utilization (A2.3)

The Group adheres to the development route of “circular economy and comprehensive utilization” and is committed to improving the utilization rate of resources through recycling and technological upgrading, realizing energy conservation and emission reduction, and reducing the impact of production activities on the environment. Meanwhile, the Group encourages the recycling of waste and used materials, with an aim to reduce waste of resources and recycle waste.





Comprehensive Utilization of Solid Wastes-Backfilling, Construction Sand and Selling as By-products

For the Iron Ore Business, all the waste stones produced by mining are used for backfilling, reclamation and road repair, and the tailings can be used as building sand, backfilling open pit and underground goaf filling.

Desulfurized gypsum from the High-purity Iron Business can be sold to available units as by-products.



Recycling of Liquid Wastes-Recycling of Industrial Wastewater with Zero Discharge

For the Iron Ore Business, we use the high-level pool to pump all the underground gushing water (except mining water) to the processing plant as production water, and all the backwater from tailing ponds is pumped to the processing plant for recycling.

For the High-purity Iron Business, we use sewage treatment equipment to recycle industrial wastewater.



Recycling of Gaseous Wastes-Utilization as Fuel and Residual Heat

Blast furnace gas produced in the process of blast furnace smelting is a by-product, which is transported to sintering machine, shaft furnace, boiler and hot blast stove through pipelines and used as fuel in the above production links. In 2021, the blast furnace gas produced by the High-purity Iron Business was 1,049,994,100 Nm³ °

Hot-blast stove waste gas recycling residual heat can heat pulverized coal equipment.



6. Environmental Protection

Use of water (A2.4)

The water use target of the Group is to reduce the use of fresh water year by year.

For the Iron Ore Business, underground mine water and backwater of tailings pond are the main sources of water for production; technical transformations and other measures are carried out to continuously reduce the water consumption per ton of iron ore concentrate.

After the installation of LPH intelligent energy-saving equipment, the High-purity Iron Business 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.

In the pre-feasibility study of the Gold Mine Business, the designed water consumption of the processing plant is 4.8GL per year, of which 2.22GL is the recycled and reused water source in the tailing pond.

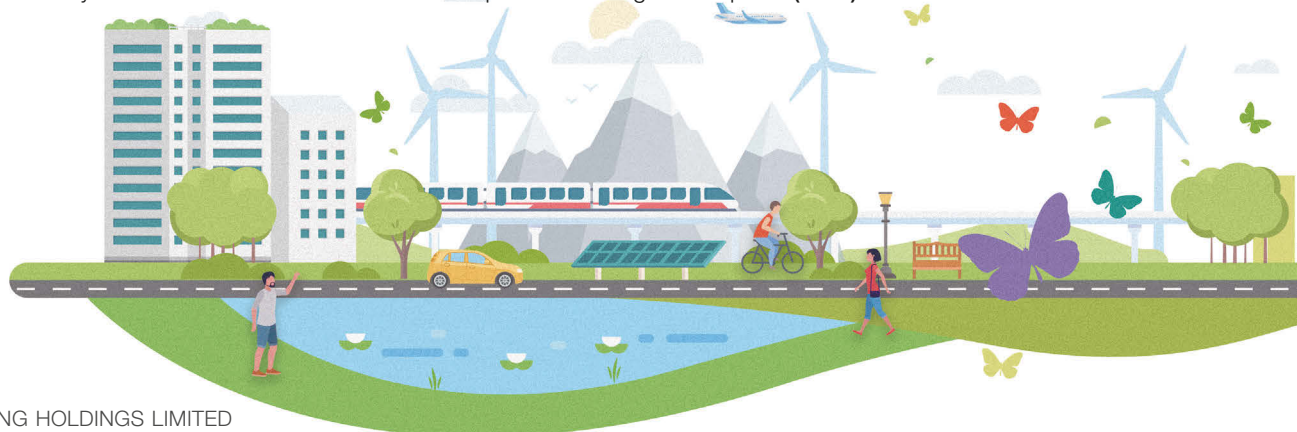
There were no difficulties in obtaining water for each business segment of the Group, office and domestic use.

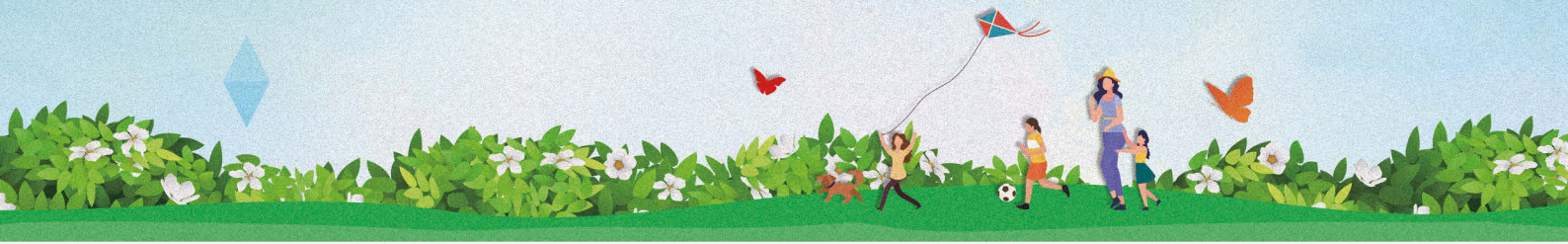
6.4 Addressing Climate Change

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. In order to effectively respond to the extreme climate, the Company has formulated emergency management plans to mitigate the possible losses to the Company during the catastrophic weather. To cope with the risk of business change caused by climate change, the Company has changed from a bulk resource manufacturer to a new energy material supplier. (A4)

Emergency plan for environmental accidents

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. In 2021, the Iron Ore Business and the High-purity Iron Business carried out a total of 75 emergency drills, including special drills for coal gas poisoning rescue, fire fighting drills and emergency drills for significant environmental accidents, through which the rescue capability of special types of protective gas stations and the workers' ability to respond to emergencies can be improved, with an aim to prevent any environmental accidents and the expansion of negative impact. (A4.1)





High-quality Raw Material Supplier for Clean Energy

In order to seize the opportunities brought by the development of new energy industry, the Company acquired the High-purity Iron Business from its controlling shareholder in 2019, and acquired a smelting plant from a third party in 2020. So far, the Company's production capacity of high-purity iron has reached 930,000 tons. The addition of high-purity iron business has changed the Company's revenue structure. In 2021, the Company's revenue from high-purity iron accounted for 79.64% of its total revenue, marking the Company's transformation from a bulk resource manufacturer to a new energy material supplier. Thanks to the high-quality iron ore resources and unique technological advantages, the average grade of iron ore concentrate produced by the Iron Ore Business is over 68%, and the content of sulfur and phosphorus impurities is low. Combined with the technical advantages accumulated for many years, the high-purity iron products smelted by Hanking enjoy strong corrosion resistance, low titanium content and high tensile strength, which are very suitable for the casting requirements of major equipment such as wind power and ocean engineering. In 2021, the Company sold about 520,000 tons of ductile casting iron for wind power, making it the largest supplier of ductile casting iron for wind power in the Chinese market. In the future, the Company will pay attention to other materials required by the new energy industry including wind power, and make layouts around the new energy industry to constantly expand the Company's development space.



