

稀美資源控股有限公司

XIMEI RESOURCES HOLDING LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 9936

2023

Environmental, Social and Governance Report



CHAIRMAN'S MESSAGE



Dear readers,

I'm glad to share with you the 2023 Environmental, Social and Governance Report. On behalf of the Board of Directors, I will share the Company's concepts and practices in terms of sustainable development and social responsibility with the shareholders and those from all sectors of society who have long been caring about and supporting the Company's development.

It is a right choice to make long-term plans while taking immediate actions. In 2023, the external environment was complex and changeable, presenting many challenges to enterprise operation and management. The tantalum and niobium market experienced significant price fluctuations and rapid changes of downstream demands, and profit margins were also affected to certain degree. However, all members of Ximei still worked hard together with determined goals, thereby overcoming the negative effects caused

by adverse factors and successfully fulfilling all work tasks of the year in terms of production organization, project construction and market development. In 2023, Ximei Resources achieved revenues of RMB1,403 million, representing a year-on-year increase of 37.6%; the overseas market achieved revenues of RMB226 million, representing a year-on-year increase of 46%. The revenues reached a record high in the Company's history.

In 2023, the Company also made considerable achievements in environmental, social and governance aspects. In the environmental aspect, we stably pushed forward resource recycling projects, and continuously reduced resource consumption and emissions through process innovation; all emission indexes met the standards. Besides, we implemented "Quality Management Improvement Activities" throughout the year to unify the product quality standard and improve the product performance; a number of products were awarded Guangdong Famous High-tech Products. In the social responsibility aspect, we always believed that the Human Resource Leadership Strategy was the first competitive strategy, and continuously improved the training system through the "Learning Platform", induction mentors and other means to help employees improve their professional skills and allow them to grow constantly and realize self-fulfillment. In the corporate governance aspect, we continuously improved the governance system and enhanced the organization management efficiency to set up an industry benchmark.

By adhering to the sustainable development concept of healthy development and steady growth, Ximei Resources always undertakes social responsibility, aiming to establish an ecosystem of co-creation, sharing and win-win situation and become an industry leader. I would like to express my heartfelt gratitude to all employees for their contribution to the sustainable development of the Company, and to all shareholders, customers, suppliers and other partners for their trust and support. Ximei Resources will adhere to the strategic positioning of "professional, integrated, large-scale, high-end, international and capital-based" operation, and reward our employees and all supporters from different sectors of the society with better performance.

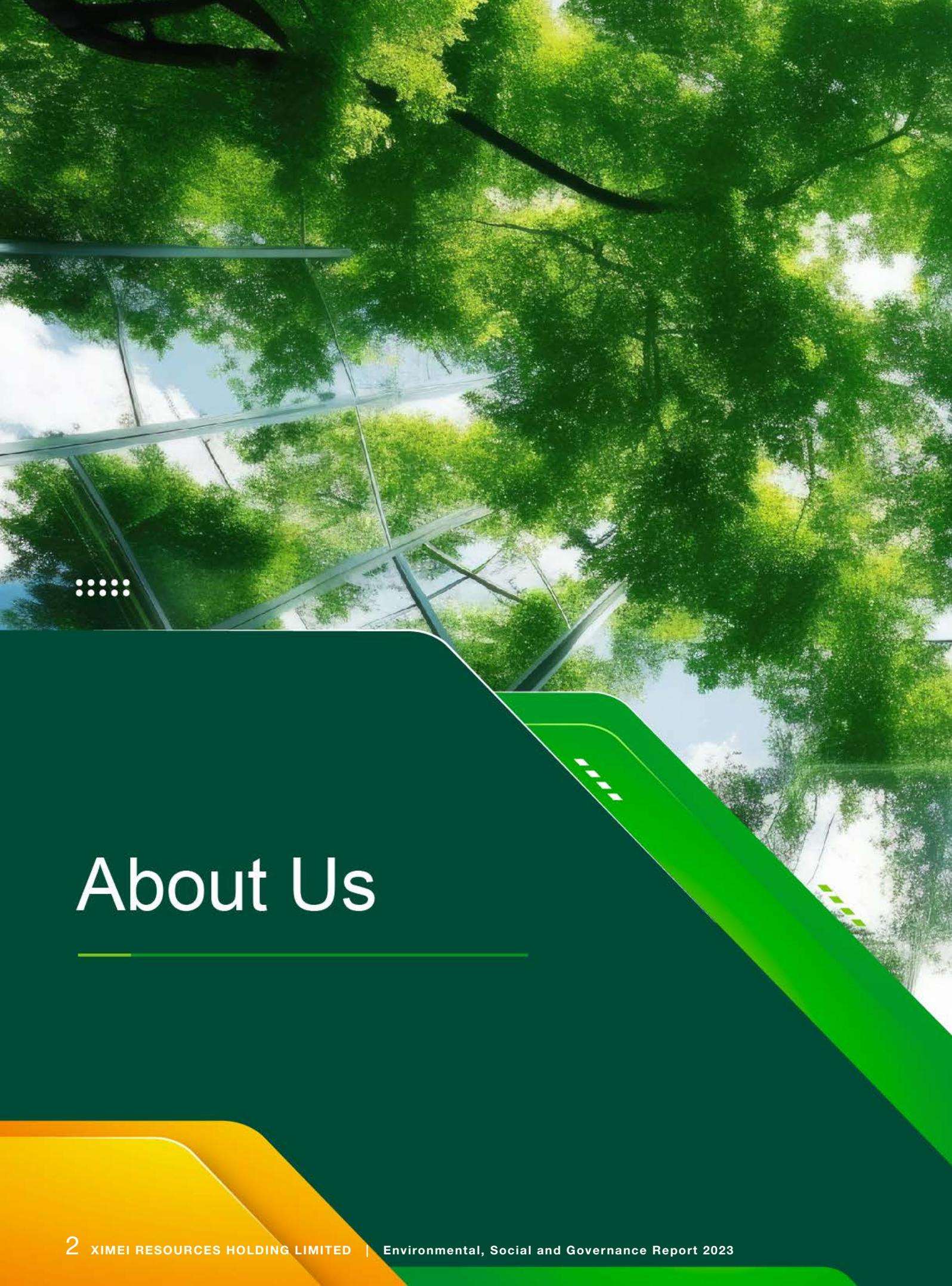
Mr. Wu Lijue

Chairman and executive director

Hong Kong, 22 March 2024

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About Us



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT US

About Ximei Resources

Ximei Resources Holding Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) was successfully listed on the Main Board of the Hong Kong Stock Exchange in March 2020 and the Company has become the holding company of the Group for the purpose of the listing and holds three subsidiaries, namely Xinjia Group Limited (新佳集團有限公司), Ximei Resources (Hong Kong) Limited (稀美資源(香港)有限公司) (formerly known as Xite Group Limited (稀特集團有限公司)) and Ximei Resources (Guangdong) Limited* (稀美資源(廣東)有限公司) (“**Ximei Guangdong**”) (formerly known as Guangdong Zhiyuan New Material Co., Ltd. (廣東致遠新材料有限公司)). There are three subsidiaries under Ximei Guangdong, namely Ximei Resources (Leizhou) Company Limited* (稀美資源(雷州)有限公司) (“**Ximei Leizhou**”), Ximei (Hainan) Trading Company Limited* (稀美(海南)貿易有限公司) and Ximei Resources (Guiyang) Company Limited* (稀美資源(貴陽)有限公司) (“**Ximei Guiyang**”). Besides, there are two associates, namely CNNC Huazhong New Materials Co., Ltd. (中核華中新材料有限公司) (“**CNNC Huazhong**”) and Ximei Resources (Guizhou) Technology Limited (稀美資源(貴州)科技有限公司) (“**Ximei Guizhou**”). The Group has now become a large corporation with six production bases in Guangdong Province, Guizhou Province and Hunan Province respectively. In 2022, Ganfeng Lithium, a leading company in the global lithium industry chain, became a strategic shareholder of the Company with a 16.7% shareholding in the Company, providing strong support in terms of capital, technology and resources.

Founded on 9 May 2006, the Group is an early non-state-owned market player in the industry in the PRC, and is principally engaged in the manufacturing and sale of tantalum- and niobium-based products, including tantalum- and niobium-based hydrometallurgical products and tantalum- and niobium-based pyrometallurgical products. In particular, hydrometallurgical products mainly include tantalum pentoxide, niobium pentoxide and potassium heptafluorotantalate, and pyrometallurgical products mainly include tantalum powder, tantalum bars, tantalum ingots, ferroniobium, molten niobium and other tantalum- and niobium-based metal products, which are widely used in semiconductor, high-end electronics, aviation and aerospace, defend and military, optical and medical fields. The Company has passed the quality, environment, occupational health, intellectual property and other management systems certification and the “Responsible Minerals Initiative” (RMI) annual audit and become a member of the TIC and ITSCI and strictly complies with relevant laws, regulations and international rules.

The implementation entities of the Group’s hydrometallurgical projects include Ximei Guangdong and Ximei Leizhou, being its wholly-owned subsidiaries. In particular, Ximei Guangdong is a world leading tantalum- and niobium-based hydrometallurgical enterprise, focusing on the research, development and production of tantalum heptafluorotantalate, niobium pentoxide, tantalum pentoxide, high-purity niobium pentoxide, high-purity tantalum pentoxide and tantalum powder. In the past three years, the Company’s hydrometallurgical products gained a market share of nearly 40% in China. The Company is a national high-tech enterprise, and has been recognized as an innovative enterprise of Guangdong Province, an excellent manufacturing enterprise of Guangdong Province, an enterprise leading an individual field of the manufacturing industry of Guangdong Province, a high-growth enterprise of Guangdong Province, a “Little Giant” specialized and innovative enterprise, a doctoral workstation of Guangdong Province, and a national advantageous enterprise of intellectual property. The Company has established an engineering technology research center and a technology specialist workstation at provincial and municipal level. Ximei Leizhou has a project with a total planned annual production capacity of 3,000 tonnes of high-performance tantalum- and niobium-based oxide, and China Nuclear Huazhong has a project with a planned annual production capacity of 1,000 tonnes of tantalum- and niobium-containing new materials, which are both currently under steady construction.

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The implementation entities of the Group's pyrometallurgical projects include Ximei Guizhou and Ximei Guiyang. Established in 2020, Ximei Guizhou's products mainly include tantalum bars, tantalum ingots, molten niobium, tantalum and niobium alloy and other metal products, with a planned annual production capacity of 1,500 tonnes, which will rank among the top three in the world once it reaches full capacity. Established in Guiyang in 2022 with a registered capital of RMB100 million, Ximei Guiyang has a high-end manufacturing project for tantalum- and niobium-based new materials, which is expected to produce 1,100 tonnes of high-end tantalum- and niobium-based metal products upon completion of the project, and is currently under preliminary construction planning.

Development Concept



In order to respond to the intense market competition, the Company organizes strategic discussions with its management on a regular basis, formulates clear strategic development plans, and clarifies the strategic positioning of “professional, integrated, large-scale, high-end, international and capital-based” operation. The Group will adhere to this strategic positioning, firmly promote project construction, and integrate various resources such as production management, marketing, research and development technology, and human resources through technological transformation in order to strive for new breakthroughs in production capacity, quality and cost, and improve the Company's sustainable development capability at multiple levels and in all aspects, thereby enhancing its core competitive advantages and finally realizing the great vision of becoming “a world leading manufacturer and operator of tantalum- and niobium-based products”.

