



兖矿能源  
YANKUANG ENERGY



2023

Environmental, Social and Governance Report

兖矿能源集团股份有限公司  
YANKUANG ENERGY GROUP COMPANY LIMITED

## Report Overview

Yankuang Energy Group Company Limited ("Yankuang Energy", "the Company" or "we") is well aware of our social responsibility and would like to publish our Environmental, Social and Governance ("ESG") report (entitled Social Responsibility report in fiscal year 2020 and before, hereinafter referred to as "ESG report") to share with all sectors of society our performances around and commitments to ESG practices, hoping to further increase our mutual trust and cooperation and to promote the sustainable development of the Company and the society.

The Board and all directors guarantee that the report contains no false, misleading statement, or major omission. They will assume individual and joint liability for the authenticity, accuracy, and completeness of the report.

### Reporting Entity

The reporting entity, Yankuang Energy and its subsidiaries, remains consistent with that disclosed in the accompanying *2023 Annual Report* (the "Annual Report").

### Reporting Period

January 1, 2023, to December 31, 2023. (Certain content of the report may extend beyond this reporting period.)

### Reporting Principles

**Materiality:** Stakeholders are invited to identify and assess related ESG material issues of the Company. The Board of Directors has reviewed the assessment results and disclosed them in this report.

**Quantitative:** This report discloses quantitative data related to the environment and society, accompanied by the standards and methodologies used for the statistics and calculation.

**Consistency:** The data disclosed in this report apply statistical methodologies consistent with those of previous years.

### Preparation Basis

The report is prepared based on the relevant requirements of *Guidelines of Shanghai Stock Exchange of Self-Regulation for Listed Companies*

*No. 1 – Standardised Operation*, as well as the *Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide")* issued by Hong Kong Exchanges and Clearing Limited ("HKEX" or "Hong Kong Stock Exchange") and other related requirements, with reference to the *Sustainability Reporting Guidelines* of Global Reporting Initiative ("GRI") and the *Social Responsibility Guidelines (ISO 26000:2010)* of International Organisation for Standardisation ("ISO"), etc.

### Data Source

The financial data<sup>1</sup> of 2023 involved in this report is primarily based on the *2023 Annual Report*. In case of any inconsistency of the data contained therein with the *Annual Report*, the *Annual Report* shall prevail. Other major data of the Company are calculated according to national regulations or industry standards. Unless otherwise specified, the monetary amounts involved in this report are denominated in Renminbi (RMB).

### Report Language

The report is published in simplified Chinese, traditional Chinese, and English. In case of ambiguity, the simplified Chinese version shall prevail.

### Report Release Form

The report is released in both print and electronic form. The electronic version is accessible through the websites of Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)), the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company website ([www.ykenergy.com](http://www.ykenergy.com) / [www.yanzhoucoal.com.cn](http://www.yanzhoucoal.com.cn)).

### Contact

Yankuang Energy Group Company Limited

Address: No. 949, Fushan South Road, Zoucheng City, Shandong Province, China

Postal Code: 273500

Tel.: (86) 537-5382319/(86) 537-5380201

Fax: (86) 537-5383311

E-mail: [yzc@yanzhoucoal.com.cn](mailto:yzc@yanzhoucoal.com.cn)

<sup>1</sup> The financial data in the simplified Chinese version of the report is sourced from the Company's A-share annual report, while the financial data in the traditional Chinese and English versions are sourced from the Company's H-share annual report.

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## Message from the Chairman



Chairman Mr. Li Wei

Time's ceaseless flow marked another extraordinary year for Yankuang Energy. The year 2023 that just passed was pivotal for accelerating our strategic transformation, industrial upgrades, and reform-driven development. Amidst the challenges of a profoundly adjusting macroeconomic landscape and complex, rigorous market conditions, we kept our sights firmly set on high-quality development as the paramount objective. With an unwavering commitment to our customers, employees, shareholders, and society at large, we remained dedicated to our founding mission, upheld our state-owned enterprise responsibilities, expanded our scale, enhanced quality, boosted efficiency, and achieved hard-earned, remarkable accomplishments. We reaped bountiful rewards through win-win cooperation and the joint creation of a harmonious community.

**This year, we channelled our unwavering focus into bolstering economic prowess, elevating our comprehensive corporate strengths to new**

**heights.** With steadfast strategic confidence, we seized development opportunities, implemented scientific and precise initiatives, achieving remarkable leaps in scale, profitability, and brand equity. Our total assets reached RMB 4,143.18 hundred million, while sales income hit RMB 1,184.34 hundred million. We realised RMB 850.35 hundred million in net profit attributable to shareholders of the Company and contributed RMB 313.47 hundred million in taxes. The Company was honoured as one of the Top 100 Most Investable Companies by China Securities Bull Award, and ranked 23rd on the China Top 100 Listed Companies list. We ascended to the 68th position on the Fortune 500 Chinese Listed Companies, a remarkable leap of 25 places compared to 2022. We claimed the National Quality Award for the third time and clinched the gold medal at the International Convention on Quality Control Circles for four consecutive years. We are recognised as a benchmark brand in the coal industry.

**This year, we expanded in scale, improved efficiency, and optimised our deployment, taking new strides in industrial transformation and upgrading.** We accelerated the optimisation of our industrial deployment, consolidated resource elements, strengthened core functions, and forged a new paradigm of integrated development across the entire industrial chain. The Company successfully completed the acquisition of 51% equity of Luxi Mining and Xinjiang Neng Hua, and secured the mining rights for the No. 1 coal field in the Inner Mongolia Huolin River mining area, adding a total of 26.6 billion tonnes of new coal resources and significantly enhancing our equivalent mining scale. Lunan Chemicals' ethyl acetate product obtained the "Taishan Quality" certification, while Future Energy's coal-to-liquids output surpassed 1 million tonnes for the first time, driving the extension and strengthening of the chemical industry chain. The first batch of joint venture projects in the Intelligent Manufacturing Park became operational, while the acquisitions involving SMT Scharf AG proceeded smoothly, empowering the upgrade and advancement of our equipment manufacturing capabilities. Our logistics industry has established a "five-in-one" (railway, highway, port, plant, platform) development pattern, the logistics and freight capacity reached 300 million tonnes per year.

**This year, we reinforced our foundations and drove reforms forward, achieving new milestones in the governance as a listed company.** With deepening reforms as the source of our development dynamism, we successfully completed all the "Double Hundred Enterprises" reform

tasks for the year, effectively reinvigorating the Company's growth momentum and vitality. We comprehensively implemented the "Six Upgrades through Six Lean Management Measures" management model, tapping into potential across all aspects to improve quality and boost efficiency. The Company delivered a keynote speech at the benchmarking session organised by the Shandong Provincial State-owned Assets Supervision and Administration Commission (SASAC), showcasing our lean management practices. We concluded the ninth cycle of directors, supervisors and senior management changes, optimised the corporate governance structures of Yankuang Australia, Luxi Mining, and Xinjiang Neng Hua, and standardised the selection, appointment, performance evaluation processes for corporate equity representatives. We were recognised by the China Association for Public Companies with the "Best Corporate Governance Practices" award, becoming the first company nationwide to obtain ESG management system certification.

**This year, we adapted to changes and seized opportunities, accumulating new driver of growth for green and low-carbon development.** Aligning with the "dual carbon" development trend, we pushed forward the digitalisation, intelligentisation, and green development of our industries. All 7 of the Company's mines certified as part of the nation's first batch of intelligent mining demonstration projects passed inspection. Our Intelligent Coal Mining Experimentation Centre was selected as one of the National Energy Administration's "Frontrunner" innovation platforms in the 14th Five-Year Plan period, maintaining our industry-leading position in intelligent mining. We deepened green mining initiatives, completing comprehensive treatment of 257,100 mu of land subsided from coal mining, achieving a 100% treatment rate. We established 14 certified green mines, including Nantun, Dongtan, and Xinglongzhuang coal mines. Lunan Chemicals was included in Shandong's first batch of pilot zones for high-quality green and low-carbon development. The Inner Mongolia Mengda Railway Photovoltaic Project commenced operations, generating green electricity.

**This year, we went to great lengths to care for our employees, fostering a harmonious Yankuang Energy with a new spirit.** Upholding the philosophy of putting people and life first, we strictly operated within legal and regulatory boundaries, intensified governance of major disasters, and solidified standardised safety production protocols, maintaining an industry-leading safety performance. The Company ensured a robust

social safety net, providing over 2,019 heart-warming services, visiting and consoling more than 4,650 employees facing difficulties, distributing RMB 3.676 million in consolation and education subsidies, and organising 6,007 employee rehabilitation and vacation initiatives. We deepened the "Three Channels" mechanism for management, technical and skill development, appointing 164 Master Craftsmen and paving a new career path for skilled personnel. Twelve of our highly skilled employees received top provincial and national honours, including the May 1 Labor Medal, National Technical Expert, and Shandong Chief Technician. Seventeen achievements were showcased at the 2nd National Craftsmen Innovation Exchange Conference. The Company consistently maintained harmonious stability, being named a Provincial Civilized Unit.

**This year, with unwavering dedication to our founding mission, we fulfilled social responsibilities with renewed vigour.** We constructed a new paradigm of mutual empowerment between fulfilling social responsibilities and achieving high-quality corporate development, creating sustained value and contributing strength to economic and social advancement. Bearing the interests of the nation in mind, we efficiently completed peak load supply tasks for summer and winter, cumulatively dispatching 35.22 million tonnes of coal for power generation. Implementing the national rural revitalisation strategy, the company proactively participated in promoting local development, assisting villagers in relocating to new communities. For eight consecutive years, we carried out heart-warming voluntary community services, extending warmth to thousands of households, significantly enhancing our social contributions and influence.

A journey of a thousand miles begins with a single step, and we embark on this new mission undaunted. The year of 2024 marks the 75th anniversary of the founding of People's Republic of China and a crucial period for Yankuang Energy's accelerated journey towards becoming a world-class enterprise. Guided by the new development philosophy, we will join hands with all sectors of society, deeply integrating into the new development paradigm and marshalling strength to forge an innovative listed companies. We will accelerate the cultivation of new productive forces, assemble new global competitive edges, and shine the "Yankuang Energy" brand on China's new modernisation journey, striving to create maximum value for our customers, employees, shareholders, society, and all stakeholders.

## Board Statement

The Board of Directors of the Company is the highest responsible and decision-making body for ESG matters and assumes full responsibility for the Company's ESG strategy and reporting and has established a specialised Sustainable Development Committee. The Sustainable Development Committee assists the Board in carrying out ESG governance and information disclosure. It is responsible for formulating and reviewing the vision, targets and strategies of its ESG management, to assess the Company's ESG management as well as risks and opportunities. The Sustainable Development Committee convenes at least once a year to discuss important ESG matters.

The Company identifies ESG topics of great significance to corporate development and assesses the importance of various ESG topics. The Board of Directors of the Company regularly reviews the importance assessment of ESG topics, discusses key areas and major opportunities for ESG risk management and control, and defines ESG management policies and strategies. The Company has set operation related ESG targets, in the fields of pollutant emissions reduction, greenhouse gas emissions reduction, and energy and water conservation, and employee safety and occupational health. The Board of Directors oversees and reviews the action plan and completion status of the target.

This report discloses the progress of the Company's ESG work in 2023 in detail and has been reviewed and approved by the Board of Directors on March 28<sup>th</sup>, 2024.



