## CONTENTS

**ABOUT THIS REPORT**
- REPORTING SCOPE 1
- REPORTING STANDARD 1
- INFORMATION AND FEEDBACK 1

**CHAIRMAN’S STATEMENT** 2

**ABOUT CHINA HONGQIAO**
- CORPORATE PROFILE 4
- MANAGEMENT PHILOSOPHY 5
- ESG RESPONSIBILITY MANAGEMENT 5

**PROMOTING GREEN PRODUCTION**
- PREVENTION AND CONTROL OF POLLUTION 9
- ENERGY SAVING AND CONSUMPTION REDUCTION 13
- WASTE RECYCLING AND REUSING 14
- GREEN OFFICE 15

**ADHERING TO PEOPLE-ORIENTED GOVERNANCE**
- RECRUITING TALENTS 16
- TALENT CULTIVATION 17
- HEALTH AND SAFETY 20
- CARING FOR EMPLOYEES 22

**PURSUEING EXCELLENCE IN QUALITY**
- SUPPLY CHAIN MANAGEMENT 25
- QUALITY MANAGEMENT 26
- SALES AND SERVICES 28
- PRIVACY PROTECTION 29
- ANTI-CORRUPTION PRACTICE 29

**CARING FOR SOCIAL WELL-BEING**
- PUBLIC CHARITY 30
- OVERSEAS CONTRIBUTIONS 31

**APPENDIX I: SUMMARY OF KEY PERFORMANCE INDICATORS** 34

**APPENDIX II: ESG REPORTING GUIDE CONTENT INDEX** 36
ABOUT THIS REPORT

This report is the second Environmental, Social and Governance Report ("ESG Report" or the "Report") of China Hongqiao Group Limited (the “Company”) and its subsidiaries (“China Hongqiao”, the “Group” or “We”), which provides detailed information on the various works of China Hongqiao in full implementation of the concept of sustainable development and fulfilment of corporate social responsibility throughout 2017. For details on corporate governance, please refer to the Corporate Governance Report of the annual report of the Group.

REPORTING SCOPE

This Report focuses on the environmental and social performance of the core business segments of China Hongqiao in the People’s Republic of China (the “PRC”) from 1 January 2017 to 31 December 2017 (the “Year”). The key performance indicators disclosed in this Report covers the Company and all its subsidiaries (data set out in Appendix I), in which all key performance indicators related to the environmental area are in compliance with the principle of “comply or explain”.

REPORTING STANDARD

This Report has been prepared in accordance with Appendix 27: Environmental, Social and Governance Reporting Guide to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Unless otherwise specified, currency units in this Report are denominated in Renminbi.

INFORMATION AND FEEDBACK

For detailed information about the work of the Group in environmental protection, social responsibility and corporate governance please refer to our official website (www.hongqiaochina.com) and annual reports. The Group values your opinions on this Report. If you have any comments or suggestions, please feel free to email us via zghqesg@hongqiaochina.com.
CHAIRMAN’S STATEMENT

As one of the world’s largest aluminum producers, China Hongqiao has been a consistent promoter of sustainable development. During the Year, the Group, as the industry leader, continued to support supply-side reform as advocated by the State. It seized on opportunities to form a rational approach to global planning for the whole aluminum production industry chain. The Group strived for reform and innovation, emissions reduction and enhanced efficiency, in a steady and deliberate pursuit of sustainable development. With the publishing of this ESG Report, China Hongqiao shares its vision of “Take from Society and Give Back to Society”, its commitment to social corporate responsibility, and its efforts to obtain supply-side reform.

The Group persists in scientific and standardized management system, outstanding product quality and excellent services. The Group always upholds the attitude of pursuing for excellence, and makes continuous effort to improve every aspect of its production and sale process by implementing strict control over the source and the process, with an aim to continuously provide high quality products for customers and create value for the society.

As part of its promotion of green development, the Group has gradually upgraded multiple technologies to create an ecologically sound production system. Such upgrades include the installation of dust-eliminating devices to reduce air pollutant emission. Aluminum scrap generated by the production process are recycled and reused to minimize industrial waste and increase utilization rates. New techniques and technologies have been adopted and production procedures improved to enhance energy efficiency. Insulation has also been installed at facilities to reduce noise pollution incurred in its daily operation.
As to employees’ rights, the Group regards employee rights and personal development as matters of great importance, and ensures that employees are provided with a clear career path and opportunities for advancement as well as pre-employment training and on-the-job training.

In respect of social welfare, the Group attaches great importance to its public welfare responsibility as a member of the society. While pursuing business development, the Group also pays close attention to the social well-being by proactively participating in public welfare undertakings and taking positive actions to fulfill its social responsibility.

In the coming year, we will continue to act in accordance with our “innovative, harmonious, green, open and sharing” development philosophy, adapt to national policies, and put corporate social responsibility ideas into practice as we strive to contribute to society and make China Hongqiao into a model for industry.

Zhang Shiping
Chairman of the Board
12 July 2018
ABOUT CHINA HONGQIAO

CORPORATE PROFILE

China Hongqiao Group Limited was incorporated in the Cayman Islands, with shares of which listed on the Main Board of The Stock Exchange of Hong Kong Limited in 2011, principally engaged in the manufacturing and sales of molten aluminum alloy, aluminum alloy ingots, aluminum alloy casting-rolling products and aluminum busbars as a global leading aluminum product manufacturer.

As of the end of the Year, China Hongqiao has set up nine production bases in Zouping, Weiqiao, Bincheng district, Huimin, Yangxin, Beihai, Zhanhua, Boxing and Indonesia with an aggregate designed annual production capacity of aluminum products amounting to approximately 6,460,000 tons. In 2017, total production volume of the Group’s aluminum products reached approximately 7,544,000 tons while that of aluminum alloy processing products reached approximately 412,000 tons.

Downstream customers of China Hongqiao’s aluminum alloy include CITIC Dicastal, the world’s largest aluminum wheel manufacturer; Bohai Piston, the largest piston manufacturer in Asia; Shandong Innovation Group, the largest aluminum alloy manufacturer in China; BAIC Group and other renowned domestic and overseas enterprises. Intensive processed aluminum products are well recognized by more than 100 customers such as Ball Corporation, CPMC, ORG Packaging, Shengxing Group, Pacific Can, United Can. In recent years, the intensive processing sector has achieved rapid development. Major products such as cans and lids materials, aluminum foil billets and CTP/PS substrate materials have been successfully developed and put on the market in large quantities. Product quality has reached the advanced level in China.
MANAGEMENT PHILOSOPHY

China Hongqiao upholds its core value of “serving the country and benefiting the people”, and takes it as its driving force and mission to facilitate economic development, provide job opportunities, increase income for farmers and build a harmonious society, in a bid to contribute to the local economic and social development. Meanwhile, China Hongqiao responds positively to China’s strategic planning of “The Belt and Road”, by promoting international capacity cooperation in the Well Harvest Winning Alumina Project which has commenced production in Indonesia and the joint venture bauxite project in Guinea. This not only demonstrates the influence of Chinese enterprises in the global market, but also boosts the local economy and the construction of infrastructure, which are highly praised by the local government and residents.

With an aim to establish a “resource-saving and environmentally friendly” enterprise, China Hongqiao has made every effort to achieve sustainable development by setting up an environmentally friendly, green and efficient production model. In recent years, China Hongqiao has achieved remarkable results in environmental protection by promoting the transformation of environmental protection facilities, eliminating obsolete production capacity, developing and introducing advanced production equipment, and has commenced standardized, scientific, informatized and professional management in its operation.