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Main Products and Bases

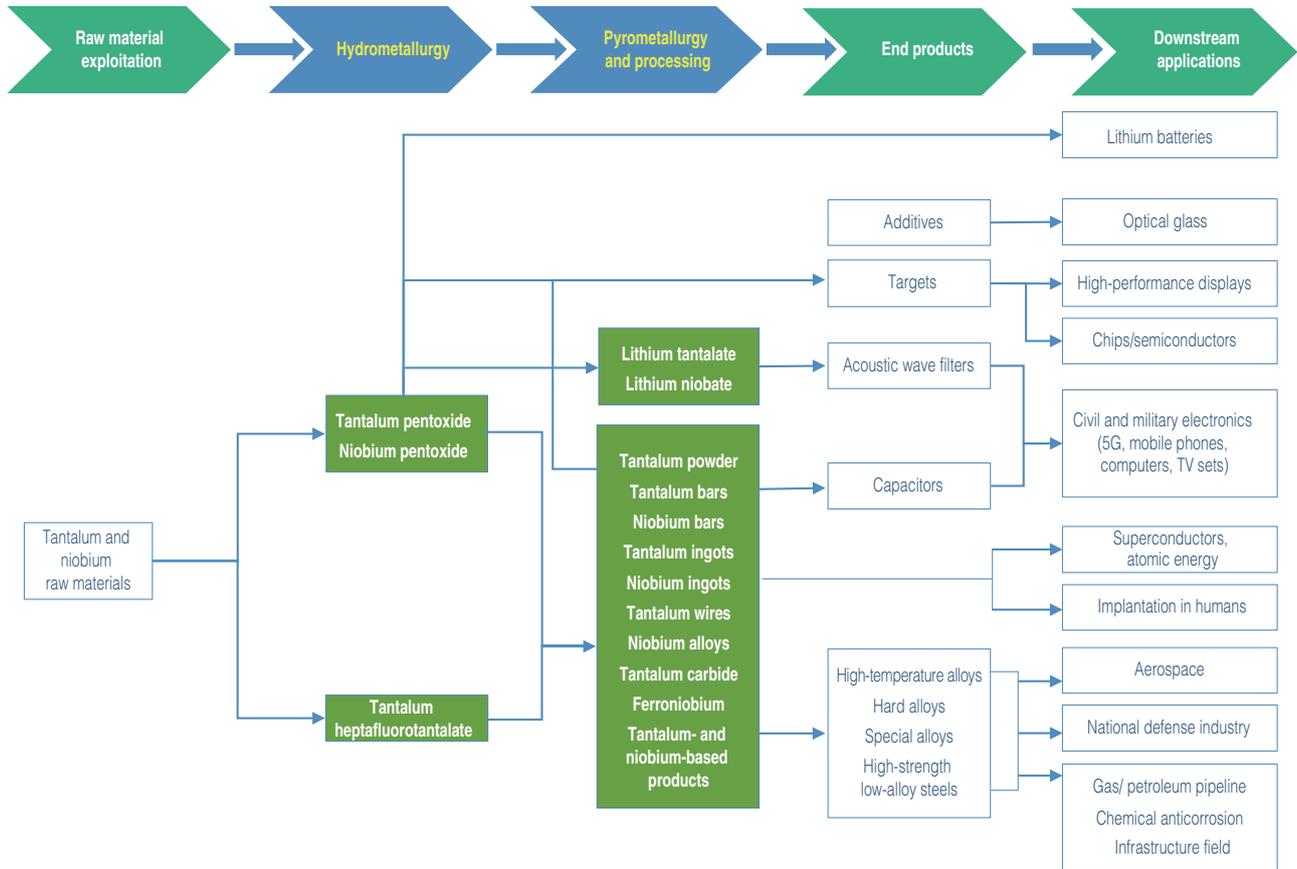
As a leading manufacturer of tantalum- and niobium-based products in China, the Group has now become a large corporation with six production bases in Guangdong, Guizhou and Hunan Provinces respectively. Our products mainly include tantalum- and niobium-based hydrometallurgical compounds and tantalum and niobium metals and alloys.

PRODUCT SERIES						
Tantalum and niobium compounds						
	Tantalum pentoxide	Niobium pentoxide	Tantalum heptafluorotantalate	Tantalum ethoxide	Tantalum carbide	
	Tantalum and niobium metals and alloys					
		Tantalum powder	Molten niobium/tantalum	Ferroniobium	Tantalum and niobium alloy ingots	Sintered tantalum bars

Tantalum- and niobium-based hydrometallurgical compounds produced by the Group include ordinary and high-purity tantalum- and niobium-based oxides and compounds. Products cover various specifications and categories, including all product series of metallurgical, optical wave, target, crystal, battery and other grades. Products of different grain sizes (down to nanoscale), purity levels and cleanliness levels can be customized according to customer requirements. The quality of products is industry-leading, and downstream products have a wide scope of application. Tantalum and niobium metals and their products feature low impurity content, high consistency and uniform grain size distribution; with a purity level as high as 99.995%, high-purity tantalum ingots can be used in semiconductor targets, superconductors, optical filming, military and other high-end application areas.

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Below shows the basic application areas of tantalum and niobium:



Riding on the advantages of hydrometallurgy, the Group has been committed to extending business to downstream products in recent years. With full-process production capabilities for tantalum- and niobium-based products, the Group provides professional and high-quality solutions to customers in various industries such as aerospace, automobiles, electronics, national defense, medical and superalloys.

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Current core production bases and main equipment of the Group:



Industry Qualifications

As of the end of the Reporting Period, the subsidiaries Ximei Guangdong, Ximei Guizhou and other main operation entities of the Group have obtained all necessary qualifications and licenses for their respective businesses. Meanwhile, as a member of TIC and ITSCI, Ximei Resources is dedicated to establishing a sound due diligence management system, promises to strictly select sources of raw materials, and will not purchase nonconforming raw materials from high-risk regions to prevent interest groups in these regions from earning profits therefrom, thus to avoid negative effects caused by local continuous unrest, conflict escalation or human rights violations.

Ximei Resources strictly complies with relevant laws, regulations and international rules, and has passed the “Responsible Minerals Initiative” (RMI) annual audit. We are a compliant smeltery, and all of our production bases meet the responsible sourcing standard.



The Group follows the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals*, and both Ximei Guangdong and Ximei Guizhou have passed evaluations by independent third-party auditors.



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R&D and Innovation

The Group is a national high-tech enterprise, and has established solid long-term cooperation with the Chinese Academy of Sciences, Guangdong Provincial Academy of Sciences, and Central South University. The Company has 4 employees with doctoral degree, 20 employees with master's degree, and 12 senior engineers, and an expert management team having been focusing on research of tantalum and niobium metallurgical technologies for over 30 years. After years of development, our brand image has won the respect and wide recognition of the industry and the market. As of 31 December 2023, the Group was granted a total of 107 patents, including 19 invention patents; besides, the Company filed 69 patent applications, including 58 invention patent applications. Also, the Company continuously optimized and improved the R&D process, and made breakthroughs in such aspects as oxides with high specific surface areas, ammonia neutralization process and development of tantalum- and niobium-based materials. As for new product development, the Company successfully developed high-quality products such as new niobium-based products for optical glass, tantalum powder for low boron tantalum ingots, capacitor grade tantalum heptafluorotantalate, and superconducting high-purity niobium ingots.

Certain patents granted to the Group



Case Development of technology for producing high-purity niobium pentoxide from niobium-tantalum-iron alloys

Ximei Guangdong has successfully developed the technology for producing high-purity niobium pentoxide from alloy minerals. The high-purity niobium pentoxide products are of high quality, with significantly decreased contents of stibium and iron which are key impurities, significantly reduced processes, shortened production cycle and lower costs of raw materials.

Case Optimization and technical transformation of extraction process

Ximei Guangdong pushes forward the optimization and technical transformation of pickling and extraction processes. Sulphate in the niobium liquid produced is reduced significantly, by 95% in comparison with the conventional process. Also, after technical transformation, subsequent resource recycling of by-products can be better realized, greatly reducing the difficulty and cost of original solution treatment and meanwhile declining the waste emission indexes.

Awards and Recognition

The Group has won more than 40 awards and qualification certificates, and Ximei Guangdong, a subsidiary of the Group, has been recognized as a national high-tech enterprise, an excellent enterprise of Guangdong Province, an innovative enterprise of Guangdong Province, a doctoral workstation of Guangdong Province, a technology specialist workstation at provincial and municipal level, a provincial intellectual property demonstration enterprise, a provincial enterprise technology center, a grade A taxpayer of Guangdong Province, an engineering technology center at provincial and municipal level, an advantageous enterprise of intellectual property in Guangdong Province, a “Little Giant” specialized and innovative enterprise, etc. Ximei Guizhou, a subsidiary of the Group, is a small and medium-sized innovative enterprise in Guizhou Province and also a specialized and innovative enterprise, and has been honored as an advanced enterprise promoting new industrialization development in Guizhou during 2021-2023.

Development Strategy

In 2024, the Group will stick to the bottom-line thinking of safety and environmental protection, strengthen production organization, give full play to the productivity advantage and continuously optimize the production process and product structure, thus to achieve and overfulfill the production targets; anchor the frontier market and strategic customers, continuously expand the market and reasonably adjust the purchasing structure and rhythm to keep supply, production and marketing stable; endeavor to complete the construction of key projects, extend the industry chain, expand the industry scale and enhance the industry influence; insist on scientific and technological innovation, increase the investment in R&D, establish the awareness of quality, transform to technical innovation and management innovation, and open the incremental and alternative market spaces. Meanwhile, in the management aspect, the Group will be stricter in assessment, reward and punishment, and will exploit the potentiality of cost reduction to ensure the fulfillment of annual efficiency target.



About This Report



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Purpose of the Report

We would like to report to the investors and stakeholders of the Group on the relationship between the Group's business and environmental, social and governance aspects, the effectiveness of the risk management and internal control systems adopted. The Group recommends stakeholders to read the Report (as defined below) together with the Group's "Corporate Governance Report" published in the 2023 annual report.

Reporting Period

The year from 1 January 2023 to 31 December 2023 (the "**Reporting Period**").

Reporting Principles

Response to the Four Reporting Principles in the HKEX ESG Reporting Guide

The Report has disclosed all information for the year ended 31 December 2023 in accordance with requirements of the Environmental, Social and Governance Reporting Guide (the "**Guide**") as set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**HKEX**").

The content of the Report is determined according to a set of systematic procedures. These procedures include: identify and rank important stakeholders and determine their priority of information; identify ESG issues according to relevant key topics and determine their priority; determine ESG boundaries of the Report, and collect relevant materials and use for the preparation of the Report. These procedures are based on the following principles:

Materiality:

The ESG Workgroup ("**Workgroup**") of the Group is at the forefront of identifying ESG materiality factors. Through its daily work, the Workgroup identifies the factors that have a significant impact on ESG practices, so as to coordinate the efforts, collect relevant information and submit reports to the ESG Working Committee (the "**Working Committee**"). The Working Committee reviews and analyses the reports, makes amendments and follow-up recommendations, and reports to the Board of the Company. The Board will review and evaluate the reports received, provide adequate resources to deal with relevant matters, and monitor the work progress and effectiveness.

The Group also communicates with internal and external stakeholders to understand their expectations, discusses key topics regularly and irregularly, conducts materiality assessment and prioritisation procedures systematically and, with reference to opinions from all sides, selects the disclosure scope based on the principles of materiality, relevance and applicability, followed by data collection and analysis to identify relevant key topics and ensure that such topics are included in the Group's policies.

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In identifying materiality of ESG topics, the Group will consider the scope and level of their impact on the Group's business operation, long-term development, internal and external stakeholders, as well as the planning of the Group's future sustainable development and the establishment and review of our sustainable development goals. To carry out materiality assessment on relevant topics effectively, the Group identifies ESG topics relevant to its business operation, future development and stakeholders' interests, and evaluates their materiality and priority according to the scope and level of their impact on the Group and stakeholders.

Through analysis, we have become aware of the common materiality and priority of internal and external stakeholders for the Group's business, which will play a clear guiding role in setting strategies and objectives, carrying out daily operations and developing future vision of the Group. During the Reporting Period, the Group identified high, moderate and low levels of 19 key topics among the concerns of stakeholders, and used a materiality matrix to evaluate and illustrate their importance and priority to the Group.