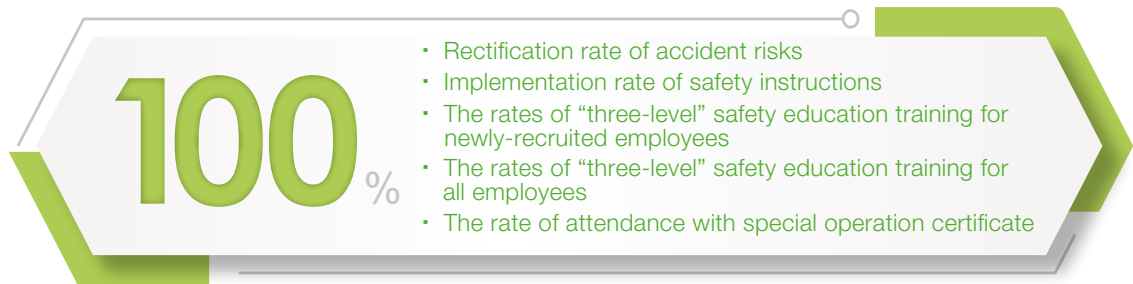
7. Employment and Labour Practices





7.1 Health and safety

In 2021, 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 five years. The injury rate per thousand persons is 1.68‰ in the Iron Ore Business. The injury rate per thousand persons is 0.96‰ in High-purity Iron Business. **(B2.1)**



Breakdown of accidents incurred by the Group in 2021 (B2.2)			
Production safety indicator	Accident	Description	Lost working days
Environment pollution accident	0		
Fire accident	0		
Minor injury	2	One driver slipped while filling water. One worker slipped while cleaning in a workshop.	150
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.

7. Employment and Labour Practices



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 fund investment, technology upgrading and implementation of supervision and appraisals, the Group spared no efforts to enhance safety awareness, so as to ensure health and safety production. **(B2)**



Improve Safety Management System



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 7 of this report for details.

Health and Safety Precautions (B2, B2.3)

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 2021, the Group has organized all employees to undergo health checkups, and arranged 1,256 employees to accept checkups for occupational diseases.

In 2021, 1,606 employees have received safety education (internal training), and 108 safety managers and 170 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.

As for the Iron Ore Business, the Group has established and improved the enterprise safety management system, 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.

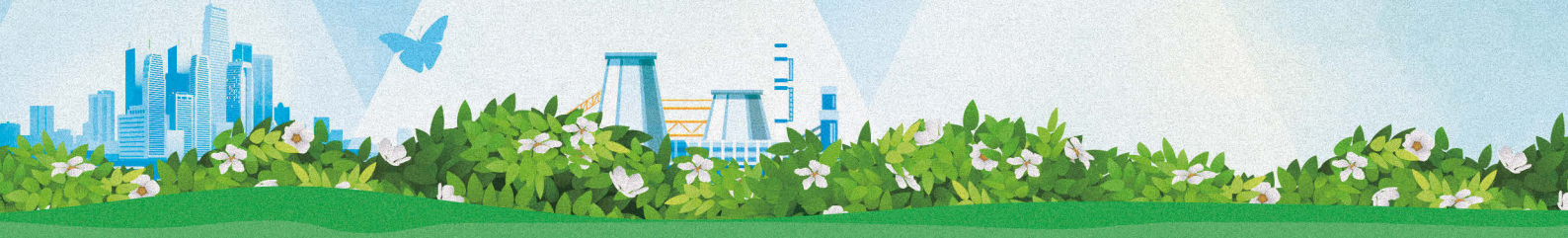


The following measures shall be taken for the occupational health and safety in the High-purity Iron Business:

Distribute Labour protection articles that meet the national standards on a monthly basis, according to the personnel in key places proposed in the occupational hazard detection report; adopt cubicles, dust removal facilities and other ways to reduce the exposure of occupational hazards in some places with occupational hazard factors; work at intervals according to the operating rules in unavoidable places, so as to avoid the occupational health of workers from being harmed to the greatest extent. For the existing gas risks, site facilities include carbon monoxide alarm, automatic gas cut-off device, gas brake drainage device and forced ventilation device; for mechanical risks, multi-point stoppers, overpressure safety valves and other facilities are adopted to ensure safety. A comprehensive safety check is conducted once a week to eliminate potential safety hazards in production. Complete the evaluation of occupational health status, distribute Labour protection articles on time according to law, and regularly check the wearing.

Under the leadership of the president, the Gold Mine Business carries out safety supervision and assessment to ensure safe operation. In 2021, all its field drilling construction projects achieved zero accidents.

- 1 Gold Mine Business selected exploration contractors with sound safety practices and good safety records.
- 2 Gold Mine Business conducted pre-job safety training for construction personnel through part-time safety officers within the company, and conducted safety inspection on all equipments.
- 3 During the implementation of the drilling project, Gold Mine Business prevented construction personnel from taking up their posts with fatigue and illness, promptly investigated potential safety hazards, and had zero tolerance for irregular and dangerous operations.