ESG RESPONSIBILITY MANAGEMENT

Stakeholder Engagement

The preparation of this Report, with the participation of colleagues from various departments, has prompted us to know more clearly about the Group’s current management on the environmental and social levels. The information we collected is both a summary of relevant environmental and social work performed by the Group during the Year and the basis of formulating our strategies for short-term and long-term sustainable development.
Meanwhile, China Hongqiao places great emphasis on stakeholder engagement. We listen and respond to stakeholders’ opinions and aspirations through various channels so as to review and enhance our performance in environmental, social and corporate governance. Also, we keep on improving communication with stakeholders to enhance communication effectiveness.

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Expectations and aspirations</th>
<th>Communication modes</th>
</tr>
</thead>
</table>
| **Government and regulatory authorities** | - Operation in compliance  
- Fulfilment of tax obligations  
- Promotion of local economic development  
- Creation of job opportunities | - Regular submission of information  
- Regular communication with regulatory authorities |
| **Shareholders**                    | - Investment returns  
- Operation in compliance  
- Production safety | - Announcement by the Group  
- Special report  
- On-site inspection |
| **Customers and business partners** | - Integrity and fulfillment of agreements  
- High quality products  
- High quality services | - Business communication  
- Customer feedbacks |
| **Environment**                     | - Fulfilment of emission standards  
- Energy conservation and emission reduction  
- Efficient use of water resources | - Communication with local environmental protection department  
- Communication with local residents |
| **Industry**                        | - Setting up industry standards  
- Promotion of industry development | - Communication with local labor departments  
- Participation in industry forums  
- Visits and inspections with industry peers |
| **Employee**                        | - Occupational health  
- Remuneration and benefits  
- Career development  
- Employee caring | - Employee representatives meeting  
- Round-table democratic seminars  
- Recommendation box |
| **Community**                       | - Improvement of community environment  
- Support for community welfare | - Communication with the community  
- Mutual visits |
| **Media**                           | - Openness and transparency of information | - Website of the Group  
- Announcement by the Group  
- Interviews |
Materiality Assessment

In preparing this Report, China Hongqiao has engaged a consultant, an independent third party, to conduct a materiality assessment in a fair and equal way. The materiality assessment is implemented in three phases:

(i) To identify 26 potentially material issues that may affect the Group’s business or stakeholders at environmental, social and governance levels based on relevant national and local standards and policies, industrial features and the Group’s own development;

(ii) To invite internal and external stakeholders (including employees, management, directors, customers, suppliers and the community) to complete online questionnaires so as to collect and examine their awareness of each of the issues;

(iii) To analyze 97 eligible questionnaires and form two-dimensional matrices of "Importance to the Group’s Business" and "Importance to stakeholders" to determine the priorities for potentially material issues.

Below is a substantive matrix analyzed based on the results of questionnaires.
By analyzing the results of questionnaires, the Group identified 11 substantive issues which are disclosed in details in this Report. Despite that our stakeholders did not have a great concern about the two aspects in “Community Investment”, the Group, as an enterprise taking social responsibilities, has paid attention to impacts caused by its operation to the local community. Therefore, we have included these aspects into our “substantive issues”. In future, the Group will continue to deepen and strengthen the communication with its stakeholders.

<table>
<thead>
<tr>
<th>Substantive Issue</th>
<th>Corresponding Chapter</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Exhaust Management</td>
<td>Prevention and Control of Pollution</td>
</tr>
<tr>
<td>2. Waste Management</td>
<td>Prevention and Control of Pollution, Waste Recycling and Reusing</td>
</tr>
<tr>
<td>3. GHG Emissions</td>
<td>Energy Saving and Consumption Reduction, Green Office</td>
</tr>
<tr>
<td>4. Energy Management</td>
<td>Energy Saving and Consumption Reduction, Green Office</td>
</tr>
<tr>
<td>5. Water Resources Management</td>
<td>Prevention and Control of Pollution, Green Office</td>
</tr>
<tr>
<td>7. Research and Development</td>
<td>Energy Saving and Consumption Reduction, Quality Management</td>
</tr>
<tr>
<td>8. Compliance with Environmental Protection Regulations</td>
<td>Prevention and Control of Pollution</td>
</tr>
<tr>
<td>12. Occupational Health and Safety</td>
<td>Health and Safety</td>
</tr>
<tr>
<td>23. Anti-corruption</td>
<td>Anti-corruption Practices</td>
</tr>
<tr>
<td>25. Impacts on Community</td>
<td>Public Charity, Overseas Contributions</td>
</tr>
<tr>
<td>26. Direct Economic Contribution to Community</td>
<td>Public Charity, Overseas Contributions</td>
</tr>
</tbody>
</table>
PROMOTING GREEN PRODUCTION

Green development is our eternal theme. China Hongqiao always treats environmental protection as a priority by implementing energy conservation and emission reduction, and insisting on building a sustainable aluminum products production enterprise with high standards and strict requirements. During the Year, in strict compliance with environmental laws and regulations of the state and places of operation, China Hongqiao continued to promote green production in the four aspects of prevention and control of pollution, energy saving and consumption reduction, resource recycling and reusing, and green office.

PREVENTION AND CONTROL OF POLLUTION

Our Environmental Protection Department continues to formulate and monitor the implementation of our internal environmental protection policies and guidelines in accordance with applicable environmental laws, establish environmental risk contingency plans, organize training and emergency drills on environmental incidents, conduct environmental performance appraisal for each production unit, and supervise the operation of our environmental protection facilities and discharge standards. The Group also strictly monitors governance and emissions of “three wastes”, to integrate environmental protection equipment into its normal production management system. It implements 24-hour real-time supervision of the pollutant discharge standards and operational parameters of environmental protection facilities to ensure the long-term stable operation and fulfillment of standards.
Exhaust Gas Treatment

The Group’s emissions of exhaust gas mainly come from power plant boilers and aluminum production processes. The Group continued to strictly comply with the relevant laws and regulations such as Law of the PRC on the Prevention and Control of Atmospheric Pollution. The exhaust gas is emitted in compliance with relevant standards after purification in the factory. Real-time monitoring data is uploaded by our automatic monitoring equipment installed on the exhaust emission outlet to the monitoring platform of the government’s environmental protection department so that the emission level of the enterprise can be monitored remotely and continuously.

