

2020

Social Responsibility Report



01 About this Report

Statement of the Board

The board of directors (the "Board") of the Company and all members thereof warrant that the content of this report is free from any false statement, misleading representation or material omission and that they shall assume joint and several liability for the truthfulness, accuracy and completion of the completeness of this report.

Basis of Preparation

This report is prepared in accordance with Appendix 27 "Environmental, Social and Governance Reporting Guide" to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HK Stock Exchange") and the Guidelines for Preparation of Social Responsibility Reports issued by the Shanghai Stock Exchange (the "SSE"), with reference to standards including Guidelines for Preparation of China Enterprise Social Responsibility Report (CASS-CSR 4.0) by Chinese Academy of Social Sciences.

Release Cycle

This report is a yearly report issued by the Group on a consecutive basis after its first release of Social Responsibility Report in March 2008. This report covers the reporting period from 1 January 2020 to 31 December 2020 ("Reporting Period"), with certain content dating back to previous years when appropriate. The report for the next year is expected to be published in March 2022.

Reporting Scope

This report covers Anhui Conch Cement Company Limited and its subsidiaries and branch companies.

Description of Data

The data set out in this report is derived from internal official documents and relevant statistics of Conch Cement and its subsidiaries and branch companies, among which the relevant data shown in the financial statements have been audited by KPMG. Unless otherwise stated in the report, all amounts are expressed in RMB.

Description of References

For easy reference and reading, "Anhui Conch Cement Company Limited" is also referred to as "Conch Cement", "Conch", "the Group", "Group", "Company" and "we" in this report.

Process of Preparation

This report is prepared in accordance with the requirements of the above standards following the processes of organizational system establishment, core issue identification and report boundary determination, information collection, report drafting, opinion solicitation, report revision, report design, management review, report issuance, and feedback summary to ensure that the disclosures in the report are true, accurate, complete, and balanced.

Availability of Report

The report is available on the websites of the Hong Kong Stock Exchange, and Shanghai Stock Exchange and the Group's official website. To obtain a hard copy of the report, please contact us at.

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About this Report



02

About Us



Group Profile

Anhui Conch Cement Company Limited was founded in September 1997 and listed on the Hong Kong Stock Exchange (H Shares: 0914) in October of the same year to become the first Chinese company in the cement industry to be listed overseas. In February 2002, the Company publicly offered A shares (600585) on the Shanghai Stock Exchange, becoming the first A+H listed cement company in China. After years of rapid development, Conch Cement has formed a new operation and management model combining group based management and international and regional operation. Currently, it has 179 controlling subsidiaries and 9 joint ventures and associates in more than 20 provinces, municipalities and autonomous regions in China and in Indonesia, Myanmar, Laos, Cambodia and other countries, employing approximately 47,400 employees. As one of the leading companies in the industry, Conch Cement always keeps its finger on the pulse of the times, and seeks sustainable development of the Company with the guidance of more inclusive and far-sighted strategies. Conch Cement aims to grow into a world-class company with global competitiveness, and looks to reward shareholders and give back to the society with concrete actions and outstanding performance.

Group Management Team

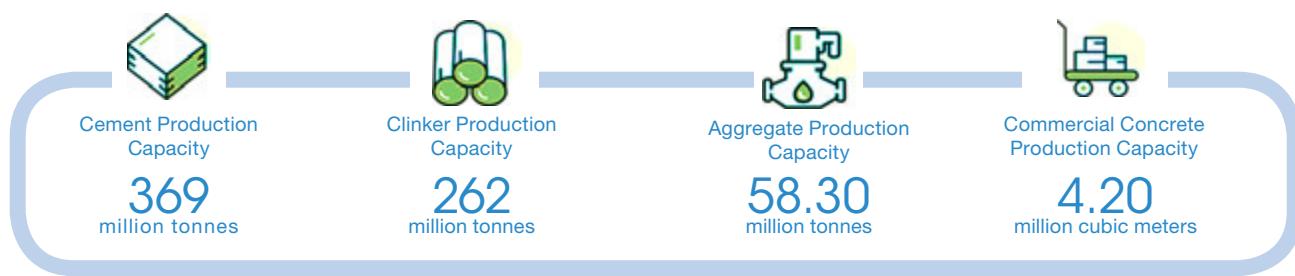
The Board is the operational decision-making body of the Group, and reports to the general meeting of shareholders. The Board functions in accordance with rules and systems set forth under the Company Law, and Articles of Association and Rules of Procedure of the Board of Directors of the Group. The 8th Board of the Group has 8 members. Among them, Mr. Gao Dengbang, Mr. Wang Jianchao, Mr. Wu Bin and Mr. Li Qunfeng are executive directors, Mr. Ding Feng is non-executive director, and Mr. Leung Tat Kwong Simon, Ms. Zhang Yunyan and Mr. Zhang Xiaorong are independent non-executive directors. Mr. Gao Dengbang is the Chairman of the Board, while Mr. Wang Jianchao is the Deputy Chairman. The Board members have rich experiences in corporate strategy, risk management, capital operation, marketing and financial management. Moreover, the Board members are diversified in terms of expertise, cultural background, age and gender.

The Group's management team is made up of 7 members, namely Mr. Wu Bin, General Manager, Mr. Li Qunfeng, Deputy General Manager, Mr. Li Xiaobo, Deputy General Manager, Mr. Ke Qiubi, Deputy General Manager, Mr. Li

Leyi, Chief Engineer of Technical Art, Mr. Yu Shui, Secretary to the Board and Assistant to the General Manager, and Wu Tiejun, Assistant to the General Manager. The management team performs decisions of the Board and oversees the operation of the Group. Members of the management team have rich experiences in corporate management, marketing, production technology management and technological innovation.

Business of the Group

During the Reporting Period, the Group was principally engaged in the production and sale of cement, commodity clinker and aggregate. The Group produced and sold cement products according to market demands, which mainly included 42.5-grade cement, 52.5-grade cement, 32.5-grade cement as well as some special cements such as sulphate-resistant cement, middle-and-low heat cement, cement for road, cement for nuclear power generation and nonmagnetic cement. These products are widely used in infrastructure construction including railways, highways, airports and hydraulic facilities as well as urban property development, cement products, and rural markets.





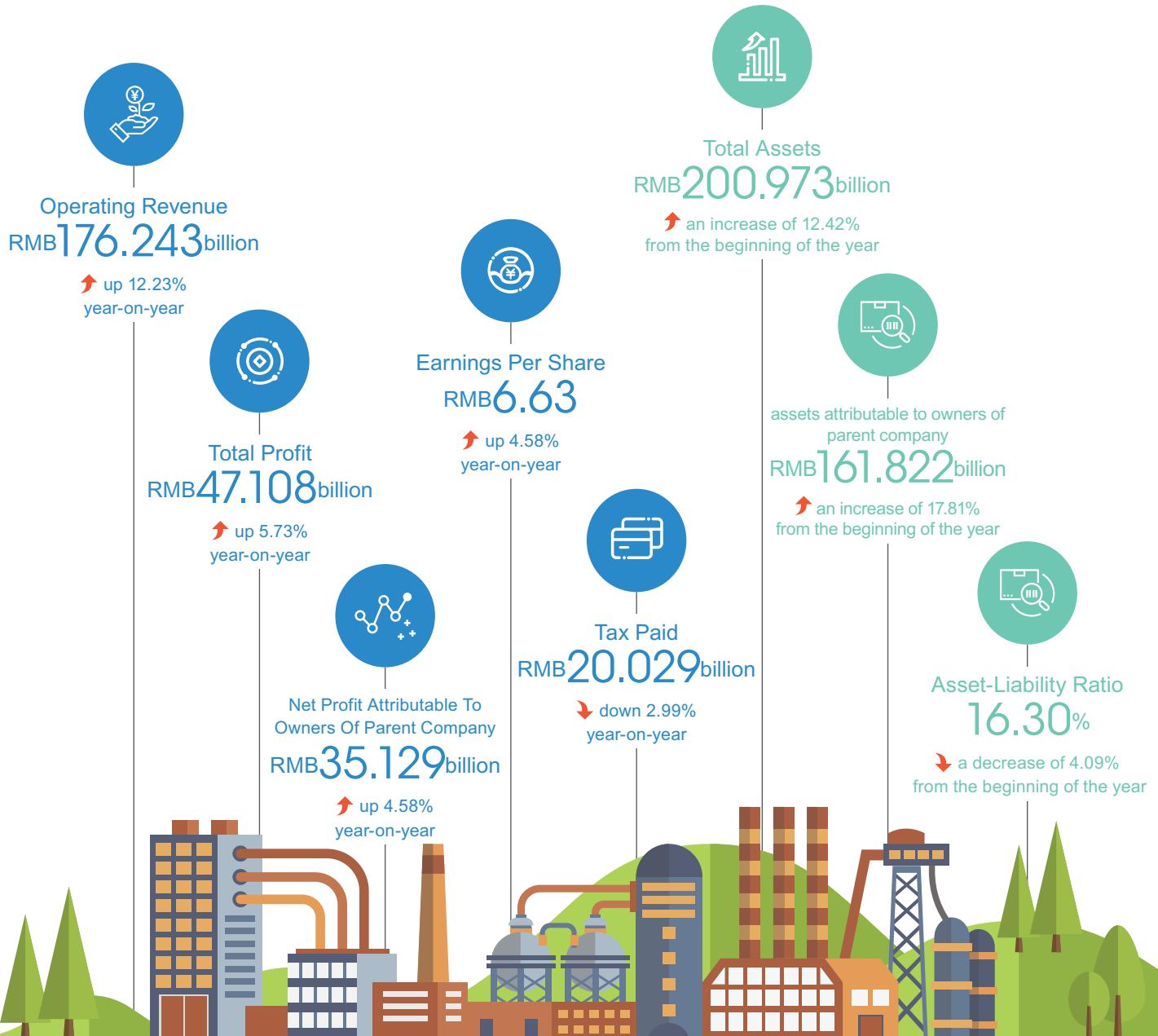
Overview of Operation Development of the Group

The year 2020 is an extraordinary year in China's macroeconomic history, with the pandemic bringing huge challenges to economic and social development. To promote the recovery of the national economy, the state has implemented a proactive fiscal policy, increased counter-cyclical adjustment, laid a solid foundation for "six stabilities", and fully implemented the task of "six ensures". In 2020, the positive growth maintained by fixed asset investment and real estate investment provided effective support for the cement market demand, with the annual national cement production of 2.377 billion tons, up 1.6% year-on-year.

In 2020, the Group actively responded to the adverse impact of the pandemic and the flooding in the Yangtze River basin, made overall plans for pandemic prevention and management, and spared no effort to complete the annual business objectives and tasks, and finally achieved excellent business results.

In 2020, the Group further improved the layout of its main business in China, successfully acquired Wuhu South Cement and Hainan Changjiang Project, and put Basu Conch, an industrial aid project to Tibet, into production as planned. In terms of overseas development, under the influence of unfavorable factors such as pandemic situation, the Group fully promoted the process of projects under construction and proposed in Southeast Asia and Central Asia, and actively reserved new project carriers; The Conch Project in Mandalay, Myanmar was completed and put into production ahead of schedule in March 2020. In terms of industrial chain extension, the expansion of the Group's aggregate and commercial concrete projects progressed in an orderly manner, and the fabricated construction industry achieved new breakthroughs, adding a total of 6 aggregate, 2 commercial concrete and 1 fabricated construction project throughout the year.

● Operating Data in 2020 ● Financial Indicators in 2020





福布斯
Forbes

新財富
NEW FORTUNE



Forbes

312th on Forbes' Global 2000 list for 2020

New Fortune

The second New Fortune **Best Listed Company by New Fortune**

The third New Fortune **Best IR Hong Kong Stock Company (A+H) by New Fortune**

Securities Times

Top 100 Main Board Value of the 14th China Listed Company Value Awards by Securities Times
Best Board of Directors of the 11th Tianma Award for Investor Relations of China Listed Companies by Securities Times

China Securities Journal

2019 **Annual Social Responsibility Award** by China Securities Journal
2019 **Golden Bull Most Investment Value Award** by China Securities Journal



03

ESG Management





Social Responsibility Strategy of the Group

As a world-renowned listed company, while proactively developing core business to create economic value, Conch Cement continues to reinforce sustainability concept by incorporating performance of social responsibility into its internal management, striving to strike a balance among enterprise development, environmental protection and social benefit.

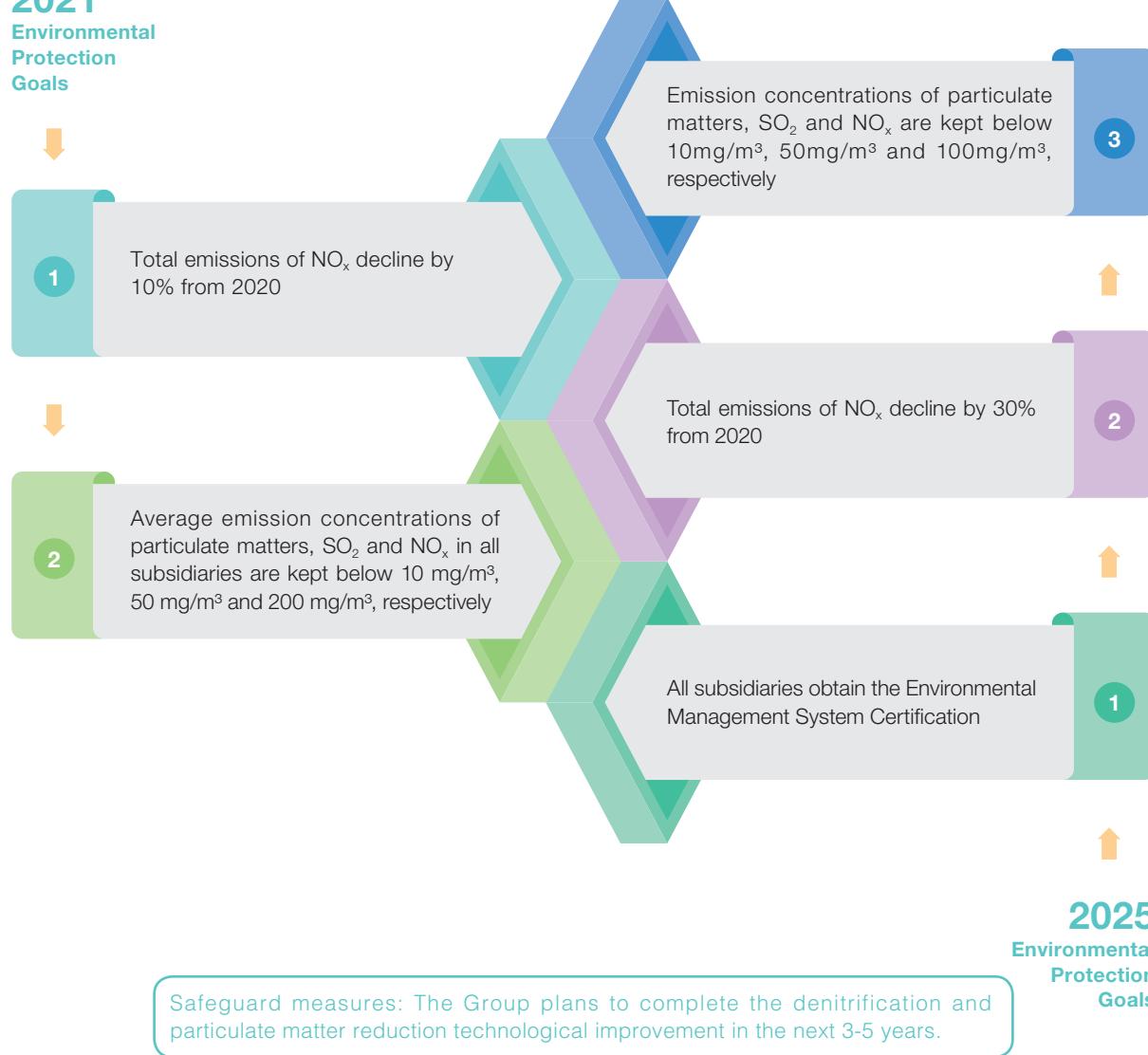
Achievement of the sustainability goals of the Group for 2020

Indicators	Goals for 2020	Actual achievement	Actions taken in 2020
Environmental Protection	1. Total emissions of SO ₂ and NO _x decline by 41% and 29% from 2015, respectively; 2. Emission concentrations of particulate matters, SO ₂ and NO _x in all subsidiaries are kept below 15mg/m ³ , 100mg/m ³ and 240mg/m ³ , respectively.	1. Total emissions of SO ₂ and NO _x decline by 48.9% and 31.9% from 2015, respectively; 2. The actual average emission concentrations of particulate matter, SO ₂ and NO _x are kept below 6.85mg/m ³ , 12.6mg/m ³ and 197.9mg/m ³ , and all subsidiaries emissions concentration are controlled within the target values.	<ul style="list-style-type: none"> ● Strengthen environmental management inspection, supervision and training. ● Promote wet desulfurization and semi-dry desulfurization technological improvement. ● Promote SCR denitrification frontier technology and explore and optimize technological improvement for medium temperature SCR and low nitrogen decomposer. ● Accelerate the implementation of technological improvement of particulate matter emission reduction and promote the treatment of dust disorganized emissions. ● Promote the construction of "green plant".
Energy Conservation	1. CO ₂ emissions per tonne of clinker fall by 4.5kg from 2016; 2. Standard coal consumption for clinker production, comprehensive power consumption and power consumption of the cement production decline by 3.31%, 4.22% and 12.69% from 2015, respectively.	1. CO ₂ actual emissions per tonne of clinker fall by 9.3kg from 2016; 2. Standard coal consumption for clinker production, comprehensive power consumption and power consumption of the cement production decline by 3.5%, 5.2%, and 17.1% from 2015, respectively.	<ul style="list-style-type: none"> ● Used waste heat power generation and clean energy to build biomass fuel system; ● Promote all kinds of technological improvement to save energy and reduce consumption; ● Replace clinker with industrial waste residue and use cement admixture (abrasive aid); ● Promote intelligent factories, build comprehensive energy-saving and consumption-reducing demonstration production lines, and build green energy demonstration factories through pilot projects.
Circular Economy	Scale of wastes treated capacity by cement kilns increases to 4.8 million tonnes.	Actual scale of wastes treated capacity by cement kilns increases to 4.29 million tonnes.	<ul style="list-style-type: none"> ● Unite Conch Venture in expanding scale of wastes treated of solid waste and hazardous waste.

Note: In 2020, the main reason why the actual scale of wastes treated capacity by cement kilns failed to reach the expected goal was that some projects were affected by the pandemic and slowed down the construction progress.