7. Employment and Labour Practices



Strengthen Assessment



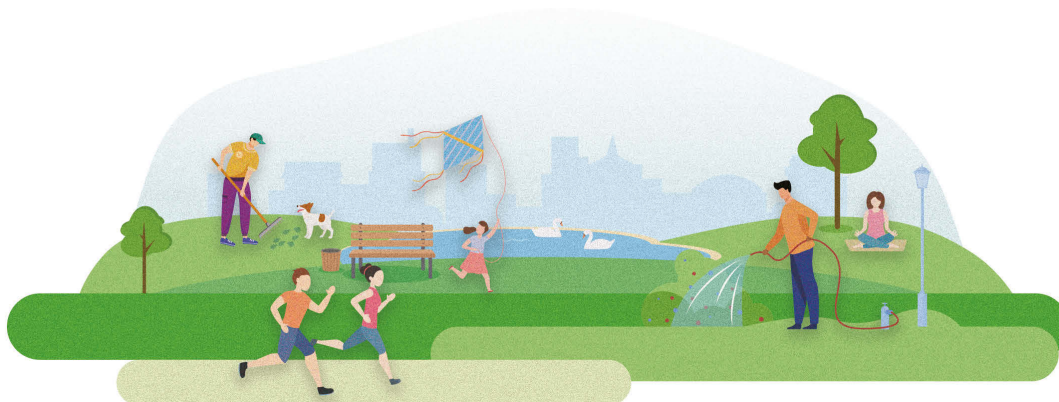
Maintain regular and irregular inspections and assessments, including quarterly inspection, monthly inspection, weekly inspection, daily inspection, spot check, and mutual check, so as to discover potential safety hazards in a timely manner and make effective rectification. Focus on monitoring key hazard 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.

In 2021,

the Group conducted **358** safety inspections in total.



According to the requirements of "full coverage, zero tolerance, strict law enforcement and practical results", in June 2021, Aoni Mine R&D Quality Inspection Center carried out self-examination and self-correction activities for potential safety hazards, and carried out self-inspection and self-examination work for all Laboratories in the department, including the inspection of liquid medicine and drug warehouses, the inspection of safe production conditions and safety measures, etc., and immediately contacted the places with potential safety hazards for rectification and confirmation, so as to ensure safety in production.





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, so as to continuously improve the safety management level of the Group.

In 2021, the Group invested approximately

RMB **43.5051** million in security

measures cost in total and conducted **99** special equipment inspections.



Safety Production Month themed activities

In June 2021, the 20th “Safe Production Month” in China arrived as scheduled. The Iron Ore Business and the High-purity Iron Business respectively organized all employees to actively participate in the “Safety Production Month” activity, and created a safe production atmosphere by organizing various activities such as training, employee skills and knowledge competition, and raised the safety awareness of all employees.



The High-purity Iron Business used banners, billboards, electronic screens and other forms to publicize safety production knowledge. The High-purity Iron Business actively carried out safety month education and special inspection, and rectified problems immediately. The High-purity Iron Business conducted an emergency rescue exercise on 30 June, and sorted out and summarized the photos and videos on the spot and submitted them to the Shenfu New District Emergency Bureau (沈撫新區應急局) for record.



In order to further strengthen the work of safety production education for employees, in June 2021, Maogong Mine Trade Union held the second “Ankang Cup” safety knowledge contest in the mining workshop based on the actual situation. More front-line employees participate in the activity, which improved the risk prevention awareness and safe operation ability of all employees.

7. Employment and Labour Practices

7.2 Labour Standards

The Group follows the relevant provisions in the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China and other employment regulations of each place where the Group operates to safeguard the labour interest. **(B4)**

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. **(B4.1)**

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. **(B4.2)**

7.3 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 2021, the Group has a total of 1,725 employees, all of whom are full-time employees. **(B1)**

Anti-discrimination

The Group adheres to the talent philosophy of "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. **(B1)**

Diversity

With the diversified development of our business, the Group employs diversified talents and provides a broad development platform for employees. **(B1)**

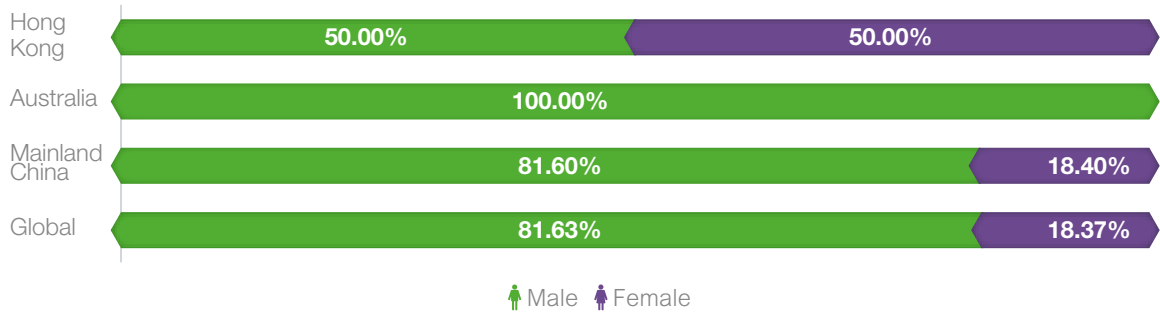
Distribution of our employees by nationality or region **(B1.1/B1.2)**

Nationality or region of employees	Number of employees	Loss of employees	Turnover rate
Mainland China	1,717	201	11.22%
Hong Kong, China	2	0	0.00%
Australia	6	0	0.00%
Total	1,725	201	11.22%