<table>
<thead>
<tr>
<th>Sources of exhaust gas</th>
<th>Major components</th>
<th>Processing facilities and processes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Boilers at power plant</strong></td>
<td>Nitrogen oxides</td>
<td>Denitration system: Low-nitrogen combustion + SCR (Selective Catalytic Reduction) process</td>
</tr>
<tr>
<td></td>
<td>Smoke and dust</td>
<td>Dust removal system: High-efficiency electrostatic precipitator + wet dust collector or tube type dust collector</td>
</tr>
<tr>
<td></td>
<td>Sulfur dioxide</td>
<td>Desulfurization system: Limestone-gypsum wet desulfurization and magnesia wet desulfurization</td>
</tr>
<tr>
<td><strong>Alumina production</strong></td>
<td>Sulfur dioxide</td>
<td>Desulfurization system: Mangrove plastic wet desulfurization</td>
</tr>
<tr>
<td></td>
<td>Nitrogen oxides</td>
<td>Denitration system: Low-nitrogen combustion + SNCR (Selective Non-Catalytic Reduction) + SCR process</td>
</tr>
<tr>
<td></td>
<td>Particulates</td>
<td>Dust removal system: Electric-bag composite dust removal or wet dust remover</td>
</tr>
<tr>
<td><strong>Electrolytic aluminum production</strong></td>
<td>Sulfur dioxide</td>
<td>Dry flue gas purification system: Alumina adsorption + bag dust capture</td>
</tr>
<tr>
<td></td>
<td>Fluoride</td>
<td>Desulfurization system: Limestone-gypsum wet desulfurization</td>
</tr>
<tr>
<td></td>
<td>Particulates</td>
<td></td>
</tr>
<tr>
<td><strong>Aluminum deep processing production</strong></td>
<td>Aluminum melting furnace, holding furnace, ingot heating furnace emissions</td>
<td>Emit after disposal by bag filter</td>
</tr>
<tr>
<td></td>
<td>Tiny amount of waste gas produced from hot rolling and annealing process</td>
<td>Collected by gas-collecting hood and emit after disposal by spray and fogging and de-steaming process</td>
</tr>
</tbody>
</table>
Wastewater Discharge

The wastewater discharged by the Group mainly consists of production wastewater and domestic sewage. The Group continued to strictly comply with the relevant laws and regulations such as Wastewater Pollution Prevention and Control Law of the PRC. The wastewater is processed in the factory for simple pretreatment to meet the requirements of Water Quality Standards for Discharge to Municipal Sewers (GB/T 31962-2015) and be discharged into the local municipal sewage treatment plant through municipal pipeline. The Environmental Protection Department of the Group takes samples from outfalls and performs quality sampling test every month to ensure that the wastewater meets the discharge standards. In addition, the outfalls are equipped with on-line monitoring system and connected with environmental protection departments, and the relevant data is uploaded on a real-time basis; the local environmental protection department will also take samples regularly and perform testing at site.

In order to improve water-use efficiency in the production process and reduce wastewater generation and discharge, the Group has continued to implement various measures as follows:

- Wastewater produced from alumina production is fully recycled and reused, attaining zero discharge of wastewater;
- Cooling water used in the casting process is recycled for use in the electrolytic aluminum production process;
- An initial rainwater collection pool is constructed in the aluminum factory park, and the rainwater collected is used for production purposes after treatment;
- Water discharged from the cooling water tower of the power plant is recycled in priority; and
- Water used for spraying and cleaning of vehicles is recycled and used to a certain extent before being applied for coal yard spraying.

Waste Disposal

The final solid waste generated by the Group can be classified into general waste and hazardous waste. The Group strictly implements the regulations such as the Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste, the Standard for Pollution Control on the Storage and Disposal Site for General Industrial Solid Wastes (GB 18599-2001), the Control Standard of Contaminated Hazardous Waste Storage (GB 18597-2001) and so on, to ensure that solid wastes are properly disposed of.

<table>
<thead>
<tr>
<th>Types of wastes</th>
<th>Major components</th>
<th>Disposal methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>General waste</td>
<td>Domestic garbage</td>
<td>Cleared and handled by the Municipal Sanitation Department</td>
</tr>
<tr>
<td></td>
<td>Waste accessories</td>
<td>Sold to qualified recycling companies</td>
</tr>
<tr>
<td></td>
<td>Ash from power plant, slag, desulfurization gypsum</td>
<td>Sold to building materials companies for recycling</td>
</tr>
<tr>
<td></td>
<td>Scrap and dust of carbon anode blocks</td>
<td>Sold to external parties for comprehensive utilization</td>
</tr>
<tr>
<td>Hazardous waste</td>
<td>Waste lubricants, waste denitration catalyst</td>
<td>Sold to qualified companies to extract valuable ingredients through smelting, purification and other methods</td>
</tr>
<tr>
<td></td>
<td>Coal tar</td>
<td>Entrusting qualified entities for handling</td>
</tr>
</tbody>
</table>
Prevention and Control of Red Mud Pollution

Red mud produced during the alumina production process is a kind of strong alkaline hazardous solid waste. If the red mud is disposed of improperly, the groundwater, soil and atmosphere will be seriously polluted. In order to prevent the deterioration of the ecological environment caused by red mud and the damage to human health, the Group strictly follows the Regulations on the Prevention and Control of Environmental Pollution Caused by Tailings and Pollution to conduct prevention and supervision of red mud, including taking strict leakage prevention and safety management measures against red mud storage facilities, and setting up a number of groundwater observation wells. Red mud is discharged into the red mud storage facility after it is dewatered and filtered. A control zone is set up around the alumina production facility and the red mud storage facility.
ENERGY SAVING AND CONSUMPTION REDUCTION

With scientific and effective lean management and tireless exploration and innovation, in recent years, the Group has made remarkable achievements in saving energy and reducing consumption. The production cost reaches leading level in China’s aluminum industry, setting a new example of energy conservation in the industry.

Energy Consumption Management

The Group continues to comply with laws and regulations and norms regarding energy management, energy measurement and energy consumption quotas, including Aluminum Industry Standardization Requirements, Integrated Energy Consumption Limit for Electrolysis Aluminum (DB 37/743-2007) and the Norm of Energy Consumption Units for Products of Aluminum Metallurgical Enterprise (GB 21346-2013). Its Enterprise Management Department is responsible for overseeing the energy conservation and emission reduction work during the production process so as to reduce waste. The Enterprise Management Department formulates a monthly quota plan for each production unit and conducts monthly performance appraisal on the fulfillment of indicators of each production unit. The appraisal result is linked with the salary and bonus of all employees of the production unit. In addition, the Group monitors the use of packaging materials of aluminum deep-processing products to eliminate wasteful practices.

Energy-saving Transformation

The Group regards energy-saving transformation as an important part in its production management system. In addition to requiring all production units to attach great importance to energy saving, it also urges all employees to actively participate in energy-saving technological transformation so as to enhance the utilization efficiency of energy and resources. During the Year, the Group has completed 48 energy saving projects including the optimization projects for the evaporation station at alumina plant and purifying draught fans in electrolytic aluminum plant and 45 technological transformation projects such as the transformation of dissolution workshop of alumina plant and the electrolytic series structural transformation of electrolytic aluminum plant in total.
Examples of Energy-saving Transformation

<table>
<thead>
<tr>
<th>Optimization of purifying draught fans in electrolytic aluminum plant</th>
<th>Transformation of dissolution workshop of alumina plant</th>
</tr>
</thead>
<tbody>
<tr>
<td>The original model of the C series purifying draught fan designed by the Company was Y4-73-11No.25F, with a high-voltage power of 800kW. After studying the technical parameters of air inlets and wind pressure, the Company has adopted the Y4-73-11No.23F model, with a high-voltage power of 710kW, which fulfils the conditions of the plant and largely reduces the power consumption of the equipment.</td>
<td>Dissolution of aluminum at high voltage is substituted by dissolution by pipelining and thermal insulation pipe in the dissolution workshop. The operation efficiency has been enhanced significantly, which minimizes steam consumption and labor force, reducing the numbers of workers from 64 to 35 and approximately 720,000 tons of steam are saved per year.</td>
</tr>
</tbody>
</table>

WASTE RECYCLING AND REUSING

By using dual chamber furnace process to melt the scrap with impurities, recycled materials, wastes collected from the market and/or clean materials, the Group recycles and reuses the waste aluminum produced during the production process so as to reduce the generation of industrial waste. This process provides a comprehensive and easy-to-handle system, especially for melting thin-walled and scrapped materials. The key design is to provide the best process to reduce the metal loss of thin-walled material and the environmental impact of waste aluminum recycling process.
The Group adopts flotation process and comprehensively utilizes the waste carbon residue (slag) generated from the aluminum electrolysis process. The products obtained from flotation are electrolyte powder and carbon powder. Part of the electrolyte powder is reused as raw material for electrolytic aluminum production, and part of it is for selling. Carbon powder, as the raw material, is sold to external parties for anode carbon blocks production. The comprehensive utilization of aluminum electrolytic waste carbon residue serves as a good illustration of resource recycling of waste carbon residue to avoid environmental pollution, and at the same time, creates greater economic benefits for the Group.