2021 Environmental Protection Goals



2025 Environmental Protection Goals

Governance Structure of Social Responsibility

The Board is the highest decision-making body for environmental, social and governance (ESG) management, and is responsible for forming the ESG management framework and strategy. The Board shall also ensure the Company has put in place appropriate and effective ESG risk management and internal audit systems. The Board also reviews and approves the Company's ESG report. The Social Responsibility Working Committee, which reports to the Board, is the top management and coordination body of the Company's social responsibility, which is responsible for implementing the Company's social responsibility strategic planning, preparing social responsibility policies and rules, building social responsibility management and implementation system, and checking and supervising the performance of social responsibilities. The Group has established the ESG Report Working Committee led by senior management and participated by middle management. Such working committee is led by the secretary office of the Board and composed of the representatives from relevant departments and subsidiaries that have material impact on the ESG of the Group, ensuring the Company's decision-making, organization, and implementation of social responsibilities in a top-down manner.

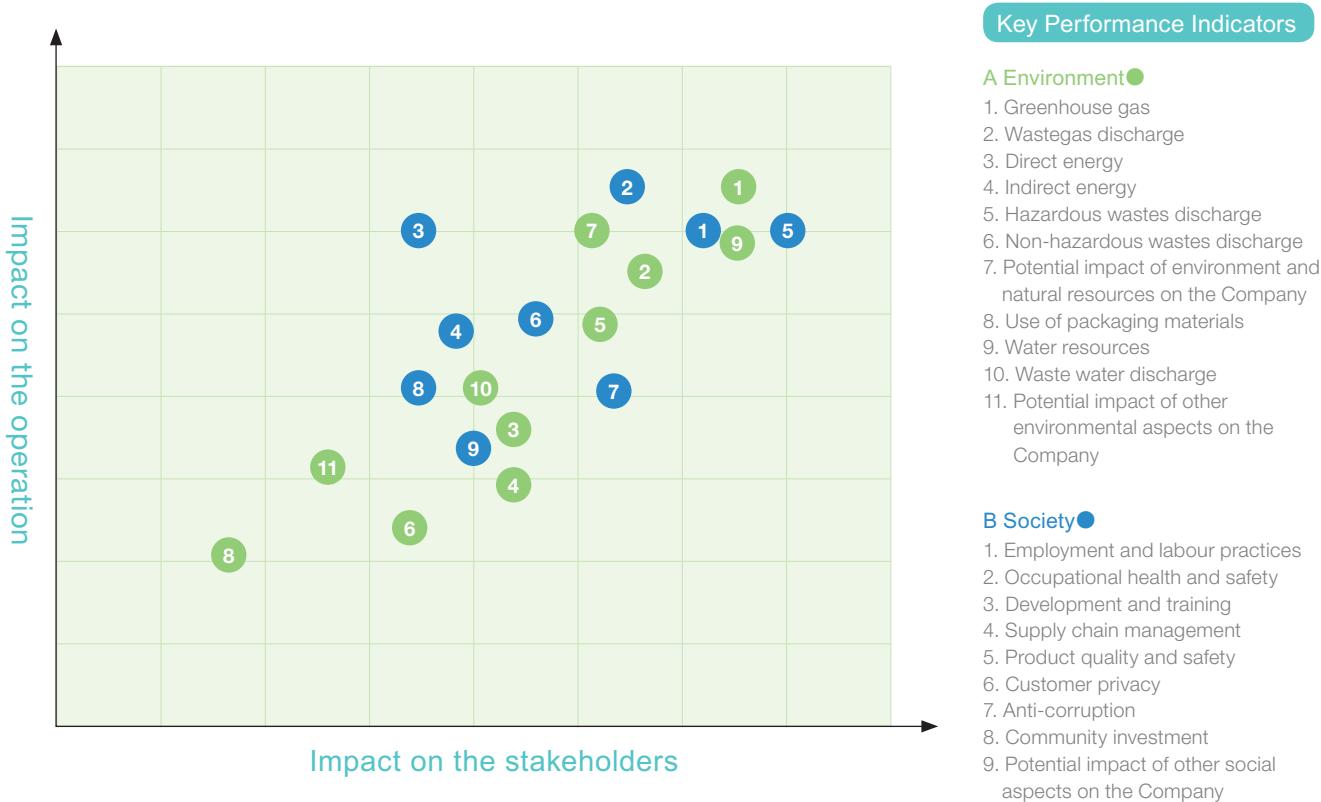
Stakeholder Engagement

Stakeholders of the Group in relation to ESG include internal stakeholders such as the Company's management and employees, and external stakeholders such as the government, customers, suppliers, investors, and the community. The Company attaches high importance to stakeholder engagement, and actively obtains the opinions and expectations of various stakeholders on the Company's social responsibility work through various channels, thereby providing a reference for the formulation of the Company's future social responsibility performance strategy and the decision-making on the sustainable development strategy.

Assessment of Materiality

The Group attaches great importance to the management of major issues in relation to sustainable development. Based on assessments of stakeholders, we identify the following issues that have significant impacts on the Company's sustainability, which have been included in key focus areas.

The Matrix of Importance of Core Issues of Conch Cement's Social Responsibility in 2020



Overview of Performance of Social Responsibilities of the Group

2020 marks the last year for building a moderately prosperous society in all respects and implementing the "Thirteenth Five-Year Plan". Through unity and forge ahead, the Group has made new breakthroughs in its operating performance. At the same time, it has thoroughly implemented the sustainable development strategy and promoted the continuous improvement of environmental, social and governance levels:

We Implement	the new development concept, adhere to the win-win road of ecological civilization and enterprise development, and promote the use of advanced technologies for energy conservation and emission reduction; we accelerate the transformation and development, comprehensively promote digital and intelligent technologies, and continuously promote in-depth changes in production methods and management efficiency.
We Adhere	to the principle of people orientation, introduce talents through various measures, continuously optimize the salary incentive mechanism, and deepen the construction of employer brand; we continue to promote democratic management, strengthen humanistic care, and improve employee happiness index.
We Insist	sunshine procurement and source from extensive channels. We highly value the spirit of contract and maintain good partnership with suppliers; We uphold the business philosophy of "best quality and dedicated services", and provide customers with the best products and services and continuously improve the sales and service system.
We Continue	to strengthen compliance management and risk prevention and control, standardize business activities, strengthen honest professional education, and promote the construction of honest corporate culture.
We Actively	take part in public charity causes. We have participated in the targeted poverty alleviation, and given back to the society. Facing the sudden pandemic, we unite as one and join hands with the government, social organizations and the masses to fight the pandemic.



04

Environmental Protection





The Group has strictly abided by the Environmental Protection Law (環境保護法), the Air Pollution Prevention Law (大氣污染防治法) and other laws, regulations and industry standards related to environmental protection. The Group has incorporated energy conservation, emission reduction and environmental protection into its medium and long-term development strategy. Eco-friendliness and environmental protection are considered from the beginning of plant building to each process of production and operation. The Group adheres to ecological priority, unremittingly pursues the development of circular economy and promotes the green transformation of traditional enterprises.



4.1 Emissions

Environmental Management System

The Group has established a top-down environmental protection management system and a systematic environmental protection management assessment mechanism. The headquarters is responsible for publicizing environmental protection policies, inspecting and supervising the environmental protection management of subsidiaries, and organizing professional environmental management training. In 2020, the headquarters of the Group organized two large-scale environmental protection inspections on its subsidiaries to comprehensively investigate the existing problems and risks, which enabled each subsidiary to strengthen the sense of responsibility of the main body of environmental protection management and earnestly implement the rectification of the existing problems. The headquarters further improved the Group's environmental protection management measures based on the common problems found in the environmental protection inspection. Aiming at improving the professional ability of environmental protection management personnel, the headquarter of the Group actively carries out various environmental protection professional trainings, including organizing 5 large-scale environmental protection trainings and arranging environmental protection professionals and external

experts to deliver trainings. In 2020, the Group continues to promote the creation of various environmental protection certifications. As at the end of 2020, 84 subsidiaries of the Group had declared and passed the ISO 14001 Environmental Management System Certification, and 96 subsidiaries of the Group had declared and passed the Clean Production Examination, with a pass rate of 100%.

All subsidiaries of the Group control pollutant emissions in strict accordance with national and local environmental protection laws and regulations. Our subsidiaries also formulate and implement self-monitoring plans for pollutant emissions. They carry out self-monitoring every quarter, promptly obtain monitoring report, and regularly submit implementation reports and disclose environmental information such as pollutant emissions data in accordance with the Administrative Methods for Permission of Pollutant Emissions (排污許可管理辦法) for the supervision of the public. In the meanwhile, all subsidiaries have formulated response plans for environmental emergencies and regularly carried out drills to ensure that the environmental pollution risks can be effectively controlled in case of emergencies.

In 2020, the total amount and emission concentration of major pollutant emissions of the Group have been reduced comprehensively, and various pollutant emission indicators continue to be superior to national and local standards, successfully completing the annual environmental protection management and pollutant emission reduction targets and tasks.

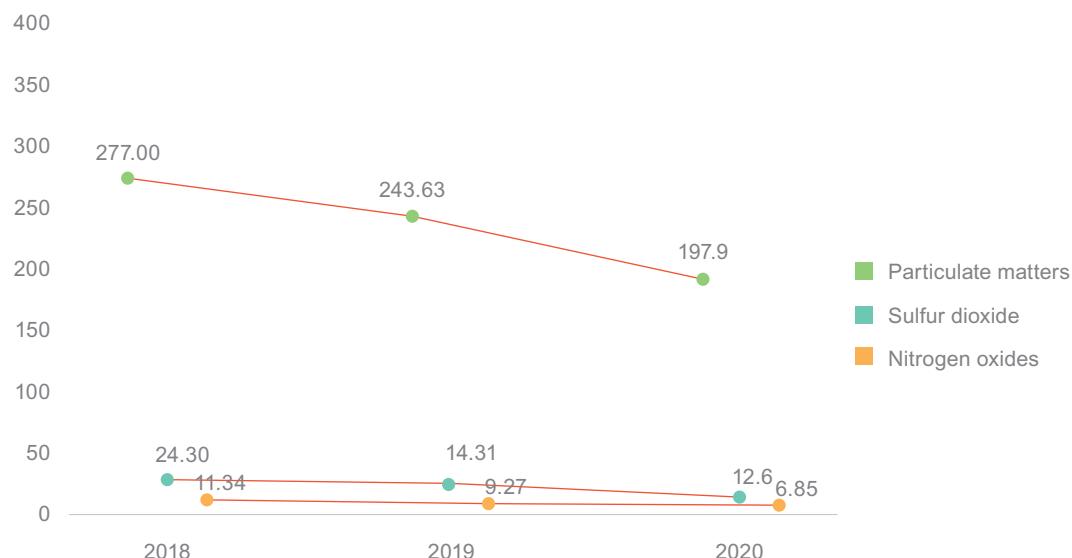
Pollutant data statistics of the Group in 2020

Pollutant category	Total emissions (tonnes)			Average concentration (mg/m ³)		
	2020	2019	Year-on-year change	2020	2019	Year-on-year change
Sulfur dioxide	8,292	8,854	-6.35%	12.6	14.31	-12.16%
Nitrogen oxides	113,052	135,453	-16.54%	197.9	243.64	-18.79%
Total particulate matters of major outlets	5,470	7,531	-27.36%	6.85	9.27	-26.11%

Note: 1. The main pollutants emitted by the Group primarily include SO₂, NO_x and particulate matters, and the above data are taken from the Group's 68 domestic production base companies.
2. According to China's Air Pollutant Emission Standards for the Cement Industry (水泥工業大氣污染物排放標準) GB4915-2013, the upper emission limits for SO₂, NO_x and dusts in key areas are 100mg/m³, 320mg/m³ and 20mg/m³, respectively.



Trends of Major Pollutants' Average Emission Concentration at Major Outlets in the Past Three Years(mg/m³)



Environmental management measures

The state will continue to push forward the construction of ecological civilization, solve ecological and environmental problems, and fight a tough battle against pollution, which will inevitably put forward higher requirements for pollution emissions of enterprises, and ecological and environmental protection will become the foundation of enterprises. In 2020, the Group continues to promote technological improvement and innovation in environmental protection and increased investment in environmental protection. Through technical exchanges with scientific research institutions and well-known environmental protection enterprises at home and abroad, the Group has jointly developed cutting-edge technologies in environmental protection and made solid progress in pollutant control.

In 2020, the Company established a total of 194 technological improvement projects for environmental protection. As at the end of the Reporting Period, 120 projects were completed. A total of RMB1.84 billion was invested throughout the year, of which approximately RMB1,101 million was invested in technological improvement for denitrification, approximately RMB494 million was invested in environmental technological improvement for dust collection (particulate matter reduction) and approximately RMB245 million was invested in unorganized control, closure and other areas.

Investment in environmental technological improvement for unorganized control, closure and other areas

approximately **RMB245** million

**Total
investment in
environmental
technological
improvement for
2020**

Investment in technological improvement for dust collection (particulate matter reduction)
approximately **RMB494** million

Investment in technological improvement for denitrification
approximately **RMB1,101** million



Technological improvement for desulphurization

The main source of sulphur in the cement clinker production process is divided into two parts: raw materials, and clinker calcination. In raw materials procurement, we have set strict procurement standards and strengthened source control by controlling sulphur content indicators. In clinker production, based on the operational characteristics of each clinker production line, we used wet desulphurization, semi-dry desulfurization and other technological improvement processes for desulphurization to minimize the emission. During the period of 2017-2020, the Group invested RMB676 million to complete the technological improvement for wet desulphurization for 35 clinker production lines and technological improvement for semi-dry desulfurization for 20 clinker production lines. After the technological improvement, the emission concentration of sulphur dioxide was controlled below 50mg/m³. So far, the desulfurization technological improvement of the Group has been completed in an all-round way and the expected emission reduction target has been achieved.



Technological improvement for denitrification

In order to comprehensively reduce NO_x emissions, the Group has actively researched and developed new SCR denitrification technologies, and formulated a SCR technology reform promotion plan for step-by-step implementation based on comprehensively promoted the efficient and precise SNCR denitrification in recent years. The SCR (Selective Catalytic Reduction) reduces NO_x emission through selective reaction of reducing agents such as ammonia with NO_x under the action of a catalyst to generate N₂ and H₂O. The technology features a high ammonia utilization rate with a denitrification efficiency of up to 80%-95%.

In 2019, the Group took the lead in completing the pilot high temperature and high dust SCR denitrification technological improvement in 2 clinker production lines of Jining Conch and China Cement Plant. In 2020, the Group accelerated the promotion of innovative technologies, and built the first localized high-temperature and high-dust SCR denitrification demonstration line through the independently developed 2 # clinker production line in Baimashan Cement Plant, filling the gap in this technical field in the domestic cement industry. After the technological improvement of SCR denitrification is completed, the third-party organization conducts performance evaluation and acceptance, and all the emission concentration of nitrogen oxides is lower than 100mg/m³, which can realize ultra-low emission. By the end of 2020, the Group completed a total of 6 clinker lines SCR denitrification technological improvement, and another 40 clinker production lines were being implemented. The number of SCR technological improvement projects of the Group accounts for approximately two-thirds of the total number of SCR technological improvement projects in the national cement industry.

In 2021, the Group plans to continue to promote the implementation of SCR technological improvement of 12 clinker production lines. In addition, the Group is still continuously exploring and optimizing the technological improvement of medium temperature SCR and low nitrogen decomposition furnace, and plans to complete the technological improvement of ultra-clean emission of nitrogen oxides in the production line in the next 3-5 years in the field of denitrification technology.



Technological improvement for reducing particulate matter emission

In 2020, the Group accelerated the technological improvement for particulate matter control equipment, replacing the original electric dust collectors at the main emission port of clinker production line with bag dust collectors with higher dust collection efficiency, completing technological improvement for 45 sets of electric dust collectors by replacing with dust collectors. As at the end of 2020, technological improvement has been completed for 177 sets of equipment, and the environmental protection equipment operated efficiently after the improvement, with the average emission concentration of particulate matters fell below 10mg/m³. In 2021, the Group plans to complete the ultra-low emission optimization technological improvement of dust collector equipments at all the main emission ports.

To further control the emission of particulate matters in cement grinding process, the Group has actively promoted the expansion and renovation of the main dust collector of cement mills. At present, 20 cement mills have been selected to carry out technological improvement. The efficiency of particulate matter filtration is further improved via changing the blowing method, increasing the length of filter bags, increasing the number of dust collector filter bags and other measures.



Noise control

The noise at plant boundary and sensitive points of all subsidiaries of the Group meet the national environmental noise standards. To further improve the level of occupational health management and optimize the on-site working environment of employees, the Group takes higher standards as its goal, and continues to promote noise control in production plants, including centralized control of noise sources of production equipment, and reduction and control of noise transmission through engineering and technical measures such as sound insulation and sealing, sound absorption and noise elimination in recent years.



Comprehensive treatment of environmental protection at the wharf

The Group has built a green wharf with high starting point and high standard along the river and coast, realizing "sewage does not enter the river, garbage is fully recycled, and new green is added along the coast". Each wharf is equipped with efficient environmental protection equipment, and all transportation corridors are fully enclosed. Environmental protection treatment is applied to every process of wharf operation through various ways such as domestic sewage treatment system, centralized rain and sewage treatment system, environmental protection transformation and upgrading of ship loaders, shore power supply construction etc.

In addition to the above-mentioned work, in order to promote the continuous improvement of environmental protection management, the Group has also actively strengthened the control of unorganized dust emissions, continued to strengthen the implementation of the management of solid waste and hazardous waste, and encouraged its subsidiaries to take the initiative based on the actual situation of the factory.

In 2020, 8 subsidiaries, including Yiyang Conch, Fusui Conch, were selected into the national "Green Plant" list, and 5 subsidiaries, including Chizhou Conch and Zunyi Conch, were selected into provincial and municipal "Green Plant" list. As at the end of 2020, a total of 31 subsidiaries of the Group were named national, provincial and municipal "Green Plant". 2021 marks the first year of the "Fourteenth Five-Year Plan". The Group will adhere to green development, continuously strengthen ecological environment protection, implement a number of measures to reduce emissions, and promote the sustainable development of environmental protection with higher standards.



CASE STUDY

Wuhu Conch, a "demonstration base for ultra-clean emission" in cement industry

Since 2018, the Group has started to build an "demonstration base for ultra-clean emission" for the cement industry. After selecting Wuhu Conch, the largest cement clinker production base in the world, as a pilot unit, the Group has invested a total of RMB600 million to comprehensively treat nitrogen oxides, sulfur dioxide, particulate matter, noise, dust and hazardous waste and solid waste generated in production by using advanced environmental protection technologies, so as to achieve ultra-low emission of pollutants and set a new benchmark for green development of cement industry. As at the end of 2020, the construction of Wuhu Conch "demonstration base for ultra-clean emission" has been completed by 90%, reaching the predetermined target. After the technological improvement, the emission concentrations of NO_x, SO₂ and particulate matter will be kept below 70mg/m³, 50mg/m³ and 10mg/m³ respectively, and zero emission of production and domestic wastewater was realized, laying a solid foundation for the promotion plan of the Group's "ultra-clean emission factory". In 2020, Wuhu Conch was awarded as a national "Green Plant" and selected by the Ministry of Ecology and Environment as a training base for on-site training of environmental protection enforcement in cement industry.