Details of the Group's communication with internal and external stakeholders during the Reporting Period are as follows:

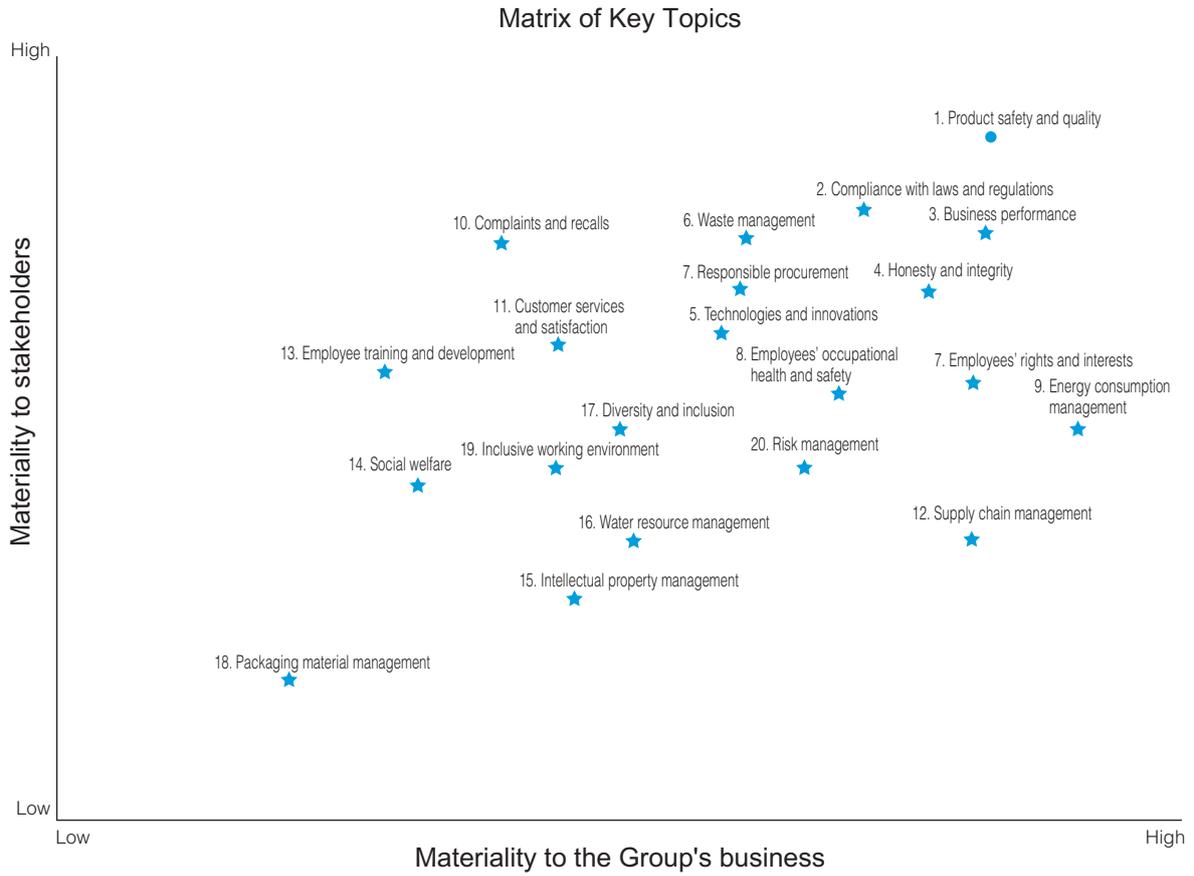
Corporate Governance	Social Responsibility	Environmental Responsibility
2. Compliance with laws and regulations	1. Product safety and quality	6. Waste management
4. Honesty and integrity	3. Business performance	7. Responsible procurement
20. Risk management	5. Technologies and innovations	9. Energy consumption management
17. Diversity and inclusion	8. Employees' occupational health and safety	16. Water resource management
19. Inclusive working environment	10. Complaints and recalls	18. Packaging material management
	11. Customer services and satisfaction	
	12. Supply chain management	
	13. Employee training and development	
	14. Social welfare	
	15. Intellectual property management	

High Compliance with laws and regulations, product safety and quality, business performance, honesty and integrity, waste management, energy consumption management

Moderate Technologies and innovations, responsible procurement, employees' occupational health and safety, complaints and recalls, customer services and satisfaction, supply chain management, water resource management, intellectual property management, risk management

Low Employee training and development, social welfare, diversity and inclusion, packaging material management, inclusive working environment

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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Communication with stakeholders:

Stakeholder	Issues of Concern	Communication/ Feedback Channels	Communication Frequency
Shareholders and investors	Business results Risk management Honesty and integrity Compliance with laws and regulations Intellectual property management	General meeting Results presentation Site survey Roadshow and reverse roadshow Multi-channel conference Internal control audit Compliance with laws and regulations in operations	General meetings that are held annually Extraordinary meetings upon significant events or in special circumstances Irregular roadshows and reverse roadshows Regular internal control evaluation or audit Enhanced corporate governance Timely information disclosure
Government authorities	Waste management Compliance with laws and regulations Honesty and integrity Water resource management Employees' occupational health and safety	Site survey Communication and negotiation Spot check Participating in research and formulation of policies, standards and plans	From time to time, depending on circumstances Regular physical examination
Customers and consumers	Product safety and quality Technologies and innovations Complaints and recalls Customer services and satisfaction Responsible procurement Diversity and inclusion	Online and offline promotion Market survey Customer satisfaction survey Customer complaint handling Research and development and innovation Compliance audit	From time to time, depending on circumstances Increased investment in research and development Regular compliance reviews Formulation of product standards Improvement in customer service system

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Stakeholder	Issues of Concern	Communication/ Feedback Channels	Communication Frequency
Industry chain partners	Packaging material management Supply chain management Product safety and quality Business performance Honesty and integrity	Site survey Supplier assessment Quality communications Telephone/written communications Open tender for procurement	Unscheduled supplier meetings Supplier assessment every year Supplier admission assessment Timely communication
Employees	Employees' occupational health and safety Employee training and development Inclusive working environment Diversity and inclusion	Employee training Labour union and the Party's organizational activities Employee congress Solicitation of opinions and rationalisation proposals Reasonable remuneration and welfare system	Online and offline training for employees Organizing labour union activities irregularly The Party's organizational activity at least once a year Employee congress at least once a year Employee satisfaction survey once a year Regular assessment and conversation with superiors Onboarding mentors
Communities	Social welfare Water resource management Waste management	Community public welfare activities Community communication Site survey	From time to time, depending on circumstances Communication and negotiation Volunteer activities
Environment	Waste management Energy consumption management Water resource management Packaging material management	Environmental protection Energy conservation and emission reduction Protection of ecological environment	Managing waste emission Enhanced resource utilization efficiency Concerning hazardous chemicals management

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Quantitative:

Environmental and social key performance indicators are prepared with reference to the Guide of HKEX and calculated through systematic evaluation procedures for materiality, relevance and applicability with appropriate parameters. References to historical KPIs and the standards, methods, assumptions and/or calculations used for KPIs have been properly explained and, where appropriate, accompanied by comparative data.

Balance:

The contents of the report came from the Company's internal management documents, statistics and public disclosure, as well as public media reports, with no improper revisions. The Group has compiled the Environmental, Social and Governance Report (the "**Report**") covering the year from 1 January 2023 to 31 December 2023 in a fair, reasonable and impartial manner, to provide comprehensive information for shareholders, investors and stakeholders to evaluate on a rational, objective and accurate basis the Group's overall ESG performance and effectiveness.

Consistency:

For the convenience of comparison, the reporting standards and criteria, data calculation methods, structure of the Report, description of methods and assumptions made in the preparation of information herein are consistent with historical data. Explanations to changes thereto, if any, are furnished to provide a complete reference for shareholders, investors and stakeholders.

Reporting Boundary

The Group's reporting boundary remains unchanged to precedents of the Report, which covers principal operations of the Company's wholly-owned and non-wholly owned subsidiaries in China, including: (i) tantalum- and niobium-based hydrometallurgical products; (ii) tantalum- and niobium-based pyrometallurgical products; and (iii) metal related trades, in accordance with the Guide. The Report covers the manufacturing and sales operations of non-ferrous metal products of the Group's most representative companies or plants in the PRC, namely Ximei Guangdong, Ximei Guizhou, Ximei Leizhou and Ximei Guiyang the Group's subsidiaries, in accordance with the Guide.

The Report of the Group was selected according to the principles of materiality, quantitative, balance and consistency, and reviewed by three levels namely the Board, the Working Committee and the Workgroup.



Sustainable Development Management



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SUSTAINABLE DEVELOPMENT MANAGEMENT

Improving Corporate Governance

Strictly according to the standard requirements on governance of listed companies issued by the Stock Exchange and other regulatory authorities concerned, the Group continuously optimizes the corporate governance structure, improves the internal control system, and actively carries out work related to information disclosure, investor relations, etc. During the Reporting Period, the Group held 1 general meeting of shareholders and 5 board meetings. Besides, the Company established the senior manager performance assessment and incentive system, which improved corporate governance and conformed to the provisions of laws and regulations.

The Group believes that only by integrating the concept of social responsibility into our strategic development objectives and implementing it into the Group's daily operation, management and innovation activities can the coordinated development of economy and environment be truly achieved. In recent years, the expectations of international and domestic stakeholders regarding sustainable development have been continuously evolving. We need to constantly learn from international best practices and continuously improve the Company's governance structure in terms of sustainable development. In order to ensure environmental, social and governance effectiveness and further ensure operation of the Group, we have established a top-down ESG framework. The ESG framework is composed of three levels: the Board, the Working Committee and the Workgroup, each with well-defined duties and working in concerted efforts.



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ESG framework	Composition	Main duties
Board	Directors	<ul style="list-style-type: none"> Set and supervise ESG objectives and policies, establish and supervise the notification process, control relevant risks and allocate resources, review the effectiveness of policies, review relevant policies and reports, and appoint heads and members of the Working Committee and the Workgroup. Hold a leadership role and take full responsibility for the Group's ESG reporting. Discuss and review significant non-financial risks. Manage and identify significant risk management measures related to sustainability as reported by the Working Committees and relevant responsible persons. Discuss and follow up on ESG issues of the Group through Board meetings/seminars/video conferences.
Working Committee	Composed of heads of various departments	<ul style="list-style-type: none"> Implement ESG policies. Provide analysis and suggestions, update topics, effectively utilise resources. Coordinate and guide activities of the Workgroup. Report to the Board through regular and extraordinary meetings.
Workgroup	Coordinated by the ESG Office and works in coordination with the functional departments and subsidiaries, mainly including the president's office, the audit department, the corporate governance department, the procurement department, the marketing department, the human resources department, the safety and environmental protection department and other important departments	<ul style="list-style-type: none"> Deal with daily ESG work, compile information and prepare reports, and report to the Working Committee. Report to the Working Committee by regularly attending the meeting of the president's office and relevant special extraordinary meetings.

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The Board attaches great importance to risk management and audit supervision and has continuously revised and promulgated a series of more standardized and stringent rules and regulations, including the Group's internal control management rules, various risk management rules and internal audit management rules, in order to build a comprehensive risk management system and further strengthen the Group's risk management and audit supervision work. During the Reporting Period, the audit department organized and conducted relevant risk identification and audit activities for various departments and operating units of the Group and submitted internal control audit reports to the Board.

According to the results of weekly routine ESG inspections, the Workgroup forms a timetable for improvements, refinements or additional efforts with reference to the objectives set by the Board, and reports to the Working Committee. The Working Committee shall provide suggestions and assistance on the report and urge each department to cooperate in all aspects towards the objectives of the Group. The Board also communicates with stakeholders regularly and irregularly to understand the topics that deserve attention, develops and presses ahead with work strategies at monthly meetings, monitors and checks the work progress and, where necessary, makes amendments so as to achieve the Group's objectives effectively. In 2023, in the monthly reports to the Group's senior management, the Workgroup and relevant operating units reported on important issues, including safety and environmental protection and community, based on their respective actual situation, which were specified in the minutes of meetings.

The Company strictly abides by relevant laws and regulations, and prepares discharge monitoring reports on wastewater, exhaust gas, hazardous waste and non-hazardous waste every month. ESG is closely relevant to the Company's business. Only by meeting ESG standards of the Group can we improve our environmental awareness at every level of the Group, ensure production activities in an orderly manner, bring long-term benefits to the Group and create value for stakeholders. Through ESG management, we can identify risks in advance and develop risk management and prevention measures to ultimately achieve long-term sustainable and healthy development.

Strengthening Risk Management

A sound risk management system is the key to the success of normal and orderly business operation. The Company's management attaches importance to corporate risk management and integrates risk management into the Company's overall culture, core business activities and decision-making, and strictly complies with all regulatory requirements. We actively identify, monitor and respond to risks in various processes and sections of actual operations to minimize or even avoid the impact of risks on the Company. The audit department of the Company formulates a regular audit plan every year to supervise and inspect the financial income and expenditure and economic activities of all departments of the Company and its wholly-owned and non-wholly-owned companies in accordance with relevant rules, and the audit covers the entire Group, thus ensuring that regular audits are completed within one year for all subsidiaries and branches, and is responsible for following up the effectiveness of rectification of each entity to prevent financial and operational risks.

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Case Establishing the Measures for Data Security Management

The Group manages its data in a centralized and uniform manner, and has set up an archives room and a data center. Data are classified into different levels for management, namely, Top Secret, Secret, and Confidential. Through classified management, the Group can strengthen its data security construction.