GREEN OFFICE

The Group adheres to low carbon and environmental protection philosophy in office, and encourages all employees to set their own examples and start from small changes, such as saving water and electricity, and reducing the consumption of paper and other office supplies in daily office activities. We also promote employees to reduce the use of motor vehicles and choose a greener and healthier way of travel.

<table>
<thead>
<tr>
<th>Water consumption management</th>
<th>Electricity consumption management</th>
<th>Office supplies management</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Posting water-conservation slogans in toilet</td>
<td>• Posting energy-conservation slogans in office</td>
<td>• Posting paper-saving slogans in office</td>
</tr>
<tr>
<td>• Purchasing and using watersaving appliances</td>
<td>• Purchasing and using office supplies with energy efficiency labels</td>
<td>• Making full use of paperless office platform, intranet, communication software and other channels to process documents online</td>
</tr>
<tr>
<td>• Strengthening daily maintenance of water meters, plumbing and water appliances to avoid the “running”, “spraying”, “dripping” and “leakage” of water</td>
<td>• Turning off power supply of various kinds of electrical appliances after work to reduce standby energy consumption</td>
<td>• Reducing font size and margins when printing, so that the text format fits the paper better, and promoting doublesided printing and paper recycling</td>
</tr>
<tr>
<td>• Reusing of steam condensation</td>
<td>• Installing LED and other lightings with high efficiency</td>
<td>• Sharing printer to reduce idle equipment</td>
</tr>
<tr>
<td>• Changing supply pumps of domestic water and purified water and improving the utilization efficiency of devices</td>
<td>• Strengthening lighting power management, turning on the lights selectively in big office, and installing voice-activated switch in staircases</td>
<td>• Collecting and reusing paper bags and file boxes</td>
</tr>
<tr>
<td>• Setting temperature of air conditioners at 26ºC or above during summer</td>
<td>• Using video and teleconferences to replace unnecessary business trips</td>
<td>• Adhering to the principle of “liaison first, then reporting”, so as to strengthen the review and reporting of various types of proposals</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Repairing and using old and waste materials, so as to improve utilization efficiency of materials</td>
</tr>
</tbody>
</table>
ADHERING TO PEOPLE-DIRECTED GOVERNANCE

China Hongqiao has always regarded its employees as the most valuable wealth. In addition to safeguarding the legitimate rights and interests of employees, maintaining their physical and mental health and providing generous benefits, China Hongqiao has provided vast opportunities of career development for every employee, striving to match employees’ personal planning with the business development goals of the enterprise through scientific talent training system, effective incentive mechanism and fair competition platform, so that mutual benefits for employees and the enterprise can be achieved.

RECRUITING TALENTS

In order to cooperate with the continuously growing business scale, we value the diversity of employees and recruit talents from different cultures, different backgrounds and different regions to join our team. The Group strictly complies with the relevant laws and regulations, in the recruitment, dismissal, promotion and remuneration of employees such as the Labor Law of the PRC, the Labor Contract Law of the PRC and the Labor Contract Regulations of Shandong Province. The legitimate rights and interests of employees are protected in accordance with laws.

Employment Policy

Adhering to the principle of equal opportunity, the Group considers and employs talents in a fair, open and just manner and will never discriminate on grounds of gender, age, race, religion, marital status, and so on. In order to eliminate the employment of child labor and forced labor, the Group not only checks the identity and age of candidates carefully during recruitment in accordance with the relevant laws and regulations such as Provisions on the Prohibition of Using Child Labor, but also strictly prohibits any employee to work overtime on a compulsory basis or to arrange work beyond their job duties. Exit interviews will be conducted by the Group for departing employees to find out their reasons of leave and make improvement according to their suggestions.

The Group has established a sound remuneration management system and provides competitive remuneration packages to attract talents. Each department regularly assesses and adjusts the wage level according to the salary standard of the post, the workload, work completion status, years of service, skill levels of the employees and other factors. In order to evaluate employee performance fairly and objectively, the Group has also formulated and implemented the “Employees Performance Dynamic Management System”. The Group grants extra bonuses as incentives to outstanding employees to enhance the quality of work, work efficiency and motivation of the employees. The Group also formulated legal conditions of dismissal and established a reasonable dismissal system in accordance with the relevant laws and regulations.
Rights Protection

The Group is committed to safeguarding the rights of its employees and eliminating any exploitation of rights. In order to ensure that employees have enough resting time, the Group stipulates that the working hours of employees should not exceed the statutory standards and relevant provisions shall be set out in labor contract. Eight-hour working system and three shifts with four groups are adopted for employees in each production unit. Employees are required to work overtime only under specific circumstances. Overtime payment is made to employees in accordance with the applicable standards stipulated in relevant laws. All employees enjoy statutory holidays, home leave, marital leave, funeral leave and maternity leave.

The Group firmly opposes gender discrimination. Employees, regardless of gender, are treated equally and the distribution of work is implemented according to actual needs. The Group also protects the lawful rights and interests of female employees according to law and complies with the relevant laws and regulations to provide female employees with benefits during pregnancy, delivery and lactation, including arranging breastfeeding time for employees returning to work after delivery.

TALENT CULTIVATION

“Strong enterprise with great talents” is one of the important strategic goals of the Group. The Group values every outstanding talent by not only creating the best path of promotion for all kinds of talents, but also encouraging their continuous growth through performance appraisal, job selection and training, so as to provide backup force for the sustainable and stable development of the enterprise.

Performance Evaluation and Promotion

Besides serving as the basis for employees’ compensation adjustment, the “Employees Performance Dynamic Management System” is also an important basis for employee competition, promotion and change of position. Employees who have achieved outstanding results in performance appraisal will be given priority in the process of promotion.

In addition, the Group has also set up a selection and employment mechanism that can better identify the outstanding talents from the peers. The “Job Selection System” is adopted in each production unit. Following the principles of “fair, just, open, competitive and merit-based”, outstanding employees will have the opportunity to participate in position competition. The most suitable candidates are selected level by level through a series of assessment, including branch factory assessment, written tests, interviews, practice exams, safety assessment and democratic evaluation. The job selection process is closely monitored by all the employees for reporting and complaining about any violation acts.
Employees’ Training

The Group has established a comprehensive and diversified employee training system to formulate the most suitable training programs for employees in different departments with various types of work, positions and levels, which include:

- Regular training on safety for staff to make production safety at work a priority, which enables employees to be aware of the importance of production safety to prevent any injuries or fatalities;
- Regular lessons on technical theories and examination of technical practices for employees to enhance their theoretic-understanding and skill levels, standardize the production operation of front-line personal and maintain a higher level of the Group’s product quality;
- Regular skill assessments for staff to help those with unqualified or regressive performance and encourage employees to work and study hard;
- Regular training on quality management, environment management, energy and resources management and occupational health management, specialized training on impacts to environmental conditions and emergency preparedness as well as specialist training to enhance all staff’s awareness of fire safety, environmental protection, quality maintenance and energy saving.