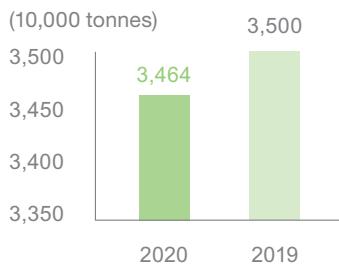
4.2 Utilisation of Resources

Advocate resource conservation

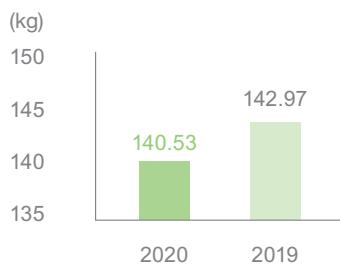
Low carbon, environmental protection, energy conservation and emission reduction are a long-term development strategy. The Group actively responds to the national policy on climate change, vigorously develops renewable energy, advocates the conservation, intensification and recycling of resources and incorporates the resource utilization policy of “minimization, recycling and renewability” into every aspect of production and management. In 2020, the Group invested RMB745 million in energy conservation and emission reduction, and saved 400 million kWh of power and 152,500 tonnes of standard coal, equivalent to reducing 747,700 tonnes of carbon dioxide emission.

Statistics of the Group's resource utilisation in 2020

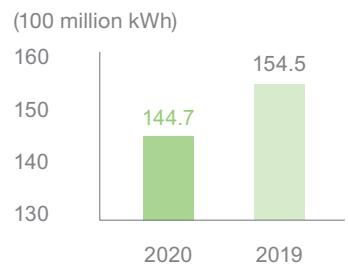
Coal consumption



Physical coal consumption per tonne of clinker



Total electricity consumption



• Year-on-Year change -1.0%

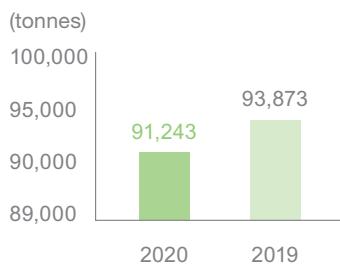
• Year-on-Year change -1.7%

• Year-on-Year change -6.3%

Comprehensive electricity consumption per tonne of cement



Diesel



Diesel consumption per tonne of cement

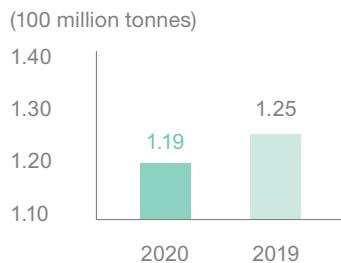


• Year-on-Year change -2.3%

• Year-on-Year change -2.8%

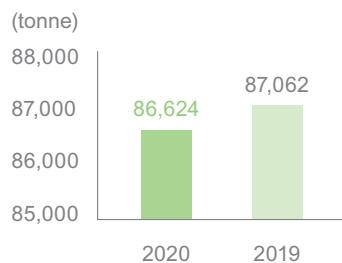
• Year-on-Year change -3.1%

Total water resource consumption



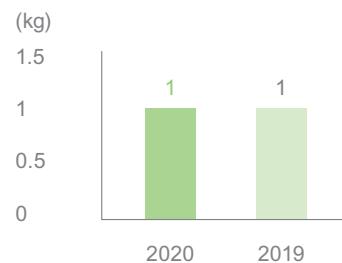
- Year-on-Year change **-4.6%**

Cement package bags consumption



- Year-on-Year change **-0.5%**

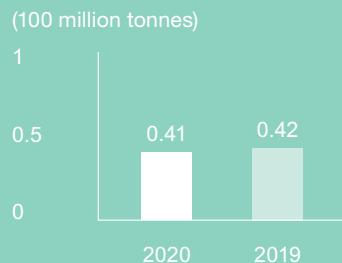
Consumption of package bags per tonne of cement



- Unchanged

Including:

Water consumption for clinker production



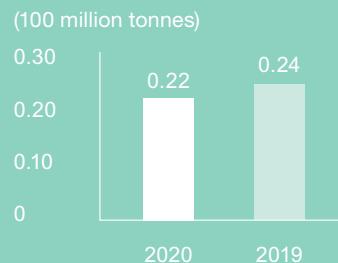
- Year-on-Year change **-3.2%**

Unit water consumption for clinker production per tonne



- Year-on-Year change **-0.5%**

Water consumption for cement production



- Year-on-Year change **-6.4%**

Unit water consumption for cement production per tonne



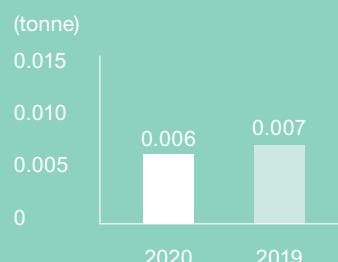
- Year-on-Year change **-0.1%**

Water consumption for residual heat power generation



- Year-on-Year change **-4.9%**

Water consumption for residual heat power generation per kWh



- Year-on-Year change **-5.9%**

Adherence to low-carbon development

The Group's greenhouse gas (GHG) emissions mainly stem from carbonate decomposition, coal combustion and power consumption generated during the production of cement clinker. In 2020, the CO₂ equivalent emissions for 68 domestic production base companies preliminarily calculated by the Group in accordance with the Guidelines on Greenhouse Gas Emissions Accounting for the Cement Industry (水泥行業溫室氣體核算指南) was 202.8 million tonnes, an increase of 2.58 million tons year-on-year, mainly due to the Group's establishment of two new clinker production base companies in 2020, with a year-on-year increase of 1.58% in clinker production. CO₂ emissions per tonne of clinker was 0.8402 tonne, down 0.28% year-on-year and equivalent to a decrease of 579,400 tonnes in total CO₂ emissions (Carbon emission data for 2019 has been audited by third-party specialized institutions).

The Group actively explores circular economy, energy conservation, energy efficiency improvement, renewable energy use and other fields, continuously broadens new paths for energy conservation and emission reduction, reduces the consumption of traditional fossil energy, and accelerates the transformation and development of green and low carbon.

Residual heat power generation technology



The pure low-temperature residual heat power generation technology of cement kiln can convert the heat generated in the clinker production into electricity, which helps recycle resources, save traditional electricity, and reduce carbon emissions. The Group takes the lead in using pure low-temperature residual heat power generation technology in the country, and gradually promotes China's cement industry to include residual heat power generation technology in the factory building standards, which has a far-reaching impact on energy conservation and emission reduction in the cement industry. The residual heat power generation system has now become the standard configuration for the construction of the Group's production plants. At present, the total installed capacity of the Group's residual heat power generation system reaches 1,263 MW. A clinker production line with daily output of 5,000 tonnes can generate 220,000 kWh of electricity with the residual heat generated by the production line per year, saving approximately 23,200 tonnes of standard coal and reducing carbon dioxide emissions by approximately 61,900 tonnes per year. In 2020, 8,714 million kWh were generated by residual heat in the Group, saving 2.79 million tonnes of standard coal as compared with similar scale of fire-generated electricity and reducing emission of CO₂ by 7.43 million tonnes.

Energy-saving and consumption reduction technological improvement



In 2020, the Group adhered to the refined management of production and optimized the energy consumption indexes through technological improvement of decomposition furnaces, grate coolers, roller presses and etc. Among them, the technological improvement of decomposition furnaces is to improve coal combustion efficiency by expanding the capacity of decomposition furnaces; the technological improvement of grate coolers is to greatly improve the heat energy recovery efficiency and reduce energy consumption through equipment upgrading; the technological improvement of roller press is to pre-grind the raw materials before entering the cement mill, so as to improve the operation efficiency of the cement mill and reduce the power consumption of the cement process. As at the end of 2020, the Group completed technological improvement of the decomposition furnace for capacity expansion for 24 clinker production lines and the upgrade of third-generation grate coolers and the improvement of fourth-generation grate coolers for 28 clinker production lines, which reduced the average standard coal consumption per tonne of clinker by 3 kg after improvement; completed technological improvement of roller presses for 61 cement grinding mills, which increased average cement production by 98% and reduced the electricity consumption per tonne of cement by 6.5 kWh.

In addition, the Group also actively promoted process technology innovation and tried try new technologies and equipment. Chizhou Conch has successfully applied oxygen-enriched combustion energy-saving technology to achieve a new breakthrough in cement kiln calcination technology; Jiande Conch replaced the cement vertical mill with lower energy consumption and noise. Lu'an Conch and Yiyang Conch replaced the steel ball grinding medium with the ceramic balls, which reduced the mill load and the power consumption of cement grinding.

Use of industrial waste slag and cement admixtures (grinding aids)



Replacing clinker with mineral powder, fly ash, slag, coal gangue and other industrial waste to produce cement is an important way to save resources and indirectly reduce carbon emission in the production process, achieving significant economic and social benefits. In 2020, the Group consumed about 62.14 million tonnes of various waste residues. The Group continued to promote the use of cement additives (grinding aids) in 2020. Through the use of cement additives (grinding aids), the operating efficiency of cement mills can be improved, electricity consumption can be reduced and clinker consumption can be reduced, thereby indirectly reducing CO₂ emissions.



Development of clean energy

In 2020, we further promoted the use of clean energy and our subsidiaries further increased the proportion of photovoltaic power generation. Jining Conch used 383,000 kWh of wind power across the year. 10 subsidiaries, including Jianghua Conch, Suzhou Conch and Tongling Conch, purchased and used 38.52 million kWh of photovoltaic power, up 46.3% year on year and equivalent to saving 12,500 tonnes of standard coal and reducing 33,200 tonnes of carbon dioxide emission.



The Group insists on taking scientific and technological innovation as a breakthrough point, actively cooperates with well-known universities at home and abroad, and focuses on building a number of intelligent scientific and technological and environmental protection demonstration projects, and promotes the Group's low-carbon strategy to a new stage of development.



Smart plant

As a new engine to speed up the development of enterprises and improve the efficiency of production and management, smart plant covers three platforms: "smart production platform", "operation and maintenance management platform" and "smart management platform", and constructs a smart production mode of "taking smart production as the core", "taking operation and maintenance as the guarantee" and "promoting operation with smart management", realizing the integration of production process management and control such as production, quality, safety and energy. After the establishment of Quanjiao Conch, the first whole-process smart cement plant in China, in 2018, the Group has accelerated the construction progress of the smart plant and made remarkable achievements in smart development. By the 2020, the Group has promoted expert automatic control systems for 21 production lines of 15 subsidiaries such as Ningguo Cement Plant and Digang Conch; completed the establishment of digital mines in 11 subsidiaries including Wuhu Conch and Yingyang Conch; completed the construction of smart quality control systems in 5 subsidiaries including Chizhou Conch and Feiyang Conch; completed the application of online equipment management and auxiliary patrol inspection systems in 10 subsidiaries including Yingde Conch and Chongqing Conch; launched the world's first 5G "Super Upstream" project in Quanjiao Conch.



Carbon Capture Technology

The development of carbon capture technology is of great significance to the emission reduction and commercial utilization of greenhouse gases in the cement industry. Previously, carbon capture of cement kiln flue gas in the industry was only in the exploratory stage. In 2017, the Group and Dalian University of Technology adopted the Industry-University-Research Institution cooperation model to invest more than RMB50 million to independently develop carbon capture equipment and technology. In 2018, a 50,000-tonne carbon dioxide capturing and purification demonstration project in Baimashan Cement Plant was built. Every year, it can produce 30,000 tonnes of food grade carbon dioxide with purity of 99.99%, and 20,000 tonnes of industrial grade carbon dioxide with purity of 99.9%, creating a precedent for carbon capture and utilization in the world cement industry. To further improve the added value of carbon dioxide products and broaden the new space for product application, the Group started construction of a dry ice project with an annual output of 3,000 tonnes in 2019. After half a year's construction, the project was completed and put into production, and "Conch Brand" dry ice was officially put on the market.



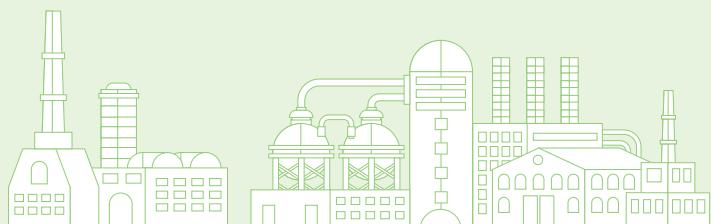
Biomass Fuel System

Compared with coal, biomass fuel has the characteristics of low pollution and low cost. It belongs to environmental protection and economic fuel and has good ecological, economic and social benefits. In 2018, considering the local advantages in large-scale rice planting, we built our first biomass fuel system in Battambang, Cambodia. To explore the construction of a modern energy system and solve the problems that domestic agricultural straw treatment is difficult and easy to cause environmental pollution, the Group built the first domestic biomass alternative fuel system in 3 # clinker production line of Zongyang Conch after sufficient market research, which realized a replacement rate of more than 40% of biomass fuel, saving up to 75,000 tonnes of standard coal and 200,000 tonnes of carbon dioxide emissions every year and bringing remarkable comprehensive benefits. Based on the existing basis, the Group plans to explore the establishment of standards for biomass fuel technology and actively carry out research and demonstration to allocate biomass fuel systems in qualified subsidiaries.



Comprehensive Energy-saving Technical Transformation

As a key scientific and technological innovation project of the Group, the comprehensive energy-saving technology aims at "smart, high efficiency and low emission" and integrates the current advanced technology and equipment to further optimize the energy consumption index of the production line. After the completion of the comprehensive energy-saving technological transformation, it is estimated that the standard coal consumption per tonne of clinker in the clinker production line can be controlled within 98 kg, and the comprehensive power consumption per tonne of clinker can be controlled within 48 kWh. Meanwhile, it can effectively reduce the equipment operation load and ammonia water usage. In 2020, the Group took the lead in completing the comprehensive energy-saving technological transformation in 3 # clinker production line of Chizhou Conch, and the energy consumption index reached the set standard after the transformation. In 2021, the Group plans to select 10 clinker production lines to promote comprehensive energy-saving technologies.



In 2020, the Group preferred ships, trains and other means of transportation with high efficiency and low unit energy consumption in areas where conditions permit. The cargo transported via docks and ships reached 175 million tonnes, and the cargo transported via trains reached 16 million tonnes, jointly representing 33.14% of the total cargo volume of the Company.

In 2020, we actively advocated all employees to establish the consciousness of low-carbon. We required the employees to reasonably arrange business activities, choose video or teleconferencing for business negotiations as far as possible, reduce unnecessary travel, and encourage daily business travels to give priority to public transportation. During the year, the proportion of video conferences reached 40%, up 5% compared with last year. We insisted on implementing energy saving and environmental protection requirements in details, for example, the Group promotes paperless office through information construction, which greatly reduced paper consumption and other office supplies; increases the publicity of low-carbon environmental protection philosophy through the intranet, WeChat group, and posters, etc.; adopts energy-saving lamps for the office area and adjusts more energy-efficient use of air conditioners to save office electricity.

In September 2020, Xi Jinping, Chinese President, announced at the general debate of the 75th UN General Assembly that China's carbon dioxide emissions reach the peak by 2030 and would achieve carbon neutrality by 2060. The declaration not only puts forward clear requirements for China's response to climate change, high-quality economic development and ecological civilization construction, but also points out the development direction for carbon emission reduction and carbon neutrality of Chinese industrial enterprises.

In October 2020, the Ministry of Ecology and Environment issued the National Carbon Emissions Trading Management Measures (for Trial Implementation) (《全国碳排放交易管理办法(试行)》), and the national carbon emission trading market was ready to start, and the cement industry would gradually be incorporated into the carbon emission trading market in the future.

Under the principle of earnestly implementing the national carbon emission management policy, the Group will adhere to the green and low-carbon development strategy and strengthen carbon emission management with greater determination and strength. We plan to carry out specific work from the following three aspects: improving the system, reducing carbon emissions and increasing carbon sinks, etc. First, we will accelerate the establishment and improvement of the Group's carbon emission management system and set up a three-level management system of "headquarters, regions and subsidiaries" to further improve the Group's carbon emission management policy; we will improve the carbon trading management system through digital information technology to enhance the carbon asset management capability. Second, we will speed up the implementation of mature and stable technological improvement for energy conservation and consumption reduction, optimize production technology, develop low-carbon cement products, optimize raw meal batching and further tap the potential for energy conservation and carbon reduction. Third, we will continue to increase the promotion of clean energy to further reduce the consumption of traditional energy. Forth, we will persist in creating "green factories", "green mines" and "green supply chain", planting trees on a large scale in factories and mines, and actively developing forest carbon sinks. Fifth, we will explore new technologies of CCUS (carbon capture, utilization and storage) and strive to find new paths for carbon emission reduction on the basis of existing carbon capture technologies.



Strengthening Water Resources Management

With respect to the use of water resources, the Group advocates the concept of rational and economical use of water and continuously strengthens the management of wastewater resources. The production water of riverside bases of the Company is mainly taken from surface water of rivers. In the cement clinker production process, we emphasize the rational use of water resources, strengthen the assessment and management of water resources of subsidiaries, and prohibit waste of water resources. With respect to the wastewater treatment, a rainfall and sewage separation system has been implemented in all plants, docks and mines of the Company, and all domestic sewage of the Group is treated using the A/O secondary biochemical treatment technology. The Group has 327 sets (291 sets of wastewater comprehensive utilization facilities and 36 sets of wastewater discharge facilities up to standard) of sewage treatment facilities, ensuring full recycling or compliant discharge. Meanwhile, the Group conducts systematic analysis of residual heat power generation wastewater treatment technology, continues to explore technologies that enable zero sewage discharge in residual heat power generation, and gradually carries out pilots and promotion in some subsidiaries.

4.3 Environmental and Natural Resources

Scientific mining and treatment of mines

Ecological environment protection in mines is an important component of the ecological civilization construction system. Because limestone resources are the main raw materials for clinker production, it is very important for the Group to establish a mining planning and management system for mineral resources. For a long time, we have adhered to the principle of "protection in development, development in protection", in order to ensure coordination between mineral resource development and ecological environment protection. We have continuously restored and properly managed the ecological environments of mines through sound mine management mechanism, green mine building and other measures. In addition, by building a digital smart mine, we have realized the safe, efficient and green mining of mineral resources, so as to further improve the efficiency of resource use and the level of mine ecological environment protection.

When exploring mineral resources and making mining plans, the Group strictly abides by the Convention on Biological Diversity of the United Nations. To strengthen the protection of mine biodiversity, the Group has invited qualified institutions as well as agricultural and forestry management experts to prepare the Feasibility Report on Use of Forest Land (使用林地可行性報告). By doing this, we investigate, identify and monitor the important biological diversity elements and species in related area that require protection. The Group minimizes the mining process' impact on the ecological environment, water source and animal habitat. Moreover, the Group implements on-site conservation of creatures and conducts regular patrols in areas that are temporarily not mined. Meanwhile, based on the mining plan for the coming 3-5 years, the Group will migrate and protect main plants of contemplated mining areas in advance.