## About Yankuang Energy

Yankuang Energy, a controlled subsidiary of Shandong Energy Group Co., Ltd., was listed in Hong Kong, New York, and Shanghai in 1998, and its overseas controlled subsidiary, Yancoal Australia, was listed on the Australian Stock Exchange and the HKEX, respectively in 2012 and 2018. It makes Yankuang Energy the only energy company in China that has been listed domestically and globally in four platforms. As of 31 December 2023, the Company's total capital stock was 7,439 million shares and its total assets were RMB 4,143.18 hundred million, with 79,242 employees.

Driven by the mission of "Developing green energy to lead energy revolution", the Company actively practises the national "Dual Carbon" strategy, makes great efforts to uphold integrity and innovation, and accelerates the transformation and upgrade, so as to advance towards a sustainable world-class mining conglomerate with the leading development of the clean energy. Pursuing the new development philosophy, Yankuang Energy places equal emphasis on external expansion and internal enhancement, and on industrial operation and capital operation. Five leading industries were established, including mining, high-end chemicals and new materials, high-end equipment manufacturing, intelligent logistics and new energy, and four major operation bases were set up in Shandong, Shaanxi and Inner Mongolia, Xinjiang and Australia. In line with the globalisation of economy and capital flow, the Company has been making breakthroughs in the aspects of enterprise scale, brand strength, social status, and industry influence, witnessing great efforts in implementing industrial extension, regional deployment, and capital expansion.

Relying on vigorous performance growth, solid operating strength, and strong international competitiveness, the Company has been gaining favourable niche in the domestic and foreign capital markets and becoming a highly recognised blue-chip featured by strong core competitiveness, steady performance growth, and sustainable development. In 2023, the Company ranked 68th on the Fortune China 500. Its stock has been included in the Morgan Stanley Capital International (MSCI) China Index, China Securities Index (CSI) 300, Shanghai Stock Exchange (SSE) constituent index 180.



## Management of Sustainable Development

### Responsibility philosophy

With the mission of "Developing green energy to lead energy revolution", the vision of "To build a clean energy supplier and a world-class enterprise", Yankuang Energy adheres to the core values of "Safe, Innovation, Green, Accountable, Excellent". During the process of pursuing high-quality development, the Company puts concrete efforts in its responsibility practices in ESG, and creates shared values with customers, employees, shareholders, suppliers, partners, and stakeholders in the society.

The Company integrates ESG concepts, systems, response to risks and opportunities into its strategic vision, development planning, operation management and performance evaluation in a comprehensive, all-round and whole-process manner, so as to continuously improve the Company's ESG management level.





## Responsibility System

The Company's Board-level Sustainable Development Committee is responsible for formulating and reviewing the vision, targets, and strategies of its ESG management, to assess the Company's ESG management as well as risks and opportunities.

With reference to relevant guidelines and standards on ESG in China and abroad, considering both the development status of the Company and the expectations of stakeholders, the Company has developed an ESG indicator system that covers indicators in governance, environment, and society. The indicator system is evaluated in a specific, quantitative, practical, correlated and timely manner. The establishment of the ESG indicator system is conducive to the Company's analysis of the development of corporate ESG, promoting the coordinated advancement of various ESG tasks, and enhancing the Company's sustainable development capability.

### Responsibilities of the Board-level Sustainable Development Committee

- 1 Formulate and review the Company's policies and strategies related to corporate ESG to ensure compliance with laws, regulations and standards.
- 2 Evaluate and classify risks and opportunities related to corporate ESG and make suggestions to the Board of Directors.
- 3 Review the Company's management and internal control system on corporate ESG and make suggestions to the Board of Directors on the appropriateness and effectiveness.
- 4 Review and supervise the Company's targets and its implementation related to corporate ESG and make suggestions to the Board of Directors based on the assessment.
- 5 Review the ESG reports disclosed by the Company and make suggestions to the Board of Directors.
- 6 Other responsibilities granted by the Board of Directors.

## Responsibility Communication

### ○ Communication with stakeholders and relevant response

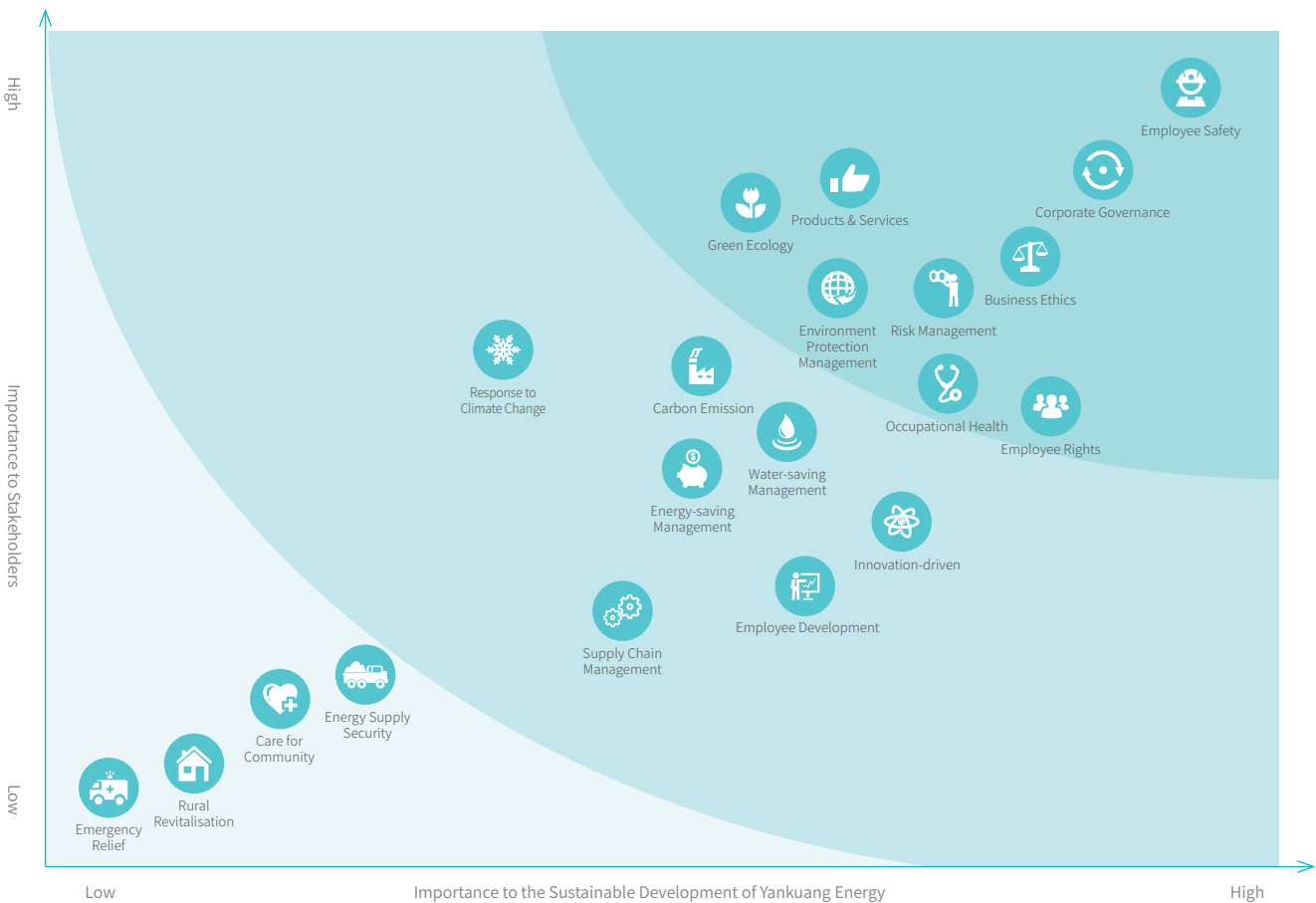
As one of the first A+H-share listed companies which voluntarily disclose ESG reports, the Company has been disclosing its social responsibility reports for 16 consecutive years. We communicate with stakeholders and listen to their voices through multiple channels, such as information disclosure, shareholders' meetings, satisfaction surveys, discussion meetings and questionnaire surveys, etc., to understand their concerns about ESG and respond with practical actions.

Stakeholders	Major communication channels	Matters of concern (Top 6)
Government and regulatory agencies	Relevant meetings, information submissions, work reports, supervision and review	Employee Safety, Environment Protection Management, Corporate Governance, Green Ecology, Occupational Health, Products & Services
Shareholders/ Investors	General meeting of shareholders, road shows, information disclosure, investor hotline	Corporate Governance, Employee Safety, Green Ecology, Business Ethics, Environment Protection Management, Products & Services
Suppliers/Partners	Business negotiations, business exchanges, supplier assessment	Business Ethics, Corporate Governance, Employee Safety, Occupational Health, Products & Services, Green Ecology
Customers	Service hotline, seminar, visit customer, satisfaction survey	Products & Services, Employee Safety, Occupational Health, Business Ethics, Environment Protection Management
Employees	Employee congress, employee satisfaction survey, democratic meetings	Occupational Health, Employee Safety, Employee Rights, Business Ethics, Environment Protection Management, Employee Development
Communities	Publicity activities, meetings, visits, surveys	Care for Community, Energy Supply Security, Employee Safety, Corporate Governance, Occupational Health, Green Ecology

Materiality assessment

The Company identifies ESG topics based on related guidelines and standards on ESG, with consideration of communication results of the Management, employees, industry experts and other stakeholders, as well as of macro-policy environment and heated topics of general public concern.

The Company conducts questionnaire surveys on material topics, which are then evaluates by applying the two-dimensional matrix, namely "materiality to stakeholders" and "materiality to the sustainable development of Yankuang Energy". The material matrix could provide guidance for the ESG management and information disclosure of the Company. The evaluation results of the Company's material issues in 2023 were shown in the following figure.



## Response to United Nations Sustainable Development Goals (UN SDGs)

Yankuang Energy actively responds to the UN SDGs, mapping its actions with the UN SDGs and fully responding to the 17 SDGs.