During the Year, the Group continued to implement each of the annual training programs and commence job training, professional and technical personnel training, elementary management training and middle and senior management training.
<table>
<thead>
<tr>
<th>Trainee</th>
<th>Training goals</th>
<th>Method and content of training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management training for middle and senior management cadre</td>
<td>To improve management skills and overall quality of management cadres</td>
<td>Participated in training classes for middle and senior management cadre; reading educational materials; cadre warning education is performed through watching films and televisions for integrity advocacy, corruption punishment cases, warning videos, and so on.</td>
</tr>
<tr>
<td>Branch factory employees</td>
<td>Employees to meet eligibility criteria and able to operate independently</td>
<td>New employees: receive educations about rules and regulations of the Company, safety awareness, environmental awareness, dedication, ethics, compliance with disciplines and laws and other aspects.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>After determining the type of job/changing position: learn knowledge of the environment quality system, job responsibilities, fire safety and emergency knowledge, environmental protection knowledge and the related skills of the assigned position.</td>
</tr>
<tr>
<td>Workshop employees</td>
<td>Employees to meet eligibility criteria and able to operate independently</td>
<td>Trainings targeting at process, machine operation knowledge, equipment maintenance and care, chemical knowledge, emergency knowledge, fire safety and environmental awareness, job safety regulation and so on.</td>
</tr>
<tr>
<td>Logistics department employees</td>
<td>To improve the overall capability of employees</td>
<td>Trainings targeting at quality, business skills and specialized trainings on the integrated management system</td>
</tr>
<tr>
<td>Electricians, welders, climbing workers, chemical managers, and so on</td>
<td>To ensure the normality and safety of electricity consumption for production and living of the Company, and improve environmental quality</td>
<td>Political thoughts and professional ethics education, safety education, environmental education, emergency knowledge training, job safety regulation training, technical theory study and practice</td>
</tr>
<tr>
<td>Special types of work, internal auditors, firefighters, safety officers, and so on</td>
<td>To standardize operations, and eliminate employees who are not competent for the work</td>
<td>Professional skills operation training, safety management training, environmental awareness and concept training</td>
</tr>
</tbody>
</table>
In addition to the above trainings, during the Year, the Group entered into cooperation agreements with Shandong University, Binzhou Vocational College, Northeastern University and Central South University, respectively, pursuant to which, the Group may select its internal staff to attend relevant training programs organized by these institutions, which helps employees improve their personal quality and management levels. In the meantime, apart from the courses in those training programs, the Group may organize specialized training for relevant staff when requirements of designated products or recommendations for improvement are received. It has put the mechanism of training evaluation in practice to review the training outcomes and enhance the whole training system. The evaluation includes safety examination, professional examination, skill examination and so on.

HEALTH AND SAFETY

The Group adheres to the safety production guideline of “comprehensive management with priority of safety and emphasis on prevention”, and implements strict safety production management and employees’ occupational health management to minimize personal injury and death as well as economic losses during production and operation.
Production Safety Management

In accordance with laws and regulations such as the Work Safety Law of the PRC, Special Equipment Safety Law of the PRC, the Interim Regulations for the Supervision and Administration of the Safety Production Accident Potential, Regulations on Safety Training of Production and Business Units and Regulations on Safety Production in Shandong Province, the Group developed a comprehensive and detailed safety management system and accident emergency plan.

With the launching of safety month activities, employees are provided with trainings on safety to continuously increase their safety awareness and strengthen their abilities to handle emergencies. In order to enhance the safety production capability of employees, the Group continues to optimize its production systems and introduces automation technology to upgrade production facilities. During the Year, the Group conducted a number of transformation projects such as replacement of manual operation of cut-off valve of the gas station in alumina plant with pneumatic operation, replacement of manual lifting and cleaning of electrolytic aluminum plant with full mechanical cleaning, which not only reduced labor intensity but also improved the working environment and reduced safety risks.
Occupational Health Management

The Group strictly abides by relevant laws and regulations including the Work Safety Law of the PRC, the Law of the PRC on the Prevention and Control of Occupational Diseases and the Occupational Health Management System, to implement the management work regarding employees’ occupational health during production process, which include warning and notification of occupational disease hazards, occupational disease prevention education, maintenance of protective equipment and facilities, monitoring and evaluation of hazards, reporting of hazard incidents and emergency rescue, and so on.

The Group provides employees with complete and professional labor protective supplies such as helmets, safety goggles, earplugs, anti-high temperature protective shoes, insulated shoes and gloves, acid-resistant gloves, dust masks and gas masks and strictly supervises the use of protective supplies and the operation and protective functions of protective devices. In order to identify and control various sources of occupational hazards such as air pollutants, dust, noise and radiation, the Group has entrusted a qualified occupational health and technical service agency to test occupational hazards in each workshop regularly. For new recruits or employees exposed to occupational hazards, the Human Resource Department will arrange occupational health checks before and during employment and create health records to monitor the health of employees regularly. Occupational health checks will also be provided for employees when they leave the Group.

CARING FOR EMPLOYEES

The support and dedication of each employee is indispensible for the growth and development of the Group. In addition to providing an ideal working environment for employees, the Group also extends its care to employees’ families and lives.

Welfare System

The Group upholds the principle of “ensuring housing for employees, education for their children, medical services for the illness and pension insurance for the retired”. We are continuously improving the employees’ welfare system that integrates housing, education, health care and pension insurance mechanisms.
Aiding Employees in Need

The Group has always insisted on thinking from the employees’ perspective, resolving their concerns, providing them with what they are in need and caring about their families and lives. The Group’s labor union carries out regular surveys and visits to employees in difficulties, and takes the initiative to understand the living situation of employees in difficulties, their family relationships and financial burdens. Priority is given to employees who are suffering from illnesses, or whose families encounter misfortunes or difficulties in life. During the Year, with a total relief payment of RMB260,000, the Group assisted 43 families in need, helping them get out of their predicament as soon as possible.

Cultural and Sports Activities

In order to help employees achieve work-life balance, enrich their spare-time life and enhance their sense of belongings and cohesion for the Group, the Group organizes a variety of cultural and sports activities such as the square fitness cultural activity, sports week and sports gala, staff instrumental music competition, folk art competition, talent competition for employees’ children, evening variety show, film show week, calligraphy, painting and photography exhibitions, and other staff events. Meanwhile, the Group holds two large-scale technical competitions in autumn and winter every year and generous rewards are given to employees who have excellent performance, so as to promote learning and communications between employees, improve employees’ business skills and foster their spirits of excelling at work.
Hiking fitness

Cultural gala

Celebration activity on March 8th

Staff sports day

Technical competition sites
PURSUING EXCELLENCE IN QUALITY

Molten aluminum alloy, the major product of China Hongqiao, is the main material for manufacturing downstream aluminum products. Aluminum deep-processing products include coils, can stocks, aluminum foils, and so on. China Hongqiao possesses advanced manufacturing equipment, specialized production technology, strong R&D (research and development) capability as well as scientific and highly efficient management model. By virtue of pursuit and persistence of excellence in quality, China Hongqiao is able to continue providing customers with high quality, safe and stable products and excellent service.