Case Pushing the initiation of ERP management system

To realize more standard, process-oriented and normalized financial management, the Group initiated and put online the financial ERP supply chain, inventory and general ledger module, realizing smoothness throughout the process from the issuance of logistics bills to the issuance of financial statements, improving the work efficiency of departments, and laying a foundation for overall online implementation and subsequent optimization of the Group.

Case Enhancing equipment safety management

The Group insists on the bottom-line thinking of safety management. During the Reporting Period, the Group enhanced safety risk management through drills, internal and external trainings, visual inspections, etc. Meanwhile, the Group started using the DingTalk Cloud Service function, and especially for key equipment and special equipment, performed periodic maintenance and level-to-level inspection. Through DingTalk Cloud Service, each item of equipment was given an exclusive QR code. Also, the Group optimized and modified gas converters and exhaust gas system, improving the operating efficiency of equipment.



ESG Disclosure



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ESG DISCLOSURE

Safeguarding Lucid Waters and Lush Mountains

Emissions management

The Group always attaches great importance to compliance with laws and regulations and has been strictly abiding by relevant national environmental laws and regulations, including but not limited to:

Emissions	Laws and Regulations
Exhaust gas	GB13271-2014: Emission Standard of Air Pollutants for Boilers (《鍋爐大氣污染物排放標準》), DB44/27-2001: Emission Limits of Air Pollutants in Guangdong Province (《廣東省大氣污染物排放限值》), and GB14554-93: Emission Standard of Odour Pollutants (《惡臭污染物排放標準》)
Wastewater	GB/T19923-2005: Reuse of Urban Recycling Water – Water Quality Standard for Industrial Uses (《城市污水再生利用工業用水水質》), DB44/26-2001: Discharge Restrictions on Water Pollutants in Guangdong Province (《廣東省水污染排放限制》), and GB/T18920-2002: Reuse of Urban Recycling Water – Water Quality Standard for Urban Miscellaneous Water Consumption (《城市污水再生利用城市雜用水水質》)
Hazardous waste and non-hazardous solid waste	Standard for Pollution Control on Non-hazardous Industrial Solid Waste Storage and Landfill (《一般工業固體廢物貯存和填埋污染控制標準》) (GB18599-2020) Standard for Pollution Control on Hazardous Waste Incineration (《危險廢物焚燒污染控制標準》) (GB18484-2020)

Furthermore, in the hope of creating a resource-saving and environment-friendly enterprise together, the Group has formulated an “Environment Management System” (《環境管理制度》), which is led by the general manager, to achieve high efficiency in the use of resources, conversion of energy and recycling of waste and encourage employees to proactively participate in environmental protection activities.

Case Promoting the construction of the recycling project

The Group continued to effectively promote the recycling and reuse project, continuously optimized the production process, improved the ventilation capacity of exhaust gas after maintenance and transformation of decomposition workshop, completed the construction and installation of the in-depth wastewater treatment project, and achieved normal operation of the single machine commissioning equipment.



Case Passing the cleaner production review

The Group insists on resource recycling and endeavors to reduce waste emissions, and has successfully passed the cleaner production review through process transformations including adding membrane filters and replacing material transfer pumps.

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During the Reporting Period, the Group's exhaust gas and wastewater emission data are as follows:

Types of Emissions	Name	Quantity	
		2023	2022
Exhaust gas	Fluoride	127KG	28.8KG
	Ammonia	789 KG	822.4KG
	SO ₂	3KG	0.4KG
	NO _x	525KG	745.6KG
	Vehicle emission	Minimal, with no significant impact on the environment	
	Exhaust fumes	Minimal, with no significant impact on the environment	
	Dust	No significant impact on the environment	
Wastewater	Wastewater discharged after post-wastewater treatment	39,856 tonnes	37,388 tonnes
Hazardous waste	Acid soluble residue	82.41 tonnes	85.47 tonnes
	Neutralized residue	13,845 tonnes	15,280 tonnes
Non-hazardous waste	Domestic waste	No significant impact on the environment	

During the Reporting Period, the Group's only greenhouse gas emission was carbon dioxide which was mainly derived from the purchased electricity, natural gas and diesel. The Group's production area is mainly greenery, which converts greenhouse gas into biomass through the assimilation of trees, without causing significant pollution and impact on the environment. Given the absence of significant impact from emissions, the Group did not set an definite emission reduction target.

During the ordinary course of the Group's production, the exhaust gas emitted included fluoride, ammonia, SO₂ and NO_x. The disorganised exhaust gas was mainly from the flow and circulation of materials in tanks, which produced gas escaping from tanks. The organised exhaust gas mainly came from the exhaust gas produced by the reaction in tanks. To reduce emissions, the Group had replaced the exhaust gas treatment system to prevent the system from ageing, which reduced disorganised emissions. The organised exhaust gas emission met the national emission standards. Furthermore, the Group has set an emission reduction target for exhaust gas. The annual growth rate of exhaust gas pollutants including fluoride, ammonia, SO₂, NO_x and volatile organic compounds is expected to remain flat or lower relative to that of production volume. To effectively meet the target, the Group has adopted a series of measures: the Company enhanced the condenser and absorption tower of the exhaust gas purification system in the decomposition workshop, added primary absorption to the ammonia exhaust gas purification unit in the production workshop, and reduced the use of diesel boilers and increased the use of natural gas boilers to increase the utilization of clean energy. Currently, for waste treatment, the Group has installed exhaust gas treatment systems such as eluting towers, fans, demisters and condensers as well as online monitoring equipment at exhaust gas outlets which would trigger alarms when the pollutant discharge level exceeds the threshold. The installed exhaust gas treatment system allows the Group to improve ventilation and cooling, reduce exhaust gas generation and boost energy efficiency, which is conducive to achieving the emission reduction target. During the Reporting Period, the Group redesigned and manufactured gas converters, which exhibited good performance during trial run, and through transformation, it realized water change of exhaust gas decomposition system without stop, and added acid conditioner units. Besides, the Group completed the absorption transformation of ammoniated exhaust gas neutralization solution, and meanwhile completed the preparation of energy audit and three-year energy plan required by the government.

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In the ordinary course of the Group's production during the Reporting Period, total water consumption was approximately 145,800 tonnes (2022: 133,000 tonnes); treated wastewater was 63,200 tonnes (2022: 53,200 tonnes); wastewater reused was approximately 23,300 tonnes (2022: 15,800 tonnes), with a wastewater reuse rate of 37% (2022: 30.0%); wastewater discharged was approximately 39,800 tonnes (2022: 37,400 tonnes); all operating entities met the sewage discharge standards of relevant environmental protection authorities. The wastewater was mainly from after-treatment of wastewater and tap water. The Group used the acid-base neutralisation and precipitation process for wastewater treatment. The Group added a fluoride salt recovery system, which could reduce the discharge of hazardous waste in the wastewater and increase economic benefits by reconverting and extracting fluoride salt wastewater into fluoride salt products through chemical reaction. On the premise of increasing output, the effect of reducing fluoride emissions from wastewater was very significant. The Group carried out equipment adjustment and technical transformation, so as to improve the reuse rate of water resources and reduce pollution. Furthermore, the Group has set an emission reduction target for wastewater, with an annual growth rate of emission expected to remain flat or slightly lower relative to that of production volume.

During the Reporting Period, total water consumption increased year-on-year as the Group's pyrometallurgical projects such as Ximei Guizhou successively commenced production. To effectively achieve the target, the wastewater discharged across plants of the Group was pooled into a resource recovery workshop, where fluoride and ammonia in the gas were concentrated in liquids, followed by extraction of ammonium fluoride as a product through relevant equipment as well as recovery of ammonia through an ammonia distillation system for use in product workshops.

During the ordinary course of its production, the Group put into application a new industry-leading extraction process that could effectively reduce the sulphate in niobium liquid and properly separate tantalum from niobium. The process significantly reduced accessories consumption and favoured the resource treatment of alkaline wastewater, whereby reducing production cost and alleviating the pressure on environmental protection. With successful implementation of the washing water recycling project, the washing water recycling rate reached 75%. We became the first company in the industry to utilise such technology, and attained remarkable results. The Group has improved the efficiency of resource recycling through technological improvement, which is of great benefit to environmental protection.

In respect of the innovation in production technology, we also made major progress in environmental protection. The Group developed the production technology of high purity niobium pentoxide for lithium battery materials, the production technology for industrial spherical niobium pentoxide, the organic technology for optimisation of extraction and refinement, the extraction pickling process, and the technology of utilising fluoride salt original solution instead of sulphuric acid for the exhaust gas treatment system of integrated recovery workshops. These initiatives significantly reduced its air pollution and environmental impact. The Group believes that apart from developing technology to make resources reusable and recyclable, waste reduction at source is also an effective environmental protection method.

During the Reporting Period, the Group discharged a total of 82.41 tonnes (2022: 85.47 tonnes) of hazardous waste of acid soluble residue, which was temporarily stored in the warehouse, meeting the relevant standards and requirements. The Group has implemented a series of emission reduction measures, such as purchasing high-grade ore and recycling other useful substances from the waste residue such as tin concentrate to reduce emission, which has achieved remarkable results. The Department of Environment of Guangdong Province is planning to set up a unit to handle this type of hazardous waste and has signed a letter of intent with the Group. Furthermore, the Group has set an emission reduction target for hazardous waste, with an annual growth rate of emission expected to remain flat or slightly lower relative to that of production volume.

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In order to reduce hazardous waste emission and achieve the target, the Group maintains an annual waste inspection contract with the No. 290 Research Institute for Nuclear Industry. The neutralised residue can be landfilled or sold to cement plants for treatment as their radioactivity and toxicity were found to meet requirements of environmental impact assessment. During the Reporting Period, the Group discharged a total of 13,845 tonnes (2022: 15,280 tonnes) of neutralized residue as non-hazardous waste. Acid soluble residue as hazardous waste is temporarily stored in the hazardous waste warehouse, pending for harmless treatment when appropriate by a qualified unit engaged on a regular service basis. The warehouse meets and is managed in strict accordance the requirements of anti-leakage, rainproof and anti-loss, and ionizing radiation warning signs are placed at conspicuous positions at the door of the warehouse to prevent personnel from approaching and entering by mistake. The waste engine oil generated from the machine repair workshop, also a hazardous waste, is temporarily stored in the hazardous waste warehouse, pending for disposal under a waste engine oil transfer contract entered into this year with an environmental technology company.

The Group adopted the principles of collection, storage, in-plant transportation and recycling for the discharged non-hazardous wastes, which must be treated by preventing scattering, loss and leakage. The non-hazardous waste of the Group was primarily domestic waste and mainly generated by employees living in the Company. Domestic waste was classified into recyclable and non-recyclable by our staff, and it would then be handed over to the municipal domestic waste processing department for processing. The Group actively promotes the awareness of environmental protection, encourages and educates employees to practice recycling, reduce consumption and make the best use of materials in their daily life, so as to reduce the generation of domestic waste and establish a clean and healthy working environment. Given the absence of significant impact from emissions, the Group did not set an emission reduction target.

Three types of products produced by recycling our waste materials, namely tin hydroxide, potassium fluorosilicate and tungsten acid, are available for sale, which not only makes good use of resources and reduces waste, but also generates revenue for the Group.

In addition, the Group invites the monitoring department of the Environmental Protection Bureau and third-party inspection agencies to our plant for annual monitoring, to continuously improve and strengthen our supervision and management of environmental quality.

The Group is committed to supporting environmental sustainability, and our commitment to protecting the environment is well reflected by our continuous efforts in promoting green measures and awareness. The Group encourages environmental protection and promotes the awareness of environmental protection amongst the employees. The Group adheres to the principles of recycling and waste reduction. It implements various green office practices such as posting labels of energy efficiency, adjusting office air conditioners to 26 degree Celsius, double-sided printing and photocopying, setting up recycling bins, advocating the use of recycled paper and reducing energy consumption by switching off idle lightings and electrical appliances. The Group will review its environmental practice from time to time and will consider implementing further eco-friendly measures and practices in the operation of the Group's businesses to move towards adhering to 3Rs – Reduce, Recycle and Reuse and enhance environmental sustainability.

Information on emissions is set out in "Data on Environmental Performance" on Page 50 of the Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Management of Use of Resources

The Group commits to complying with the laws and regulations related to use of resources, including the “Water Law of the PRC” (《中華人民共和國水法》). The Group has also obtained a “Groundwater Collection Permit” (《地下水取水許可證》), demonstrating that both the amount of water collection and that of water discharge met the national standard.