UN SDGs	Our actions	Indicators
 <p>1 NO POVERTY End poverty in all its forms everywhere</p>	We implemented rural revitalisation and donations	Total investment in public welfare projects and external donations, Total investment in poverty alleviation and rural revitalisation projects, Social contribution per share
 <p>2 ZERO HUNGER End hunger, achieve food security, improved nutrition and promoting sustainable agriculture</p>	We supported residents with channels to increase their income	Total investment in public welfare projects and external donations, Total investment in poverty alleviation and rural revitalisation projects, Tax paid, Social contribution per share
 <p>3 GOOD HEALTH AND WELL-BEING Ensure healthy lives and promote well-being for all at all ages</p>	We organised training on work safety and occupational health among employees to ensure production safety	Number of work-related deaths, Rate of work-related deaths, Time lost due to work injuries, Trainings on work safety, Percentage of occupational-disease incidence, Screening rate of occupational diseases
 <p>4 QUALITY EDUCATION Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	We provided various employee training, such as "Golden Autumn Student Aid"	Proportion of trainees, Per capita training time
 <p>5 GENDER EQUALITY Achieve gender equality and empower all women and girls</p>	We offered equal employment and development opportunities for female employee	Total headcount by gender, Per capita training time by gender, Proportion of trainees by gender, Voluntary turnover rate by gender
 <p>6 CLEAN WATER AND SANITATION Ensure availability and sustainable management of water and sanitation for all</p>	We established and improved the water conservation management system, and promoted the projects for the reuse of reclaimed water and mine water	Recycled water volume, Total water consumption, Density of water consumption
 <p>7 AFFORDABLE AND CLEAN ENERGY Ensure access to affordable, reliable, sustainable and modern energy for all</p>	We safeguarded the supply of energy products, provided high-quality energy products and developed the new energy business	Salable coal output, Power generation output
 <p>8 DECENT WORK AND ECONOMIC GROWTH Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	We maintained favorable operation performance, supported legal employment, protected the rights and interests of employees, and provided talent cultivation programme	Sales income, Total employees, Voluntary turnover rate of employees, Proportion of trainees, Per capita training time, Employee satisfaction
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation</p>	We established intelligent working line and mines, implemented strategic transformation and carried out management and technology innovation	Number of quality management achievements, Number of scientific and technological achievements, Number of achievements under certification, Number of achievements up to world's leading level, Number of provincial and ministerial technical innovation awards, Number of patents authorised
 <p>10 REDUCED INEQUALITIES Reduce inequality within and among countries</p>	We established a fair mechanism for compensation distribution and promotion, as well as a fair system for negotiation	Employee satisfaction
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES Make cities and human settlements inclusive, safe, resilient and sustainable</p>	We carried out activities such as heart-warming volunteering, emergency relief and community care	Total investment in public welfare projects and external donations, Total investment in poverty alleviation and rural revitalisation project, Social contribution per share

UN SDGs	Our actions	Indicators
 <p>Ensure sustainable consumption and production patterns</p>	<p>We optimised the industrial deployment and resource development in a reasonable manner, deepened emission management, and promoted energy saving and consumption reduction</p>	<p>SO<sub>2</sub> emissions, NO<sub>x</sub> emissions, VOCs emissions, Smoke and dust emissions, Hazardous waste disposed, Hazardous waste density, Hazardous waste compliance disposal rate, General solid waste generated, General solid waste density, Wastewater discharge, Total water consumption, Water consumption intensity, Total comprehensive energy consumption, Energy consumption by type</p>
 <p>Take urgent action to combat climate change and its impacts</p>	<p>We Adjusted industrial structure, developed green innovative technologies, developed clean energy construction, continuously implemented carbon reduction measures, and promoted the demonstration construction of clean coal chemical industry</p>	<p>Total greenhouse gas emissions, Density of greenhouse gas emissions</p>
 <p>Conserve and sustainably use the oceans, seas and marine resources for sustainable development</p>	<p>We reduced wastewater discharge and treated water pollution</p>	<p>COD emissions, Ammonia nitrogen emissions, Wastewater discharged, Hazardous waste disposed, Disposal rate of hazardous wastes in compliance</p>
 <p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p>	<p>We actively performed the obligation of subsidence area restoration, made solid efforts in building green mines and implementing ecological management, and protected the biodiversity</p>	<p>Projects of comprehensive coal mining subsidence land for reclamation, Comprehensive coal mining subsidence land for reclamation over area, Subsidence reclamation rate</p>
 <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<p>We worked to improve corporate governance, strengthen internal control, improve risk management, and promote anti-corruption</p>	<p>Number of concluded corruption lawsuits, Number of anti-corruption training sessions, Percentage of directors attending anti-corruption training, Percentage of staff attending anti-corruption training, Percentage of suppliers accepting anti-corruption policies, Complaint settlement rate</p>
 <p>Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development</p>	<p>We established a smooth communication channel between the Company and interest parties, and understand their concerns</p>	<p>Tax paid, Principal credit rating, Total investment in public welfare projects and external donations, Total investment in poverty alleviation and rural revitalisation project, Social contribution per share, Contract fulfilment rate, Percentage of suppliers accepting anti-corruption policies, Percentage of suppliers implementing suppliers management policies, Number of valid complaints, Complaint settlement rate</p>

# Compliance Operation

Good corporate governance is the cornerstone of a company's sustainable development. Yankuang Energy standardises corporate governance, attaches importance to risk management and internal control, creates an honest and ethical business environment, and achieves compliance and stable operation.

Respond to ESG Material Issues	Corporate Governance, Business Ethics, Risk Management
Respond to UN SDGs	 
Respond to HKE <sub>x</sub> ESG indexes	B7 Anti-corruption

## Corporate governance

The Company complies with the *Company Law of the People's Republic of China* and the *Securities Law of the People's Republic of China*, and other regulatory provisions of listing bodies, constantly improving the Company's modern governance system and continuously improving its corporate governance capacity.

### Governance system

In accordance with the listing rules, the Company has formulated and strictly implemented a series of documents for corporate governance, including *the Articles of Association, the Rules of Procedure of Shareholders' Meeting, the Rules of Procedure of the Board of Directors, the Rules of Procedure of the Board of Supervisors, the Work System of Independent Directors, the Management System for Information Disclosure, the Insiders Registration Management System, the Management Rules for Connected Transaction Management, the System for Investor Relationship Management Work and the Code of Conduct for Senior Staff*. The Company improves the construction of governance systems such as institutional setup, evaluation and assessment to achieve standardised operation.

The Company closely pays attention to the updates of legalisation and standardisation of the securities market and constantly strengthens the development of corporate governance. The Company has put an orderly corporate governance structure that is well regulated through the coordinated operations by the general meeting of shareholders, the Party committee, the Board of Directors, the Board of Supervisors, and the Management. Such a governance structure further leads to a legal, transparent, coordinated governance mechanism with effective checks and balances of powers and responsibilities of the organs of control, decision-making, supervision, and execution.

In 2023, the Company held four shareholder meetings and six Board meetings, completing the approval of important matters related to the Company's reform and development, standardised governance and so on. All meetings and voting procedures are in accordance with laws and regulations and the relevant provisions of the Articles of Association, and the voting results are legal and valid, providing a solid foundation

for the standardised operation and high-quality development of the Company.

With excellent performance in corporate governance, in 2023, the Company won the Shanghai Stock Exchange "Information Disclosure Grade A evaluation", China Securities Journal "Golden Bull Most Valuable Investment Award" and other honors, and was selected by the China Association for Public Companies "2023 Corporate Governance Best Practice Case" and "2023 Listed Company Board Best Practice Creation activity Best Practice Case", "2023 Best Practice Cases of the Best Practice Creation Activities for Public Company Boards".

### Board diversity

The Company has established five special committees of the Board of directors, including the Nomination Committee, the Audit Committee, the Compensation Committee, the Strategy and Development Committee, and the Sustainable Development Committee. Each committee is entrusted with specific and detailed responsibilities and obligations, and gives full play to its role in the Company's strategic decision-making and standardised operation, so as to promote the Company's sustainable and stable development.

Recognizing the importance of the Board members, the Company selects directors based on multiple factors, such as their gender, age, cultural and educational background, professional experience, skills, and years of service, along with considerations of the actual conditions and demands, so as to achieve diversification of the Board of Directors and promote the diversified and balanced points of view, experience and perspectives. The Company has also built a high-level expert think tank to improve the ability to deal with complex environments and achieve high-quality and sustainable development.

## Board diversity information

Position	Number of directors	Term of Service	Number of directors
Executive director	2	0-4 years	9
Non-executive and non-independent director	5	5-9 years	1
Independent director	4	Over 10 years	1

Gender	Number of directors	Directorship with other companies	Number of directors
Male	10	0-1 company	8
Female	1	2-5 companies	3

Age	Number of directors	Professional Background	Number of directors
46-50 years old	2	Risk management	5
51-55 years old	2	Law	1
56-60 years old	4	Finance	2
Over 61 years old	3	Environment	1
		Energy	6

- Notes: 1. Mr. Xiao Yaomeng and Mr. Huang Xiaolong are executive Directors, while Mr. Li Wei, Mr. Liu Jian, Mr. Liu Qiang, Mr. Zhang Haijun and Mr. Su Li are non-executive non-independent directors.
2. Mr. Xiao Yaomeng, Mr. Liu Qiang, Mr. Zhang Haijun, Mr. Su Li, Mr. Huang Xiaolong did not hold the position as directors of other companies; Mr. Li Wei, Mr. Liu Jian, Mr. Peng Suping held the position as directors of other 1 company, Mr. Hu Jiadong, Ms. Zhu Rui held the position as directors of other 2 companies, Mr. Zhu Limin held the position as directors of other 4 companies.
3. Mr. Li Wei has served as the CEO and Chief of Safety Supervision Bureau of Yankuang Energy Group Company Limited. Mr. Xiao Yaomeng and Mr. Liu Jian have both served as Deputy CEO overseeing safety and risk management at the company. Mr. Liu Qiang was the Deputy CEO overseeing safety and risk management at Lunan Chemicals. Mr. Zhu Limin has served as Deputy Director of the CSRC Enforcement Department and Chief Compliance Officer of China Securities Co., Ltd., with rich experience in risk management. Mr. Huang Xiaolong has a legal background with a Master's in Law. Mr. Zhang Haijun is a senior accountant, while Mr. Hu Jiadong has worked in investment banking at ING, CITIC Securities, and Credit Suisse, both with financial expertise. Ms. Zhu Rui has an environmental background and served as the Director of the ESG and Social Innovation Research Center at Cheung Kong Graduate School of Business. Mr. Li Wei, Mr. Xiao Yaomeng, Mr. Liu Jian, Mr. Liu Qiang, Mr. Huang Xiaolong and Mr. Peng Suping possess extensive experience in the energy industry. Among them, Mr. Peng Suping serves on the Audit Committee as a Chinese Academy of Engineering academician and former independent director at China Shenhua Energy Company Limited and Tibet Huayu Mining Co., Ltd.

## Board Capacity Building

The Company emphasises board capacity building, actively carries out annual training for directors, and continuously standardises the Company's compliance operation. In 2023, the Company organised directors to carry out training on the standardised operation of listed companies, covering the governance rules of listed companies, the high-performance standards of Directors, Supervisors, and Senior Executives, and the key areas and links in daily operations.



Training on the standardised operation of listed companies

## Investor relations

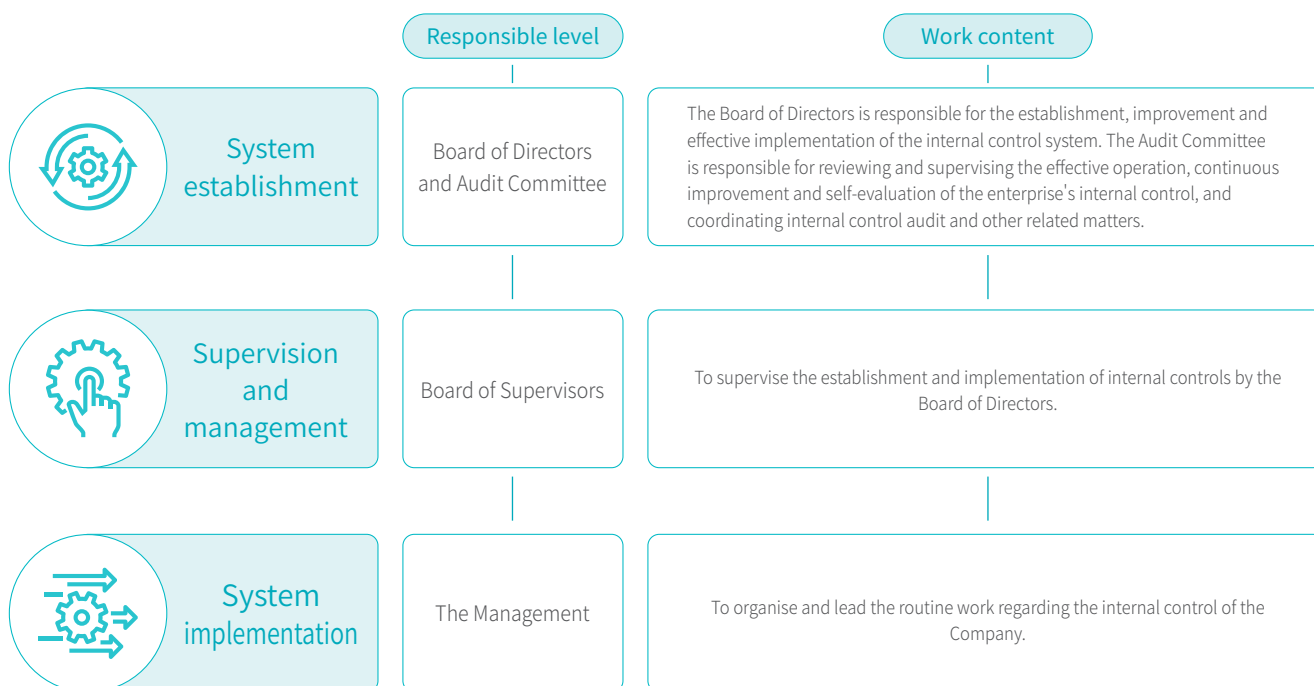
The Company actively carries out investor relations management, formulates *the Investor Relations Management Work System* in accordance with the regulations and regulatory requirements of the listing place, builds the investor relations framework system, improves the management mechanism, forms an effective work process, and promotes positive interaction with the capital market.