SUPPLY CHAIN MANAGEMENT

The raw materials necessary for the production and operation of the Group mainly include raw coals, bauxites and anode carbon blocks, and the required supplies mainly include equipment, accessories, production ancillaries, labor insurance and office supplies. In order to maintain a healthy and orderly supply chain system, optimize the supplier teams and reduce the environmental and social risks posed by substandard suppliers, the Group has been devoted to improving the procurement process and strengthening the development, supervision, assessment and management of suppliers.

Procurement of Raw Materials and Supplies

The Group appoints tender companies to procure the raw materials (other than bauxites) and supplies in accordance with the materials consumption plan submitted by each production unit. The procurement is in compliance with its internal procurement management system, which covers the procurement process, procurement discipline, quality requirements, contract execution and management, acceptance process upon arrival and punishment standards for non-conforming products, and so on. After supplier’s operation qualifications, economic strength, equipment conditions and supply capacity are inspected and assessed by the tender company appointed by the Procurement Department, the eligible suppliers are then selected to participate in the tender. The bidding process strictly follows the regulations such as the Bidding Law of the PRC and is conducted in an open, fair and equal manner. At the same time, the principle of “comparing quality of same products, comparing price of same quality and comparing service of same price” should be adopted. In order to reduce transportation costs and carbon emissions caused during transportation, the Group continues to conduct procurement from nearby suppliers.
Procurement of Raw Coal

The Group implements a bidding system for coal suppliers. Coal-using units report the monthly coal use plan on the basis of monthly usage amount, and then the Coal Supply Department determines the amount of coal required and target purchasing amount through tender on the basis of inventory. To ensure the coal purchased is of high quality and low price, besides considering the price, the Group also evaluates factors such as the bidder’s integrity, coal supply capacity, and so on. The Coal Inspection Department of the Group is responsible for coal inspection and acceptance work for improving its stability and preventing supplier from doping or purchasing unqualified coal.

QUALITY MANAGEMENT

The Group implements the “one-vote veto system” for quality control. Every process of the production line is checked carefully, forming a quality control network that all steps are closely connected and monitored by all staff members. “Two prohibitions”, which include prohibition of passing defective products from the former procedures to the latter procedures and prohibition of storing and outputting disqualified products, are also enforced in our production. While “three unacceptances”, which comprise unacceptance of unconvincing reasons, unacceptance of unimproved measures and unacceptance of the irresponsibility of any personnel in charge, are put in place for quality incidents.

The Group not only has its own specified quality control division but also sets up a highly functional quality control center and continuously upgrades its production technology and equipment through innovative R&D and encourages staff members to participate in minor reforms and activities related to tackling key problems of QC (Quality Control) thoroughly to ensure stability and enhancement of product quality.

Quality Control

The Group has set up a quality control system that closely monitors the quality of raw materials, semi-finished products and finished products step by step. All production processes of raw materials from being input and leaving factory is traceable, in which composition testing, random sampling, labelling, packing, transportation and storage all comply with relevant standards and specifications. The Group has continued to implement “Control Procedures of Non-Conforming Products” regarding raw materials, ancillary materials and non-conforming products which fail in initial and final testing procedures. In case that any problems are found in production process or clients’ feedbacks, the Group will recall, evaluate or track the usage of such delivered products.

To guarantee the health and safety of its products, the Group strictly conforms to the requirements of national, industrial and international standards such as Hygienic Standards for Use of Additives in Food Containers and Packaging Materials (GB 9685-2008) and National Food Safety Standard for Water-based Modified Epoxy Paint of the Inner Wall Cans (GB 11677-2012) to control the toxic and harmful contents contained in the packing products for food and drug and make sure the production environment and process fulfill the specific hygienic requirements.
Innovation and R&D

Innovation and R&D are the major driving forces for the Group to reduce energy consumption, optimize production technique and enhance product quality. The Group attaches great importance to constructing innovative platform and promoting industry and academic collaboration. On one hand, through setting up R&D center and laboratory, engaging research personnel and purchasing advanced facilities, the Group actively invests resources into the research team. On the other hand, it continuously strengthens the partnership with scientific research institutions by initiating cooperation with colleges and institutions in the form of industry and academic collaboration. During the Year, the Group commenced knowledge exchange and cooperation with institutions such as Beijing General Research Institute of Mining & Metallurgy, University of Science and Technology Beijing, Soochow University, Central South University and Northeastern University and participated in the China International Aluminum Processing Forum, the International Aluminum Deep-processing Industry Chain Development Summit Forum, etc.

The Group continues to encourage its staff to work on improvements of production facilities and techniques regarding safety, energy saving, efficiency enhancement and environmental protection and to learn from and promote the technical transformation projects with promotional value. During the year, the Group implemented a total of 141 minor reform projects, such as developing the auto-metering system for finished aluminum ingots, optimizing the online control procedures for supplies’ purification system and improvement of frame configuration of electrolysis cell busbar.
Achievements and Progress

The Group took part in formulating several national and industrial standards, such as Unalloyed Aluminum Ingots for Remelting (GB/T 1196-2017) and Safety Guidance of Use of Vacuum Ladles (DB37/T2800-2016), and was awarded “The Most Competitive Aluminum Group in 2016-2017” by Chinese Academy of Social Sciences China Industries & Enterprises Competitiveness Research Center, which highlights the unique competitive strengths and industrial leading position of the Group.

Can materials of the Group currently cover the width and thickness requirements of all domestic and foreign can factories and are capable to satisfy the specific requirements of customers. The performance in terms of indicators is widely recognized by clients. The Group has established stable partnerships with more than one hundred renowned enterprises at home and abroad, including Ball Corporation, CPMC, ORG Packaging, Shengxing Group, Pacific Can, United Can.

SALES AND SERVICES

The Group adopts the business model of production based on sales and provides various products with different specifications in accordance with the requirement of downstream clients, which ensures its product supply and minimizes the stock inventory. The Group mainly promotes its sales and services through participating in customer seminars and exhibitions and publishing promotional videos and booklets. During the Year, the Group continued to comply with relevant laws and regulations such as Advertising Law of the PRC and Trademark Law of the PRC, as well as its internal rules including the Working Rules of Sales Corporation and the Corporate Customer Credit Management System. All products and business information shall be carefully reviewed before being publicly disclosed to eradicate any acts of misleading or cheating clients with false information.
PRIVACY PROTECTION

The Group gives priority to information security to protect both internal privacy and client information. Its information center provides training sessions regarding information safety, system application and security on a non-regular basis to improve employees’ skills in system application and arouse their awareness on security. In order to regulate the use and management of computers and internet resources, the Group continues to implement the “Administrative Rules for Security of Using Office Computers and Network”, an internal regulation on data backup, anti-virus system management, central computer room management and user password setting, which strictly prohibits unauthorized access to external devices and disclosure of confidential documents and ensures the normal operation of the equipment in computer room and proper storage of important data.

In addition to improving information security, the Group also ensures that the privacy interests of both the Group and its customers are protected by supervising the bidding and purchasing procedures strictly, carrying out secrecy education, signing confidentiality agreements with employees in specific positions, and with customers and suppliers.