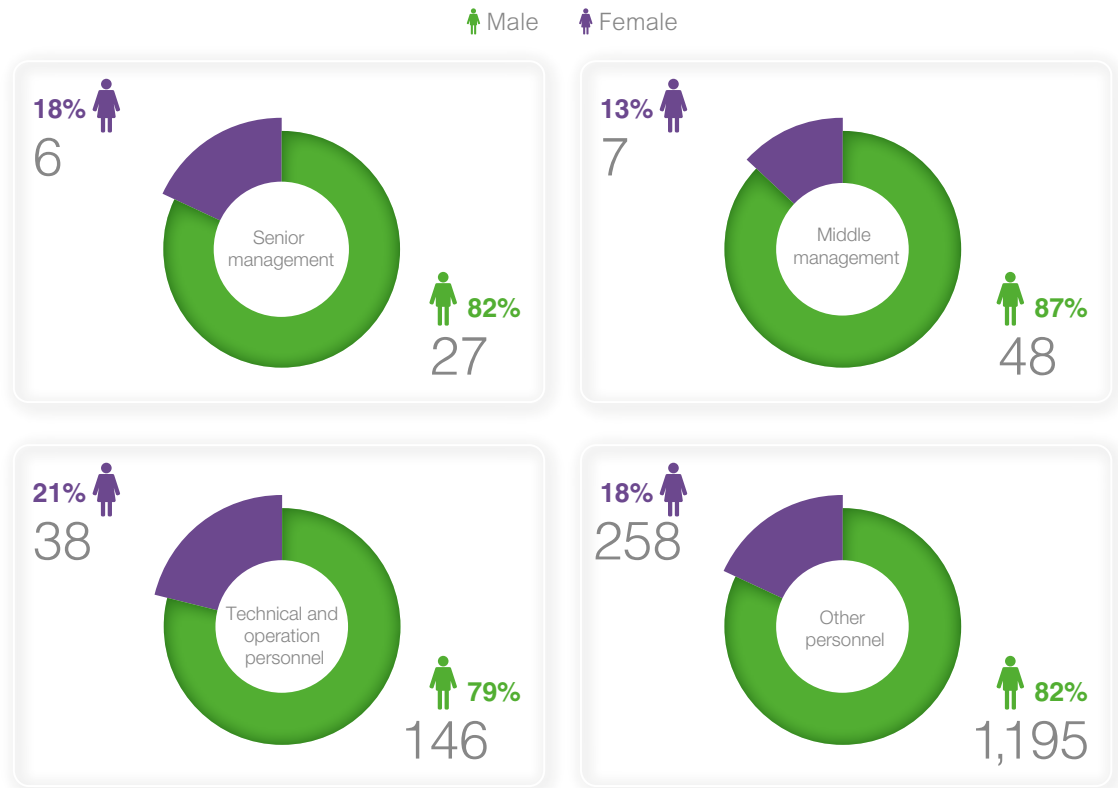
Note: turnover rate = loss of employees (i.e. the number of full-time employees voluntarily resigned)/annual average workforce of the Company (1,791)



The percentage of employees by gender

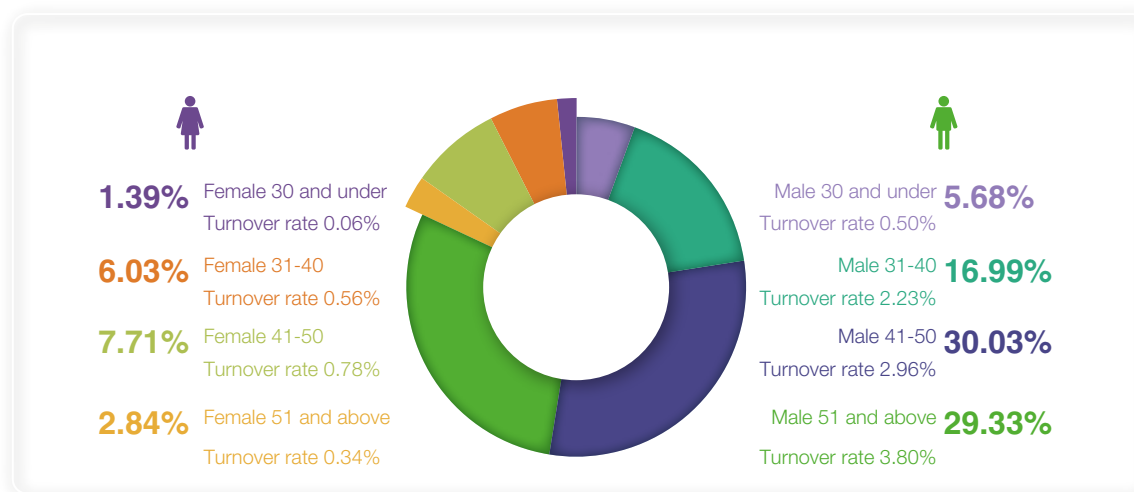


Distribution of our employees by position (by employment category) (B1.1)



7. Employment and Labour Practices

Employee structure by gender and age and turnover rate (B1.1/B1.2)



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 employees 5 mandatory insurance schemes 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 and occupational disease health examination for front-line employees every year.

For the year ended 31 December 2021, the total remuneration and benefits of the Group's employees amounted to approximately 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 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 tours every year and holds various cultural, sports and social activities for the employees. In addition, through the organization of compulsory tree planting activities, employee birthday parties, employee technical games and other activities, the Company cultivates the team spirit and creates a good atmosphere in which all staff participate and strive to improve.

In 2021, Aoniu Mining vigorously promoted the harmonious culture of “enterprises care for employees, employees love enterprises”, and especially since the COVID-19 pandemic, it has ensured the stable resumption of production, stable employment and production, etc., and united the efforts of all employees, and won the title of “AAA-level Harmonious Enterprise of Labour Model Relations in Liaoning Province” jointly recognized by Liaoning Provincial Department of Human Resources and Social Security, Liaoning Federation of Trade Union, Liaoning Enterprise Federation/Entrepreneur Association and Liaoning Provincial Federation of Industry and Commerce.

The Headquarters of the Company combined employee interviews and Q12 satisfaction survey, and collected employee rating suggestions through OA online questionnaire and offline questionnaire. From the four dimensions of Gallup employee engagement ladder, the Headquarters of the Company analyzed the advantages and disadvantages, summarized the opinions of employees, put forward improvement suggestions and formed a report. In 2021, the Headquarters of the Company received the government's stable post subsidy for no layoffs.



7. 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 and 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 to remuneration and benefits, working hours and holidays, anti-discrimination, diversity and other rights and benefits of the Group.

7.4 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. **(B3)**

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 Headquarter 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 based on the Company's resources, and performance may be an important reference for pay adjustment and performance appraisal. In 2021, training of the Group has been changed to online and offline training together, which effectively avoids the situation that many people gather to study, and the time arrangement is more flexible and convenient. **(B3)**