In terms of mining, the Group adopts a top-down approach to exploit limestone mines, adhering to the principle of "treating while exploiting". Through scientific, reasonable and efficient mining methods, we reduce the damage to the original mountain and achieve the large-scale and high-value utilization of limestone resources. In 2020, the comprehensive utilization rate of mine resources of the Company reached 100%. To reduce the damage to the original mountain ecosystem and vegetation, we strictly manage the operation behavior of mining equipment by adopting controlled blasting technologies such as smooth surface and presplitting when mining the slope near the mountain. In 2020, we actively studied the technology of non-blasting mining in mines and mined non-blasting for the first time in Basu Conch Mine. In the future, we will gradually promote the application of non-blasting mining technology in mines with implementation conditions.

In the treatment of mine dust and sewage, we focus on the mining and transportation process. All mines in the Group are equipped with sewage treatment facilities. In order to avoid direct discharge of mine domestic and production wastewater, we have built environmental protection facilities such as sedimentation tanks adaptive to local conditions. To reduce the disorganized emission of mines, we implement fully-sealed management for all mine transportation corridor and raw material storage yard. All mine crushing discharge ports have been installed with dry mist dust suppression devices and equipped with 20-tonne watering cars. All main roads of mines are installed with automatic water sprinkler facilities and some mines are also furnished with multi-functional dust-reducing trucks. In 2020, we also piloted and promoted the ore transport road of the mine water stable layer (using cement consolidation cascade gravel, completed by compaction and maintenance), and completed the pilot construction of the ore transport road of Earth Zyme in the mine (improving the engineering performance of soil materials through biological enzyme catalysis) in the Baimashan Cement Plant.



With respect to mine restoration treatment, the Group has formulated mine restoration treatment plans in accordance with relevant national laws and regulations. We endeavor to pursue long-term treatment effect for the mine and have formulated detailed annual, quarterly and monthly restoration and governance plans according to the governance plan approved by the Natural Resources Department. We restore green ecology of mines, avoid water and soil erosion, and protect nearby water resources by covering soil on mine slope, planting trees and grasses adaptive to local conditions, as well as building drainage ditches and permanent pools. For some mines that are really unable to implement treatment on our own, we commission a third-party institutions that specialize in geological survey and evaluation or disaster management to prepare detailed treatment plans and entrust units with professional qualifications to carry out restoration treatment. In 2020, the Group invested about RMB200 million in mine treatment and restoration. During the year, we restored, treated and greened about 3.6 million square meters of mining areas. We also planted about 1.6 million trees.



Area of mine restoration and
greening approximately
3.60 million square meters



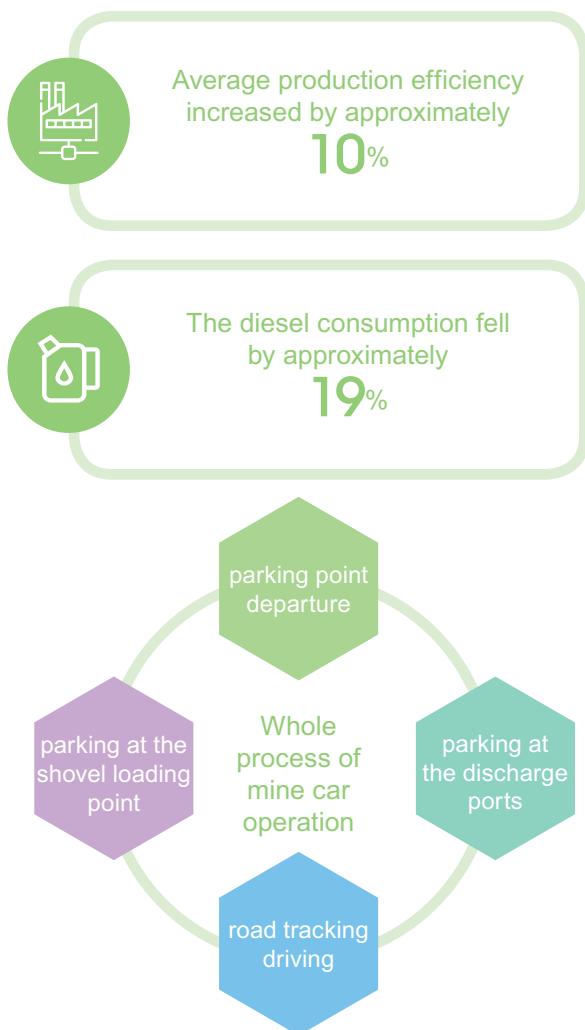
Trees planted approximately
1.60 million



Promote the Construction of Smart Mines

In 2020, 4 subsidiaries, including Tongling Conch and Zongyang Conch, completed digital smart mines and put them into use, and a total of 11 subsidiaries have now completed the creation of digital smart mines. Digital mine systems, which consist of digital mining platform, production execution platform, three-dimensional visualization platform, smart dispatching and production monitoring system, have visualized and digitalized the mining activities and make mines smarter. Through the systems, we can intuitively manage mine resources and mining environment, and centralize the management of mine resource exploration, production planning, mining matching, transportation dispatching and production process monitoring. This helps improve mining efficiency, save resources and make mining process safer. In 2020, the production efficiency of the 11 subsidiaries using such systems increased by about 10% on average, while their diesel consumption fell by about 7% and minecar tire consumption decreased by about 19%. In 2021, we will focus on the digital smart mine building for 13 subsidiaries, including Baimashan Cement Plant, Xuancheng Conch and Jiande Conch.

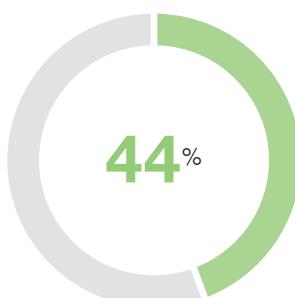
In 2020, Wuhu Conch put four driverless mine cars into use, realizing the whole process of "parking point departure -> parking at the shovel loading point -> road tracking driving -> parking at the discharge ports". To speed up the promotion and application of driverless technology in mines, we established Anhui Haibo Intelligent Technology Co., Ltd. in a joint venture with Wuhu Gelubo Intelligent Technology Co., Ltd.. At the same time, we signed a cooperation agreement with Huawei to jointly promote the development of driverless mine industry in open-pit mining areas, realize unmanned operation of mines, and strive to fully realize fully driverless transportation in the Group's mines within 3-5 years.



In terms of building "green mines", 13 mines of the Group were newly selected into the National Green Mine List, 22 newly selected into provincial "green mines" and one selected into municipal "green mines" in 2020. Up to now, 44 mines have been selected into the National Green Mine List, 30 mines have been rated as provincial "green mines", 11 mines have been rated as municipal "green mines", and the proportion of "green mines" in the total number of mines in the Group has reached 44%. In addition, in 2020, Wuhu Conch was rated as the national "Outstanding Contribution Unit of Green Mine", two mines, Wuhu Conch and Huaining Conch were rated as the "Top Ten Mines" in China cement industry in 2020, and Quanjiao Conch was rated as the "Model Unit of High Quality Development of China Mining Industry".



Proportion of "green mines" in the total number of mines in the Group



CASE STUDY

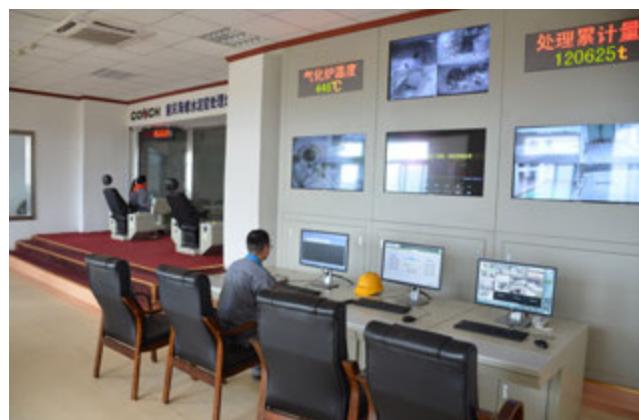
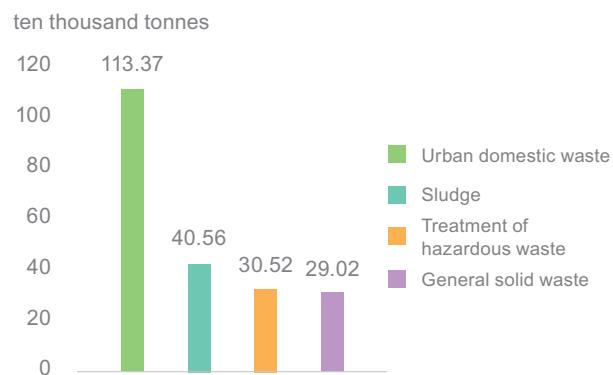
Taking advantage of the Group's technological advantages, Wuhu Conch has deeply integrated information and intelligent technologies with mining, sparing no effort to build a modern mine integrating green mines and digital intelligent mines, and realizing the organic unity of efficient mining, scientific management and ecological protection. In September 2020, Wuhu Conch was awarded the title of "Top Ten Mines" in China cement industry in 2020 at the 14th Annual Conference of China Cement Mines & Forum of "Green-Smart, Forging Ahead". The representative of Wuhu Conch was invited to share experience to the participants.



Promote the Facilitation of Treatment

The Group has built the first set of cement kilns to facilitate the treatment of urban domestic waste in China and actively promoted the technologies using cement kilns to facilitate the treatment of urban domestic wastes, sludge and hazardous industrial solid wastes. The technology using cement kilns to facilitate the treatment of urban domestic waste uses the advanced waste gasification treatment technology in the waste incineration treatment method to convert the waste into a combustible gas, and then transmits the gas into the decomposition furnace of the new dry process cement kiln system, and burn it as part of the fuel. Leveraging a series of characteristics of new dry-process cement kiln such as high temperature and alkaline materials, it absorbs harmful substances such as dioxins generated by garbage and effectively prevents the spread of malodour, so that the sewage in the waste can be treated in a harmless manner and the heavy metal is solidified and stabilized in clinker. Compared with traditional landfills, the technologies using cement kilns to facilitate waste treatment can minimize the pollution of ecological environment, and achieve "detoxification, minimization and renewability" of waste treatment. At the same time, it is beneficial to alleviate the land occupation and environmental pollution caused by waste incineration and landfill.

In 2020, the Group joined forces with Conch Venture (a company listed on the Hong Kong Stock Exchange, stock code: 0586) to actively work with the local governments of subsidiary factories of the Group to treat a total of 1,133,700 tonnes of urban domestic wastes, 405,600 tonnes of sludge, 305,200 tonnes of hazardous waste, and 290,200 tonnes of other general waste.



05

Employment and Labour Practices



力、攻坚克难，为实现集团“双一”目标和“十三五”规划而全力奋斗



The Group always adheres to the people-oriented responsibility philosophy, protects all legal rights and interests of employees, and creates a big career development platform for employees. The Group also builds safe and healthy workplace, and provides comfortable and convenient living environment to employees. At the same time, the Group adheres to the talent-led strategy, adopts various measures to introduce talents, establishes and optimizes its compensation and incentive mechanism to enable employees to share the results of our development, and provides a source of vitality for the new round of enterprise development.



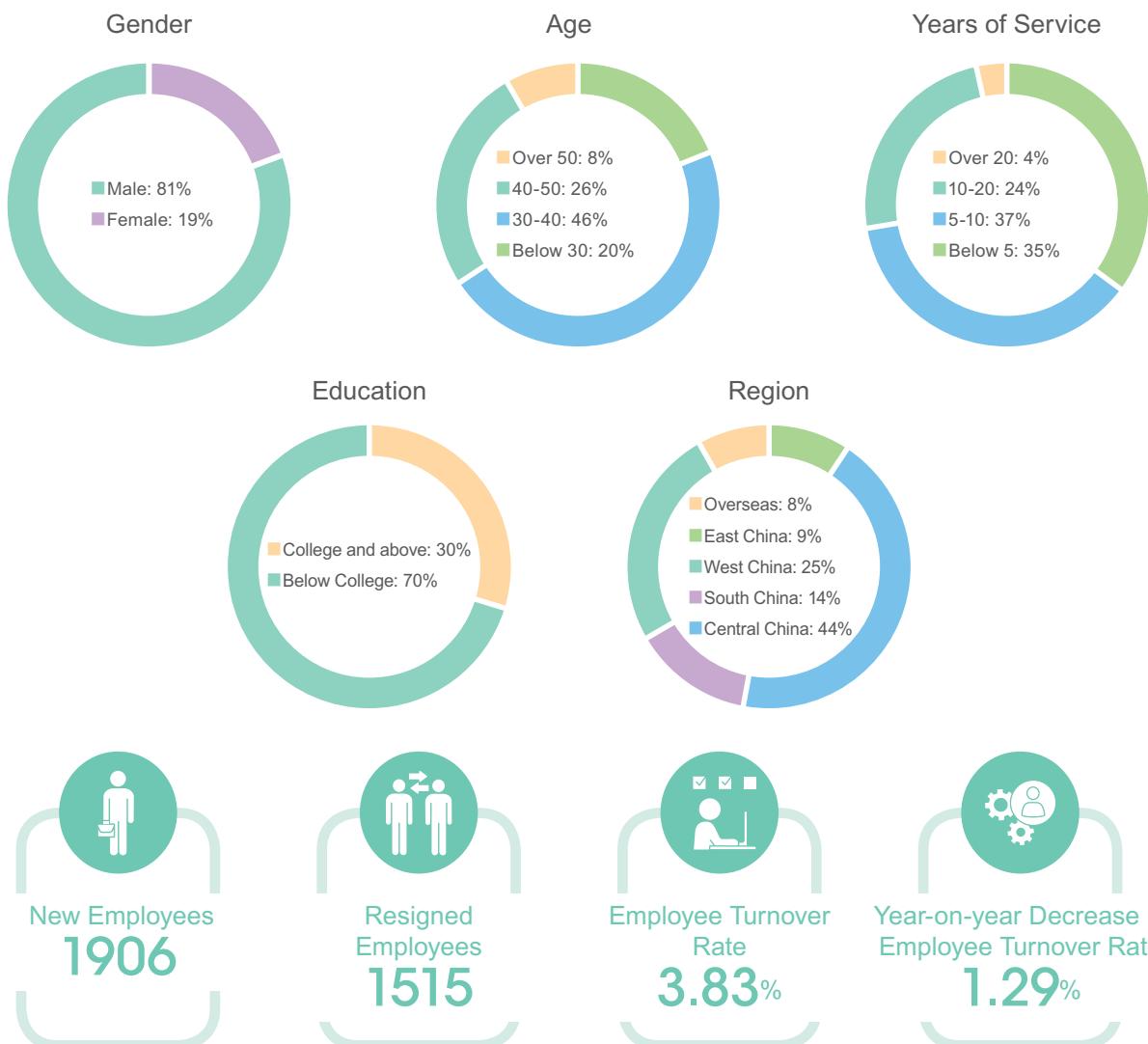
5.1 Employment

Insist on Equal Employment

We adhere to the principle of equal employment, prohibit employment discrimination, and build a diversified workforce. We respect and treat employees of different nationalities, genders, ages, educational attainment, ethnicity, religious beliefs and cultural backgrounds with fairness. We strive to create a diverse and inclusive workplace.

As at the end of 2020, the Company had a total of 47,539 employees. All on-the-job employees are full-time employees and there are no part-time employees, of which 19% are female and 9% are ethnic minority employees. Among the Company's middle and senior management, female members accounted for 5% and ethnic minority members account for 4%. We actively promote localized management and employment in our overseas operations, in a bid to provide more job opportunities to local people. Until now, we have 3,871 employees working in overseas projects, of which foreign employees account for 79.54%.

In 2020, the Group's middle and senior management teams, and its workforce as a whole have always been relatively stable. The Company recruited 1,906 new employees. 1,515 employees resigned, with an employee turnover rate of 3.83%. The employee turnover rate declined 1.29 percentage points compared with last year.

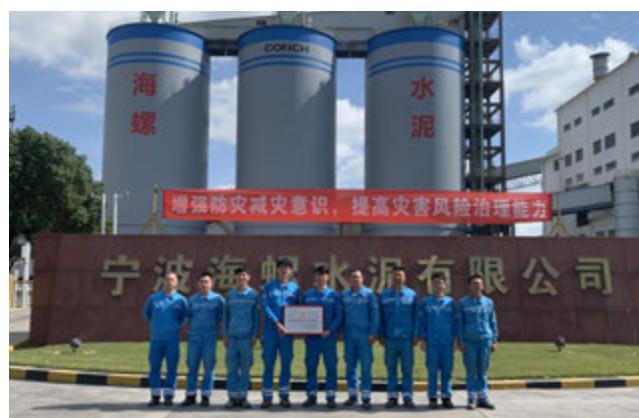


Optimization of Compensation Mechanism

In 2018, the Group completed a new round of reform in its compensation and performance system, established a more scientific and reasonable performance distribution system and built a more competitive compensation system. Currently, our total wages are linked to profits, operating income and labor productivity. The remuneration structure of employees specifically includes basic salary, position bonus and performance bonus, in which the basic salary is fixed and paid on a monthly basis, and the position bonus and performance bonus are linked to the work performance of employees, so as to fully mobilize the enthusiasm of employees and stimulate their work ethic. In 2020, the Group continues to optimize the salary assessment mechanism in order to further improve the assessment and incentive methods in the fields of safety management, production and operation, and project development, further increases the positive assessment

incentive for employees, enables the employees to share benefits of the Company's reform and development, and boosts employees' sense of achievement and happiness. In 2020, the per capita wage income of employees will increase by 13% year-on-year.

We fully pay endowment, unemployment, employment injury, medical and maternity insurances and housing provident fund for all employees according to the law. In order to further improve the employee welfare system, full supplementary medical insurance will be implemented for the first time in 2020. In 2020, the social insurance coverage rate for employees was 100%, and the total annual expenditure of the Group on social insurance, provident fund and enterprise annuity was RMB1,341 million (excluding the reduction and exemption amount of social insurance fee of RMB650 million enjoyed by the Group according to law).



Promoting Democratic Management

We are committed to building harmonious labor relations, promoting democratic management of the enterprise, improving the democratic system, maintaining democratic participation channels for employees, and protecting employees' legal right to information, participation and decision-making. We encourage employees to carry forward the sense of ownership and participate in democratic management. We collect and adopt the opinions and suggestions of employees extensively, actively respond to the concerns of employees and meet their reasonable demands by holding regular employee colloquiums and logistics meetings, building "Employees' Home" and conducting questionnaires and setting up staff suggestion boxes.

115 subsidiaries of the Group that met the conditions for establishing a labour union had labour unions in place, of which 111 established women worker committees. 100% of employees in subsidiaries that met the conditions for establishing a labour union joint labour unions. The Company implements the employee congress system and fully protects the democratic rights and vital interests of workers by holding employee congresses to collectively review and approve regulations concerning the vital interests of employees and related matters.