## Internal control

The Company has always highly valued the internal control. With reference to the regulatory requirements for listing such as the *Guidance on Self-Regulation of Listed Companies* of Shanghai Stock Exchange No. 1 and the *Listing Rules* of Hong Kong Stock Exchange, the Company has formulated the *Standard for Enterprise Internal Control* and the *2023 Yankuang Energy Internal Control Self-assessment Programme*, optimised a set of internal control procedures and rules, such as the *Management Rules of Internal Control System*, and improved the operation mechanism of risk-oriented internal control, establishing an internal control system that covers all businesses from the management to the production and operation of the Company.

The Company have clearly defined the roles and responsibilities of the Board of Directors, the Audit Committee, the Board of Supervisors, and the Management in the internal control system, and ensured the effective operation of the internal control system. In addition, the Company has set up a dedicated organisation responsible for the implementation of internal control system construction and daily supervision and management.



The Company conduct self-assessment on the establishment of the internal control system annually. We also engage annual audit accountants to audit the compliance and effectiveness of the internal control system. The self-assessment report and the annual auditor's report on internal control are disclosed in public for the review and supervision of all stakeholders. According to the assessment, the Board of Directors regarded that our internal control system is sound and effective. There was no significant deficiency in the design or implementation of our internal control. In 2023, the annual auditor's report on internal control issued by the independent auditor concluded that we had maintained an effective internal control in all major aspects under the *Basic Standards on Internal Control of Enterprises*, the *Enterprise Internal Control Guidelines*, and other related provisions of the Ministry of Finance of the People's Republic of China jointly with four other ministries.

# Risk management

## Identification and assessment

The Company has formulated the *Comprehensive Risk Management Rules* and updated the *Compliance Management Rules* and the *Comprehensive Risk Management Manual* to standardise the establishment of the risk management system and related processes. The Company uses the comprehensive risk management system to identify and assess major annual business risks and prepare the annual risk assessment and management report. In 2023, the Company adopted a combination of online information process and offline interview and discussion, combining the characteristics of the industry and the main problems exposed in the previous year's specialised audit, and identified 2 significant risks, 5 material risks and 6 material ESG risks, covering the implementation of dual carbon measures, the construction of green and intelligent mines, environmental protection and governance, and product quality assurance. The Company has incorporated ESG risks into its comprehensive risk management system.

## Prevention and early warning

In 2023, considering the key factors and areas in production and operation, the Company identified 13 quantifiable indicators for risk early warning and monitoring to further improve the system for significant risks. In addition, the Company carefully reviewed material risk issues, and provided professional insights on risk control to effectively prevent and control major decision-making risks.

## Evaluation and response

In response to the identified major risks, the Company prepared the *Major Risk Response Check List in 2023*, which clearly defined the division of accountabilities and responsibilities for each of the major risks to ensure the implementation of major risk management strategies and solutions. Reports on major risk management and control were generated regularly based on the ongoing evaluation of the control status of the risks. The Company improved its management and control measures and enhanced its risk management and control capability in light of changes and deficiencies in major risk management and control.



## Business ethics

The Company complies with the *Law of the People's Republic of China against Unfair Competition*, the *Anti-money Laundering Law of the People's Republic of China* and the *Prevention of Bribery Ordinance of Hong Kong Special Administrative Region*, as well as other applicable laws, rules and regulatory requirements for listed companies. The Company has developed a series of internal control management measures, such as the *Implementation Rules for Clean Management*, improving the corporate integrity construction mechanism.

### Supervision and inspection

The Company strives to implement a grand supervision pattern, where an organic integration of special supervision, functional supervision and democratic supervision is realised, thus continuously enhancing the effectiveness of collaborative supervision. In 2023, the Company further improved the supervision and inspection system by establishing a synergetic mechanism for discipline inspection and supervision and audit supervision, and formulating *the Reporting System for the Decision-making on "Three Major Matters and the Use of Large Funds"*<sup>2</sup>. In addition, an integrity inspection mechanism was established, characterised by full coverage of all key areas, special focus on key aspects, in-depth investigation of problems, and random inspections from leaders.

Enriching the forms of supervision and focusing on key areas, the Company conducts annual ethics standards monitoring and inspections in all subordinate companies, with the integrity career files for cadres established to create an integrate and positive workplace. In 2023, the Company carried out 238 work style supervision and inspection on business ethics, covering 34 subsidiary companies. Also, the Company carried out special inspections at certain important time periods such as New Year's Day and Spring Festival. In case of problems found, 100% rectification has been implemented. The Company also carried out special rectification in key areas such as bidding, with more than 110 supervision and inspections throughout the year. Special rectification on the "corruption involving exploiting companies" was implemented by internal inspections on 5,832 employees in key positions. In addition, for "arbitrary and token acts", the Company took special rectification measures, and established a working mechanism for monthly investigation and quarterly reporting on formalism and bureaucracy issues. With respect of disciplinary violations identified in the inspection, the Company implements strict punishment measures and carries out

admonitory talks. Those involved in the cases with serious implications are subject to file investigation and disciplinary punishment.

### Training and publicity

In 2023, the Company continued to carry out business ethics training and publicity activities such as integrity training for all employees, and popularise the knowledge of anti-corruption, anti-money laundering and anti-unfair competition to employees. Through platforms such as cultural corridors, plazas, gardens, and columns of integrity training, we organised "integrity micro-lectures for Employees" and disseminated "integrity public service announcement", and held warning training to carry out business ethics training for all employees, and created and maintain the Company's atmosphere of integrity. In addition, for Board members, the Company conducted five times of compliance operation training for directors, including integrity training; For the Management and personnel in key positions, the Company organised 70 corruption-warning training conferences, organised 93 corruption-warning training visits, watched 323 warning educational films, and carried out 148 corruption-warning talks. This year, the Company's business ethics training activities such as integrity training have covered all employees, part-time employees and interns.



The Company conducted warning training activities focussing on anti-corruption

<sup>2</sup> The system of "three major matters and the use of large funds" refers to the decision-making on major matters, the appointment and removal of major personnel, and the arrangement of major projects, as well as the use of large funds in all units.

### Whistleblower protection system

The Company has formulated the *Special Meeting System for the Hierarchical Rectification of Problems Found in the Inspections* to standardise the mechanism for handling problems provided by whistleblowers. Problems found would also be rectified according to the process of hierarchical management, conversation and enquiry, preliminary verification, review of cases, and collective assessment.

The Company establishes the protection mechanism for whistleblowers, stipulates that the specialised rectification personnel is responsible for the problems, and requires the relevant personnel who get in touch with the whistleblower and participate in the handling of reported incidents to strictly keep confidential about the whistleblower's information and relevant content, and prohibits anyone from retaliating against the whistleblower to effectively protect the rights and security of the whistleblower. For the violators, the Company will give criticism and training according to the situation, and serious cases will be timely reported to the superior units and judicial organs in accordance with the law.

# 2 High-quality Development

Yankuang Energy implements lean management throughout the Company, promotes intelligent and information-based development, improves product and service quality, strengthens supply chain management, and speed up high-quality development through innovative management and technological improvement.

Respond to ESG Material Issues	Product and Service, Innovation-driven, Supply Chain Management
Respond to UN SDGs	  
Respond to HKE <sub>x</sub> ESG indexes	B5 Supply Chain Management, B6 Product Responsibility

## Innovation drivers

The Company seeks breakthroughs and higher efficiency through innovation and lean management. Yankuang Energy regards independent innovation as the critical element to enhance core competitiveness and achieve high-quality development. The Company always follows the guidance of "independent innovation, key leap, supporting development, and leading the future", focuses on the safe and efficient development needs of leading industries and takes advantage of internal and external R&D resources to provide strong support for the construction of world-class, sustainable development of exemplary enterprise.

### Technological development

In 2023, the Company invested RMB 29.07 billion in R&D, focusing on the research and application of key technologies related to high-end coal mining equipment manufacturing and intelligent mining, major disaster prevention and control and high-end new chemical materials, and achieved a series of breakthroughs. The Company has obtained 30 scientific and technological achievements at the advanced or leading international level and has been awarded 48 provincial-level prizes.

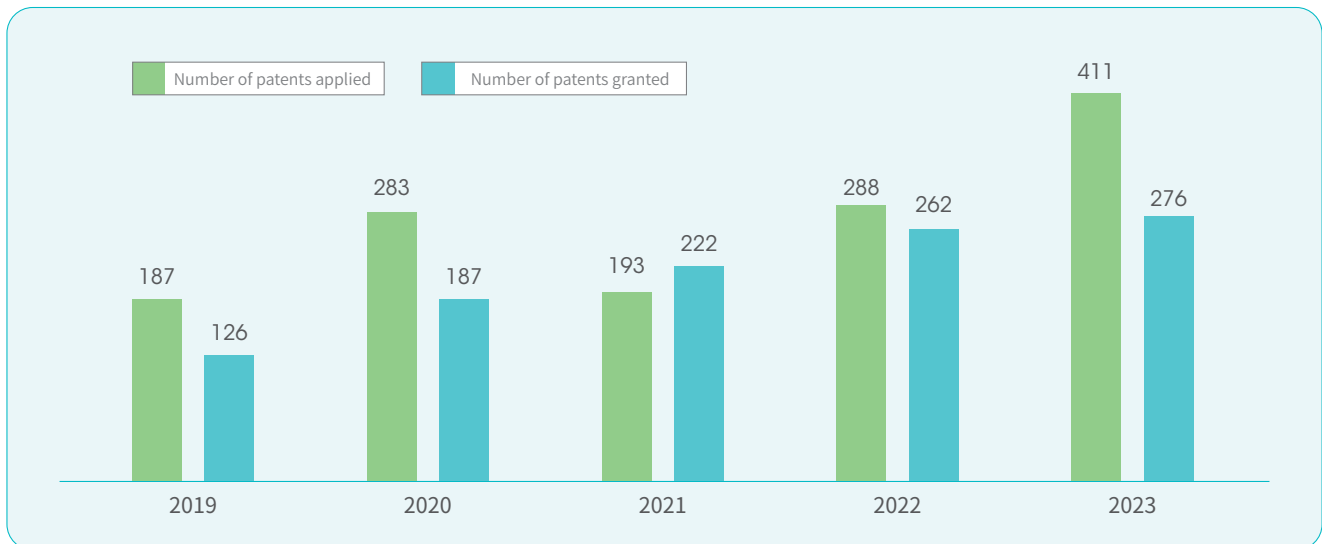
Yankuang Energy promotes the construction of high-level R&D platforms, and actively expands the collaboration with industry, academia and research. In 2023, the Company formulated and implemented the *Management Rules for the Construction and*

*Operation of R&D Platforms*, to standardise the working mechanism and guarantee measures for the construction and operation of R&D platforms. As of the end of 2023, the company owns 25 provincial-level R&D platforms: the National Enterprise Technical Center, Postdoctoral Research Station, and National Energy Coal Mine Intelligent Mining R&D Center; 1 CNAS (China National Accreditation Service for Conformity Assessment) accredited laboratory; and 18 high-tech enterprises.