ANTI-CORRUPTION PRACTICE

The Group always adopts the attitude of “zero tolerance” towards unlawful acts such as bribery, extortion, fraud and money laundering. During the Year, the Group continued to abide by the relevant laws and regulations such as the Anti-Money Laundering Law of the PRC and the Criminal Law of the PRC and put the “Anti-fraud Control Procedures”, “Administrative Measures on Complaints and Reports” and other internal rules and regulations in practice. The Group has set up the Economic Supervision Department as a permanent body to urge each department to carry out the anti-fraud work. All departments convene an anti-corruption meeting each month to summarize, review and study cases of non-compliance occurred in the past. The chairman of the board also holds regular anti-corruption meetings to mobilize and supervise the leaders of various departments to strengthen the building of a clean and honest organization. In addition, the Group further enhances its employees’ sense of incorruptibility through compiling education books for incorruptible practitioners and launching seminars on anti-corruption, etc.

For bidding and purchasing, the Group has adopted strict monitoring measures. In addition to ensuring fairness, openness and justness in the bidding process, the Group also requires personnel and management cadres related to bidding and procurement to sign an undertaking of integrity. The procurement department also signs an agreement on anti-corruption with the bidders to prevent the acts like accepting rebates or engaging in private transactions.
CARING FOR SOCIAL WELL-BEING

The successful development of China Hongqiao up to today shall be attributed to the full support and trust of the state and all parties from the society. China Hongqiao always keeps in mind the initial mission of “building a business for the country and benefiting the people”. We accumulate our love by little acts of kindness and give back to society and people by actively participating in social welfare undertakings and fully fulfilling our responsibilities and missions as a corporate citizen.

COMMUNITY WELFARE

The Group always pays close attention to the interests of the community where it operates and regards improving the community well-being as an important way to realize its value. Over the years, the Group has organized various types of public welfare activities and encouraged employees to participate in these activities such as tree planting activity, sanitary activities inside and outside the factory and safety welfare activity, to contribute to the maintenance of a comfortable and clean community environment. During the Year, the Group has planted more than 2.4 million trees and 90,000 square meters of grass in the communities where it operates business, which not only embellishes the environment but also arouses staff’s awareness of environmental protection.

On 20 January 2018, the first “Rainbow Home of Love (彩虹之家)” of the nation was established in Mahe Village, Xin’an Town, Yu’an District, Lu’an Courty, Anhui Province and officially opened to the public. This children home is located in Dabie Mountains, which not only provides the local left-behind children with high quality education, but also contributes to “targeted poverty alleviation” in the old revolutionary base areas. During the “99 Public Welfare Day” in 2017 which was jointly organized and implemented by Beijing Rainbow Charity Foundation and Beijing Chang An Investment Charity Foundation (北京長安投資公益基金會), several enterprises including the Group participated in the fundraising event of “Rainbow Home of Love” and total funds amounting to RMB3.09 million were raised through China Social Welfare Foundation. In particular, the Group and its connected person, Weiqiao Chuangye, organized 97 fundraising teams, with 27,444 donators raising approximately RMB430,000 in total. In addition, our employees actively took part in the donation event so as to show our caring of and give the left-behind children warmth and happiness.
OVERSEAS CONTRIBUTIONS

To advocate for the economic strategy of “The Belt and Road” of the country, China Hongqiao has devoted itself to promoting the economic development of the places where it has overseas projects in recent years, and contributing to the local economic development.

Guinea

The concept of “Creating win-wins for the benefit of the people” is upheld by The SMB Winning Consortium formed by the Group, Winning International Group of Singapore, Yantai Port Group and United Mining Supply (UMS) of Guinea. Since its establishment, it has made an ongoing contribution to local employment, transportation, education, medical welfare, leisure and social sustainable projects, its efforts are highly praised by the local government and the public.
| Employment | • Actively supported young people into jobs and gave priority to recruit candidates from surrounding communities  
  • Promoted localization by hiring more qualified local individuals and gradually reduce the proportion of foreign employees  
  • Provided local employees with tailored training and education programs to facilitate the job handover key employees and management |
| Education | • Established literacy training centers and build and reconstruct primary schools  
  • Cooperated with Jiangsu Maritime Vocational Institute to jointly establish the “Winning Mariners College of Jiangsu Maritime Vocational Institute (江蘇海事職業技術學院華立船員學院)” with an aim of training the young mariners from Guinea and other West African countries |
| Medical welfare | • During the Ebola outbreak, donated USD1,000,000 to build two medical stations followed by donating medicines and medical devices amounting to more than USD100,000  
  • Provided local employees with free medical services and their immediate family with medical services  
  • Provide local employees with free body check services annually and actively commenced education training on diseases  
  • Purchased mosquito control sprays to successfully reduce incidence of malaria |
| Transportation | • Repaired and maintained a total 40 km of roads in communities and villages to provide convenient passage and transportation for residents |
| Well-being | • Drilled more than 60 wells in surrounding communities and repaired the existing 30 and some wells with fault-damaged, solving the water shortage problem  
  • Funded the installation of about 40 solar street Jamps in surrounding villages to provide lighting in night time  
  • Showed respect to local customs and culture with active involvement in the community, such as giving rice and livestocks at local festivals, participating in and funding the wedding and funeral as well as religious ceremonies of local villagers |
| Culture and leisure | • Repaired dozens of mini football courts to provide young football lovers with training and leisure venues  
  • Sponsored and organized social football matches and sponsored the local professional teams  
  • Installed outdoor large-screen TVs with electricity supplied for villages to watch TV shows such as football matches |
| Sustantable community development | • Reclaimed 37 hectares of farmlands for planting various crops, which enabled the villages to achieve food self-sufficiency  
  • Donated 2 fishing vessels to the fishermen to discourage the fishing in river and ensure smooth and safe river transportation |
| Others | • Organized several China-Guinea economic forums for promoting economic development between both countries  
  • Donated millions of US dollars to complete the future entire development planning of the capital, Conakry, and to assist in cleanup activities in Conakry and Boké  
  • Donated USD5 million to sponsor the comprehensive inspection of mining resources in Guinea and help the local government accurately understand the status of national resources  
  • Cooperated with the local outstanding enterprises to jointly develop the mining industry in Boké  
  • Procured the application for international commercial port of Boké to turn Boké to a major port of Guinea |
During the Year, SMB Winning Consortium continued to abide by relevant local laws and regulations in Guinea including the Mining Law and the Environment Law largely invested in the community construction, with its actual expense exceeding the community budget of “0.5% of revenue” stipulated in the Mining Law of Guinea, which further improved the living standards of the citizens of Boké and showed the SMB Winning Consortium’s performance of social responsibilities as an internal mining company. It included:

- Construction of a new 6 km long standard road with 6 m width with culverts, which is connected to the villages suffered from inconvenient transportation, causing minimum impact to the mine delivery path;
- Provision of specialized equipment and materials for bridge maintenance from China for over three months to repair the dilapidated KORREA iron bridge;
- Donation of USD7 million for repairing the 16.5 km long road connecting the surrounding villages to Boké to tackle hardships in travelling by foot during rainy season;
- Organizing career training programs for young people in Boké to cultivate talents demanded in construction of Boké economic special region and to expand the future career path of teenagers.

Up to January 2018, SMB Winning Consortium has hired more than 6,000 direct labors in Guinea, and numbers of employees who served the subcontractor and merchants reached over 5,000, in which more than 15,000 job opportunities (including indirect employment) have been cumulatively created in Guinea. During the Year, tax paid by SMB Winning Consortium for Guinea amounted to USD130 million. Its projects have been run smoothly in Guinea which attracted more enterprises and investors to invest in the mining, infrastructure construction and agriculture industries, driving economic growth of Guinea.