The Group established the collective bargaining and collective contract system, and has formed a perfect collective negotiation process. It has standardized a series of procedures such as the generation of negotiation representatives, the initiation of offers, the convening of negotiation meetings, the deliberation of the staff and workers' congress, the submission of negotiation results for the record, and public notification. Through consultation, the communication between employees and enterprises has been promoted, and the participation and discourse rights of employees have been enhanced. In 2020, the coverage of the Company's collective bargaining and collective contract was 100%.

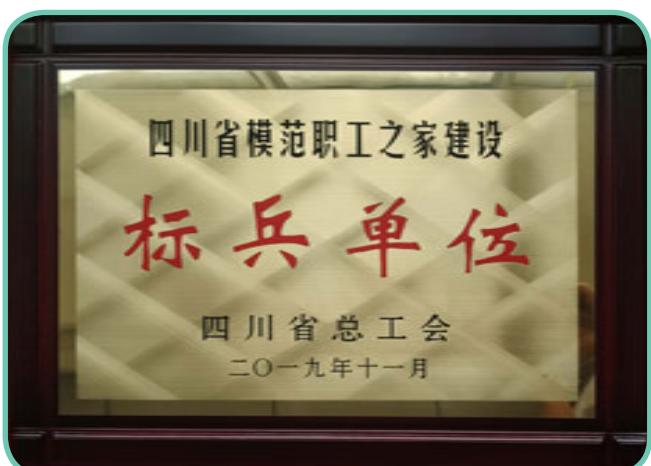
In 2020, Conch Cement Trade Union was awarded the honor of "Model Employees' Home" by Anhui Federation of Trade Unions. In the past three years, more than 90 subsidiaries of the Group have won honors such as local "Model Employees' Home".

Percentage of Employees Joining the Labour Union

100%

Coverage of Collective Bargaining and Collective Contract

100%



Strengthening Humanistic Care

We strive to provide security for our employees' living services, spare no efforts to create a warm and comfortable living environment for employees, and build a "home-like" atmosphere. All its subsidiaries are equipped with high-standard staff restaurants and standardized staff dormitories. We regularly carry out various cultural and physical activities to strengthen staff interaction and enrich amateur cultural life.

Bazhong Conch takes "happy work and happy life" as its goal, and actively organizes the creation of "station agent for employees" to strengthen psychological counseling for employees and protect their physical and mental health. In 2020, Bazhong Conch invited professional psychological counselors to give lectures on mental health at the grassroots level. The counselors impart knowledge and methods of psychological adjustment, guide and help employees to cultivate good psychological quality, and carry out "one-on-one" psychological counseling for some employees in need to help them reduce psychological pressure and guide them to establish a positive attitude towards work and life. At the same time, Bazhong Conch has built basketball courts, badminton courts, gyms and other facilities for its employees, organized regular recreational and physical activities, and distributed staff reading cards to enrich their amateur cultural life. The "Employee Spiritual Station" of Bazhong Conch is very popular among the employees and has been highly evaluated by the Sichuan Provincial Federation of Trade Unions. In March 2020, it was rated as a demonstration unit of "Employee Spiritual Station".

CASE STUDY



To protect the health of employees, we provide health checkups for all employees every year. All employees received health checkups and established occupational health files. In 2020, the Group's total expenditure for employee health check-ups was approximately RMB68.97 million.

To continuously provide the humanistic care of enterprises, we conduct a thorough investigation for the families of the employees in difficulties in the company every year, establish files of the employees in difficulties, provide necessary assistance, and help the employees in difficulties solve the most concerned and direct problems. In 2020, the spread of the global pandemic accelerated and the flow of people was blocked. We have increased our concern for overseas employees and helped their families, coordinated domestic hospitals to open online consultation channels for overseas employees, invited mental health counseling experts to conduct online psychological counseling, opened a psychological counseling hotline, fully coordinated the vaccination of overseas employees against COVID-19, and implemented various measures to ensure the physical and mental health of overseas employees. At the same time, we have also opened up a green channel for overseas employees' families to help them address difficult problems by visiting and returning visits. In 2020, the Company comforted over 4,300 employees in difficulties, retirees and families of overseas employees, and offered over RMB4.8 million worth of financial reliefs and supplies to them.

**Expenditure
for employee health
check-up approximately
RMB68.97 million**

**The Company comforted
employees in difficulties,
retirees and families of overseas
employees
over 4,300 employees**

**Offering financial reliefs and
supplies
over RMB4.8 million**

5.2

Health and Safety

Strengthened Safety Management

The Group strictly abides by the Law on Work Safety (安全生產法) and other applicable laws and regulations. We have formulated a full set of rules and systems, such as the Accountability System for Environmental Safety and Occupational Health (安全環保職業健康責任制), Contingency Plans for Domestic and Overseas Safety Emergencies (境內外突發安全事件應急預案), and Guiding Opinions on Safety Management Procedures of External Entrusted Construction Operations (外委施工作業安全管理規程指導意見), etc. The Accountability System for Production Safety and Occupational Health has clarified the responsibilities of safety management institutions at all levels and the safety education, safety protection and emergency management plans of the Group, and has made detailed provisions on the safety code of conduct for all employees. The Guiding Opinions on Safety Management Procedures of External Entrusted Construction Operations require suppliers, customers, engineering contractors and other relevant parties to strictly abide by the Group's policies on safety production and occupational health management, in which engineering contractors need to sign an agreement on safety production occupational health management with the Group before entering the on-site construction operation, clarifying their respective management responsibilities; on-site operators must receive the safety education and training carried out by the

Group, and qualified personnel can enter the on-site construction operation; all safety management departments of the Group shall carry out safety inspection on the on-site construction operation of engineering contractors, and punish the violations of rules and regulations and also require the engineering contractors to carry out rectification measures.

The Group has established a comprehensive safety management system and strove to build a long-term mechanism for production safety management. The headquarters has set up a management committee for environment, health and safety ("EHS Management Committee"). Mr. Wu Bin, General Manager, is appointed as the head of the EHS Management Committee, and takes full responsibilities for the Group's production safety and occupational health management. Each subsidiary has a safety management committee ("Safety Committee") and Occupational Health Management Committee, which is responsible for production safety and occupational health management. The main person in charge of each subsidiary also acts as the head of such subsidiary's Safety and Occupational Health Management Committee, and the Group's headquarters and all subsidiaries have set up safety management departments, equipped with safety management personnel and occupational health management



personnel according to law. The Group encourages all safety management personnel and related personnel to apply for the registered safety engineer examination, and invites internal and external safety experts to provide trainings and guidance. Until now, 480 employees have been certified as registered safety engineers. Safety management departments at all levels play an important role in internal safety management. They organize and carry out system publicity and implementation programmes, safety training, experience sharing sessions, safety inspection, regular safety meetings and safety drills, in order to ensure the continuous and effective operation of safety management system, and guarantee the health and safety of employees.

The Group implements a liability system for safety in production and occupational health targets to enforce the production liability in a level-by-level manner. In 2020, the Group revised and improved the Liability Statement and Assessment Rules on Production Safety and Occupational Health Objective (安全生產職業健康目標責任書與考核細則) and signed the Liability Statement on Production Safety and Occupational Health Objective (安全生產職業健康目標責任書) with 137 production subsidiaries, which clearly defined the safety management liability objectives and strengthen the assessment and

supervision of subsidiaries. The EHS Management Committee Office of the Group is responsible for organizing regular safety management and occupational health inspections, preventing safety risks, instructing and supervising subsidiaries to strictly implement rectification requirements to prevent production and operation risks and improve safety management.

The Group has self-developed the "Production Safety Alert System" and is equipped with mobile app of safety management system, which can effectively identify and warn of safety risks and hazards and assist managers to implement and rectify them in a timely manner, realizing "full participation, leader supervision and systematic management" of safety management through the application of the information system.

In 2020, the Group's safety accidents decreased by 18% year-on-year. No production safety accident of the "major" level or above took place. 65 subsidiaries of the Company did not experience any safety accidents. In 2021, the Group's safety production management goal is to ensure that the total number of production and safety accidents in all subsidiaries will decrease by 10% (The safety management objectives in 2021 include relevant parties such as suppliers, customers and engineering contractors) year-on-year.



Implementation of occupational health protection

Thoroughly implementing the policy of "safety first, prevention oriented, and integrated treatment", the Group has always put the occupational health protection of its employees in the first place, grasped the key points of occupational health protection and further promoted the standardized management of occupational health.

In order to protect employees' occupational health, the Group fully considered the protection requirements of employees' occupational health, solidly promoted the technological transformation projects of dust control and noise control, continuously optimized the on-site working environment and living environment of employees, and reduced the hazards of dust and noise.



In September 2017, the Group began to study the smart shipping technology of cement packaging robots, explore the use of machine operations instead of manual operations in the cement packaging shipping process, and build a demonstration project of smart packaging and shipping for the whole process so as to fundamentally eliminate the occupational health hazards of employees caused by dust in the shipping process. In July 2019, the Group's first automatic and robotized loading system was officially put into use in Yiyang Conch. Through technological upgrading, the Group has integrated data links such as supply and marketing management system, packaging system, dust removal system and vehicle dispatching management system to realize smart control of the whole process of cement packaging and shipping.

To accelerate the transformation of scientific and technological achievements, the Group established a joint venture company with Hunan Central South Intelligent Equipment Co., Ltd. and Efort Intelligent Equipment Co., Ltd. in 2020 to jointly implement the development and application of automatic and robotized loading system for packaged cement so as to speed up the promotion of smart packaging and shipping technology in the whole process.

Improve the Quality of Safety Education

In 2020, in order to continuously enhance employees' awareness of safety in production and occupational health protection, the Company further strengthened the publicity of safety in production and occupational health, and organized various publicity activities to guide all employees to participate.

"Production Safety Month"

- Prepared and hung 1,354 themed banners and posted 994 posters
- Invited competent authorities, experts and scholars to teach safety knowledge in 92 sessions
- Held 116 production safety knowledge contests
- Main persons in charge talked about safety with 4,271 employees in key positions
- Organized 143 contingency plan drills
- Organized 45 safety speech activities
- Carried out 314 warning education sessions

Law on Work Safety Promotion Week

- Conducted 512 sessions of on-site promotion
- Printed and distributed 89 kinds of promotion materials with a total of 9,130 copies
- Organized 811 training sessions on law dissemination
- Sent 3,154 law dissemination messages through WeChat and Weibo platforms; participated in 13,545 WeChat prize contests in relation to common safety knowledge

Publicity Week for the Law On Prevention and Control of Occupational Diseases (職業病防治法)

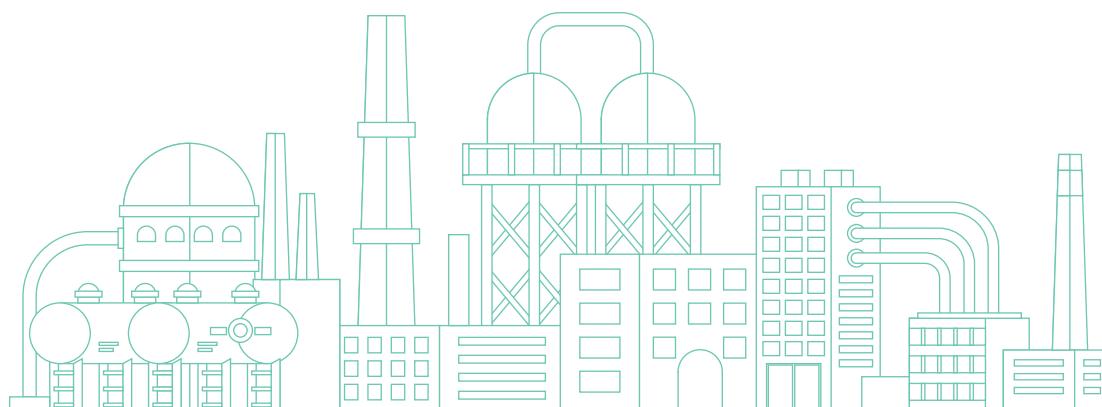
- Held 141 activities including seminars, staff symposiums, knowledge lectures, among others;
- Prepared and hung 822 themed banners, set up 941 publicity billboards and printed 21,621 pieces of publicity materials
- Published 188 news reports, and made 1,971 publicity moves on new media such as WeChat and Weibo
- Held 811 training lectures and organize employees, suppliers and other related units to participate in training

"16 June" Publicity and Consultation Day

- Opened 109 columns, distributed 31,241 pieces of publicity materials
- Provided on-site consultation for employees
- Cooperated with competent authorities and visited 18 subsidiaries to disseminate information
- Carried out 82 warning education sessions to learn from safety accidents
- Conducted 143 comprehensive emergency drills
- Conducted 76 training seminars

"119" Fire-Fighting Month

- Produced 914 fire-fighting promotion banner and set up 643 fire-fighting bulletin boards
- Used text messages as well as QQ group and WeChat group to send 671 messages on fire-fighting
- Organized people to watch warning education videos to learn from fire accidents
- Organized people to participate in special lectures and training sessions
- Organized people to participate in hazard inspection activities
- Organized people to participate in emergency drills



Safety education and training is a significant way to enrich employees' safety knowledge, improve employees' safety awareness and construct enterprise safety culture. In 2020, the Group planned various types of safety education and training, compiled typical cases of safety accidents and organized all employees to study carefully. In 2020, our safety and occupational health training covered 100% of our workforce. Safety management training covered 100% of grassroot team leaders. Safety education programmes covered 100% of new hires.



June 2020 is the 19th Production Safety Activity Month in China. Conch Cement organized all subsidiaries to carry out Production Safety Activity Month activities with the theme of "Eliminate Hidden Dangers and Build a Firm Safety Line", created an activity atmosphere in which everyone participates in safety management, enhanced the safety awareness of all employees, and improved the safety quality of all employees. In Jiangxi region, a safety knowledge & safety speech contest was held, and Digang Conch carried out "Safety Publicity Consultation Day", "Safety Warning Education" and "Safety Education". Xuancheng Conch arranged an open day for family members on safety production with the theme of "Family Assistance and Safe Development", and Ningguo Cement Plant organized safety education and training for grassroots management personnel, and arranged engineering contractors to participate in the special training on engineering construction safety carried out by the Company. Phoenix Building Materials Company held safety publicity and training activities.



CASE STUDY



With the faculty and professional advantages of internally registered safety engineers and emergency management trainers, the Group organized 14 safety production publicity activities for subsidiaries in various regions in 2020. In the safety publicity activities, employees have mastered the knowledge of laws and regulations through the interpretation of a series of national laws and regulations on production safety, so as to know, understand and abide by the law; The causes, hazards and preventive measures of accidents are analyzed through the training of inspection and maintenance safety management knowledge in cement enterprises and the interpretation of typical accident cases inside and outside the industry so as to improve the safety protection awareness of employees.

In 2020, a total of 10 subsidiaries of the Group received national and provincial commendations for safety management



Liquan Conch

National Exemplary Enterprise for Safety Culture Construction

Fusui Conch

National Exemplary Enterprise for Safety Culture Construction

Taicang Conch

National Exemplary Enterprise for Safety Culture Construction

Fenghuangshan Conch

Excellent Organization Entity of "Ankang Cup" Knowledge Contest

Tongling Conch

Advanced Exemplary Enterprise of Safety Culture Publicity in National Ankang Cup Competition

Chizhou Conch

Exemplary Enterprise for Safety Culture Construction in Anhui Province

Yiyang Conch

Exemplary Enterprise for Safety Culture Construction in Jiangxi Province

Fusui Conch

Exemplary Enterprise for Safety Culture Construction in Guangxi Zhuang Autonomous Region Exemplary Enterprise

Beiliu Conch

Exemplary Enterprise for Safety Culture Construction in Guangxi Zhuang Autonomous Region Exemplary Enterprise

Liangping Conch

Chongqing Health Enterprises



5.3

Development and Training

Focus on Talent Strategy

The Group is committed to constructing a multi-disciplinary, multi-level and professional talent team and accelerating the transformation and upgrading of talent training based on the existing talent echelon planning. In recent years, the Group has launched talent training projects such as "Conch Cement Talent Fostering Plan", "Conch Star Plan", "Silk Road Plan" and "Young Cadre Plan", and has formulated a three-year talent strategy from 2019 to 2021. In 2020, combined with the development strategy of the Fourteenth Five-Year Plan, the Fourteenth Five-Year Human Resources Plan of Conch Cement formulated by us provides talent guarantee for the next development of the Group.

On the basis of continuously improving the talent selection mode of "Conch Cement Talent Fostering Plan" and "Conch Star Plan", the Group focuses on cultivating outstanding young talents. Since the launch of the "Conch Cement Talent Fostering Plan" four years ago, the Company has systematically formulated a six-step career planning path, customized the pre-job theme training of "Cognition of Conch, Team Building, Cultural Tour, Road to Success, Elite Way, Theme Task", invited senior management personnel of subsidiaries to provide "one-on-one" teaching guidance, and conducted comprehensive evaluation twice a year to create favorable growth conditions for Conch talent; At present, the Plan has 54 people, which are relatively stable and growing rapidly. All regions and subsidiaries also attach great importance to the training of "Conch Star Plan". The main leaders of the regions are responsible for the recruitment of talents and give lectures in person. The "Conch Star Training Camp" is rich in content, flexible and diverse in forms and perfect in tracking

mechanism. At present, the Group's talent training project has achieved initial results, and the Company's employer brand influence has been continuously improved.

To build and train the talent echelon, we have established a smooth career development channels for its employees, classified into two promotion posts include technical posts and management based on the professional categories. Employees are developed through six training steps, namely "pre-job training, post practice, professional and technical post training, workshop section head training, middle-level manager (or engineer) post training and entering into the "100 Cadres Fostering Project".

In terms of talent selection, the Company adheres to the selection and appointment system of "fairness, impartiality and openness", and implements open selection and employment for middle-level assistant positions in subsidiaries, with open and transparent procedures; For middle-level deputy positions and above, the Company formally employs them in strict accordance with the Regulations on the Selection and Appointment of Cadres through procedures such as motion, democratic recommendation and inspection after publicizing to the public and without receiving objection; For general management personnel and technical personnel, the Group adopts all-round evaluation, written examination, debriefing evaluation and other methods, and the personnel departments of each subsidiary company organize comprehensive evaluation to employ them after passing the evaluation. The fair and open competition for job vacancies will ensure every employee receives equal promotion opportunities, which will boost employees' vigor and spur their work enthusiasm.

In 2020, due to the impact of the pandemic, the recruitment and reserve of talents are facing great difficulties. The HR team of the Company, in combination with the situation of pandemic prevention and control in various places, flexibly adopts the "online + on-site" method after research, and recruits "Conch Cement Talent Fostering Talents" and "Conch Star Talents" in major domestic universities. At the same time, we have also established a regular exchange mechanism with Tongji University, Wuhan University of Technology, Hefei University of Technology and other universities. Through "Cloud Classroom" and online live broadcast, cooperation and exchanges with universities, inviting teachers and students from universities to visit and practice in enterprises, and participating in mutual selection meetings in universities, teachers and students have deepened their understanding of Conch, thus further broadening the channels for talent introduction. In 2020, the Company recruited more than 860 "Conch Cement Talent Fostering Talents" and "Conch Star Talents" and arranged various pre-job trainings with distinct themes for them, and formulated a systematic job training plan. At the same time, in order to make new members familiar with, adapt to the working environment and give full play to their strengths as soon as possible, the Company launched the "Gathering Together" activity, inviting students from previous periods of "Conch Cement Talent Fostering Plan", "Conch Star Plan" to participate and share their growth experiences through face-to-face communication and zero-distance interaction.