### Intellectual property

Yankuang Energy strictly complies with the *Patent Law of the People's Republic of China*, implements the national standard of the *Enterprise Intellectual Property Management*, formulates internal policies such as the *Patent Management Measures*, which clearly defines the responsibilities for intellectual property management, so as to actively optimise the intellectual property management measures. In 2023, the Company submitted 411 patent applications, with 276 patents granted, including 58 invention patents, 204 utility model patents and 14 design patents. The Company also obtained 19 software copyrights.

The Company has included "trademark management and intellectual property protection" as the key content in the Company's *Legal Affairs Management Measures* to enhance intellectual property protection. In 2023, there was no intellectual property infringement occurred in the Company.



## Product and service



Yankuang Energy won the "National Quality Award" for the third time

Both quality and management are fundamental to enterprises. Yankuang Energy values quality management, and is committed to developing first-class "standards of Yankuang" and creating excellent "quality of Yankuang". In 2023, the Company continued to promote the excellent performance model and won the 20th National Quality Award, which made the Company one of the Chinese energy enterprises to have won the National Quality Award three times.

### Product quality

Committed to improving the quality of products and services, Yankuang Energy abides by the *Product Quality Law of the People's Republic of China* and other relevant laws, regulations and industry standards. We have formulated and improved the *Product Quality Management Rules and Comprehensive Quality Management Procedures* as part of our product quality management system, standardising product quality control processes and criteria. We have established raw material inspection procedures and product quality inspection mechanisms, strictly implementing all production technical indicators to ensure stable and compliant product quality.

Moreover, we regularly optimise and adjust our product portfolio, actively participate in the formulation and revision of various product standards, conduct skill training and competitions, quality month promotions, and other activities to enhance employee quality awareness and further improve product quality levels.

In 2023, the Company successfully passed the certification of ISO 9001 quality management system.

#### Coal products

The Company adheres to the concept of "Coal Quality and Efficiency" and promotes the "Three Zeroes" programme, namely zero management defects, zero product debris, and zero customer

complaints. The Company has formulated a well-rounded coal quality management system, equipped with a number of policies, such as the *Measures on Coal Quality Management and Assessment*, as well as the *Management Rules on Salable Coal Quality Management*. In 2023, the Company continued to promote intelligent construction and technology renovation projects of coal preparation plants, strengthened the technical management of the production process, improved the equipment functions to promote the intelligent construction, and conducted technical trainings. The aim was to achieve effective control of process indicators, and to increase the productivity of clean coal. This year, the Company's clean coal products continued to maintain an impurity-content rate of 1kg or less per ten thousand tonnes, with a 100% pass rate of salable coal.

#### Coal chemical products

The Company implements refined production management, standardised production operating procedures, regularly assessed production facility operation levels. The Company optimises the quality control system, strictly controls the inspection process, to continuously improve product qualification rate. Among our products, methanol meets international advanced standards and has been awarded the "Certificate for Use of International Standard Product Logo", while our general-purpose polymethylene has obtained multiple international certifications such as UL. In 2023, the company repeatedly optimised

product processes and adjusted indicators, optimised product structure, to further enhance product quality and maintaining a 100% premium product rate for our coal chemical products.



*Technical competition in Lunan Chemicals*

● Mechanical products

The Company adheres to the positioning of high-end equipment manufacturing industry, determines the key quality control

points. Led by technology, the Company formulates safeguard measures for product quality. In 2023, the Company regulated the standardised quality management process, refined the control standards of key aspects, intensified the supervision and assessment of the process, carried out activities such as "quality management innovation" and "quality improvement season", strengthened staff quality training, to complete the main quality index assessment objectives.

● Power products

The Company has deepened the professional management of power, built a lean production operation system, and promoted the safe, efficient, and stable operation of the power production system. The Company thoroughly implements the "twice-a-year inspection" for units, refines the maintenance work of equipment and facilities to ensure the continuous, safe, and stable operation of the units. In 2023, the Company had no unplanned outages.





### Service quality

In accordance with the service purpose of "customer first", the Company has developed a number of regulations and measures, including the *Management Rules of Customer Maintenance Services*, the *Management Rules for Market-oriented Operation and Management of Direct-Supply Customer Development* and the *Measures for Customer Relationship Evaluation (Trial)*, and strictly prohibited false statements or exaggerated advertising. We strengthen customer relationships by improving professional quality, optimising business processes, strengthening coal supply guarantees, leveraging synergistic benefits.

The Company takes the following measures to enhance customer satisfaction: launching online trading platforms to make transaction more efficient and transparent; establishing the dedicated manager system for customers to optimise the service level; and improving the communication ability of sales to achieve timely response to customer complaints. In 2023, the Company conducted a customer satisfaction assessment, with the satisfaction score of 100.

The Company has provided multiple communication channels to listen to customers and strengthen customer communication, and established a sound complaint handling process, which specifies the steps of data collection and transmission, condition determination, on-site verification and objection handling to resolve customer complaints, product quality objections and return requests. In 2023, the Company formulated and issued the *Management Rules for Handling Customer Complaints*, to further standardise the handling and assessment of customer complaints on coal products, and to build a mechanism for

the rapid handling and response of customer complaints with clear responsibilities and orderly coordination approaches. This year, the Company received no complaints from customers regarding products and services, and no product returns or recalls occurred.

Strictly abiding by the *Personal Information Protection Law of the People's Republic of China*, the Company ensures the safety of the business information and personal information of customers, and regulates the confidentiality behaviour. Customer service employees of the Company are required to sign the *Confidentiality Letter of Commitment*, promising not to disclose customer files, contract prices or other related information of customers without authorisation. The confidential information of customers is managed by special personnel, and view of confidential information shall be subject to approval procedures.

### Network information security

In strict accordance with the principle of combining prevention and emergency disposal and the *Cybersecurity Law of the People's Republic of China* and other laws and regulations, Yankuang Energy has established information and network security systems such as the *Management Rules for the Administration of Network Security*, and the General Emergency Response Plan for Network Security to progressively improve the policies and systems with clear workflows. The Company has set up a leading group for network security under the leadership of the CEO and built up a mechanism for risk and hidden danger investigation and management. We also deployed network security equipment, and continued to strengthen inspection, assessment, and emergency management, so as to reinforce the capacities of network security emergency response of units at all levels and dynamically safeguard our network information security.

In 2023, the Company upgraded network security protection, installed, and deployed network security equipment and systems such as intrusion prevention systems and threat monitoring and analysis systems. We also carried out regular network security supervision and assessment, organised special inspections of the network security and information-based work covering 31 subsidiaries, and carried out network security attack and defence exercises and lectures on network security, so as to effectively improve the level of information security prevention.



Service Hall

## Supply chain management

Recognising the importance of supplier management, the Company strives to create an open, transparent, and fair environment for cooperation. We continuously optimise our systematic supplier management model. While ensuring our own interests, we earnestly consider the interests of suppliers and achieve win-win cooperation with suppliers.

### Supplier access and exit

Yankuang Energy has formulated the *Supplier Management Rules* and the *Implementation Rules of Supplier Management* to strictly standardise the process of supplier access, evaluation and supervision and inspection for all suppliers and clarify the responsibilities of management departments. We incorporate supplier information into our master data management platform ("MDM"), dynamically update and maintain MDM system information in real time, continuously optimise the approval process, and effectively improve approval efficiency.

We have built up a regular appraisal mechanism for suppliers, which includes both daily dynamic evaluation and annual appraisal. With this mechanism, we carry out comprehensive appraisals on suppliers' business volume, degree of cooperation, contract fulfilment rate, delivery timeliness, product qualification rate, complaints and compliance with business ethics policies at regular intervals every year. We eliminate unqualified suppliers, and constantly optimise the supplier structure. All other things being equal, the Company will give preference to local suppliers to support the development of the local supply chain. In 2023, the Company carried out assessment on 1,394 suppliers, and all are qualified.

### Supplier ESG management

The Company integrates the concept of social responsibility into the whole procurement process, adheres to the principle of "balancing economic and environmental benefits to create a green supply chain", and adopts measures such as clear performance clauses in the green procurement contract and signing the *Social Responsibility Commitment Letter* and the *Commitment on Safety Production and Environmental Protection with suppliers*. Suppliers are clearly required to fulfil their responsibilities regarding production safety, occupational health, environmental protection and emission reduction. We prioritize adopting environmentally friendly products or services. In 2023, the company formulated a *Code of Corporate Conduct* covering all suppliers, contractors, and other partners, with the aim to enhance their competence in managing environmental and social risks.

With the help of the Enterprise Resource Planning ("ERP") management

platform, the Company aims to create an open, fair and just procurement environment, regulates business ethics, and prevents commercial bribery and other corrupt incidents. Besides, a complaint hotline has been set up. In terms of supplier training on business ethics, the Company sends an *Open Letter* to all suppliers, to make suppliers aware of the Company's relevant policies and requirements on business ethics, and asks them to make a formal commitment to follow such policies and requirements. In 2023, all suppliers made formal commitments to understanding and complying with the Company's business ethics requirements. Suppliers in violation of relevant policies and requirements will be put into a "blacklist".

The company urges suppliers to pay attention to human rights protection. We have formulated the *Code of Conduct for Security Personnel*, which clearly defines the specific responsibilities and working standards for all security institutions and personnel. Security personnel committed to conducting defensive security operations in compliance with local laws, regulations and standards, refraining from activities outside designated security areas. Regular compliance reviews of security operations are conducted in cooperation with third-party organisations.

### Supplier development






The Company has established a communication mechanism with suppliers. We communicate and share information with suppliers using multiple channels, discuss the development trend of the industry and the market, and utilise our own advantages to facilitate suppliers' progress and growth, so as to establish a harmonious and cooperative relationship with them. In 2023, the Company conducted a satisfaction questionnaire survey for more than 60 key suppliers, involving 20 aspects such as contract performance and the comprehensive quality of business personnel, which enhanced the understanding and consensus between the two sides.

The Company strictly fulfils the contracts, makes payments in accordance with the contracts in a timely manner and safeguards the legal rights and interests of suppliers. The contract performance rate of the Company in 2023 was 100%.

Number of suppliers of the Company	
Total number of suppliers	1,394
Suppliers in Shandong	630
Suppliers in other parts of China	751
Overseas suppliers	13

# 3 Green Operation

Pursuing the target of green, low-carbon and high-quality development, Yankuang Energy, guided by Xi Jinping's thought on ecological civilization, integrates the "Green Governance" concept into the whole process of production and operation, actively deepens environmental governance, concerns low-carbon development and climate change, and vigorously promotes energy conservation and emission reduction. We are committed to fulfilling the target tasks of environmental protection, energy saving, water saving and carbon emission.