Indonesia

PT. Well Harvest Winning Alumina Refinery, jointly established by the Group, Indonesian Halida Group (印尼哈利達集團) and Singapore Winning Group (新加坡麥立集團), is the largest industrial alumina company in Indonesia and even in Southeast Asia which fills the domestic industrial gap in Indonesia. Adhering to the vision of “people-oriented governance and cooperation for achieving mutual benefits”, PT. Well Harvest Winning Alumina Refinery has hired thousands of Indonesian labors, which greatly promoted local employment, contributing to both economic and social development. In addition, PT. Well Harvest Winning Alumina Refinery has established a specialized social responsibility group to launch various projects related to the well-being of the local community such as road and bridge maintenance and construction of mosques and security guard’s booths. Besides, PT. Well Harvest Winning Alumina Refinery has actively participated in donating funds for people in need, including education funds, medical assistance and fire-safety work. During the Year, PT. Well Harvest Winning Alumina Refinery assisted the villagers in building plantations, farms, medical stations and so on, which not only met the needs of local factories, but also enhanced villagers’ income, achieving win-win development of the new society-enterprise relationship.
**APPENDIX I: SUMMARY OF KEY PERFORMANCE INDICATORS**

<table>
<thead>
<tr>
<th>KEY PERFORMANCE INDICATORS</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Emissions</strong></td>
<td></td>
</tr>
<tr>
<td><em>Exhaust gas</em></td>
<td></td>
</tr>
<tr>
<td>- Nitrogen oxides (tons)</td>
<td>9,394</td>
</tr>
<tr>
<td>- Sulfur dioxide (tons)</td>
<td>24,023</td>
</tr>
<tr>
<td>- Smoke and dust (tons)</td>
<td>9,149</td>
</tr>
<tr>
<td>- Fluoride (tons)</td>
<td>1,981</td>
</tr>
<tr>
<td><strong>GHG</strong></td>
<td></td>
</tr>
<tr>
<td>- Total GHG emissions (scope 1&amp;2) (ten thousand tons of CO₂ equivalent)</td>
<td>9,621</td>
</tr>
<tr>
<td>- GHG emission intensity¹ (ten thousand tons of CO₂ equivalent/ten thousand tons)</td>
<td>14.89</td>
</tr>
<tr>
<td>- Scope 1 Total direct GHG emissions (ten thousand tons of CO₂ equivalent)</td>
<td>7,097</td>
</tr>
<tr>
<td>- Scope 2 Total indirect energy GHG emissions (ten thousand tons of CO₂ equivalent)</td>
<td>2,524</td>
</tr>
<tr>
<td><strong>Solid waste</strong></td>
<td></td>
</tr>
<tr>
<td><em>Non-hazardous solid waste</em></td>
<td></td>
</tr>
<tr>
<td>- Total non-hazardous solid waste generated (tons)</td>
<td>11,295</td>
</tr>
<tr>
<td>- Non-hazardous solid waste intensity (tons/ten thousand tons)</td>
<td>17.48</td>
</tr>
<tr>
<td><em>Hazardous solid waste</em></td>
<td></td>
</tr>
<tr>
<td>- Total hazardous solid waste generated (tons)</td>
<td>137,381</td>
</tr>
<tr>
<td>- Hazardous solid waste intensity (tons/ten thousand tons)</td>
<td>212.66</td>
</tr>
<tr>
<td><strong>Use of resources</strong></td>
<td></td>
</tr>
<tr>
<td><em>Energy</em></td>
<td></td>
</tr>
<tr>
<td>- Total energy consumption ¹ (MWh)</td>
<td>249,853,273</td>
</tr>
<tr>
<td>- Energy consumption intensity (MWh/ten thousand tons)</td>
<td>386,769.77</td>
</tr>
<tr>
<td>- Total electricity consumption² (MWh)</td>
<td>108,821,517</td>
</tr>
<tr>
<td>- Total steam consumption³ (ten thousand tons)</td>
<td>2,240</td>
</tr>
</tbody>
</table>

¹ The total energy consumption is calculated based on the raw coal and diesel consumed in power generation boiler, the natural gas consumed in the production equipment of aluminum products, and the purchased electricity.

² Electricity generated by the Group’s own power plants is fully for self-use and this data includes certain purchased electricity.

³ The steam used by the Group is from its own power plants and it is partially for self-use and partially for sales.
### Key Performance Indicators 2017

**Water**
- Total water consumption (ten thousand cubic meter): 20,834
- Water consumption intensity (ten thousand cubic meter/ten thousand tons): 32.25

**Packaging materials**

<table>
<thead>
<tr>
<th>Material</th>
<th>Total consumption (tons)</th>
<th>Intensity (tons/ten thousand tons of finished products)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wood products</td>
<td>2,992</td>
<td>81.46</td>
</tr>
<tr>
<td>Paper products</td>
<td>1,762</td>
<td>47.96</td>
</tr>
<tr>
<td>Plastic products</td>
<td>246</td>
<td>6.70</td>
</tr>
<tr>
<td>Metal products</td>
<td>460</td>
<td>12.53</td>
</tr>
<tr>
<td>Rubber products</td>
<td>4</td>
<td>0.12</td>
</tr>
</tbody>
</table>
### APPENDIX II: ESG REPORTING GUIDE CONTENT INDEX

<table>
<thead>
<tr>
<th>ESG Index</th>
<th>Summary</th>
<th>Chapters</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Environmental</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| A1 Emissions | General Disclosure  
Information on:  
(a) the policies; and  
(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | Prevention and Control of Pollution |
| | | 9 |
| A2 Use of Resources | General Disclosure  
Policies on the efficient use of resources, including energy, water and other raw materials. | Energy Saving and Consumption Reduction  
Waste Recycling and Reusing  
Green Office |
| | | 13  
14  
15 |
| A3 The Environment and Natural Resources | General Disclosure  
Policies on minimizing the issuer’s significant impact on the environment and natural resources. | Waste Recycling and Reusing  
Green Office |
| | | 14  
15 |
| **B. Social** | | |
| B1 Employment | General Disclosure  
Information on:  
(a) the policies; and  
(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare. | Recruiting Talents  
Caring for Employees |
| | | 16  
22 |
| B2 Health and Safety | General Disclosure  
Information on:  
(a) the policies; and  
(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. | Health and Safety |
<p>| | | 20 |</p>
<table>
<thead>
<tr>
<th>ESG Index</th>
<th>Summary</th>
<th>Chapters</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>B. Social</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B3 Development and Training</td>
<td>General Disclosure Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.</td>
<td>Talent Cultivation</td>
<td>17</td>
</tr>
<tr>
<td>B4 Labor Standards</td>
<td>General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.</td>
<td>Recruiting Talents</td>
<td>16</td>
</tr>
<tr>
<td>B5 Supply Chain Management</td>
<td>General Disclosure Policies on managing environmental and social risks of the supply chain.</td>
<td>Supply Chain Management</td>
<td>25</td>
</tr>
<tr>
<td>B6 Product Responsibility</td>
<td>General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</td>
<td>Quality Management Sales and Services Privacy Protection</td>
<td>26 28 29</td>
</tr>
<tr>
<td>B7 Anti-corruption</td>
<td>General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.</td>
<td>Anti-corruption Practice</td>
<td>29</td>
</tr>
<tr>
<td>B8 Community Investment</td>
<td>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.</td>
<td>Public Charity Overseas Contributions</td>
<td>30 31</td>
</tr>
</tbody>
</table>