CASE STUDY



Improve the Training System

We have created a holistic employee training system. The Company has established a three-level training management system comprising the headquarters, regional departments and subsidiaries. We have provided categorized, multi-level and multi-channel training programmes to continuously improve the work skills, management capabilities and professionalism of employees.

The headquarters of the Group is responsible for training senior managers and reserve cadres. We leverage the training resources in domestic universities and study from outstanding domestic companies to impart advanced management concepts, broaden the management ideas of senior managers, and improve the leadership and decision making ability of senior managers; Regional subsidiaries are mainly responsible for training middle-level managers. The professional departments and offices of the Group headquarters also organize training programmes on professional knowledge and management ability, invite external and internal experts, hold internal seminars and exchanges, and carry out other forms of trainings to improve the management ability and professionalism of middle-level managers. Subsidiaries are responsible for training ordinary employees. Training at the subsidiary level focuses on combining theory with practice in the development of employees' professional ability, and integrating the training into employees' daily work through the "teaching, helping, and leading" by the master of the apprentice and between teams and groups.



In terms of training methods, we have established a training system consisting of pre-job training, on-job training and (half) off-job training for various employee groups



Pre-job training

All newly-recruited and post-shifted personnel of the Company shall participate in the pre-job training. Only those who pass the examination and assessment designed according to the post standard are qualified for the job.



On-job training

In order to improve the professional competence and operation skills of employees, the Company has provided rich training resources and employees have taken training sessions for over 4 hours per week.



(Half) off-job training

Based on occupational demands of technical management personnel and personnel with special skills, the Company provided (half) off-job training to them.

In 2020, during the pandemic, by further innovating training methods, developing professional micro-classes, and cooperating with external training institutions, we adopted the “online + offline” method to carry out professional training, and produced theme micro-class videos to provide diversified training for employees. In 2020, the Group carried out 4.28 million hours of trainings in total, with over 40,000 employees participating. Each employee received over 100 hours of training per year on average.

CASE STUDY

The company regards the promotion of smart manufacturing, industrial transformation and upgrading as the current key development tasks of Conch Cement. The Company has paid attention to accelerating the training of applied talents in the field of intelligence, aiming at creating a group of talents with solid professional knowledge and proficient business skills and adapt to the intelligent development of the Company. In August 2020, the Company held a special training on intelligent equipment in East China in Wuhu Conch, attended by 39 middle-level managers and supervisors of subsidiaries. Led by the person in charge of Wuhu Conch, all personnel visited and studied on site at Wuhu Conch. The person in charge of Wuhu Conch introduced the construction and operation of digital mine and construction machinery Internet of Things of Wuhu Conch detail, and shared management experience; the Company also invited external experts to teach the technical principles and maintenance points of smart equipment in combination with the current operation and development of smart plant, so that they could apply what they have learned by combining theory with practice.



5.4 Employment Standards

Protection of Employees' Rights and Interests

The Group and its subsidiaries strictly abide by the Labour Law of PRC, Labour Contract Law of PRC and other relevant PRC laws and regulations, comply with International Covenants on Human Rights and labour standards and fully respect employees' freedom of employment, resolutely prohibiting forced labour. Further, the Company abides by the Law of PRC on the Protection of Minors as well as related laws and regulations of the places where its overseas projects are located, expressly prohibiting any form of child labour. We have put in place strict recruitment review mechanism to ensure that no child labour will be employed.

Each subsidiary enjoys independence and flexibility of employment in recruitment. They can independently carry out open and social recruitment based on employment needs. In the recruitment process, they should give equal opportunities to every candidate, and protect candidates' privacy. They should also report the recruitment results to the headquarters for filing. The headquarters will regularly carry out spot check on subsidiaries' social recruitment, and audit the recruitment procedures and employment data of subsidiaries, in order to ensure compliance of employment. In 2020, there was no incident of employing child labour or forced labour in the Group.

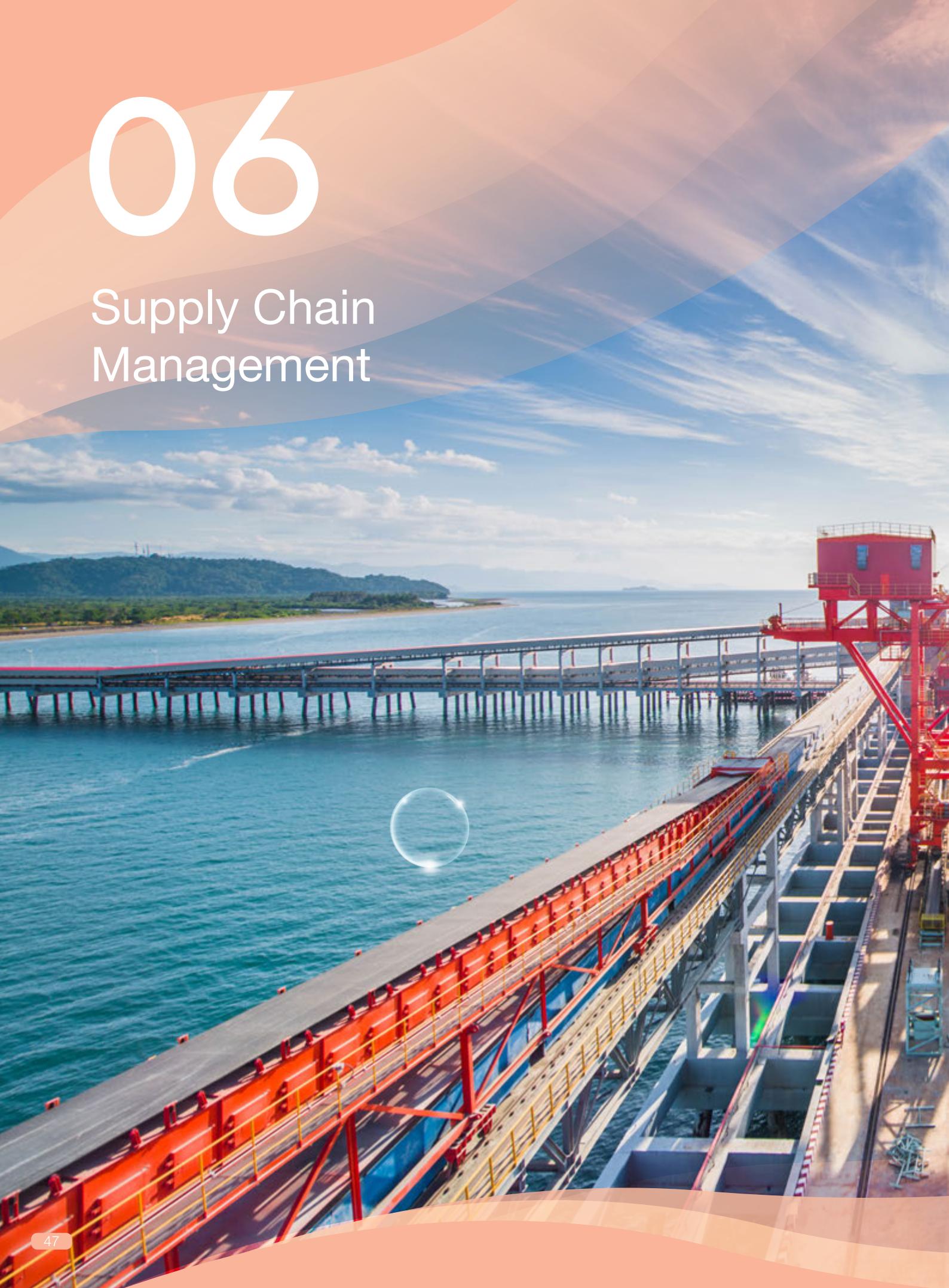


The Company guarantees the right of all employees to rest and vacation, attaches importance to protecting the rights and interests of female employees, strictly implementing the system of paid vacation for employees as well as the system of overtime pay for national statutory holidays and various vacation systems. In 2020, the Group offered 9.5 days of paid vacation per capita.

In 2020, the Group was rated as a demonstration unit of Labor Security Integrity in Anhui Province by Anhui Provincial Department of Human Resources and Social Security .

06

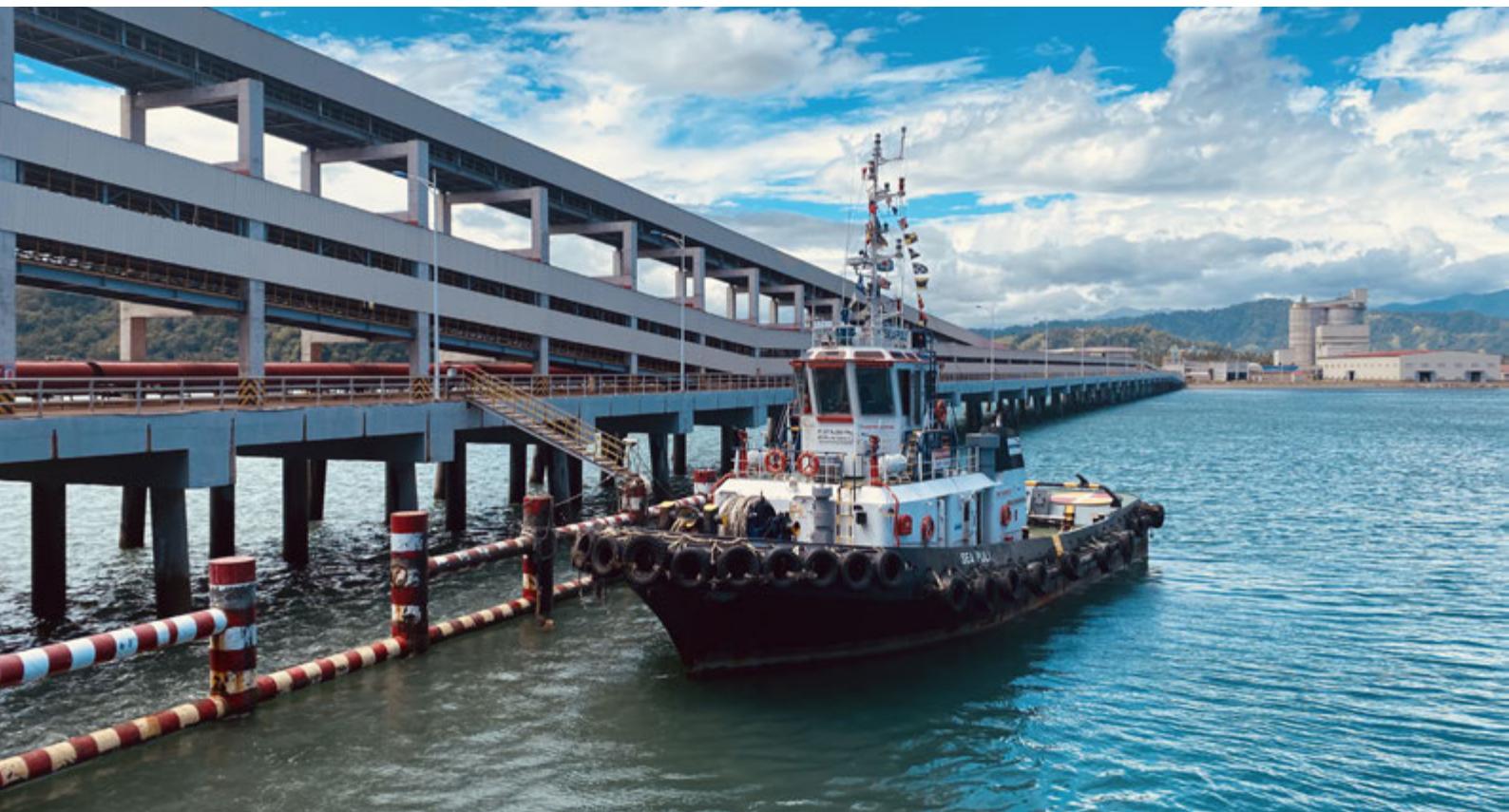
Supply Chain Management





The Group insists on sunshine procurement, expands multiple purchase channels to ensure the openness and transparency of material supply; promotes responsible supply, establishes access standards for suppliers, and promotes suppliers to actively fulfill their social responsibilities.





Adhering to Sunshine Procurement

The Group has established a number of systems, which included the Measures for Material Supply Management (物資供應管理辦法), Administrative Measures for Tendering of Material Procurement (物資採購招標管理辦法), and Administrative Measures for Supplier Management (供應商管理辦法), and has established the three-level material supply management system comprising the headquarters, regional departments and subsidiaries to ensure economic and stable material supply and efficient compliance.

The Group promotes holistic sunshine procurement of raw materials. We have insisted on sunshine procurement and set up the "Online Sunshine Purchase Platform of Conch", in which suppliers can participate in bidding on an equal footing through self-registration and fair bidding. The Group has clearly stipulated in the Administrative Measures for Tendering of Material Procurement (物資採購招標管理辦法) that the Company shall not restrict suppliers from participating in bidding through unreasonable conditions, and the staff participating in bidding must strictly abide by the business code and professional ethics. As at the end of 2020, a total of 5,178 tender projects had been carried out on the Platform, with 11,890 suppliers registered on the platform on their own. To ensure the transparency of material procurement, the bidding results of the group materials are published in the "Online Sunshine Purchase Platform of Conch", and the Group provides contact information for monitoring and reporting to accept the supervision of the public. In 2020, the Group received 12 complaints about material bidding and procurement. After careful inspection, the Group ruled out the possibility of any irregularities in bidding regarding such complaints, and informed relevant complainants of the specific inspection results.

To ensure compliance and improve procurement efficiency, the Group actively adopted the new mode of e-commerce procurement and procured some industrial consumables on a trial basis through JD, Zhenkunhang and other large domestic e-commerce platforms in 2020, with the annual procurement amount exceeding RMB14 million.

In supplier selection, the Group followed the principle of localization and promoted local procurement, in order to lower procurement costs and carbon emissions arising from the process of raw material transportation. Except coal resources whose allocation was coordinated by the Group, domestic subsidiaries purchased 100% raw materials through local procurement, while overseas subsidiaries purchased 90.83% raw materials through local procurement.

Percentage of Raw Materials Purchased By Domestic Subsidiaries Through Local Procurement



Percentage of Raw Materials Purchased By Overseas Subsidiaries Through Local Procurement



Implementation of Responsible Procurement

The Group set high threshold for suppliers, applied hierarchical management of suppliers and incorporated supplier assessment and evaluation into the whole process of supply chain management in accordance with Administrative Measures for Supplier Management. In selecting suppliers, the Group conducts comprehensive evaluation on the suppliers' performance capacity, credit status, environmental protection management, measures to deal with climate change, traffic safety, labour rights, industry influence and other aspects through on-the-spot investigation and research and inquiry from third-party platforms. In 2020, 64 companies were disqualified from supplying due to non-compliance with social responsibility; To ensure that suppliers can continuously meet the access standards, the Group organizes evaluation teams to conduct comprehensive evaluation and assessment of suppliers every year. Suppliers who fail to pass such integrated assessment will be disqualified for business cooperation for two years. Under the same conditions, the Group prioritizes selecting enterprises with brand advantages, quality advantages and social responsibility. At present, among the suppliers that have established long-term cooperation with the Group, the passing rate of the ISO14001 international environmental quality management system certification was 100%.

The Group has established long-term partnership with CHN Energy, China Coal Energy, Jiangxi Copper and Tongling Non-ferrous Metals, and maintained stable cooperation with well-known domestic and international suppliers such as PetroChina, Sinopec, Shell, Mobil, BP, Carter, Atlas, Komatsu and Michelin. The Company continues to deepen its strategic cooperation relationship with major raw fuel material enterprises, establish a good mutual communication mechanism, and promote the continuous improvement of enterprise management level through regular visits and exchanges, and share experiences in operation and management, environmental protection management and safe production.

The Company attaches great importance to the spirit of contract and awareness of contract performance. We fully protect the legitimate rights and interests of suppliers and pay suppliers on schedule and in strict accordance with contract terms. We do not have any default in payment to supplier.



Strengthening Integrity Management

The Group has established a comprehensive anti-corruption system for the supply chain and all suppliers must abide by the Group's anti-corruption policy. The Company's Measures for Material Supply Management stipulates that the Discipline Inspection and Supervision Department, the Finance Department and the Supply Department shall supervise and inspect the whole process of material supply; all employees and suppliers shall be entitled to report commercial corruption and non-compliance in material procurement; the Company shall protect the informer and no one shall take revenge. The Company's Administrative Measures for Supplier Management stipulates that if a supplier violates the Code of Business, sends improper benefits to the Group's employees in violation of regulations, and commits other acts in violation of Group's integrity regulations, the Group will terminate the material supply contract and cancel its business cooperation for two years. In addition, in order to strengthen the construction of a clean government and put an end to violations of regulations and disciplines, the Group has signed a clean government construction agreement for material procurement with all suppliers. The Group pays attention to strengthening compliance training and integrity education for personnel handling procurement operations to continuously improve employees' awareness of integrity and self-discipline. In 2020, after collecting and sorting out the relevant provisions related to clean employment in national laws, regulations and rules and regulations, as well as typical cases of violation of regulations and disciplines, the Group has compiled the Clean Employment Learning Manual For Material Supply Specialty (物資供應專業廉潔從業學習手冊), and organized all supply practitioners to study.

In 2020, the aggregate value of materials purchased by the Group amounted to about RMB38.1 billion. We have 4,020 suppliers, among which 589 in the eastern region, accounting for 15%; 1,347 in the central region, accounting for 34%; 504 in the southern region, accounting for 12%; 986 in the western region, accounting for 24%; and 594 in the overseas region, accounting for 15%.



07

2020

Product Liability

中国



2020中国品牌

中国自信 品牌

人民日报社 PEOPPE DAILY

中国品牌论坛

自信 品牌力量

协办单位：国务院国资委新闻中心、全国工商联宣传教育部

Product quality is the basic guarantee for a company's development. Upholding the quality first and lean management, the Group takes "best quality and dedicated services" as the business purpose, providing consumers with quality products and services, and shaping the brand of "Conch".



Deeply Cultivating the Sales Market

Located in more than 20 provinces, municipalities and autonomous regions across China, the Group's production plants have formed a comprehensive marketing network in China. The Group primarily manufactures and distributes 42.5-grade, 52.5-grade and 32.5-grade cement, which are extensively used in infrastructure construction including railways, highways, airports and hydraulic facilities as well as urban property development and rural markets. In addition, the Group produces and distributes special high-end cements such as cement for nuclear power generation, nonmagnetic cement, medium and low-temperature cement, among others, which earned a solid reputation in these markets. The carefully developed cement for nuclear power generation is a high-end cement particularly used in nuclear power projects thanks to its small temperature and size change under heat. Nonmagnetic cement highly fits buildings that contain precision equipment, navigation and positioning system and other devices with higher requirements in relation to geomagnetic and electromagnetic interference.