Respond to ESG Material Issues	Environmental Protection Management, Energy-saving Management, Water-saving Management, Green Ecology, Response to Climate Change, Carbon Emission
Respond to UN SDGs	    
Respond to HKE <sub>x</sub> ESG indexes	A1 Emissions, A2 Use of Resources, A3 The Environment and Natural Resources, A4 Climate Change

## Environmental protection management

In strict accordance with the Environmental Protection Law of the People's Republic of China, Regulations on the Administration of discharge Permits and other relevant laws and regulations, the Company establishes and effectively operates an environmental management system, formulates and implements the Environmental Protection Management Rules and other relevant policies, and orderly promotes key environmental protection projects such as water pollution and air pollution control projects. In 2023, the Company's annual emissions of particulate matter, SO<sub>2</sub>, NO<sub>x</sub>, COD, and ammonia nitrogen reduced by 78.7%, 75.3%, 40.6%, 68.8%, 93.5% respectively, compared to the regulatory assessment indicators.

The Company organises and conducts routine and specialised environmental inspection and audit through self-inspection, engagement of third parties and cooperation with government every year. In 2023, we carried out 33 environmental inspection and audits, covering all operating units, which strongly boosted the progress

of major environmental protection projects and the elimination of environmental hazards. In terms of the annual compliance check, the Company accepted 221 ecological and environmental supervision inspections of all affiliated units by environmental protection departments at all levels of the government, covering all subsidiaries.

In 2023, the Company has established a complete environmental management system in all subsidiaries and business operation units, and successfully achieved 100% coverage of the ISO 14001 environmental management system certification. All the voluntary agreements to improve environmental behaviour signed by the Company and the environmental protection department of the government have been implemented. There was no environmental pollution incident and no punishment was received from the environmental protection supervision department for major environmental protection violations throughout the year.

### Target progress

In 2023, the "Dual Control" targets for concentration and total emissions of major pollutant were completed. Hazardous waste disposal rate, radioactive sources intact rate, the implementation rate of environmental assessment and the "Three Simultaneity" of construction projects reached 100%, and the relevant targets were also met.

### Future emission target

#### Long-term target:

- Achieve the "Dual Control" targets for concentration and total emissions of major pollutants. Hazardous waste disposal rate, radioactive sources intact rate, the implementation rate of environmental assessment and the "Three Simultaneity" of construction projects reaching 100%.
- By 2026, achieve a 3% reduction in the emissions of major water pollutants (COD) and major air pollutants (SO<sub>2</sub>) compared to 2022.
- In 2030, the comprehensive utilisation rate of coal gangue and ash will be maintained at 100%.

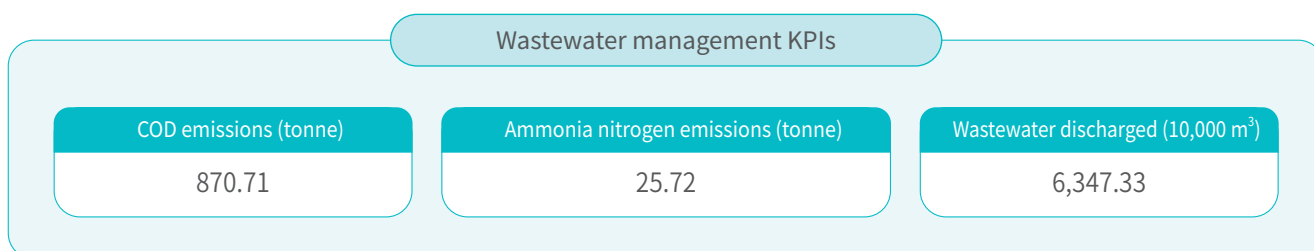
#### Short-term target:

- By 2024, achieve a 1% reduction in emissions of major water pollutants (COD) and major air pollutants (SO<sub>2</sub>) in the domestic operations area compared to 2022.

### Wastewater management

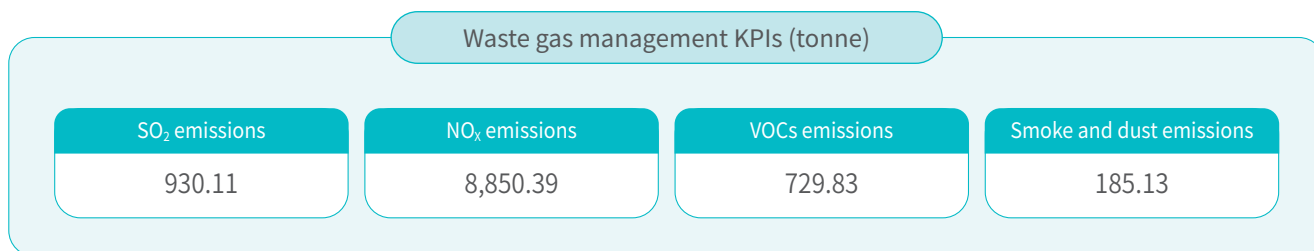
The Company's wastewater mainly derives from coal mining and coal chemical production, and online monitoring facilities are installed at all operation sites. The Company built 75 sewage treatment plants (stations) with a sewage treatment capacity of 904.4 kilotonnes per day and a sewage treatment rate of 100%. Our external drainage quality is better than the national and local emission standards.

The Company continues to implement the High-salt Mine Water Treatment Project. Most of the high-salt mine water was reused after treatment, realising the recycling of water resources and greatly reducing the impact of salt discharged to the environment. The Company also upgraded the domestic sewage treatment systems and strengthened the management of sewage discharge to avoid pollution of surface and underground water sources.



### Waste gas management

The Company's waste gas emissions are mainly from power plants, coal chemical production and some coal mine unit operations, with SO<sub>2</sub>, NO<sub>x</sub>, particulate matters and VOCs as the main pollutants. In strict compliance with the *Emission Standard of Air Pollutants for Thermal Power Plants* and the *Emission Standard of Air Pollutants for Boilers*, the Company carries out air pollution management, ensuring compliance with the emission standard.



#### Case Yingpanhao Coal Mine constructed and put into use desulphurisation equipment to reduce emission concentration

Yingpanhao Coal Mine constructed and put into use two 45-tonne/hour circulating sulphur bed boilers with corresponding desulphurisation, denitrification and dedusting systems to reduce the emission concentration of air pollutants met the requirement of the ultra-low emission standard. In 2023, Yingpanhao Coal Mine emitted approximately 33 tonnes of NO<sub>x</sub>, a reduction of 11 tonnes compared with that in 2022.

## Case

## Lunan Chemicals utilises sulphur recovery unit for acid production to recycle exhaust



Lunan Chemicals cooperated with a professional company to develop a sulphur recovery unit for wet sulphuric acid production. This unit recycles exhaust into sulphuric acid products and the by-product steam, solving the operation problem of Claus sulphur recovery unit.

*Lunan Chemicals sulphur recovery unit for acid production*

### General solid waste

The Company's general solid waste mainly includes gangues, coal ashes and slags. The Company carries out research and application of underground gangue separation, mining with filling to reduce gangue emissions at source. Meanwhile, gangues, coal ashes, slags are used for construction materials production, backfilling and land reclamation. In 2023, the Company's comprehensive utilisation rate of coal gangue, coal ashes and slags maintained at 100%.

#### General solid waste management KPIs

General solid waste generated (10,000 tonnes)	1,352.00
Density of general solid waste (10,000 tonnes/billion RMB of sales income)	11.42

## Hazardous waste

The Company's hazardous waste mainly includes used mineral oil, and waste catalysts. With a complete hazardous waste management system, the Company built hazardous waste repositories in compliance with national standards and assigned professionals to properly record hazardous waste storage and transfer. We enter into contracts with companies with hazardous waste recycling qualification, to ensure a timely and professional treatment of hazardous waste. In 2023, the Company's disposal rate of hazardous waste was 100% in compliance with laws and regulations.

Hazardous waste management KPIs	
Hazardous waste disposed (10,000 tonnes)	8.58
Density of hazardous waste (10,000 tonnes/billion RMB of sales income)	0.07

## Environmental emergency management

Based on risk assessment for environmental emergencies and emergency resource investigations, the Company developed the *Environmental Emergency Plan*, filed to the local ecological and environmental authority after being reviewed by relevant experts. The Company strictly implemented the requirements of the *Action Plan for Elimination of Heavy Pollution Weather, Prevention and Control of Ozone Pollution and Pollution Control of Diesel Trucks*, urged all relevant units to revise and improve the emergency plan for heavy pollution weather, the "one factory, one policy" emission reduction plan, and to strictly implement various mandatory emission reduction measures. This year, the Company completed the revision, evaluation and filing of emergency plans for environmental emergencies in Xinglongzhuang, Baodian, Dongtan, Yangcun, Zhaolou and Tianchi coal mines, Lunan Chemicals and Rongxin Chemicals.

### Case

#### Environmental emergency drills were carried out in Xinglongzhuang Coal Mine

To improve the ability to respond to environmental emergencies, in 2023, Xinglongzhuang Coal Mine carried out four environmental emergency drills throughout the year. It strictly enforced various mandatory emission reduction measures, and urged all relevant member units to follow the emergency list of emission reduction and the requirements of differentiated emergency control. These emergency drills improved employees' ability to respond to environmental emergencies, and the synergy between Xinglongzhuang Coal Mine and local ecological and environmental authorities.

## Energy saving management

The Company follows the national guidelines and policies on energy conservation and emission reduction, and strictly abides by the *Energy Conservation Law of the People's Republic of China* and other laws and regulations. We formulated the *Management Rules for Energy Conserving Management* and added the *Management Rules for Comprehensive Electricity Conservation and Assessment in Production Mines* and the *Management Rules for the Management of Electricity Supply and Use* this year. By doing these, we clarified the standards and requirements for energy-saving measures, supervision and inspection, and strengthened effective supervision to ensure the effective implementation of energy-saving work. The Company continuously deepens the concept of "safe energy saving, economic energy saving, system energy saving, equipment energy saving, collaborative energy saving and management energy saving", vigorously promotes energy-saving key projects, promotes energy-saving scientific and technological innovation, improves the efficiency of resource utilisation, and accelerates the construction of resource-saving enterprises. The Company set up a comprehensive power saving assessment leading group, and each production unit set up a special group to implement power saving measures and performance assessment. The leading group and the working special group are responsible for coordinating the relevant departments to promote power saving measures and forming a collaborative promotion mechanism.

The Company continuously improves the measurement system, makes full use of information technology, carries out comprehensive energy consumption analysis of the main electromechanical systems, focuses on strengthening the energy consumption management of the three links of mining production, belt transport and coal washing, and puts forward optimisation and improvement plans, to realise the double enhancement of energy saving in management and technology. The energy consumption indexes of the main hoisting system, ventilation system, pressurised air system, drainage system and other processes in each mine have reached the national level 2 standard or above. In 2023, thanks to the practice on control over total energy and coal consumption, the Company's energy consumption of industrial output of headquarter mines was 0.41 tonne coal equivalent/RMB 10,000, dropping by 26.79% compared with that of 2022, and the cost of electricity consumption was RMB 87.6 million. As such, all energy-saving assessment indicators were well accomplished.

### Target progress

In 2023, the comprehensive energy consumption from raw coal production was no higher than 3.31 kg coal equivalent/tonne, and the target has been achieved.

### Future energy saving target

#### Long-term target:

- By 2030, comprehensive energy consumption from raw coal production is not higher than 5.0 kg coal equivalent/tonne, better than the national benchmark level<sup>3</sup>.