Environment-friendly energy used by the Group includes natural gas. The Group intends to continuously increase the use of natural gas, and has upgraded some diesel boilers into natural gas boilers and introduced natural gas furnaces. Our total natural gas consumption during the Reporting Period was 1,722,500 m³ (2022: 1,669,100 m³).

The indirect energy used by the Group is the electricity purchased, and the total consumption during the Reporting Period was 60.69 million kWh (2022: 35.08 million kWh). Furthermore, the Group has set an efficiency target for electricity consumption, with an annual growth rate of electricity consumption expected to remain flat or slightly lower relative to that of production volume. During the Reporting Period, the Group’s total electricity consumption increased significantly due to the large production capacity of Ximei Guizhou, a pyrometallurgical project of the Group which consumed more electricity in pyrometallurgical processes, and the commencement of the formal construction period of Ximei Leizhou and Ximei Guiyang. To reflect its commitment to environmental protection, the Group has replaced some converters with natural gas furnaces. In 2018, the Group completed the replacement of converters, being the main equipment for production capacity expansion, with more environment-friendly natural gas furnaces, in a technical transformation project in an attempt to reduce electricity consumption and labour costs, which has achieved remarkable results. As time goes by, the total electricity consumption will drop meaningfully. Where conditions permit, the Group will continue to consider gradual replacement towards more environment-friendly natural gas furnaces, actively explore clean energy sources such as solar energy and residual heat power generation to continuously reduce the energy intensity per unit of processing capacity.

During the Reporting Period, the Group’s total water consumption was 145,800 tonnes (2022: 133,000 tonnes). Furthermore, the Group has set an efficiency target for water consumption, with an annual growth rate of water consumption expected to remain flat or slightly lower relative to that of production volume. During the Reporting Period, the Group’s total water consumption increased significantly due to the commencement and expansion of production of new projects. To meet the efficiency target for water consumption, the Group will introduce further technical measures to increase the internal water recycling rate. The Group has built a recycling water tank to recycle water and reduce wastewater discharge, yielding a remarkable result. The Group has no problem in sourcing water that is fit for purpose. The Company has obtained a water procurement permit, enabling it to source water from a deep well in compliance with laws and regulations. The Group also reminded its employees of water conservation by posting energy conservation labels, encouraging the cherishing of resources and advocating environmental protection, which will bring positive returns to personal health, quality of life and economic benefits.

During the Reporting Period, the packaging materials used by the Group included approximately 380,200 bags (2022: 447,000), approximately 30,000 pail packs (2022: 30,100), totalling approximately 64.40 tonnes (2022: 91 tonnes). In order to reduce the use of packaging materials, we try to recycle the ton bags and the clean inner layer of PE bags as much as possible. In addition, the Company has set up a dedicated storage place for plastic packaging bags which will be sold when a certain quantity is reached.

Information on use of resources is set out in “Data on Environmental Performance” on Page 50 of the Report.

Protection of Environment and Natural Resources

The Group has been committed to protecting the environment and natural resources in strict compliance with all applicable laws, including the “Environmental Protection Law of the PRC” (《中華人民共和國環境保護法》) and the “Law of the PRC on the Promotion of Clean Production” (《中華人民共和國清潔生產促進法》). The Group has also formulated “Ximei Guangdong Clean Production Report” (《稀美廣東清潔生產報告》), which provides a number of programmes that can help standardise on-site management, enhance the corporate profile, improve the quality of employees and the enthusiasm for clean production, thus comprehensively improving the Company’s integrated management level and the employees’ awareness of clean production.

The Group’s business does not have a significant impact on the environment and natural resources. As wastewater and exhaust gas will pollute the environment if the discharge standard is not met, the Group appointed a testing technology company to test wastewater, organised exhaust gas and noise, all results of which were within test limits.

Although emissions of the Group have met the standards, the Group will further take active measures to minimise the impact on the environment and natural resources, increase the processing capacity of environmental protection facilities, and ensure that employees possess considerable environmental knowledge. The Company has passed the three certification standards under the ISO.

Measures:

- The Group has formulated the “Environmental Management System” (《環境管理制度》), which is led by the general manager and for which the deputy general manager of the general manager’s office is responsible for safety and environmental protection.
- The Group has established an environmental protection committee, which comprises the general manager, deputy general managers and the heads of other relevant functional departments and various departments, which is responsible for implementation of relevant laws and regulations, planning and evaluation of environmental protection, decision-making and arrangement.
- The Group conducts regular and irregular inspections on production facilities and prevention facilities.
- The Group provides environmental protection training to employees with an assessment system in place, carries out education and publicity, and maintains a safety and environmental protection reward plan to distribute rewards to employees who comply with the relevant regulations. Deficiencies and problems identified will also be seriously dealt with.
- The Group arranges technicians to regularly calibrate internal environmental protection testing equipment, acidity meters, and low background α β measuring instruments to avoid substandard emission caused by analysis problems.

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Climate Change Management and Response

Climate change is a global concern. Addressing the natural disasters arising from climate change that may affect our business, the Group has formulated the “Standing Book of Meteorological Safety Management for Key Units of Meteorological Disaster Prevention” (《氣象災害防禦重點單位氣象安全管理工作台賬》), including the Meteorological Disaster Prevention Work Plan (氣象災害防禦工作方案), the Meteorological Disaster Emergency Plan (氣象災害應急預案), the Duty Shift System During Meteorological Disasters (氣象災害期間值班制度), the Regular Inspection Method (定期巡查方法), etc.

We are fully aware that global warming and climate change will bring various risks to our business, including policy and legal risks as well as transitional risks in technology, market and reputation. The financial performance of the Group may be affected to different extents by factors such as energy supply, water resources, labour market, employee safety, supply chain, productivity, customer demand and transportation network due to climate change. The level of such impact depends on its nature, speed and focus of evolution. Extreme weather may also cause the Group to incur additional legal, financial, tax, insurance, administrative and other expenses. These transitional risks may expose the Group to financial and reputation risks.

During the Reporting Period, the Group carried out the following natural disaster prevention and emergency responses against the identified physical risks, including acute risks and chronic risks:

(i) Acute risks

a. *Prevention and control against extreme weather*

During the Reporting Period, the Company developed emergency rescue plans for extreme weather such as typhoon and rainstorm, established an emergency rescue team composed of employees and security guards, which is equipped with sandbags, shovels, industrial salt, miniature fire stations and other emergency rescue materials, and carried out regular natural disaster emergency drills to effectively safeguard our normal production and operation.

b. *Extreme weather may disrupt transportation, which may in turn affect raw material supply and product shipment*

According to the meteorological bulletin and suggestion of our Safety and Environmental Department, the Production Department monitored inventory of raw materials and adjusted safe inventory level on a reasonable basis, to ensure stable supply of important raw materials necessary for production without being affected by short-term extreme weather or the resultant transportation difficulties.

c. *Extreme weather such as typhoon and heavy rainfall may affect construction progress of smelting projects and construction safety*

Through training, we enhanced safety awareness of construction workers in observing construction safety technical specifications and operating procedures, and strengthened construction quality, safety risk control and emergency disposal under extreme weather conditions, so as to continuously improve the Company's safety risk control ability under an established and well-executed safety support plan to ensure “safety foremost”.

d. *Flood control*

During the Reporting Period, our equipment company established a warehouse for emergency materials against the flood control risk, which can be put into use at any time when a major risk arises. Furthermore, we regularly checked flood control sandboxes and other onsite flood-fighting emergency materials, strengthened patrol inspection on dikes, hillsides and other places, and invested in reinforcement of the hillsides near our plant area. The sludge and sundries in drainage ditches, drainage wells and gutters in our plant area were cleaned regularly to ensure that the drainage pipelines are unblocked.

(ii) **Chronic risks**

a. *High-temperature operation is prone to cause heatstroke*

We devised heatstroke prevention and cooling measures against high-temperature weather, including adjusting work schedule, regulating operating time, and providing heatstroke prevention and cooling supplies and drugs.

b. *Water shortage in the regional water resource system might lead to unavailability of water for production use*

We continued to optimise the water circulation system, increase the use of recycling water and reduce the water intake. The Group expects to maintain its recycling water rate at 95-97% in the future, with an aim to avoid wasted resources except for normal evaporation and the loss from sedimentation tanks.

In view of the potential risk of water shortage in the regional water resource system, the Company maintains two sets of water supply systems (i.e. the government's tap water supply system, and procurement of groundwater), and has obtained the water procurement permit. There are also two sets of groundwater supply equipment to ensure normal water supply for the Company.

People-oriented Approach

Talent Pool Development

The Group firmly believes that employees are valuable assets for an enterprise. In order to ensure employees' rights and interests, the Group has always abided by the "Labour Law of the PRC" (《中華人民共和國勞動法》), the "Special Rules on the Labour Protection of Female Employees" (《女職工勞動保護特別規定》) and the "Regulations of Guangdong Province on Population and Family Planning" (《廣東省人口與計劃生育條例》). The Group has also formulated the "Remuneration and Welfare Management System" (《薪酬福利管理制度》), the "Human Resources Management System" (《人力資源管理制度》), the "Labour Contract" (《勞動合同》) and the "Attendance and Vacation Management System" (《考勤與假期管理制度》).

The Group always prioritizes talents and continuously develops the talent system. The Group implemented a share award scheme to share the benefits with employees for common development. By making Ximei a platform for co-creation, mutual benefit and sharing, the Group provides sustainable momentum for corporate development.

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The Group determines employees' basic remuneration in accordance with market levels, confirms each employee's remuneration grade based on the "Schedule of Professional Ranks" (《職級表》) and the "Schedule of Employees' Remuneration" (《員工薪酬級別表》), and determines employees' remuneration by taking into consideration of the business scale, profit contribution values, level of difficulty of operation and management of each unit and department, etc., in combination with the duties and competency factors of each position. The Group recognises the concept of equal opportunities with equal pay for equal work regardless of gender. Remuneration is mainly paid monthly, and performance-related wage is paid periodically according to the position assessment stage. Employees' year-end bonus is paid by the Group based on the results of their year-end performance assessment.

The Group deals with employees' resignation in accordance with the "Human Resources Management System" (《人力資源管理制度》). Employees can submit written resignation application, and after obtaining confirmation from the Human Resources Department, fill in the "Approval Form for Employee Resignation Application" (《員工離職申請審批表》), which will be submitted for signatures by General Manager/Chairman. Employees need to handle the hand-over affairs and other resignation procedures on their last working day and complete the "Approval Form for Employee Resignation Application" (《員工離職申請審批表》) so that the Human Resources Department can settle remuneration, issue the "Certification of Employee Resignation" (《員工離職證明》) and establish employee resignation files. If an employee seriously violates the "Labour Contract Law" (《勞動合同法》) and regulations of the Company, the Company shall dismiss such employee in accordance with the "Labour Contract Law" (《勞動合同法》), provided that such employee shall in principle be notified with 30 days of written notice in advance, and is given a certain amount of economic compensation in accordance with relevant national regulations.

The recruitment procedures of the Group remain to be executed in accordance with the "Human Resources Management System" (《人力資源管理制度》). Whenever recruitment is required, the "Approval Form for Recruitment" (《員工需求審批表》) shall be filled two months in advance, which will, after checking by the Human Resources and Administration Department, be submitted to General Manager/Chairman for approval. The Human Resources and Administration Department will issue recruitment information to internal employees and society within two working days. Recruitment procedures are divided into internal and external application. For applicants, the "Registration Form for Employee Recruitment" (《員工應聘登記表》) shall be filled out. After primary selection taking into consideration of equal opportunities, multiculturalism and anti-discrimination, the Human Resources and Administration Department will arrange for an interview schedule. After confirming recruitment, the Human Resources and Administration Department will issue a written employment notice to the applicant. In addition, the Group mainly recruits employees through campus recruitment, job fairs, recruitment websites, and internal referrals. A labour union has been established by employees to protect their legal rights, which assists the Group to achieve economic goals and motivate employees to participate in management decisions.

The Group always values employees based on their merits and attaches importance to the introduction of new blood. We provide promotion opportunities to employees who stand out in year-end assessment results and have outstanding performance at work, relatively high comprehensive capabilities and professional standards, and preferable adaptability and development potential at work. The Group determines the promoted positions based on its development needs, and delegates the Human Resources and Administration Department to make appointments after conducting a comprehensive evaluation based on the views of various parties and subject to the people-post matching principle.