The Group's products have been extensively used in big projects at home and abroad, such as Hong Kong International Airport, Beijing-Shanghai Highspeed Railway, Hangzhou Bay Bridge, Shanghai International Financial Centre, Shanghai Pudong International Airport, Tianwan Nuclear Power Station at Lianyungang, Jiangsu, Burj Khalifa Tower at Dubai, San Francisco-Oakland Bay Bridge and The Empire Brunei. In 2020, the Group took part in the bidding of 85 key projects such as Chihuang High-speed Railway, Nanyu High-speed Railway and Wushen Expressway. We won over 88% of the tenders for important construction projects, and continued to supply cement products to 196 national key projects throughout the year. In 2020, Conch Cement has been awarded the title of "Excellent Supplier" in 80 key projects such as Zhanjiang Zhongke Refining and Chemical Project, Changyichang Railway and Nanyanjiang Intercity Railway.

CASE STUDY

As a National key railway project, Jiangsu Nanyanjiang Intercity Railway Project is located in southern Jiangsu Province, starting from Nanjing City in the West, passing through Zhenjiang City, Changzhou City, Wuxi City and Suzhou City, and ending at Taicang City in Suzhou, with a total length of 278.53 kilometers. Since August 2019, Conch Cement Shanghai has established a cooperative relationship with Nanyanjiang Intercity Railway Project, supplying special cement for high-speed rail for the project. Due to the tight construction period and high requirement standard of Nanyanjiang Intercity Railway Project, and the use of special low-alkali cement, high requirements are put forward for the clinker supply connection, cement production and supply guarantee organization of Conch Cement. To support the construction of Nanyanjiang Intercity Railway in Jiangsu Province, Shanghai Conch has further optimized the production process, studied and determined a perfect cement supply guarantee scheme, regularly visited the project construction progress and cement demand plan, and fully provided cement supply guarantee services, which has been highly recognized by the project party. As at the end of 2020, 858,000 tonnes of conch cement had been purchased in Bid 6 to Bid 10 of Nanyanjiang Intercity Railway, accounting for more than 90% of the total cement used in the project, and Conch Cement has been awarded as an excellent supplier for the project for many times.





Streamlining Quality Management

Adhering to the management goals of "pursuing clinker of high quality, cement of consistent quality and services of superior quality", the Group built a three-level quality management system to strictly control the quality of products. The product quality standard formulated by the Group is superior to the national standard. We insist on quality management in the process of raw material procurement, production organization and product delivery to ensure that the quality of each batch of products back to the source can be tracked. In 2020, the Government departments at all levels supervised and spot-checked 210 samples of cement and clinker of the Group, involving more than 2,500 product quality indicators. The sampling indicators of the Group fully meet the requirements of national standards.

The Group's first smart quality control system was put into use in Quanjiao Conch in 2018, opening a new chapter in the development of quality management. In 2020, in combination with the actual situation of each company, the Group promoted it in five companies, including Chizhou Conch and Zongyang Conch, and the system is expected to be fully put into use in the first half of 2021. In the next 5-10 years, the Group will accelerate the construction of smart quality control system and put it online in all subsidiaries of the Group. The intelligent quality control system integrates automatic sampling, automatic scaling, automatic sample delivery, automatic sample preparation, automatic analysis and automatic dosing, realizing "one key input and whole-

process smart control", which can reduce labor intensity of personnel, improve product inspection efficiency (the inspection frequency is increased by about 50%), and make product quality testing more accurate and stable.

In terms of the research and development of new products, the Group successfully developed and utilized the production process of clinker produced by multiple solid wastes such as yellow phosphorus slag as mineralizing agent in 2020, realizing the harmless treatment and utilization of multiple solid wastes such as yellow phosphorus slag and coal gangue, which is of great significance for enhancing the comprehensive utilization rate of resources, improving the quality of cement clinker, and reducing energy consumption; After identification by the China Building Material Council, the research and development achievement has reached the domestic leading level and has been popularized and applied in the Sichuan and Chongqing regions, Guizhou regions, and Yunnan regions of Conch cement.

In 2020, a total of 102 subsidiaries of the Group won 148 quality honors, of which 100 subsidiaries won the 17th National Cement Chemical Analysis Grand Comparison Special Award, Overall Excellence Award, Excellence Award and Overall Qualified Award, Fusui Conch won the title of "Guangxi Industrial Enterprise Quality Management Benchmark", Quanjiao Conch won the 7th "Mayor's Quality Award" of Chuzhou City, and Guiding Conch won the 1st "Governor's Quality Award" of Qiannan Prefecture, Guizhou Province.



Awarded Company 11

The 17th National Cement Chemical Analysis Grand Comparison Special Award

Awarded Company 45

The 17th National Chemical Analysis Grand Comparison Overall Excellence Award

Awarded Company 24

The 17th National Chemical Analysis Grand Comparison Excellence Award

Awarded Company 20

The 17th National Chemical Analysis Grand Comparison Overall Qualified Award

Awarded Company 19

Excellent Standardized Laboratory of National Cement Production Enterprises

Fusui Conch

Guangxi Industrial Enterprise Quality Management Benchmark

Quanjiao Conch

The 7th "Mayor Quality Award" of Chuzhou City

Guiding Conch

The First Governor's Quality Award of Guizhou Qiannan

Chuzhou Conch

Outstanding Quality Management Unit in Huai'an City

Jiande Conch

Quality Award of Jiande Municipal Government in 2020

Shangyu Conch

2020 Shangyu District Government Quality Award (Quality Management Innovation Award)

Optimizing Customer Experience

With the goal of "Creating a top brand for customer", the Group has established a five-in-one sales service concept of "enhancing product quality and operating efficiency; boosting brand image; increasing customer stickiness; reflecting the added value in our products and services," continuously optimizes customer experience and strengthens after-sales service to continuously improve customer satisfaction.

All domestic subsidiaries of the Group have established e-commerce platforms and "cloud marketing" systems, realizing the digitization for the entire sales processes and greatly improving the efficiency of sales, shipping and business settlement. At present, we have amassed 42,500 online customers, and total value of online transactions reached RMB100 billion in 2020.



The normalized and standardized sales service system was established by the Group with a "400-0600-585" national service hotline, which can provide online consultation and related business services to 12,000 customers throughout the year. The Group is guided by customer demands and continuously improves its customer service system; Meanwhile, the Group built the perfect three-level telephone inquiring mechanism comprising the "headquarters, regional departments and subsidiaries", conducted monthly after-sales telephone calls and quarterly customer satisfaction surveys, widely solicited customers' opinions, continuously improved service quality, and made telephone calls to 32,000 customers throughout the year.



In terms of customer privacy protection, the Group has entered into confidentiality terms with customers and signed "Non-Disclosure Agreement" with sales staff, which have clearly defined duties and responsibilities of related parties, so as to effectively protect customers' privacy and business secrets.

In terms of compliance management in sales, the Group adheres to the sales policy of "selling to many customers and ensuring supply" and the customer policy of "openness, fairness and impartiality", continues to improve its sales compliance supervision system and has set up a sales supervision and reporting hotline, in which customers can supervise the sales behavior and directly contact the Group's headquarters; The Company diligently inspected and took disciplinary action against any violation of the Company's sales policy or employee irregularity detected by customers. We also announced the results of such inspection or disciplinary action. The Company attaches great importance to the compliance management of the sales team and regularly conducts training on integrity and self-discipline for sales managers to create a sales culture of "integrity, fairness, service and value".

In terms of brand building, the Group adheres to the goal of "creating the customer's most preferred brand," continuously increases publicity, further innovates publicity and promotion methods, and continuously enhances the influence of the "Conch" brand; in 2020, the Group invested more than RMB10

million in product publicity expenses, and issued 73,000 copies of advertising materials into the terminal Market. The Group firmly protects the image of Conch's "brand" and the rights and interests of consumers, firmly cracks down on infringement and counterfeiting that infringe on the Company's trademark rights and consumers' "right to know and damage the market order, and continuously carries out product market publicity activities to enhance customers' anti-counterfeiting identification ability of products. In 2020, the Group participated in more than 40 anti-counterfeit operations, cooperated with local market supervision authorities and other governmental authorities to crack down suspected infringement of the Company's registered trademarks, and seized 3,300 tonnes of counterfeit and substandard cement.

Participate in anti-counterfeit operations

more than 40



Seize counterfeit and substandard cement

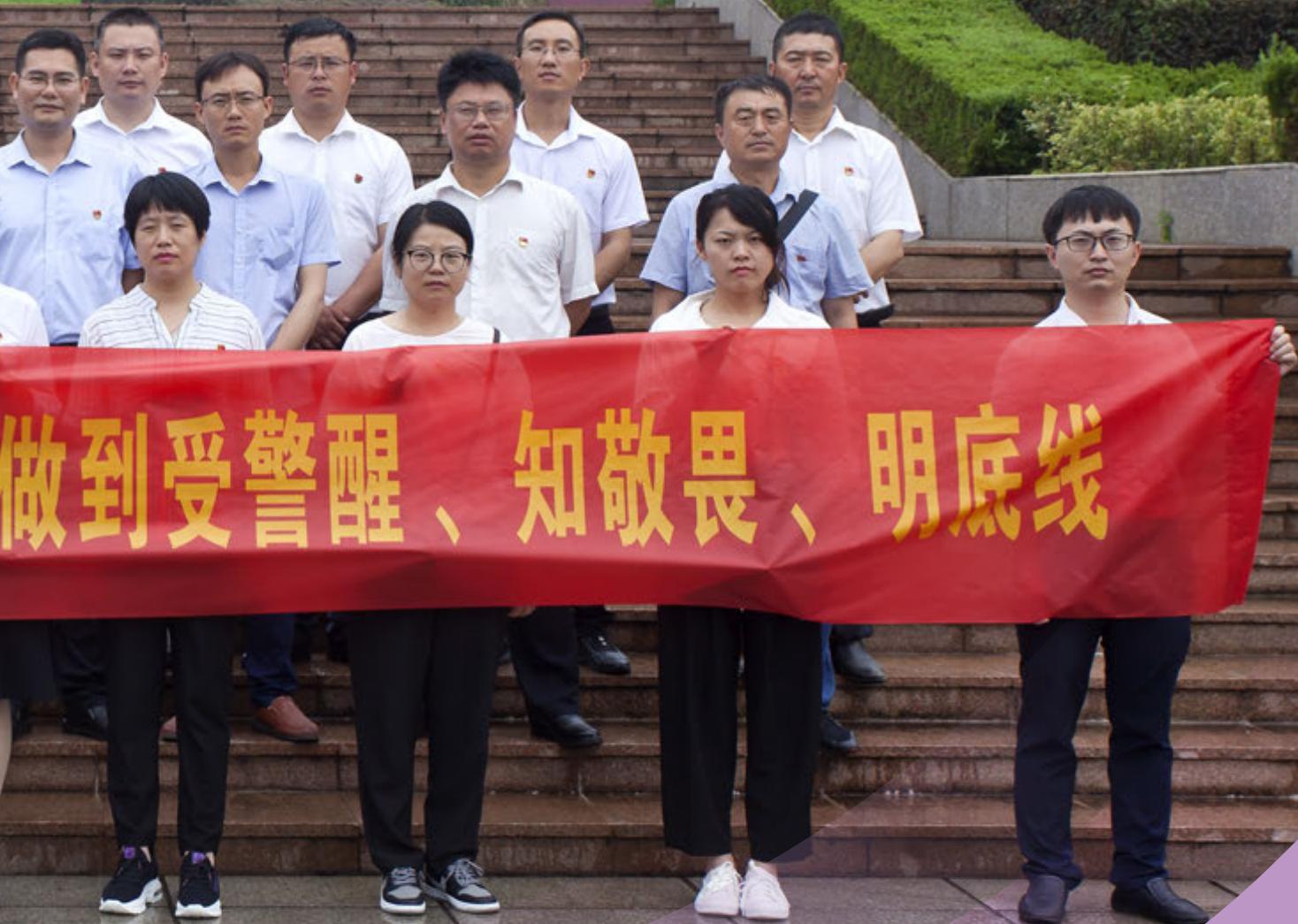
3300 tonnes

08

Ati-Corruption



The Group adheres to the principle of operating in accordance with laws and regulations, consciously maintains a fair and just market order; firmly ensures the illegal acts such as corruption and commercial bribery will never take place, continuously strengthens risk management, improves the awareness of clean employment of all employees, and builds a clean corporate culture through strengthening internal supervision and further promoting the construction of a clean and honest government.



Reinforcing Compliance Management

The Group strictly abided by the laws and regulations of China as well as overseas regions where it operates project. The Group has set up an internal control system and disciplinary inspection and supervision institutions at all levels, built sound corruption prevention system, and formed a systematic supervision and management mechanism. The Company has formulated the Implementation Opinions on Implementing the Subject Responsibilities of the Party Committee and the Supervision Responsibilities of the Discipline Inspection Commission for the Construction of Honest Party Conduct and Clean Government, the Measures for the Administration of Discipline Inspection and Discipline Inspection Complaint Reporting, the Measures for the Implementation of Party Committee Patrol Work and other anti-corruption policies, clarified the integrity discipline of the Group, strictly prohibited corruption, fraud, improper interest transmission and other illegal and disciplinary violations; encouraged all employees, suppliers, customers and engineering contractors to report non-compliant business practices to the Group, and clearly stipulates the reporting procedures in the Measures for the Administration of Discipline Inspection and Supervision Letters and Visits, as well as the confidentiality and protection of informer information. The Company's anti-corruption policy is applicable to all employees, and comprehensively oversees the economic transactions between the Company, suppliers, customers, engineering and construction units, and other related parties.

The Board of the Company is responsible for risk management and internal control. The internal control system covers all major processes related to production and operation, thereby controlling risks in operation and development. The Group has put in place supervisory & audit office, which is responsible for daily internal risk monitoring and compliance management, with a focus on key processes in production and operation, and regularly conducts annual supervision and audits in key areas such as supply, sales and engineering in accordance with the Group's anti-corruption policy to ensure that the Company's business activities are compliant and no fraud will take place.

The Group has built a smooth reporting and whistle-blowing channel and has made public the discipline inspection reporting telephone number on the Company's website. For all kinds of reports involving clues, we have put in place standardized processing procedures in the principle of "hierarchical responsibility and assigning tasks to dedicated office and personnel", and if any violation is found, it will be dealt with in strict accordance with relevant regulations. In 2020, the Company processed 42 reporting and whistle-blowing cases, and all these cases were settled within required period. Depending on survey results and the nature of the reported matters, we carried out notification, admonishment, organizational enforcement and disciplinary punishment against related people. In 2020, no serious corruption, bribery or unfair competition took place within the Group.





Focus on Audit Supervision

The Group's internal audit supervision is instrumental to the operation and management of the Group. The Company continues to enhance the professional level of the audit team and established an internal audit talent pool; adhered to the principle of "Prevention coming first," conducted daily and special audits on subsidiaries regularly, promoted full coverage of internal audit, comprehensively improved supervision efficiency, and enhanced the level of corporate governance and risk prevention ability.

In 2020, the Group carried out 56 internal audits, identifying 765 flaws that require rectification, and carefully analyzed and studied the issues that occurred during the audits, requiring subsidiaries to seriously implement rectification requirements and rectify the management defects.

Building an Integrity-Based Culture

The Group insists on further promoting the construction of a clean Party organization and fully enforced the responsibilities of the Party committee, plays the supervision function of discipline inspection. We also stepped up education of leaders, cadres and key employees that are party members, thereby preventing corruption. In 2020, the Company signed Liability Statement in respect of Clean Party Organization Construction with 109 grassroot organizations. In addition, the Company signed Liability Statement in respect of Overseeing Construction of Clean Party Organization with 109 disciplinary organizations. It also organized a total of 20 integrity education sessions for personnel in key positions throughout the year, with 4,425 people directly educated; each subsidiary independently carried out staff integrity education activities in accordance with the Group's requirements, and realized full participation.

09

Construction of A Harmonious Community



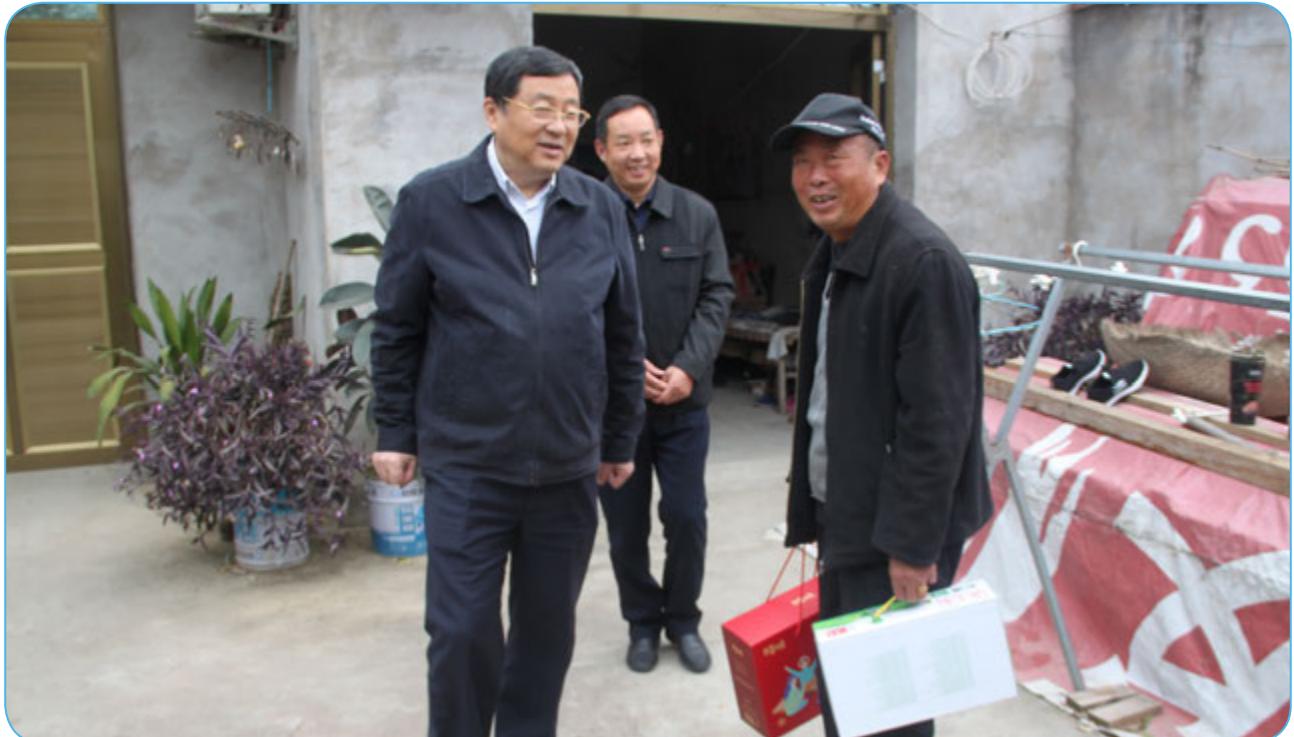


Construction of A
Harmonious Community

The Group actively performed social responsibilities, gave back to the society with gratitude, built a harmonious community with practical actions, and realized its social value.