<sup>3</sup> For 2022 and before, the Company calculated the comprehensive energy consumption of raw coal production based on the *Limit of Comprehensive Energy Consumption for Raw Coal Production* of Shandong Province. As this standard will be abolished, the Company adopts the national standard *Limit of Energy Consumption per Unit Product in Coal Well Mining* to calculate the comprehensive energy consumption of raw coal production from 2023. Due to the change in the calculation method, the new target is slightly higher.



## Energy saving projects

In 2023, the Company continued to carry out energy-saving and consumption reduction work, organised and carried out energy-saving project highlights and demonstration workshop construction activities to lead the way and promote energy-saving work comprehensively. Among them, Future Energy completed a number of technical transformation projects, such as the direct discharge of circulating water back water and the sealing gas of the synthetic workshop, generating RMB 35 million of electricity this year. The Company identified a total of 151 sets of electromechanical equipment that did not meet the requirements of the latest energy-efficiency level one by one, and is promoting the replacement of outdated electromechanical equipment in an orderly manner.

### Case

#### Future Energy realised energy saving and consumption reduction with detailed efforts

In 2023, Future Energy deeply implemented the concept of energy saving and carbon reduction. It organised 35 projects regarding saving of water, electricity, coal, gas and steam, including the implementation of a series of energy-saving technological reform measures such as the advanced control transformation of devices and the transformation of the low-temperature methanol washing series III of energy recovery. At the same time, it continuously tracked the implementation of energy saving and consumption reduction measures. By the end of 2023, the unit consumption of coal, power and fresh water decreased by 2.65%, 3.64% and 6.44% year-on-year, respectively.

### Case

#### Comprehensive mine waste heat utilisation project of Lilou Coal Mine

Lilou Coal Mine has built a system for comprehensive utilisation of waste heat resources from mine water and air compressors. Equipped with water source heat pump units, circulating water pumps and other facilities, the system replaced the traditional coal-fired boiler, saving 10,650 tonnes coal equivalent per year and significantly reducing the emissions of CO<sub>2</sub>, SO<sub>2</sub> and NO<sub>x</sub>, demonstrating significant economic, social and environmental benefits.



The comprehensive mine waste heat utilisation project of Lilou Coal Mine

**New projects**

The Company strictly follows the *Measures for the Energy Conservation Examination of Fixed-Asset Investment Projects* issued by the National Development and Reform Commission (NRDC), the *Alternative Plan for Reducing Coal Consumption* and the *Opinions on Energy Conservation Review*, and the "Three Simultaneity" system related to energy conservation in project construction. The Company also conscientiously implements the projects approved by the competent authorities and ensures that the construction project is legal and compliant. After the project is completed and put into operation, the indicators on coal consumption and energy consumption are superior to those approved by the competent authorities.

**Case** Comprehensive methane utilisation project for energy saving and environmental protection in Liuhuanggou Coal Mine

Liuhuanggou Coal Mine constructed a low concentration methane power plant, which utilises the extracted methane as fuel to generate electricity, and is expected to generate 190,000 kWh of electricity and save electricity costs by RMB 76,000. The project makes full use of waste methane energy in the coal mine, which brings significant environmental and economic benefits.



*Methane power generation project of Liuhuanggou Coal Mine*

**Supervision and assessment**

The Company strictly carries out supervision and inspection of energy conservation work such as completion of tasks, project promotion, energy efficiency benchmarking, energy consumption status and implementation of energy consumption limit standard per unit of product. We rectify the problems identified item by item and link the inspection and assessment results to the management's annual business risk collateral.

Energy management KPIs		
Comprehensive energy consumption	(10,000 tonnes coal equivalent)	1,463.41
	(1 million kWh)	119,136.36
Density of comprehensive energy consumption (1 million kWh/billion RMB of sales income)		1,005.93

## Water saving management

The Company does not have problems in seeking water sources to meet the production and living needs, and the water quality meets the appropriate standards. The Company continues to strengthen water resource management, improving water-saving management system. In 2023, we released the *Notice on Strengthening the Management of Water Withdrawal by Production Units* to clarify water use regulations for each production unit.

In order to further strengthen cost control, the Sustainable Development Committee of the Board of Directors of the Company is responsible for formulating and evaluating the water resources management strategy and performance, and sets up a cost control leading group at the management level, headed by the CEO. The cost control leading group is responsible for the overall coordination of the Company's water consumption management, the formulation of water resources strategy, major decision-making, performance assessment rewards and punishments, and the formulation of 2023 water cost targets and tasks. At the same time, we set up leading groups for water consumption management assessment at different levels, and organised each production unit to set up a special working group to strengthen the implementation of water-saving responsibilities and dynamic assessment management. In 2023, the Company further strengthened the management of water withdrawals by production units, clarified the standards and requirements for water conservation, supervision and inspection, and strengthened effective supervision.

The Company promotes reclaimed water and mine water reuse projects, increases mine water reuse efforts, vigorously promotes water-saving technology innovation, to build a water-saving enterprise. Based on the actual situation of each mine, we continue to improve the reuse rate of underground mine water, reclaimed water and other alternative water sources, to achieve zero or less water supply on the ground. We have optimised the type of water for production and domestic use, improved the water treatment process, and increased the utilization rate of water resources. By the end of 2023, the Company had implemented 14 related technical renovation projects, and completed various water-saving assessment indicators, saving 5.37 million m<sup>3</sup> of water compared with 2022.

### Target progress

In 2023, the recycling rate of mine water is 87.02%, and the related targets were achieved.

### Future water saving target

#### Long-term target:

- By 2030, the reuse rate of mine water will be no less than 85% in all cases.

### Water resource management KPIs

Total water consumption (million m <sup>3</sup> )	169.87
Density of water consumption (million m <sup>3</sup> /billion RMB of sales income)	1.43
Percentage of alternative water sources (%)	88.45

Note: Alternative water sources include reused mine water, city reclaimed water and domestic sewage, of which the percentages are: 81%, 3% and 16% respectively.

Case

Yangcun Coal Mine and Jinjitan Coal Mine adopted multiple water saving measures

Yangcun Coal Mine set up a project team to reduce the cost of water consumption, and implemented several water-saving measures with the water consumption target of 850,000 m<sup>3</sup> for the year 2023, including renovating baths and utilising reclaimed water reuse technology to reuse treated domestic sewage. In 2023, Yangcun Coal Mine saved 491,800 m<sup>3</sup> of water withdraw through these measures.

Jinjitan Coal Mine completed the construction of a deep treatment system for mine water. The system adopts the advanced treatment technology, which enables the mine's domestic water usage be fully covered by the deep-processed mine water, reducing the surface water withdrawal by about 200,000 m<sup>3</sup> per year. Jinjitan Coal Mine set up a water reuse project, which mainly collects water from the working face of the mine, and remits the water into the water supply pipeline network after treatment, realising the underground treatment and nearby reuse of mine water. After the implementation of the project, the discharge of mine water can be reduced by 3,000 m<sup>3</sup> per day.



Jinjitan Coal Mine adopts deep treatment system for mine water

## Green ecology

Yankuang Energy integrates the concept of green governance into the whole production process, adheres to the combination of utilisation and protection, and promotes ecological civilisation progress.

### Green mines

The Company does not mine in or near ecological function areas, nature reserves, scenic spots, forest parks, and conducts environmental impact assessments before project construction. Pursuant to the *Green Mine Construction Specification*, the Company focuses on the goal of building a "green mine with recycled resources, minimum energy consumption, compliant pollution emission, clean civilisation and low carbon" and explores the featured green mine construction model, to promote ecologically sustainable regional development and maximise economic and social benefits.

By the end of 2023, the Company had completed the construction of 14 green mines, including Nantun Coal Mine, Dongtan Coal Mine and Xinglongzhuang Coal Mine.

### Biodiversity

The coal mining subsidence areas resulting from the Company's operations are the primary disturbance factors to the surrounding ecological environment and biodiversity. Following the principle of "government-leading, integration of local governments and enterprises, enterprise investment, and coordinated development", the *Measures for the Implementation of the Regulation on Land Reclamation* and the *Opinions on Ecological and Environmental Protection Work*. In 2023, the Company actively explores and practices the coordinated development of coal resource development and ecological restoration and governance, solidly promoting the compensation and treatment of

mining subsidence land. In 2023, the Company completed 19 projects of comprehensive coal-mined subsidence areas for reclamation over area of 12 thousand mu with a 100% subsidence reclamation rate. By the end of 2023, the Company had completed the reclamation of 257.1 thousand mu of coal mining subsidence land in Shandong Province by commissioned treatment and self-treatment. All coal mining subsidence areas in the regions where the projects are located have been or are being effectively managed to reduce their impact on the ecological environment and biodiversity.

Additionally, based on completing stability consolidation and treatment, the Company actively supports local government departments in conducting ecological optimisation and management of coal mining subsidence areas, exploring the construction of nature reserves. The Zoucheng Taiping National Wetland Park in Shandong Province is a typical example of a newly formed wetland from coal mining subsidence. The wetland park features rivers, lakes, and marshes with rich biodiversity, including 400 species of plants across 94 families and over 30 families of animals, effectively contributing to local species conservation.

In strict accordance with the requirements of national policies, we employed third-party professional institutions to carry out environmental impact assessments and biodiversity due diligence for all operating sites, compiled biodiversity risk analysis tables, and formulated biodiversity protection action measures based on the assessment results. None of the Company's operating sites involve deforestation risks, operations during the construction and operation phases of the facility touch the national ecological protection red line, or have a serious impact on local biodiversity levels.

Potential impact	Impact description	Impact level		
		Development phase	Operation phase	Transportation phase
Animal and plant life is disturbed	Due to the increase of local vegetation removal caused by construction, air pollution, and noise pollution, animal and plant life is disturbed.	Mid	Mid	Low
Animal and plant death	The construction of the project causes ecological changes, affecting the survival of organisms.	Low	Mid	Low
Decrease in species diversity	Infrastructure, such as plant construction and operation, leads to habitat destruction and species or population reduction.	Mid	Low	No influence
Invasion of alien species	Possible accidental introduction of non-native species (including plants, pests and pathogens) during construction and operation.	No influence	No influence	No influence
Habitat fragmentation	Changes in land use and the permanent presence of facilities in natural areas can disrupt the natural connectivity of biological habitats.	Mid	Low	Low
Habitat degradation	Habitat degradation or loss due to human disturbance.	Mid	Low	No influence

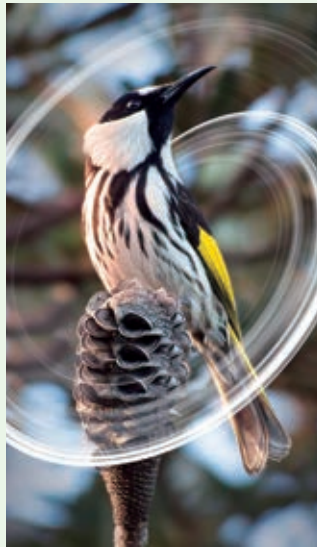
In 2023, Yankuang Australia completed a biodiversity assessment of all managed land and identified 24% of it as requiring a biodiversity compensation scheme.

Case

Yankuang Australia's Mount Thorley Warkworth Regent Honeyeater conservation programme

Yankuang Australia's Mount Thorley Warkworth site contains 4,200 hectares of biodiversity compensation and is home to the Regent Honeyeater, a critically endangered bird.

Yankuang Australia, in cooperation with universities, research institutes and the local government, has been involved in a project to improve the survival of the Regent Honeyeater in the compensated area, which resulted in good biodiversity conservation benefits. Yankuang Australia's conservation strategy is being implemented in ten other regions by organisations such as BirdLife Australia and NSW Local Land Services.