In 2023, the Group continued to introduce fresh management trainees and, through job rotations across departments of the Group, various activities such as reporting and experience sharing sessions and exchanges of views on development were organized regularly. We stimulated the imagination of management trainees and took initiatives to effectuate our improvement measures, thus bringing in more efficient ways of working to the Company while enhancing the sense of accomplishment of management trainees. The management trainees have assumed key roles in respective departments to fulfil their career value.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has a standard working hour system in place with 8 working hours a day, and at least one day-off a week. The Group determines employees' leaves in accordance with the "Attendance and Leaves Management System" (《考勤與假期管理制度》). Employees are entitled to paid and no-pay leaves, such as compensation leave, annual leave, marriage leave, casual leave, work injury leave, sick leave, bereavement leave, maternity leave, etc. In order to protect the benefits of female employees, the Group also provides maternity protection in accordance with the "Special Rules on the Labour Protection of Female Employees" (《女職工勞動保護特別規定》) and the "Regulations of Guangdong Province on Population and Family Planning" (《廣東省人口與計劃生育條例》), and female employees are entitled to maternity leave and family planning incentive leave for a total of 178 days. In addition, the Group also provides various benefits such as education subsidies, meal allowances, subsidies for living in mountainous areas, high temperature subsidies, sports and recreational activities, employee medical examinations, festive welfare, uniforms and travelling allowances for employees. In accordance with relevant national, provincial and municipal regulations, the Group makes contributions to pension insurance, medical insurance, work injury insurance, unemployment insurance, maternity insurance, and housing provident fund for employees. A labour union has been established at the Group, with a view to protecting employees, assisting the Group to achieve economic goals, and motivating employees to participate in management decisions.

The employee structure of the Group is as follows:

Employee category	Number of people	Percentage
Total number of senior management members	9	1%
By Sex		
Male	6	67%
Female	3	33%
Total number of middle management members	105	16%
By Sex		
Male	78	74%
Female	27	26%
Total number of general and technical staff	564	83%
By Sex		
Male	469	83%
Female	95	17%
Age group of employees		
30 and below	298	44%
31-40	207	31%
41-50	132	19%
51 and above	41	6%

Information on employment is set out in "Data on Social Performance" on Page 52 of the Report.

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Ensuring Health and Safety

The health and safety of employees are the Group's primary consideration. The Group has always abided by the "Production Safety Law of the PRC" (《中華人民共和國安全生產法》), the "Regulations on Production Safety of Guangdong Province" (《廣東省安全生產條例》), and the "Prevention and Control of Occupational Diseases Law of the PRC" (《中華人民共和國職業病防治法》). The Group has formulated the "Compilation of the Rules and Regulations on Production Safety" (《安全生產規章制度彙編》) and the "Compilation of Occupational Health Management Systems" (《職業衛生管理制度彙編》), strictly abiding by national safety technical standards, norms and enterprise production safety regulations; establishing a production safety management system; providing necessary labour, physical and financial resources support; providing safety trainings for all employees; encouraging employees to actively participate in production safety; regularly conducting inspection and assessment, continuously improving, and achieving a long-term mechanism for production safety.

The "Occupational Health Management System" (《職業健康管理體系》) formulated by the Group provides employees with consummate occupational health management, which plays a great role in protecting employees from direct or indirect losses caused by occupational health and safety problems and mitigating the risk of occupational health and safety in business operation, thus making the Company's operation sustainable and enabling the Company to enhance its corporate profile and better adapt to the market.

The Group has compiled the "Compilation of Occupational Health Management Systems" (《職業衛生管理制度彙編》), which enabled employees to enjoy the right of occupational health protection under the law, strengthened the management, prevention and control of occupational diseases in toxic and hazardous workplaces, eliminated occupational hazards, and protected the health of employees. The Group regularly organizes annual occupational health check-ups for its employees, and provides leave and financial subsidies. The Group conducts regular internal audits, workplace inspections, managerial inspections and other types of inspections, and conducts various safety drills on a regular basis to supervise the compliance and execution of processes by employees. The Group invited the third-party manufacturers to conduct an on-site inspection of the working environment once a year, and the inspection results met the requirements of occupational health management. The Group distributes labour protective supplies to employees every month, including common consumables such as masks, gloves and earplugs, to ensure the safety of employees. In addition, according to the requirements of occupational health management, employees shall undergo occupational health medical check-ups before, during, and after their employment to ensure occupational health and safety.

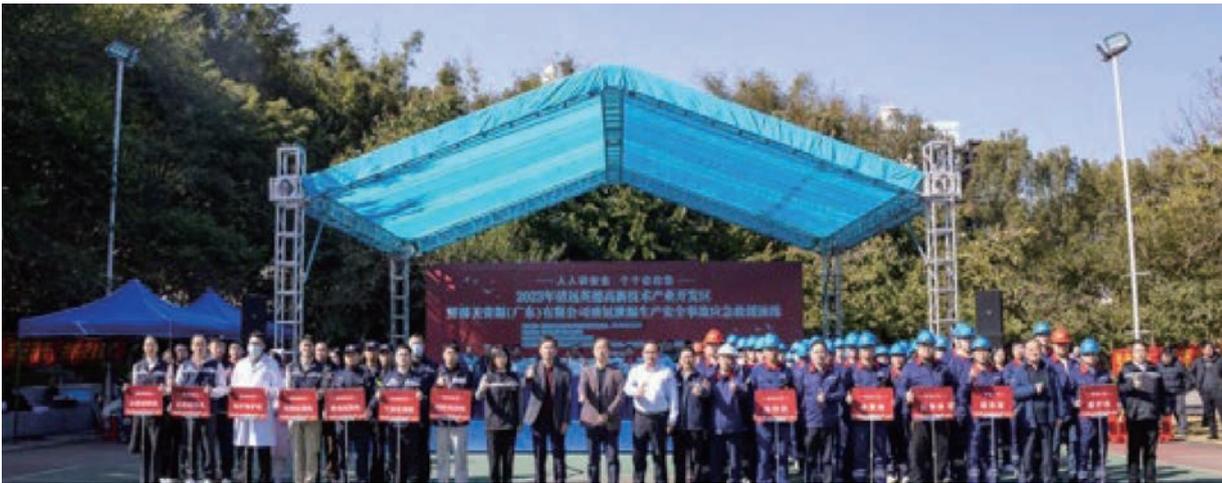
Case Ximei Guizhou passed the review of several certification systems

Ximei Guizhou successfully passed the review of quality, environmental, occupational health and safety management systems, and the weapon equipment quality and energy management system certifications, and was rated as a Class A supplier during customers' supplier audit. By enhancing the safety, environmental and occupational health management systems, it guaranteed the safety and health of employees in the production process, and realized the goal of safe production without accidents.



Case Carrying out comprehensive emergency drills and trainings

Ximei Guangdong organized relevant production personnel to carry out two comprehensive emergency drills, in which there were nearly 80 participants. The drills aimed for plan verification, preparation improvement, team training, mechanism running-in, science popularization, and propaganda and education. The expected targets of the drills were achieved. Meanwhile, safety training was offered to new employees and foreign personnel for over 50 times, and internal safety checks were organized for 19 times to enhance the staff's awareness of safety and responsibility.



Information on health and safety is set out in "Data on Social Performance" on Page 52 of the Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Development and Training Optimization

The Group attaches great importance to the training of its employees and believes that the long-term growth of the Group depends on professional knowledge and experience of its employees. In addition to hiring employees in accordance with the “Labour Law” (《勞動法》), the Group also formulated the “Employee Training Regulations” (《員工培訓規定》) and the “Implementation Rules for Hierarchical Customised Employee Training Plans” (《員工分層定製培訓計劃實施細則》), promoted the construction of a distinctive talent cultivation system, and introduced special learning experience exchange and sharing mechanisms such as induction mentors and internal trainers, thereby creating an internal management training system with Ximei’s characteristics.

We provided regular training programs for employees, including introductory training, safety training and technical training, to enhance their professional skills and knowledge. We engaged a management consulting firm to optimize and upgrade the Group’s talent cultivation by communicating the talent development system in three steps of “building a learning map, empowering internal lecturers and cultivating professionals”.

Case Ximei Lecture Hall

During the Reporting Period, the Group organized special training under the theme of “Ximei Lecture Hall”, including totally 18 sessions on a cumulative basis; it organized the compilation of internal training materials and developed internal trainers to conduct various trainings at different levels and modules, which basically covered the Group’s senior and middle management members and production staff. The total number of training hours for all employees exceeded 7,500 hours.



Case Online Learning Platform

During the Reporting Period, the Group established the Online Learning Platform, with 291 learners and totally 13,460 class hours; it organized 3 sharing sessions and developed 20 internal courses. All staff members were enthusiastic for the targeted learning to acquire knowledge.



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Case Cadre Training Camp

During the Reporting Period, the Group organized a training camp for core management cadres of each plant. Totally 48 persons participated in the first session of training, and each trainee learned for over 42 class hours. Through “online + offline” learning, outdoor development and other courses, employees’ learning initiative was enhanced and their centripetal force strengthened, achieving a good learning outcome.

There were 10 themed courses, including communication skills, management skills, leadership skills, problem-solving skills, career promotion, etc.



Case “Management trainee” quality development

The Group actively introduces talents, emphasizes the development of management trainees, and cares about the growth of young people. During the Reporting Period, the Group took part in the management trainee debriefing activity twice, carried out the quality development activity several times to unite the staff, and achieved the high employee retention rate of 90%.



Information on development and training is set out in “Data on Social Performance” on Page 52 of the Report.

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Protection of Equal Rights and Interests

In order to ensure the balance of labour relations, the Group has always strictly complied with the “Labour Contract Law” (《勞動合同法》) and the “Law on the Protection of Minors” (《未成年人保護法》), and formulated the “Human Resources Management System” (《人力資源管理制度》) to eliminate forced labour. To comply strictly with the requirements of the “Human Resources Management System” (《人力資源管理制度》), the Group avoids employing child labour and forced labour by mistake in recruitment procedures. The Human Resources and Administration Department will perform the procedure of verifying the applicants’ ID cards at the time of recruitment, including authenticity, expiry, whether the applicant is the ID card holder, and whether it matches with the actual age. The Group will never hire the applicants if their information does not correspond to the information on their ID cards. The Group also requires applicants to provide graduation certificates and other relevant supporting materials. Applicants must confirm on the application form that the information provided by them meets the requirements. In case of illegal or false information provided, the Group shall terminate the labour contract in accordance with the “Labour Contract Law” (《勞動合同法》) of the PRC. For certain key positions, the Company will conduct necessary background check with the consent of the applicant before the employee joins the Company. The Company will never hire an applicant whose background check result is inconsistent with the resume. The Group also pays for social security and commercial insurance to provide labour security for recruits according to law, whereby we can screen out the applicants who do not meet our employment requirements. The Group maintains a highly rigorous selection process in recruitment procedures, and hence has never been involved in any violation such as misemployment of child labour and forced labour. If child labour or forced labour is found, the Group will handle the matter in accordance with relevant procedures. In addition, the Company has set up an internal hotline for whistleblowing and complaints. Employees within the Group who have any questions regarding employee conduct regulations, labour contracts, remuneration payments, working hours, employee communication, safety training and other related matters can provide feedback and express their concerns to relevant departments at any time.

Honest Operation

Supply Chain Management

The Group strictly abides by the “Civil Code of the PRC” (《中華人民共和國民法典》), the “Customs Law of the PRC” (《中華人民共和國海關法》), the “Law of the PRC on Import and Export Commodity Inspection” (《中華人民共和國進出口商品檢驗法》), and the “Regulations of the PRC on Import and Export Tariffs” (《中華人民共和國進出口關稅條例》), and has formulated the “Import and Export Management System” (《進出口管理制度》), which aims at clarifying the procedures for import and export business, standardising the operation of import and export business, ensuring the fast customs clearance of goods, and promoting the smooth and orderly conducting of import and export business. The Group has also formulated the “Raw Material Supplier Evaluation and Access Management System” (《原料供應商評估和准入管理制度》) and the “Business Partner Selection Management System” (《商務合作夥伴選擇管理制度》), which provide methods to obtain supply chain security information from raw material suppliers and business partners, evaluate security status of the supply chain and effectively identify safe and reliable partners.

As for the engagement of domestic suppliers, the Group also strictly abides by the “Business Partner Selection and Security Management Procedures” (《商務合作夥伴選擇與安全管理程序》), the “Supplier Questionnaire” (《供方調查表》), the “Supplier Performance Evaluation Form” (《供應商績效評估表》) and the “Purchase and Sales Contract” (《購銷合同》) signed by both parties, which provide methods to obtain supply chain security information from business partners, evaluate security status of the supply chain and effectively identify safe and reliable business partners.