Training for directors and management

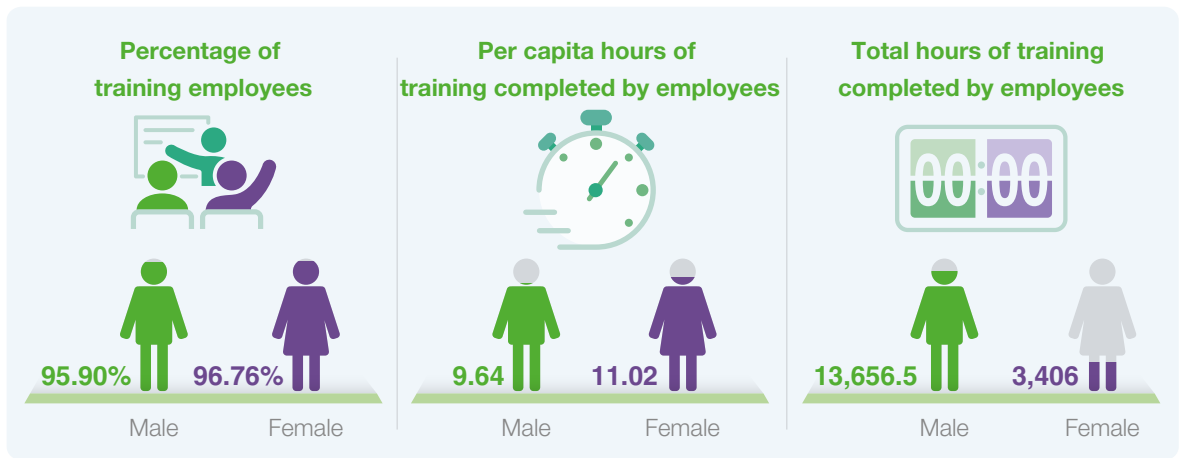
The Company places great emphasis on training for directors and management, and requires its directors to learn the "Guidelines on Directors' Responsibility" issued by the Registrar of Companies in Hong Kong, the "Regulatory Communication of Listed Issuers" issued by the Stock Exchange, as well as the "Introduction of the Company's Anti-Corrupt Practices", the "Integrity Management System of China Hanking Holdings" and other training materials issued by the Company. Each director also actively participated in relevant seminars of various industries to know the latest information about its professional fields. The company secretary shall attend not less than 15 hours of professional training courses every year.

Trainings for employees (B3.1/B3.2)

In order to better help employees grow up and improve their professional quality and work skills, the Headquarters of the Company launched the annual training activity of "Beyond Self, Empowering the Future". At the same time, the Headquarters of the Company 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 departmental points competition, stimulated employees' growth and promoted professional skills for years.

Combined with the characteristics of mining enterprises, the Iron Ore Business takes staff training as the starting point, starts with the needs of posts and employees, and adopts online and offline three-dimensional teaching, competition examination and inspection effect, and effective incentives for salary increase and promotion to form a set of staff quality improvement mechanism with enterprise characteristics. Through investigation and consultation, in 2021, Hanking Mining Institute (罕王矿业学院) selected 85 courses and arranged training, and adopted the teaching method of internal lecturers supplemented by external lecturers, which made the course setting and arrangement more effective.





Employee category	Gender	Number of employees	Number of training employees	Average training hours	Percentage of training employees	Total training hours
Senior management	Male	27	9	1.70	33.33%	46
	Female	6	3	10.83	50.00%	65
Middle management	Male	48	32	13.35	65.31%	654
	Female	7	7	32.86	100.00%	230
Technological and operational employees	Male	146	139	14.51	95.21%	2,119
	Female	38	36	18.26	94.74%	694
General staff	Male	1,195	1,178	9.08	98.66%	10,837.5
	Female	258	253	9.37	98.06%	2,417
Total	Male	1,416	1,358	9.64	95.90%	13,656.5
	Female	309	299	11.02	96.76%	3,406

7. Employment and Labour Practices

Internal trainers

In order to support the strategy and workforce development plan of the Company, the Company started to build a team of internal trainers to develop and use the internal intelligent resources, create a knowledge sharing atmosphere, further improve the training system and provide a platform for the training and growth of the employees.

54 Internal trainers

3 Internal training courses (including one group-level training)

On 15 October 2021, Mr. Sun Zhenzhong, assistant to the chairman of the board of directors, conducted an “introduction to strategy” training for the employees of the Headquarters. After class, the training video will be uploaded to the “Cool College” DingTalk, so that those who missed the course that day can log in to the “Cool College” to study.



The internal trainers of the Iron Ore Business are composed of engineers, technicians, senior and middle managers and business backbones of various professions such as geology, surveying, mining, mineral processing and machinery. Teaching contents can cover geological survey, mining and processing technology, mechanical foundation, electrical technology and many other aspects. Internal trainers can turn their work experience and professional knowledge into standard courses more intuitively, and pass them on to employees in need. At the same time, “both teaching and learning” also enables lecturers to improve themselves in teaching, further improve the quality of employees and promote the construction of industrial workers. Thanks to unremitting training, the Iron Ore Business has become the only employee skill training base in Fushun that has the ability to undertake training courses such as mining, mineral processing and mechanical equipment operation and maintenance in non-coal mines.



Training on production and operation of mines



The “introduction to strategy” training in the Headquarters

8. Operating Practices

We safeguard the interest of stakeholders and co-develop with them. While accelerating business development and strengthening technological innovation, the Company ensured product quality, adhered to the enterprise culture of integrity and self-discipline, provided high-quality and efficient products and services for customers and created value for the society.





8. Operating Practices

8.1 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 to bring it in line with the same. 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 2021, the Group did not find any supplier that has material social or environmental negative impact. **(B5)**

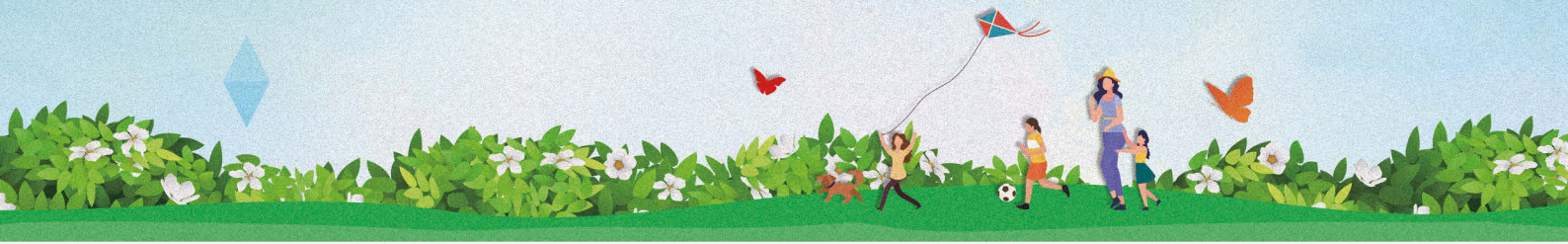
The Company has formed and implemented materials procurement management system, and generally purchased, stored and managed materials required by various departments. On the basis of the material requirement plans developed by the production department and the categories of the materials, the Company generally purchases materials through bidding, price enquiry/comparison and sentinel procurement. Contracts shall be signed for all purchases and the Company strictly supervises and controls the performance of the contracts and the payment of the funds. The Company 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. **(B5.2)**