Facilitating the Targeted Poverty Alleviation

China is planning to achieve the goal of building a moderately prosperous society in all respects, and secure a landslide victory in the country's battle against poverty in 2020. To implement the China's poverty alleviation policies firmly, the Group focused on the goal of poverty alleviation, strengthened mechanism guarantee, adapted to local conditions, implemented precise measures, helped poor areas to improve the infrastructure, enhanced the quality of people's life, and actively participated in local poverty alleviation.



CASE STUDY

Conch Cement lifted local people out of poverty

In 2020, to help improve the local public infrastructure conditions, Huaining Conch donated 7,000 tonnes of cement to 5 poor villages in Wangjiang County for rural road and rural infrastructure reconstruction. In addition, in order to help the local people increase their income and solve the problem of unsalable agricultural and sideline products, Huining Conch actively carried out "implement poverty alleviation through consumption", purchasing more than RMB160,000 of agricultural and sideline products such as vegetables, melons, fruits, grain and oil from the local poor.

At the beginning of 2020, facing the severe COVID-19 pandemic, Conch Cement's poverty alleviation team in Yuanwei Village of Huoqiu County and Jianglaojia Community of Lixin County attached great importance to it, took immediate action and spared no effort to engage in the prevention and control of the local pandemic. The poverty alleviation team in the villages carefully monitored the health of villagers, widely publicized the knowledge of pandemic prevention, carried out disinfection and protection in public areas, and organized donations of prevention materials. While fighting the pandemic, the poverty alleviation team has insisted on holding regular working meetings, systematically deploying and arranging pandemic prevention and control and poverty alleviation, and carrying out pandemic prevention and poverty alleviation work at the same time.

In May 2020, due to the impact of the pandemic, a large number of agricultural and sideline products in Hotan region of Xinjiang are unsalable, which directly affects the local task of poverty alleviation and the interests of the people. Therefore, Conch Cement actively responded to the call of Anhui provincial headquarters in Xinjiang and fully supported the sales of local agricultural products. It purchased more than 308 tonnes of agricultural and sideline products such as Wada dates and walnut with a value of RMB4.18 million in Hotan region of Xinjiang to help the local agricultural and sideline products open up sales channels.

Fighting Against the Pandemic Together

In 2020, the Group quickly took actions to fight the sudden COVID pandemic, set up a pandemic prevention and control leading group in the first place, carefully implemented pandemic prevention measures, and spared no effort to ensure the Company's resumption of production and work, and maintain the life safety and health of all employees. At the same time, we proceeded with confidence and fight the pandemic together, actively donated money and materials to help local pandemic prevention and control, and made contributions to the pandemic prevention and control.

CASE STUDY

Multiple Fundraising for Anti-Pandemic materials

At the beginning of the outbreak of the pandemic of COVID 19, the pandemic prevention materials in front-line of China are very scarce. Conch Cement immediately organized its overseas subsidiaries to purchase N95 masks, medical masks, protective clothing and other materials urgently needed in China. The overseas subsidiaries acted quickly after receiving the procurement task and tried every means to collect materials, transporting 46,500 N95 medical masks and 48,800 ordinary medical masks procured in the shortest time back to China and donating them to local governments for unified allocation. In addition, all subsidiaries of Conch Cement strongly supported the pandemic prevention and control work in various places in 2020, helping the local to conduct the work of epidemic prevention and control by donating anti-pandemic materials, living materials, raising funds and other means.



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CASE STUDY

Donating Blood to Help Fight Against Pandemic

In March 2020, due to the impact of the COVID 19, blood collection in Fusui County can not be carried out and clinical blood consumption was in great demand. After learning about the relevant situation, Fusui Conch took the initiative to contact the Central Blood Station of Fusui County to donate blood for free, and issued a proposal to all employees, which received strong support from the majority of employees. The employees of Fusheng Conch have made contributions to the anti-pandemic with their own actions in special periods, reflecting the selfless dedication of Conch people in the new era.



Fully Support Flood Control and Anti-Flood

In 2020, southern China has suffered serious floods since the flood season. Conch Cement actively responded to the call of the local government, organized its subsidiaries along the Yangtze River to fully participate in local flood control and flood fighting, and worked together with the local people to overcome difficulties and jointly build an "iron wall" for flood control.

CASE STUDY

Conch Cement's enterprises along the Yangtze River are in the front line of flood control

Conch's enterprises along the Yangtze River have stepped forward one after another to provide support and stand on the front line of flood control to fight against catastrophic floods. After learning that the continuous heavy rainfall had brought great pressure on the flood control of the Yangtze River levee and masonry blocks were urgently needed to build the levee, Wuhu Conch immediately set up a flood control working group to urgently dispatch stone shipments, arrange two loaders to operate day and night, improve loading efficiency and spare no effort to ensure supply. A total of more than 70,000 tonnes of stones were shipped for the Yangtze River levee. Zongyang Conch immediately organized a flood prevention team, successively arranged more than 260 employees to participate in the reinforcement of the designated flood control line in Taohua village, Oushan town, and provided 124,600 tonnes of stone for the local flood control; Digang Conch organized 100 employees to participate in the flood control and disaster prevention work in Digang Town, completed the task of reinforcing 250 meters of river embankment in Qingda Xuzigeng, Digang Town, and assisted the local community in patrolling the dike and emergency handling; To provide support for the local flood control, Tongling Conch's volunteer team was get ready at any time, and organized staff to provide emergency relief materials such as drinking water and instant noodles to the affected villages; Lushan Conch organized youth team to remove sundries from Poyang Lake dam, transport sandbags to build Poyang Lake valley dam, actively participate in flood control inspections, and donate food and other materials to local flood control inspection teams.



Actively Participate in Community Public Welfare

The development of Conch Cement can not be separated from the support of the local community. It is everyone's duty to create a better life for the local people and provide assistance within our power. We adhere to the implementation of localized employment to create more employment opportunities for the local people; we adhere to carry out various public welfare activities to help and care people in need.

CASE STUDY

Basu Conch practices social responsibility

In August 2020, due to the completion and commissioning of the Group's industrial aid project to Tibet-Basu conch, a "zero" breakthrough has been achieved in the large-scale industrial development of Basu County, Changdu city, Tibet, greatly easing the local employment pressure, increasing local tax revenue, driving the development of upstream and downstream industries, and bringing a strong impetus into the rapid economic and social development of Basu County. Basu Conch insists on rooting in Tibet and serving Tibet, actively practices corporate social responsibility, enthusiastically participates in public welfare activities, and sincerely gives back to the society. On the "June 1st" Children's Day in 2020, the staff representatives of Basu Conch visited the primary and secondary school students in Basu County, sent the students holiday gifts such as football, basketball, school bags, stationery and so on, and communicated with the students and encouraged them to study hard and make progress. At the end of 2020, Baju Conch visited the families of Tibetan employees in difficulty, learned in detail about their difficulties in life, brought them living materials such as food, oil and condolence money, and sent them the warm care of Conch.



CASE STUDY

Liangping Conch warmly helps the local people



To help some poor villagers in the surrounding areas and improve their quality of life, Liangping Conch has organized many special meetings to study and help local villagers increase their income and improve their living conditions. In 2020, Liangping Conch arranged party members' representatives to pay condolence visits to 7 poor families for many times, sending them living materials, knowing their needs and helping them solve practical problems. In 2020, the Company has organized volunteers to send poultry feed to them many times, help them eliminate hidden dangers of household electricity consumption, and assist in seizing crops during busy farming seasons. The volunteers' warm action has helped poor families solve the most immediate problems, which was highly praised by them.

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Construction of A
Harmonious Community

CASE STUDY

Liu'an Conch sponsored Yuanwei Village Kindergarten

As Yuanwei village is a key poor village in Huoqui County, Liu 'an city, the hardware conditions of the village kindergarten are very simple. In May 2020, Liu 'an Conch provided financial assistance to kindergartens to lay plastic floor and purchase electrical appliances and kitchen utensils such as air conditioners, disinfection cabinets and rice steaming carts, thereby improving study and living conditions of local children in kindergartens.



Performing Responsibilities Overseas

Conch Cement, as one of the earliest cement enterprises going abroad in China, has made industrial investments in Indonesia, Myanmar, Laos, Cambodia, Uzbekistan and other countries along the Belt and Road, promoting the continuous development and improvement of local cement industry and public infrastructure, and making important contributions to the economic and social development of countries along the Belt and Road. Over the years, Conch Cement has fully respected the culture and customs of the host country of the project, actively integrates into the local society, performs corporate social responsibility, and establishes a good image of a Chinese-funded enterprise.



In 2020, due to the rapid spread of the global pandemic, overseas pandemic prevention and control is facing unprecedented challenges. Overseas subsidiaries of Conch Cement have raised anti-pandemic materials in many ways, donated medical masks, COVID 19 detection reagents, temperature measuring guns, disinfection supplies and other anti-pandemic materials and necessary living materials to government departments, charities, hospitals and local people, and provided financial assistance to support pandemic prevention and control, and fight the pandemic with the whole society. In 2020, on the premise of implementing pandemic prevention measures, the Company continues to carry out community public welfare activities; when the local traditional festival is approaching, the Company organizes charity and donation activities; cares for the poor people and provides them with necessary assistance; prepares disaster relief materials, and actively participates in flood relief and post-disaster reconstruction in some areas of Indonesia.

Looking into 2021

2021 marks the first year of the "14th Five-Year Plan." The Group will implement the new development concept in the new development stage, build a new development pattern, comprehensively improve the level of fine management, seize the development opportunities in the new period, continuously stimulate the innovation vitality of the enterprise, and promote the high-quality development of the enterprise according to the goal of "intelligent factories, digital management and "greening industry."

In 2021, the Group will insist on the concept of giving priority to green development and ecological environment protection, continuously increase investment in environmental protection, systematically promote technological transformation in environmental protection, strictly control pollutant emissions; strengthen green and low-carbon development, improve the carbon emission management system, continue to optimize the energy structure, strengthen the research on advanced technologies, and speed up the promotion of mature and stable technologies.

In 2021, the Group will insist on the people-oriented principle, deepen democratic management, establish a "happy homeland" for employees, continuously improve the happiness index of employees, speed up the construction of a new talent team, explore a medium-and long-term incentive mechanism, and stimulate the vitality of innovation and creation of employees.

In 2021, the Group will insist on the shared development, firmly establish responsible sales and supply, fully protect the legitimate rights and interests of customers and suppliers, and achieve mutual benefit and common development.

In 2021, the Group will insist on giving back to society, deeply integrate into the construction of harmonious communities with a high sense of responsibility and mission, and create a better and happier life with the community people.



Appendix I Comparison of major indicators of Conch Cement in the past 3 years

Major indicator	2020	Year-on-Year change	2019	2018
Clinker capacity (100 million tonnes)	2.62	0.09	2.53	2.52
Cement capacity (100 million tonnes)	3.69	0.10	3.59	3.53
Aggregates capacity (10,000 tonnes)	5,830	300	5,530	3,870
Revenue from principal operations (RMB100 million)	1,479.54	-0.11%	1,481.14	1,238.41
Payment of taxes (RMB100 million)	200.29	-2.99%	206.45	167.63
Total sulfur dioxide (tonne)	8,292	-6.35%	8,854	14,448
Emission concentration of Sulfur dioxide (mg/m ³)	12.6	-12.16%	14.31	24.3
Total nitrogen oxides (tonne)	113,052	-16.54%	135,453	140,972
Emission concentration of Nitrogen oxides (mg/m ³)	197.9	-18.79%	243.64	277
Total particulate matters of major outlets (tonne)	5,470	-27.36%	7,531	10,032
Concentration of particulate matters of major outlets (mg/m ³)	6.85	-26.11%	9.27	11.34
CO ₂ emissions equivalent (100 million tonnes)	2.028	1.30%	2.002	1.926
CO ₂ emission concentration per tonne of clinker (tonne)	0.8402	-0.28%	0.8426	0.8432
Total coal consumption (10,000 tonnes)	3,464	-1.03%	3,500	3,400
Physical coal consumption per tonne of clinker (kg)	140.53	-1.71%	142.97	144.39
Total electricity consumption (100 million kWh)	144.7	-6.34%	154.5	152
Comprehensive electricity consumption per tonne of cement (kWh)	74.65	-2.30%	76.41	79.67
Total diesel consumption (tonne)	91,243	-2.80%	93,873	94,000
Diesel consumption per tonne of cement (kg)	0.31	-3.13%	0.32	0.34
Total water consumption (100 million tonnes)	1.19	-4.6%	1.25	1.13
Water consumption per tonne of product (tonne)	0.496	-4.62%	0.52	0.49
Total cement package bags used (tonne)	86,642	-0.50%	87,062	89,723
Package bags used per tonne of cement (kg)	1	0%	1	1
Total residual heat power generation (100 million kWh)	87.14	1.01%	86.27	82.79
Total domestic waste treated by cement kilns (10,000 tonnes)	213.47	17.63%	181.48	126.91
Total number of employees (person)	47,539	0.11%	47,486	47,176
Including: Under 30	20%	Decreased by 1 percentage points	21%	31%
30-40	46%	Increased by 4 percentage points	42%	39%
40-50	26%	Decreased by 5 percentage points	31%	24%
Above 50	8%	Increased by 2 percentage points	6%	6%
Overseas employees	3,871	-1.30%	3,922	3,251
Number of suppliers	4,020	-6.47%	4,298	3,051

Appendix II GLOSSARY

Terms	Definitions
Greenhouse Gases	Includes carbon dioxide (CO ₂), methane (CH ₄), nitrous oxide (N ₂ O), hydrofluorocarbons (HFC _s), perfluorocarbons (PFC _s) and sulphur hexafluoride (SF ₆).
Nitrogen Oxides (NOx)	Includes a number of compounds such as nitrous oxide (N ₂ O), nitric oxide (NO), nitrogen dioxide (NO ₂), dinitrogen trioxide (N ₂ O ₃), nitrogen tetroxide (N ₂ O ₄) and dinitrogen pentoxide (N ₂ O ₅), etc. Except for NO ₂ , all other NOx variants are extremely unstable and, when exposed to light, moisture or heat, are liable to converting into NO ₂ and NO, and then from NO into NO ₂ . Therefore, the gas to which workers are exposed to in the working environment is usually a mixture of several types of gas, which is called smoke (gas) and is mainly comprised of nitric oxide and nitrogen dioxide, with nitrogen dioxide being the main component. Nitrogen Oxides are all toxic to a varying degree.
Pure low-temperature Residual Heat Power Generation	Power generation using the residual heat of medium-and-low temperature waste gas discharged from the emission ends of the kilns of the cooling machine, with no fuel consumed or pollutants produced.
Denitration Technology	A technical measure to prevent excessive emission of NO _x from the combustion process within the cement kilns for the purpose of environmental protection by reducing the amount of NO _x and eliminating the NO _x in the flue gas.
Desulphurization Technology	A technical measure to prevent excessive emission of SO ₂ from the combustion process within the cement kilns for the purpose of environmental protection by reducing the amount of SO ₂ and eliminating the SO ₂ in the flue gas.
Electric dust collector	A dust collecting device to separate particulates from flue gas by electrostatic force.
SNCR	Selective non-catalytic reduction, a process of converting nitrogen oxides in the flue gas to nonhazardous nitrogen gas and water by injecting reductants into the "temperature window" for denitration reactions without using a catalytic agent.
SCR	Selective catalytic reduction, a process of selective reaction of reducing agents such as ammonia with NO _x under the action of a catalyst to generate N ₂ and H ₂ O.
Carbon Capture and Storage (CCS)	A process where the CO ₂ captured is treated through desulphurisation, purification, compression, dehumidification and liquefaction and then sold to the market for reuse.
Domestic waste treatment technology with the use of cement kilns	A technology for treatment of urban domestic waste by using the high temperature of the cement kilns, and is an ideal alternative to traditional landfill treatment method that takes up large area of lands and results in environment pollution. This technology is the first of its kind in the world, which, without classification of wastes, enables degradation of dioxins without producing any undesirable odours and allows solidification of heavy metals and purification of sewage at the same time.
Cement grinding aid	A chemical admixture, the addition of a small amount of which in the cement grinding process can improve the grinding efficiency.
Ceramic ball	A cement grinding medium composed mainly of aluminium oxide and a small amount of microelements which improves performance and enhances toughness; lighter and harder compared with steel balls, capable of reducing mill load.

Appendix III DISCLOSURE INDEX

A. Environment					
A1: Emissions	General Disclosure Information relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer. Note: Air emissions include NO _x , SO _x and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.		4	17	
	KPI A1.1	The types of emissions and respective emission data.	4.1	17	
	KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.2	23	
	KPI A1.3	Total hazardous wastes produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Note	Note	
	KPI A1.4	Total non-hazardous wastes produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Note	Note	
	KPI A1.5	Description of measures to mitigate emissions and results achieved.	4.1	18	
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Note	Note	
A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used for production, storage, transportation, buildings, electronic equipment, etc.		4.2	21	
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	4.2	21	
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	4.2	22	
	KPI A2.3	Description of energy use efficiency initiatives and results achieved.	4.2	23	
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	4.2	26	
	KPI A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	4.2	22	
A3: Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.		4.3	27	
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4.3	27	
B. Society					

Note: The Group does not produce hazardous waste during the production and operation process and the non-hazardous waste generated is treated and reused in the cement kiln. Therefore, this indicator is not applicable.

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)			Index	
Aspect	Description		Section	Page
B1: Employment	General Disclosure Information relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.		5.1	34
	KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	5.1	33
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	5.1	33
B2: Health and Safety	General Disclosure Information relating to providing a safe working environment and protecting employees from occupational hazards: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.		5.2	37
	KPI B2.1	Number and rate of work-related fatalities.	5.2	38
	KPI B2.2	Lost days due to work injury	-	-
	KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	5.2	39
B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external programs paid by the employer.		5.3	44
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	-	-
	KPI B3.2	The average training hours completed per employee by gender and employee category	5.3	45
B4: Labour Standard	General Disclosure Information relating to preventing child and forced labour: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.		5.4	46
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	5.4	46
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	5.4	46

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)			Index	
Aspect	Description		Section	Page
B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.		6	49
	KPI B5.1	Number of suppliers by geographical region.	6	50
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, as well as how they are implemented and monitored.	6	50
B6: Product Responsibility	General Disclosure Information relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.		7	54
	KPI B6.1	Percentage of total products sold or shipped subject to recall for safety and health reasons.	-	-
	KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	7	56
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	7	56
	KPI B6.4	Description of quality assurance process and product recall procedures.	7	54
	KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	7	56
B7: Anti-corruption	General Disclosure Information relating to bribery, extortion, fraud and money laundering: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.		8	59
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	-	-
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	8	59
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.		9	63
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	9	66
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	9	67

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