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As for the engagement of customary suppliers, the Group has formulated the “Business Partner Selection and Security Management Procedures” (《商務合作夥伴選擇與安全管理程序》), the “Supplier Performance Evaluation Form” (《供應商績效評估表》) and the “Purchase and Sales Contract” (《購銷合同》) signed by both parties, which provide methods to obtain supply chain security information from business partners, evaluate security status of the supply chain and effectively identify safe and reliable business partners. The Group also select customary suppliers based on sound cooperation relationship over years, quality assurance and the evaluation relative to current market prices.

The Group has set up a raw materials department and a procurement department for the purchase of ore and other auxiliary materials to be supplied to the operating units. We continued to improve our supply chain management system by conducting qualification verification and due diligence on potential suppliers, which included environmental and ethical compliance of suppliers. The Company strictly abides by the “Procurement Management System” (《採購管理制度》), the “Supplier Admission Management Rules” (《供應商准入管理規定》), the “Tendering and Bidding Management Measures” (《招投標管理辦法》), the “Supplier Questionnaire” (《供方調查表》), the “Supplier Assessment Form” (《供方評定表》), the “Supplier Admission Application Form” (《供應商准入申請表》) and the “Purchase and Sales Contract” (《購銷合同》) signed by both parties, which provide methods to obtain supplier security information from business partners, evaluate security status of the supply chain and effectively identify safe and reliable business partners.

In selecting suppliers, the Group requires suppliers to provide environment-friendly products and services. The Group strictly abides by the standard on Class 7 substances to ensure that the environment will not be affected seriously. The Group has established and implemented the “Management Measures for Radioactive Ores” (《放射性礦石管理辦法》) to ensure that radioactive raw materials will not be leaked in the course of transportation and production, so as to prevent their adverse impact on the environment and human. The Group reviews the “Certificate of Environmental Management System Certification” (《環境管理體系認證證書》) according to the supplier’s qualification, to ensure that the supplier satisfies the requirements of national, local and industrial laws and regulations on environmental protection and occupational health and safety. The Group also has the right to supervise safety performance of suppliers, which shall pay liquidated damages for their irregularities and non-compliance issues in accordance with relevant regulations of the state and the requirements on suppliers. A supplier that has violated the laws and regulations on safety and environmental protection and the rules on production safety and environmental protection of the Group shall, as required by the Group, make rectifications and agree to pay the liquidated damages stipulated by the safety management system of the Group. The Group has the right to terminate the contract if the rectification is unqualified or the supplier refuses to rectify, which might cause serious safety and environmental protection accidents. In such a case, all contingent economic losses and legal liabilities shall be borne by the supplier.

In addition, any domestic and customary supplier that does not meet the requirements of the Group must take improvement measures within the time limit. It will only become a qualified partner of the Company after meeting the requirements; otherwise the Group will reject or terminate the cooperation. For the loss caused to the Group due to suppliers’ non-compliance with the Group’s requirements, the Group will negotiate with the suppliers for amiable settlement. If negotiation fails, the Group will file a lawsuit in accordance with applicable laws and regulations. Both Ximei Guangdong and Ximei Guizhou have passed the responsible mineral RMAP audit year by year.

Information on supply chain management is set out in “Data on Social Performance” on Page 52 of the Report.

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Product Responsibility System

The Group has always strictly complied with the “Advertising Law of the People’s Republic of China” (《中華人民共和國廣告法》), “Trademark Law of the People’s Republic of China” (《中華人民共和國商標法》), “Patent Law of the People’s Republic of China” (《中華人民共和國專利法》) and “Civil Code of the People’s Republic of China” (《中華人民共和國民法典》), and has formulated the “Quality Control System” (《品質管制體系》), the “Environmental Management System” (《環境管理體系》), the “Occupational Health Management System” (《職業健康管理體系》), the “Intellectual Property Management System” (《知識產權管理體系》) and the “Sales System” (《銷售制度》).

The Group has set up a dedicated intellectual property management department, which is responsible for the management of intellectual property rights, formulating various management rules for intellectual property rights, coordinating intellectual property rights management, organizing and establishing intellectual property rights file management, handling external work such as intellectual property rights application on behalf of the Company, and participating in signing or reviewing various contracts/agreements designed for the content of professional intellectual property rights. This is beneficial for enhancing the awareness of intellectual property among our executives and employees and stimulating their enthusiasm for invention and creation, and promotes our companies to produce new products and develop technologies with high value-added independent intellectual property.

The “Sales Management System” (《銷售管理制度》) sets out the internal system for regulating sales activities, which includes guides for and restrictions on the sales process, business process, order execution and other specific matters related to sales. The “Sales Management System” (《銷售管理制度》) helps to improve product quality, ensure orders and customers’ development needs and enhance customers’ loyalty. Meanwhile, it standardises review and assessment of order execution, and integrates the process to improve the efficiency of production and operation activities.

The Company has formulated the “Procedural Document” to integrate management activities for environment, human resources, facilities, technology, procurement, supply, production, product monitoring, and after-sales service. The Company implements monitoring and inspection throughout the entire process from contract assessment to pre-delivery, and has formulated the “Control Procedures for Monitoring and Inspection of Resources” (《監視測量資源控制程序》), the “Internal Review Procedures” (《內部審覈程序》) and the “Management Review Control” (《管理評審控制》), pack the products before shipment and also arrange for re-testing before shipment to ensure that the quality of the products meet customers’ requirements.

Under the “Quality Control System” (《品質管制體系》), the Group combines the processes relating to management activities, resource supply, product realisation and measurement, analysis and improvement activities, covering requirements for planning, implementation, supervision, correction and improvement activities during the whole process ranging from customer demand determination, design and research and manufacture, production, inspection, sales and pre-delivery. It standardises the sales process, making sales activities controlled and efficient. Moreover, the Quality Control Department conducts comprehensive analysis and inspection on the products, and only those which meet the standards would be stocked. Products are packaged and arranged for inspection before delivery to ensure that their quality has reached the standards.

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The Company has established process monitoring for raw and auxiliary materials and products in each process, and has formulated the “Product Monitoring and Measurement Control Procedures” (《產品的監視和測量控制程序》) included in the QES management manual. Only the products passing the inspection and verification steps can be transferred to the next process. Order products leaving the warehouse cannot be released until passing the inspection process according to metrics specified in the contract. Unqualified products found in the inspection are subject to reworking, downgrading, concessionary acceptance or other dispositions according to the “Nonconformity Control Procedures” (《不合格控制程序》), to achieve the goal of avoiding the release of unqualified products.

In case of products found with substandard quality after delivered, the customer may lodge a complaint to the Marketing Department. After summarising customer complaints and the problems, the Marketing Department shall complete and submit the “Customer Information Circular” (顧客消息通報) to the Quality Department. The Quality Department shall investigate the customer complaints, confirm the effectiveness of the complaints, organise relevant teams to work out a rectification plan according to the determined causes after investigation, follow up its implementation and outcome, and prepare a rectification report. The Company will cooperate with customers in handling their requests for refund or replacement of goods. The returned products will be handed over to the Quality Department for re-inspection.

Sales of the Group’s products are targeted at clients of the Company. To ensure the safety and privacy of clients’ data, the Group has been complying with the “Anti-unfair Competition Law of the PRC” (《中華人民共和國反不正當競爭法》) and the relevant judicial interpretations, and strictly performing the confidential provisions in the contract. Both parties to the contract are obliged to strictly keep the other party’s business secrets learned in the process of contract performance. Unless agreed by the contracting parties, clients’ data, technical information and commercial terms may not be disclosed to external parties.

During the Reporting Period, the Group received a total of 4 complaints from customers involving transaction amount of approximately RMB600,000, which were mainly related to product quantity, quality and damage of packaging bags for transportation. The Group has formulated the “Customer Information Management System” to handle customer complaints, which are classified and treated according to the complaint issues, mainly including refund/replacement of goods and rectification measures.

Case Carrying out “staff quality management improvement activity”

Quality means everything. During the Reporting Period, each plant of the Group worked effectively on the three systems, continuously carried out engineering monitoring and QCC activities through regular quality meetings and thematic meetings, which significantly reduced customer complaints and further improved product quality. Meanwhile, the Group developed the corporate product standard to unify product codes and relevant quality indicators.



Information on product responsibility is set out in “Data on Social Performance” on Page 52 of the Report.

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Anti-corruption and Integrity Promotion

The Group strictly complies with the “Anti-unfair Competition Law of the PRC” (《中華人民共和國反不正當競爭法》), the “Anti-money Laundering Law of the PRC” (《中華人民共和國反洗錢法》) and the “Rules for Anti-money Laundering by Financial Institutions” (《金融機構反洗錢規定》), and has formulated the “Anti-commercial Bribery Agreement” (《反商業賄賂協議》), which clearly specifies the provisions for prevention of bribery, extortion and money laundering. Where legal responsibility, discredit or loss of economic benefit or disorder on production and operation arises on the part of the Company due to an employee’s violation of laws or other regulations of the Company during operation and management, such employee will be held responsible. During the Reporting Period, the Group formulated the “Anti-fraud Management System” (《反舞弊管理制度》) to strengthen internal governance and control, safeguard legitimate rights and interests of the Company and shareholders and reduce corporate risks.

To prevent corruption, apart from formulation of systems, the Group also attaches great importance to subliming integrity of employees. The Group is committed to advocating a corporate culture of honesty and integrity and creating an anti-fraud corporate cultural environment, and encourages employees to abide by disciplines and laws in daily work and communication in the Company. The Group also publicises its law-abiding information to the public, so as to gain recognition and respect from all parties. The Group also conducts background checks on personnel who are ready to be employed or promoted to important positions to ensure that they have the adherence to honesty and ethical standards. In addition, the Group has certain requirements on personnel of the Audit Department, who shall consciously improve their anti-fraud awareness and skills, actively participate in training of relevant knowledge and skills, and take precautions against corruption cases.

The Group has set up dedicated whistleblowing hotline and email address, encouraging employees to report suspicious corruption cases they discovered to the top management of the Company and members of the Audit Department directly as soon as possible. Employees can report face to face or send a report in writing to the special mailbox of the Audit Department. The Group accepts and will keep written records of real-name and anonymous whistleblowing. The Group shall then launch an investigation into the prime suspect and report to the management, the Board and the Audit Committee respectively, depending on nature of the reported case, and all the relevant information shall be treated in strict confidence. In conducting the investigation, the Audit Department may engage external experts to participate in the investigation where necessary. If the investigation findings point to a fraud, the Group shall transfer the case to competent governmental or judicial authorities according to law.

The Audit Committee as a permanent body of the Group oversees our anti-fraud efforts, and is responsible for receiving, investigating and submitting the reported frauds and putting forward its treatment opinions, which are supervised by the Board and the Supervisory Committee. The general manager of the Company is responsible for establishing, improving and effectively implementing internal control to prevent, detect and correct frauds. Heads of functional departments of the Company and general managers of subsidiaries shall take management responsibility for occurrence of fraud cases, and are responsible for continuous supervision over anti-fraud work, annual fraud risk assessment and self-assessment, carrying out anti-fraud prevention activities; accepting relevant fraud whistleblowing, organising relevant investigations, issuing reports, putting forward treatment suggestions, and reporting to the management, the Audit Committee, the Board and the Supervisory Committee.

According to its anti-fraud policies, procedures and relevant measures, the Group carries out effective communication or training internally through employee manual, release of internal rules, publicity or online sessions, and conducts a special training on compliance, so as to ensure that directors and employees receive training in relevant laws, regulations and professional ethics. In addition, the Group enters into the “Anti-commercial Bribery Agreement” (《反商業賄賂協議》) with partners including suppliers and customers, and enters into the “Honesty, Integrity and Self-discipline Assurance Statement” (《廉潔自律承諾書》) with employees, adhering to the spirit of agreement and building a corporate culture of integrity and honesty together.

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In 2023, the Group did not have any litigation cases arising from corruption, bribery, extortion, fraud and money laundering.

Information on anti-corruption is set out in “Data on Social Performance” on Page 52 of the Report.

Giving Back to the Community

Community Engagement

To strengthen its connection with communities, the Company expects to understand, deliver its care and make contribution to communities through community engagement. As a responsible and compassionate corporate citizen, the Company has always been committed to community contributions. According to local needs, we build bridges, roads, donation to the poor in order to improve the well-being of our community residents. We value the positive development of relationships with the local community. We have established a multi-channel communication and meeting mechanism with the community and government authorities to understand community feedback and concerns, provide support for the health, safety and education programs by supporting infrastructure construction, actively create employment opportunities for local workforce, and maintain communication and cooperation with stakeholders. In the future, the Company will maintain its resolve and continue to serve the community residents, and bring care and support to the community and society.