The Company regularly evaluates the environmental and social risks of the supply chain to ensure the safety of the supply chain, collect supplier qualification data, query suppliers through online credit information system, provide relevant suppliers with our requirements on environmental and social risks, and evaluate and select suppliers according to purchasing requirements and ability to provide products. The Company mainly evaluate the suppliers' quality guarantee capabilities, qualifications, reputation, performance, environmental safety behaviors and third-party quality, environment and safety certifications, etc. The evaluation of suppliers can be conducted in the following ways:

- For the suppliers who have passed the quality, environment and safety certifications and registration, ask for relevant records and confirmation materials;
- Conduct on-site comprehensive evaluation on the suppliers' quality guarantee capabilities and environmental safety behaviors;
- Conduct inspection and post-test evaluation on samples provided by suppliers;
- comprehensively evaluate the performance of long-term supply;
- Participate in the practical experience of other users.

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. **(B5.3/B5.4)**

In 2021, the suppliers of the Group are mainly from China. Of which, 36 suppliers are selected through bidding, 437 suppliers are selected through price enquiry/comparison and 60 suppliers are selected through sentinel procurement. The selection of suppliers of the Group shall be subject to the approval process and supervision procedure, and shall be supervised by the legal department and audit department of the Group, so as to ensure a fair selection procedure. **(B5.1/B5.2)**



8.2 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 liability, 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 superior products are offered for customers. It strictly implemented the relevant complaint handling procedures, actively solved the relevant problems, completed supplier communication and maintenance work, and followed up goods sold to our customers’ warehouses by telephone to ensure quality compliance. In 2021, 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. **(B6/B6.1/B6.2)**

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. **(B6.3)**

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 2021, the average grade of iron ore concentrates in the Iron Ore Business reached about 68%, with low content of sulphur and phosphorus. Our excellent product quality helps lower production costs of customers. **(B6.4)**

The High-purity Iron Business signed quality guarantee agreements with customers, established a quality management system according to the requirements of ISO9000 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. **(B6.4)**



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. **(B6.5)**

8.3 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. **(B7)**

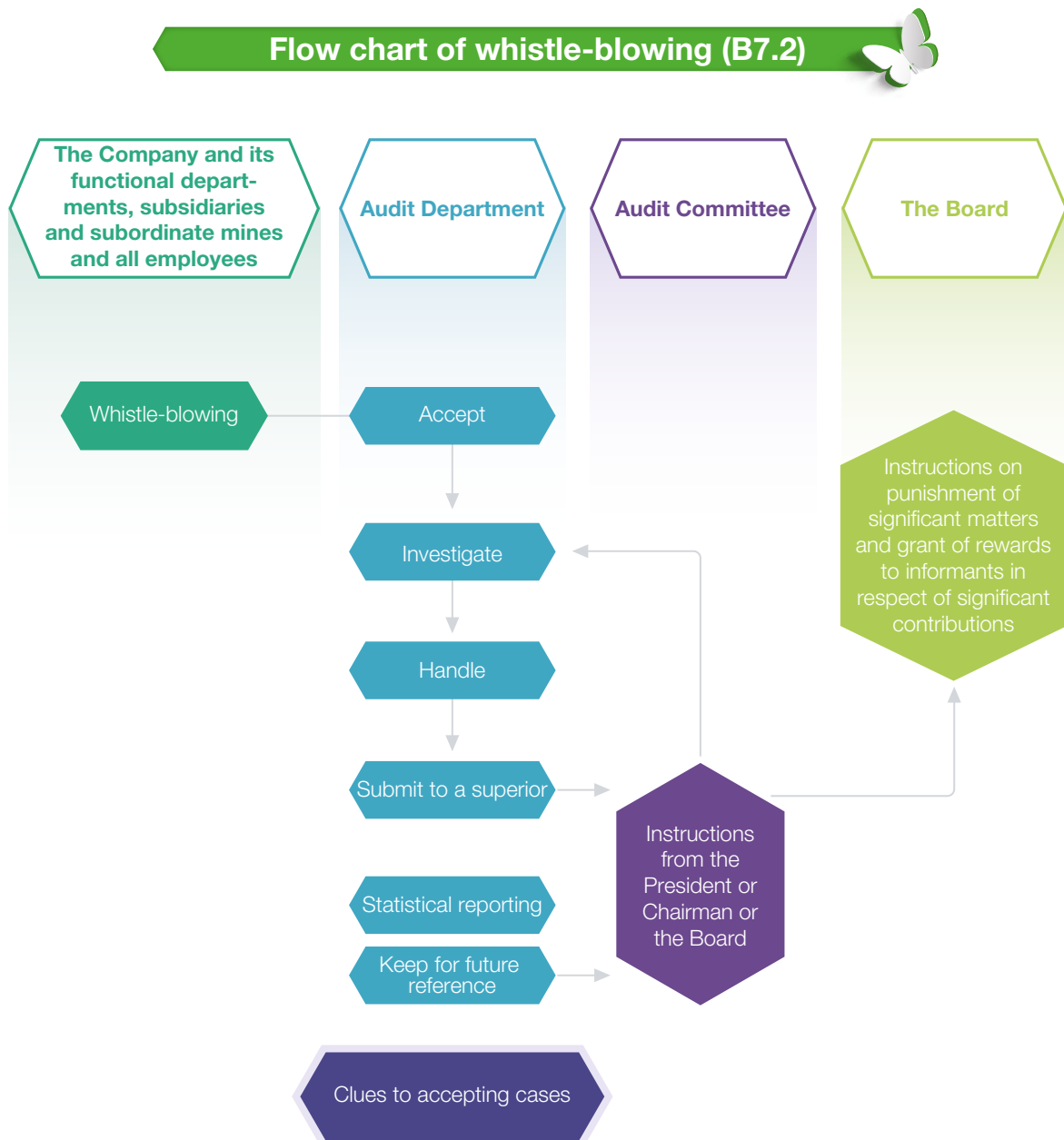
In order to strengthen the building of a clean governance and standardize the behavior of directors, and according to the business needs of the Group and the requirements of the Stock Exchange, the Company distributed the study materials of “Introduction of the Company’s Anti-Corrupt Practices” and “China Hanking Holding’s Integrity Management System” to the directors. Employees can log in DingTalk “Cloud Classroom” for learning the video course on “Fraud Risk Management”. **(B7.3)**

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 department is responsible for dealing with reporting of violations in relation to functional departments, subsidiaries and employees of the Company. Informants may provide detailed information to the audit departments of the Company through telephones, letters, e-mails, and interviews, etc. **(B7.2)**

8. Operating Practices

During the reporting period, no litigation relating to anti-corruption was identified by the Group. (B7.1)

Flow chart of whistle-blowing (B7.2)





9. Community Engagement (B8/B8.1/B8.2)

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.