Case Giving back to the community

During the Reporting Period, the Group invested RMB800,000 to support rural revitalization, donate money for education, care for the community and make charitable donations for social welfare.



Case Afforestation

During the Reporting Period, the Group actively participated in afforestation activities for community welfare, promoted environmental awareness, and put the green and low-carbon initiative into practice.





Key Performance Indicators for Sustainable Development



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KEY PERFORMANCE INDICATORS FOR SUSTAINABLE DEVELOPMENT

The Group's data on environmental and social performance are as follows:

Data on Environmental Performance

Item	HKEX KPI	Unit	2023	2022	2021
Greenhouse gas	A1.2				
Direct emissions (Scope 1) ^{1 and 6}		tCO ₂ e	3,808	4,783	3,430
Greenhouse gas reduction (Scope 1)		tCO ₂ e	–	–	–
Indirect emissions (Scope 2) ^{1 and 5}		tCO ₂ e	37,027	29,351	13,218
Other indirect greenhouse gas emissions (Scope 3) ²			–	–	–
Direct and indirect emissions (Scopes 1, 2 and 3)					
– in total		tCO ₂ e	40,834	34,134	16,648
– in intensity (Scopes 1, 2 and 3)		tCO ₂ e/RMB10,000 of revenue	0.291	0.335	0.218
Hazardous waste	A1.3				
– in total		tonnes	82.4	85.5	80.0
– in intensity		tonnes/RMB10,000 of revenue	0.00059	0.00084	0.00105
Non-hazardous waste ³	A1.4				
– in total		tonnes	13,845	15,280	12,406
– in intensity		tonnes/RMB10,000 of revenue	0.099	0.150	0.162
Energy consumption	A2.1				
Purchase of electricity ⁴		kWh	60,689,457	35,080,000	15,797,880
Diesel		litres	28,459	109,233	501,626
Natural gas		ten thousand m ³	172	167	79.33
Water consumption	A2.2				
– in total ⁷		m ³	145,816	133,043	52,849
– in intensity		m ³ /RMB10,000 of revenue	1.039	1.305	0.692
Packaging materials	A2.5				
– in total ⁸		tonnes	64.40	91	70
– in intensity		tonnes/RMB10,000 of revenue	0.00046	0.00089	0.00092

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Notes:

1. Calculated based on the emission factors set out in "Appendix 2: Reporting Guidance on Environmental KPIs" published by the HKEX, the *Greenhouse Gas Emissions Accounting Methods and Reporting Guidelines for China Chemical Production Enterprises (Trial)*, and the *Greenhouse Gas Emissions Accounting Methods and Reporting Guidelines for Other Non-ferrous Metal Smelting and Pressing Enterprises (Trial)*. Among the emission factors, the purchased electricity emission factor is 0.6101 tCO₂/MWh, which is the average emission factor of national power grid. The reported carbon emissions only refer to the carbon dioxide emissions, not containing methane, nitrous oxide and other types of greenhouse gases emitted by other emission sources.
2. Given the small amount of business travel by the Group's employees, the Group did not generate significant amounts of greenhouse gas emissions under Scope 3.
3. Non-hazardous waste was primarily neutralized residue and domestic waste. Domestic waste was classified into recyclable and non-recyclable by our staff, and it would then be handed over to the municipal domestic waste processing department for processing.
4. The increase in electricity consumption is mainly due to the significant increase of yield of the Group's pyrometallurgical projects such as the Ximei Guizhou and Tsinghua Park projects which consumed more electricity in pyrometallurgical processes, resulting in a significant increase in the Group's total electricity consumption. In order to fulfill its commitment to environmental protection, the Group has replaced some of its furnaces with natural gas furnaces.
5. Burning fuels include natural gas, diesel and gasoline consumed in the production process. The Group increased the use of natural gas, an environment-friendly energy, and replaced diesel boilers with gas-fired boilers. In addition to the product workshop, heat was primarily supplied to the new recycled ammonia distillation tower, which was used for distillation of all ammonia-nitrogen wastewater.
6. The increase in water consumption is mainly due to the commencement of production of the Group's pyrometallurgical projects such as the Ximei Guizhou and Tsinghua Park projects, which resulted in a significant increase in both industrial and domestic water consumption.
7. The decrease in the consumption of packaging materials is mainly due to the extension of the Group's industry chain and the increase of internal transport of products, the packaging cost for which is lower than that for export sales.

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Data on Social Performance

Item	HKEX KPI	2023	2022	2021
Employees	B1.1			
Total number of employees		678	550	328
By gender				
Male		553	448	267
Female		125	102	61
By type of employment				
Full-time		674	540	328
Part-time		0	0	0
Temporary/contract workers		4	10	0
By employee category				
Total number of senior management members		9	9	10
By gender				
Male		6 (66.7%)	6 (66.7%)	8 (80%)
Female		3 (33.3%)	3 (33.3%)	2 (20%)
Total number of middle management members		105	91	47
By gender				
Male		78 (74.3%)	71 (78.0%)	29 (61.7%)
Female		27 (25.7%)	20 (23.08%)	18 (38.3%)
Total number of general and technical staff		564	450	271
By gender				
Male		469 (83.2%)	371 (82.4%)	226 (83.4%)
Female		95 (16.8%)	79 (17.6%)	45 (16.6%)
By age group				
30 and below		298	193	88
31-40		207	187	119
41-50		132	127	100
51 and above		41	43	21
By geographical region				
Mainland China		678	550	328
Other regions		0	0	0
Turnover and Turnover Rate (%)	B1.2			
By gender				
Male		101 (14.9%)	91 (20.3%)	48 (18.3%)
Female		32 (4.7%)	23 (22.5%)	15 (23.1%)
By age group				
30 and below		78 (26.2%)	67 (34.7%)	21(23.9%)
31-40		35 (16.9%)	27 (14.4%)	32 (26.9%)
41-50		14 (10.6%)	15 (11.8%)	6 (6.0%)
51 and above		6 (14.6%)	5 (11.6%)	2 (9.5%)
By geographical region				
Mainland China		133 (19.6%)	114 (20.7%)	63 (19.2%)
Other regions		0	0	0

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Item	HKEX KPI	2023	2022	2021
Health and Safety				
Number and rate of work-related fatalities	B2.1	0 (0%)	0 (0%)	0 (0%)
Lost days due to work injury	B2.2	217	272	125
Development and Training				
Total number and percentage of staff received training	B3.1			
By gender				
Male		538 (82.1%)	448 (81.5%)	267 (81.4%)
Female		117 (17.9%)	102 (18.5%)	61 (18.6%)
By employee category				
Senior management		9 (1.4%)	9 (1.6%)	21 (6.4%)
Middle management		97 (14.8%)	93 (16.9%)	36 (11.0%)
General and technical staff		549 (83.8%)	448 (81.5%)	271 (82.6%)
Average training hours completed per employee by gender	B3.2			
Male		8.3	203.9	7.5
Female		26.7	164.4	6.8
Average training hours completed per employee by employee category				
Senior management		18.5	382	7.0
Middle management		24.5	158.8	7.2
General and technical staff		9.1	200.0	8.4
Number of suppliers by geographical region				
	B5.1			
Mainland China		68	58	35
Other regions		11	0	0
Number of suppliers subject to employment practices	B5.2	5	4	4
Product Responsibility				
Of the total number of products sold or shipped				
– Percentage subject to recalls for safety and health reasons	B6.1	0%	0%	0%
– Number of complaints received in relation to products and services	B6.2	4	8	10
Anti-corruption				
Legal cases filed/concluded regarding corruption	B7	0	0	0



Content Index to HKEX ESG Reporting Guide



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CONTENT INDEX TO HKEX ESG REPORTING GUIDE

HKEX KPIs

Aspect	Disclosure	Reference and explanation
Mandatory Disclosure Requirements		
Governance Structure	A statement from the board containing the following elements: <ul style="list-style-type: none"> (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses);and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses. 	Pages 22-24 Pages 14-19 Page 24
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: Materiality: The ESG report should disclose: <ul style="list-style-type: none"> (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	Pages 14-19 Pages 14-19 Page 19 Page 19
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Page 19

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Aspect	Disclosure	Reference and explanation
“Comply or explain” Provisions		
A. Environmental		
Aspect A1: Emissions	<p>General Disclosure: Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p><i>Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations.</i></p> <p><i>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</i></p> <p><i>Hazardous wastes are those defined by national regulations.</i></p> <p>KPI: A1.1 The types of emissions and respective emissions data.</p> <p>KPI: A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p> <p>KPI: A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p> <p>KPI: A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p> <p>KPI: A1.5 Description of emissions target(s) set and steps taken to achieve them.</p> <p>KPI: A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.</p>	<p>Pages 28-32</p> <p>Pages 28-32</p> <p>Page 30</p> <p>Page 50 of the Data on Environmental Performance</p> <p>Page 50 of the Data on Environmental Performance</p> <p>Page 50 of the Data on Environmental Performance</p> <p>Pages 30-32</p> <p>Pages 30-32</p>

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Aspect	Disclosure	Reference and explanation
Aspect A2: Use of Resource	<p>General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p><i>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i></p> <p>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).</p> <p>KPI: A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).</p> <p>KPI: A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.</p> <p>KPI: A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.</p> <p>KPI: A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.</p>	<p>Page 32</p> <p>Page 50 of the Data on Environmental Performance</p> <p>Page 50 of the Data on Environmental Performance</p> <p>Page 32</p> <p>Page 32</p> <p>Page 50 of the Data on Environmental Performance</p>
Aspect A3: The Environment and Natural Resources	<p>General Disclosure: Policies on minimising the issuer's significant impacts on the environment and natural resources.</p> <p>KPI: A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.</p>	<p>Page 33</p> <p>Page 33</p>
Aspect A4: Climate Change	<p>General Disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.</p> <p>KPI: A 4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.</p>	<p>Page 34</p> <p>Pages 34-35</p>

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Aspect	Disclosure	Reference and explanation
Aspect B3: Development and Training	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. <i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer</i>	Page 40
	KPI: B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Page 52 of the Data on Social Performance
	KPI: B3.2 The average training hours completed per employee by gender and employee category.	Page 52 of the Data on Social Performance
Aspect B4: Labour Standards	General Disclosure: Information on:	Page 42
	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	
	KPI: B4.1 Description of measures to review employment practices to avoid child and forced labour. KPI: B4.2 Description of steps taken to eliminate such practices when discovered.	Page 42 Page 42

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Aspect	Disclosure	Reference and explanation
Operating Practices Aspect B5: Supply Chain Management	<p>General Disclosure: Policies on managing environmental and social risks of the supply chain.</p> <p>KPI: B5.1 Number of suppliers by geographical region.</p> <p>KPI: B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.</p> <p>KPI: B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.</p> <p>KPI: B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.</p>	<p>Page 42</p> <p>Page 52 of the Data on Social Performance</p> <p>Page 52 of the Data on Social Performance</p> <p>Pages 42-44</p> <p>Pages 42-44</p>
Aspect B6: Product Responsibility	<p>General Disclosure: Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p> <p>KPI: B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.</p> <p>KPI: B6.2 Number of products and service related complaints received and how they are dealt with.</p> <p>KPI: B6.3 Description of practices relating to observing and protecting intellectual property rights.</p> <p>KPI: B6.4 Description of quality assurance process and recall procedures.</p> <p>KPI: B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.</p>	<p>Page 44</p> <p>Page 52 of the Data on Social Performance</p> <p>Page 52 of the Data on Social Performance</p> <p>Page 44</p> <p>Page 45</p> <p>Page 46</p>

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Aspect	Disclosure	Reference and explanation
Aspect B7: Anti-corruption	<p>General Disclosure: Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.</p> <p>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.</p> <p>KPI: B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.</p> <p>KPI: B7.3 Description of anti-corruption training provided to directors and staff.</p>	<p>Page 46</p> <p>Page 52 of the Data on Social Performance</p> <p>Pages 46-47</p> <p>Page 47</p>
Community Aspect B8: Community Investment	<p>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.</p> <p>KPI: B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).</p> <p>KPI: B8.2 Resources contributed (e.g. money or time) to the focus area.</p>	<p>Page 47</p> <p>Page 47</p> <p>Page 47</p>