9. Community Engagement(B8/B8.1/B8.2)

In 2021, the Group donated RMB2.032 million for poverty alleviation, education promotion, pandemic prevention and disaster relief.

Fight against the COVID-19 Pandemic and Safeguard Employees

Zero

During the reporting period, the Group did not incur any cases of employees or family members infected with COVID-19. The pandemic did not have material impact on the Group's production and sales activities.

Employees' safety is the top priority of the Group's prevention and control of the COVID-19 pandemic. In order to ensure the safety of production and employees, according to the local government documents and the change of the COVID-19 pandemic, 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 actual 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.

During the Spring Festival, facing the severe situation of COVID-19 pandemic prevention and control in winter, in order to reduce the large-scale flow of personnel during the Spring Festival, Maogong Mine actively responded to the national call, and encouraged employees from other provinces and cities to celebrate the Spring Festival locally. The Company formulated a number of warm-hearted policies, providing free accommodation for employees who did not go home for the New Year, distributing Spring Festival benefits, and jointly preparing New Year's Eve dinner. Employees tasted the New Year's Eve dinner made by themselves and told each other about their hometown customs and interesting mine events. Although they are far away from home during the Spring Festival, hometown is where the heart settles. The mine-style taste fully reflected the Company's humanistic care.



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 prevent emergencies. The Gold Mine Business reported the employees' itinerary during the travel, popularized the knowledge of safety, health and vaccine to employees, and achieved zero infection for all project-related personnel. 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.

Pass on the Warmth, Light up the Dream

Donate **RMB1** million to Aid and Build Wind Power Projects in Remote Areas of Tibet

In 2021, Fushun Hanking D.R.I. Co., Ltd. (撫順罕王還原鐵有限公司), a subsidiary of the Company, donated RMB1 million to support the "Wind Power Demonstration Project" in Duoqiong Village 3, Talma Township, Shenza County, Naqu, Tibet, which is 5,100 meters above sea level. This distributed wind power generation project is a power supply project jointly sponsored by Liaoning Federation of Industry and Commerce, the 9th Tibet Aid Front Command of Liaoning Province and the CITIC Tibet Aid Task Force to assist the remote area of Naqu, Tibet free of charge. After the wind power generation project is completed and put into use, it will completely end the long history that local Tibetans have no stable power supply, continuously provide clean energy, and ensure the improvement of herdsmen's quality of life.





RMB1.05 million

In 2021, Deshan Aixin Fund contributed RMB1.05 million to help education and women’s and children’s public welfare undertakings.

400

Carry out the women’s warm spring activity with Fushun Women’s Federation

The Fund invested RMB200,000 to carry out the women’s warm spring activity, providing relief to 400 women from low-income families, poverty-stricken families and monitored families, each of whom obtained RMB500 and rice, flour, oil and other condolences.

254

Chunlei Student Assistance – Deshan Aixin Fund Makes Dream Come True

Hanking Deshan Aixin Fund has been carrying out the activity of “Chunlei Student Assistance – Deshan Aixin Fund Makes Dream Come True” for four consecutive years. In 2021, the Fund invested RMB154,000 to support 235 poor students from Fushun County, which achieved full coverage of monitoring households, low-income households and families enjoying orphan policy. At the same time, the Fund continued to invest RMB100,000 to support 19 poor students with excellent academic performance from Qingyuan, Xinbin and Fushun counties, giving children holiday gifts on Children’s Day on 1 June, and giving children new school bags before school starts on 1 September, so as to pay attention to their life and academic progress.

3

Continue to build love bookstores in township primary schools

In 2021, Hanking Deshan Aixin Fund invested RMB340,000 to build love bookstores in Dagujia Central Primary School of Qingyuan County, Beisiping Nine-year Compulsory School of Xinbin County and Zhangdang Nine-year Compulsory School of Dongzhou District, helping rural primary schools and left-behind children share reading happiness.



- **“Love Cup” essay writing activity for primary school students**

On the occasion of the 100th anniversary of the founding of the Communist Party of China, the Fund invested RMB120,000 to launch the 3rd Hanking Deshan “Love Cup” essay writing activity, which received 57,662 essays from 109 primary schools in Fushun, and finally awarded 55 special prizes and 563 first prizes, and carefully selected 300 excellent essays for publication. This activity encourages students to establish the awareness of “knowing their hometown, loving their hometown and building their hometown” from an early age.

9. Community Engagement(B8/B8.1/B8.2)

- **Rural teacher evaluation and selection activity**

To encourage rural educators and rural teachers in the whole city to devote themselves to education, and keep themselves rooted in the countryside, the Fund invested more than RMB120,000 to jointly organize the teacher evaluation and selection activity with Fushun Education Bureau. In Xinbin County, Qingyuan County and Fushun County, 20 rural special post teachers, 20 outstanding young teachers in rural areas and 20 most beautiful teachers in rural areas were selected in the “Hanking Deshan AiXin Fund Cup”, which inspired all rural teachers to be loyal to the education of the Party and the people, be loyal to their duties, be willing to contribute, and consciously practice the “four have” good teacher standard put forward by the General Secretary Xi Jinping.

- **Continue to carry out the dandelion action to promote the level of rural art education**

The Fund invested RMB100,000 to jointly carry out the training program for rural art teachers and key teachers with the Dandelion Action Research Group of the Ministry of Education, the College of Art Design of Shenyang Normal University and Fushun Teachers’ College of Further Education, so as to enhance the professional ability of rural art teachers and promote the balanced development of urban and rural aesthetic education.

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.

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

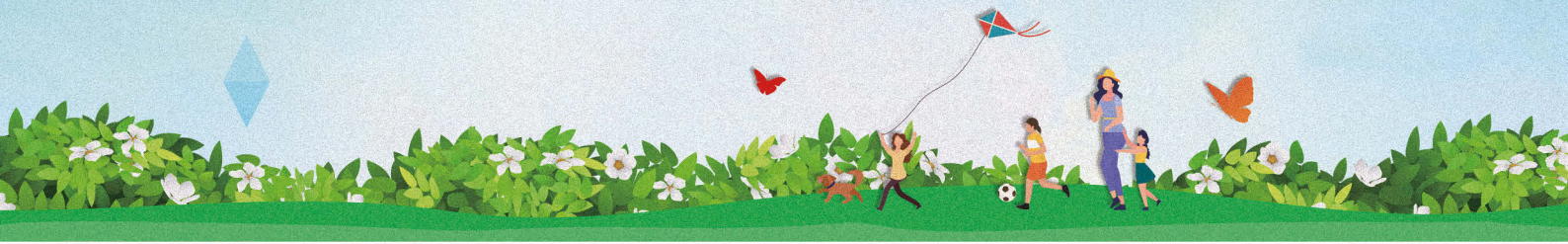
In order to carry forward the spirit of Lei Feng and the volunteer service spirit of “dedication, friendship, mutual assistance and progress”, the Group promoted the conducting of youth volunteer service projects. On 5 March 2021, on the occasion of the 58th “Learning from Lei Feng Memorial Day”, the 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 30 young volunteers successfully donated blood.



- **Rebuild a highway bridge**

The Gold Mine Business upgraded and transformed a highway bridge (110 tons load-bearing) shared with local residents, taking into account the needs of the mine’s operation and production, and making it possible for local residents to travel and transport in rainy season. The Mt Bundy project was awarded as a “major project” by the Northern Territory Government. It showed the scale of the project, its importance to the Northern Territory government and the government’s strong support for the project.



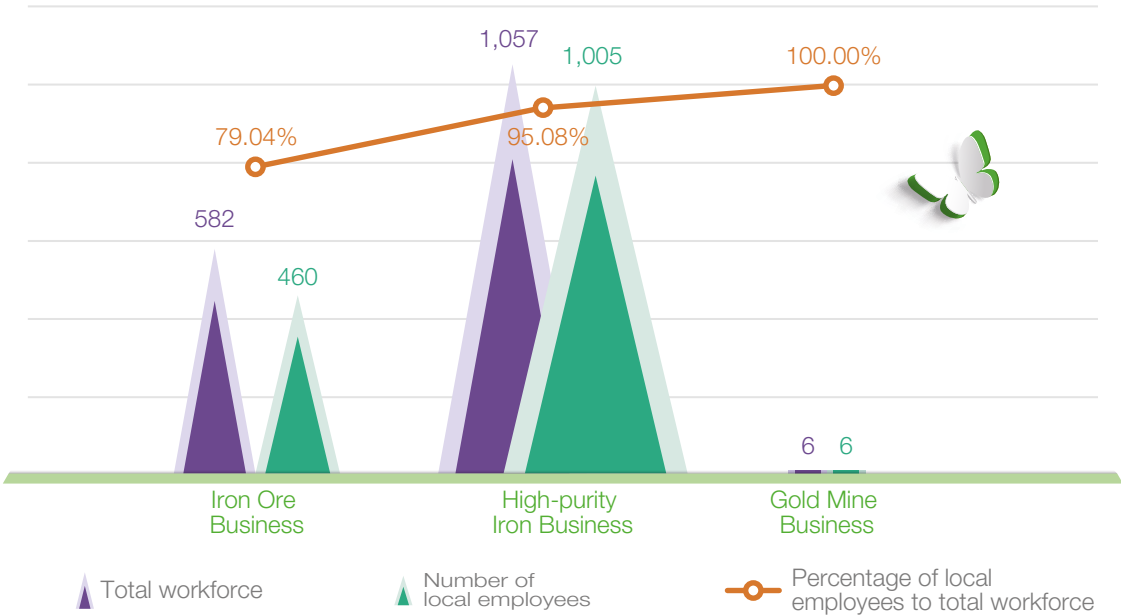


Labour demand

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, but will also increase the income of local residents, and 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.

The Gold Mine Business has fully completed the pre-feasibility study (PFS) for the development of the Rustles Roost gold project in North Australia. In the pre-feasibility study of the project, the Group fully considered the use of local human resources in North Australia and encouraged employees to move to North Australia. The plan will save more than 50% of employees' cross-state flight time for the project, 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 90% of the total workforce.



10. Indicators Index

This indicators index illustrates the Company's compliance with indicators of "comply or explain" and "recommended disclosures" set out in Environmental, Social and Governance Report issued by the 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.	●	22	
A1.1	The types of emissions and respective emissions data.	●	23	
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	●	25, 26	
A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	●	23	
A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	●	23	
A1.5	Description of emission target(s) set and steps taken to achieve them.	●	23, 30	
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.	●	23	
A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	●	28	
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).	●	28, 29	
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	●	28, 29	
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	●	29-31	



Aspects	Key Performance Indicators	Disclosures	Pages	Explanation
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.	●	32	
A2.5	Total packaging material used for finished products (in tons) 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 impact on the environment and natural resources.	●	19, 28	
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	●	19-21	
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.	●	32	
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.	●	32	
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.	●	40	
B1.1	Total workforce by gender, employment type (such as full-time or part-time), age group and geographical region.	●	40-42	
B1.2	Employee turnover rate by gender, age group and geographical region.	●	40, 42	

10. 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.	●	36	
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	●	35	
B2.2	Lost days due to work injury.	●	35	
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	●	36, 37	
B3 Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	●	44	
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	●	45	
B3.2	The average training hours completed per employee by gender and employee category.	●	45	
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.	●	40	
B4.1	Description of measures to review employment practices to avoid child and forced labour.	●	40	
B4.2	Description of steps taken to eliminate such practices when discovered.	●	40	



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.	●	48	
B5.1	Number of suppliers by geographical region.	●	48	
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	●	48	
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	●	48	
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	●	48	
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.	●	49	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	●	49	
B6.2	Number of products and service related complaints received and how they are dealt with.	●	49	
B6.3	Description of practices relating to observing and protecting intellectual property rights.	●	49	
B6.4	Description of quality assurance process and recall procedures.	●	49	
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	●	49	



10. 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.	●	49	
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.	●	50	
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	●	49, 50	
B7.3	Description of anti-corruption training provided to directors and staff.	●	50	
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.	●	51	
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	●	52-55	
B8.2	Resources contributed (e.g. money or time) to the focus area.	●	52-55	