Regent Honeyeater



Yankuang Australia participated in local ecological compensation project

## Response to climate change

The global impact of climate change has become increasingly significant, and it has reached a global consensus to promote low carbon development. As a leading energy enterprise in China, Yankuang Energy pays continuous attention to the impacts of climate changes on the Company, with reference to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Specifically, we have established a governance structure, formulated response strategies, identified and assessed climate change impacts, and disclosed relevant targets and performance.

### Governance

Yankuang Energy has established the Sustainable Development Committee under the Board of Directors, whose main duties and responsibilities include: to formulate and review the Company's objectives and strategies related to climate change, to assess the climate-related risks and opportunities faced by the Company, to oversee the implementation of climate-related work. In doing so, the Company can ensure the climate change response strategy consistent with the company's strategic development direction, regulatory requirements of investors and stakeholder expectations.

### Strategy

Yankuang Energy pays great attention to climate change risks and opportunities, and is aware of the significant impacts they may have on business operations, finance, etc. The Company identified risks and opportunities related to climate change and formulated countermeasures based on the comprehensive risk management system, taking into account economic policies, societal trends, environmental requirements, business nature and geographical factors.



List of climate change risks

Risk type and description			Strategic responses
Transition risks	Policy risks	The government has formulated stricter policies and regulations to address climate change, while the "dual carbon" goals have led to tougher measures to limit greenhouse gas emissions and increased compliance operation work of enterprises; In the gradually improved trading in China's carbon market, the price of carbon trading has increased, raising business operating costs.	Pay close attention to changes in policies and regulations, and respond to compliance requirements in a timely manner; Actively carry out actions to conserve energy and reduce carbon emissions, and scale up the development of renewable energy; Be prepared for carbon market compliance.  Be engaged in the development and application of energy-saving technologies, cooperate in science and technology innovation, to reduce R&D costs.  Promote the optimal combination of coal and new energy to provide clean energy products and services.  Enhance the Company's sustainable development ability to actively respond to climate change; Improve the information disclosure to strengthen communication with stakeholders.
	Technology risks	The rapid development of energy-saving technological renovation, the operating costs of high energy-consuming technologies increased.	
	Business structure risks	Renewable energy technologies have developed rapidly, the demand for major coal products has declined.	
	Brand and reputation risks	The failure to respond to major stakeholders' climate-related expectations including the capital market causes negative impact on the brand and reputation.	
Physical risks	Acute risks	Increased frequency and severity of extreme weather will damage factories, office buildings and equipment, resulting in production operation disruption; Sudden natural disasters will threaten personnel safety and cause property losses.	Identify 16 major disaster management programmes, formulate disaster prevention and emergency response plans, and improve the dispatch command system; Improve typhoon and flood prevention facilities and strengthen the investigation of flood damage and other hidden dangers during the flood season; Purchase necessary business insurance.  Climate-related risks should be fully considered when selecting sites in coastal, hot and high water supply risk areas.
	Chronic risks	The average temperature as well as sea level rises will result in higher operating costs and cause damage to equipment and facilities; Prolonged drought may result in water stress that affects business operations.	

List of climate change opportunities

Opportunity type and description		Response strategies
Resource efficiency	More energy-efficient equipment, buildings and technologies are widely used.	Actively explore the application of new technologies, equipment and processes to increase resource efficiency and reduce energy costs; Identify and respond to supportive government policies and low-carbon projects; Put more efforts in the R&D of low-carbon technologies to provide low-carbon solutions to energy substitution; Develop renewable energy projects.
Products and services	R&D and the application of green and low-carbon products are booming.	
Market	Expanded green market demand and increased demand for renewable energy services due to shifting user preferences.	



## Risk management

Yankuang Energy incorporates climate change-related risks into its comprehensive risk management system, regularly identifying and analysing risks to comprehensively strengthen risk management.

The Company adopted qualitative analysis to determine the types of risks related to climate change and developed a list of climate change risks and responding strategies and management plans accordingly. The Company will continuously monitor and evaluate the status of climate-related risk management.

## KPIs and targets

Yankuang Energy actively responds to the national goals in advancing low-carbon development. Based on documents including the *Working Guidance for Carbon Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy* and the *Action Plan for Carbon Peaking before 2030*, the Company incorporates "carbon peaking, carbon neutrality" into the overall business development to take actions, and timely review the progress of goals and targets.

### Target progress

In 2023, the *Carbon Peaking and Carbon Neutrality Action Plan* was submitted to the relevant company meeting for consideration and the target was met.



### Future carbon emission reduction relevant target

- **By 2025:** Establish a green, low-carbon and circular industrial system. The Company's industrial structure optimisation has made significant progress, green and low-carbon development has achieved remarkable results, carbon emissions of key industrial units have significantly decreased, and the green and low-carbon technology research and application have made significant progress, resulting improved green and low-carbon support capacity.
- **By 2030:** Form a green industrial development model. The Company has made significant progress in the adjustment of industrial structure with the development of green industry. The carbon emissions reduction of key industrial units have reached the domestic advanced level, green and low-carbon technology has made breakthroughs, green and low-carbon support capacity has been significantly improved, and CO<sub>2</sub> emissions strive to reach the peak and achieve stable decline. With 2020 as the baseline year, the share of clean energy utilization is to be increased to over 10% by 2030.
- **By 2060:** a green, low-carbon and circular economic system and a clean, low-carbon, safe and efficient energy system shall be in place, energy efficiency shall reach international advanced levels, the proportion of non-fossil energy consumption shall reach over 80%, the goal of carbon neutrality shall be successfully achieved, and fruitful achievements shall be made in promoting ecological progress.

### ○ Action path of dual-carbon strategy

We integrate the goals of carbon peaking and carbon neutrality into the overall development plan of Yankuang Energy, and formulated carbon reduction plans for different phases of carbon peaking and carbon neutrality. In a short term, we will make efforts to improve energy-saving and carbon-reduction transformation, and comprehensive utilisation of resources, reduce carbon emission intensity, and optimise the structure of industries and production capacity. In the medium and long term, we will drive green and low-carbon transition, continue to promote adjustments to industrial and product structure and energy mix, enhance low-carbon technology innovation capabilities, develop clean energy, and push forward carbon neutrality demonstration.

#### "Carbon peaking" stage

**Energy-saving and carbon-reducing upgrading.** Strengthen energy-saving and carbon-reducing transformation and improve energy utilisation efficiency; promote the digital and intelligent transformation of the industry.

**Industrial structure optimisation.** Eliminate outdated production capacity, develop advanced production capacity, and promote the innovation of low-carbon technologies and digital transformation; optimise the business deployment, develop new advantageous industrial chains, and promote the development of strategic emerging industries.

**Technological innovation.** Focus on cutting-edge low-carbon, carbon sequestration, and carbon sink technologies, and strengthen the transformation of existing production technology and tackle key problems.

**Resource circularity.** Enhance the comprehensive utilisation of coal-based solid waste resources, coal mine methane, other waste materials, and resource-recycled products; promote the circular transformation of industrial sites, and strengthen the graded utilisation of energy, water resources.

**Deployment of carbon neutrality demonstration.** Promote the optimal combination of coal and new energy; plan the project of carbon sink, CCER<sup>4</sup> and CCUS<sup>5</sup>. Focus on exploring the development of carbon sinks in Inner Mongolia and Shaanxi bases, developing carbon sinks in mining areas. With the maturity of the carbon market, we will enhance the carbon reduction vitality of enterprises through market-oriented ways, and develop multiple carbon sinks in mining areas and forests.

#### "Carbon neutrality" stage

**Adjustment of industrial structure.** Continuously advance the adjustment of industrial structure, develop green and low-carbon industries.

**Technological innovation.** Aim at the forefront of the industry, fully rely on the advantages of innovation resources, explore and develop cutting-edge and innovative technologies including low carbon emission, carbon sequestration and carbon sink, foster a group of strategic emerging industry clusters to drive the green and low-carbon upgrading of industries.

**Green and low-carbon capacity-building.** Strengthen the construction of green and low-carbon infrastructure; carry out the transition of renewable energy replacement for key industries; collaboratively build digitalised green supply chain management system, energy and carbon emissions management system, and enhance the capacity building of green and low-carbon markets.

**Carbon neutrality demonstration.** Develop the clean energy industry, and achieve the integrated development of new energy and chemical industries; enhance the carbon sequestration and carbon sink capabilities; strengthen the operation and management of carbon assets.

Yankuang Energy has established a development path of carbon emission reduction for its various businesses based on above carbon neutrality and carbon peaking plans.

4 China certifies voluntary emission reductions. According to the *Interim Measures for the Management of Voluntary Greenhouse Gas Emission Reduction Trading*, the emission reduction participating in voluntary emission reduction shall be registered and filed by the competent national authorities in the national voluntary emission reduction trading register, and the registered emission reduction is called "China Certified Emission reduction (CCER)", and can be traded in the registered trading institutions.

5 Carbon Capture, Utilization and Storage refers to the process of capturing CO<sub>2</sub> in industrial production by various means and then storing or utilizing it.

### ○ Actions of dual-carbon strategy

To accelerate the achievement of carbon reduction related target, the Company has actively participated in the carbon market, laid out the construction of clean energy, implemented the strategic action path of carbon reduction, and continued to carry out carbon reduction measures.

The Company continued to improve management systems for carbon emission, carbon assets, carbon trading, and completed the construction of standardised EATNS carbon emission management system<sup>6</sup>. Its subsidiary Huaju Energy successfully passed the EATNS carbon management system certification, becoming the first batch of thermal power generation enterprises in Shandong Province and the first demonstration unit in the coal power industry to obtain the carbon management standardisation system certification.

The Company's operating coal mines are mostly low-methane mines, and such coal mining generates fewer fugitive methane emissions. The Company's high-methane coal mines recycle methane gases and use them for power generation, thereby reducing carbon emissions from methane.

The Company makes full use of the roof and idle land, applied the mode of "self-generation and self use, surplus power to the grid" and constructed a number of new energy projects, including the distributed photovoltaic projects on the roof of the Material Supply Center, the wind shaft in Dongtan Coal Mine and Baodian Coal Mine, and Inner Mongolia Mengda Railway. In 2023, the Company consumed a total of 24.59 million kWh of photovoltaic power, which is five times more than the usage in 2022, equivalent to reducing 14,023 tonnes of CO<sub>2</sub> emissions.

The centralised photovoltaic power station operated by the Company in Ordos—Fengwei Photoelectric, has an annual power generation capacity of about 160 million kWh, which is consumed by the local power grid, making positive contributions to the adjustment of the local energy structure and the development of clean energy.

#### Case

#### Distributed photovoltaic power generation project constructed in Xinglongzhuang Coal Mine

In 2023, Xinglongzhuang Coal Mine cooperated with Shandong Energy Group New Energy Co., Ltd. to build a 5.6 MW distributed photovoltaic power generation project. The project adopts the mode of "photovoltaic + ecological governance", "self-generation and selfuse, surplus power to the grid", with the generated power consumed by the mine on a priority basis. In 2023, the project generated a total of 7.71 million kWh of electricity, and it was expected to save more than RMB 4 million per year for the Company.



Distributed photovoltaic panel in Xinglongzhuang Coal Mine

<sup>6</sup> EATNS carbon management system is the group standard *Carbon Management System Requirements and Use Guidelines* led by Shanghai Environmental and Energy Exchange.

Case

Xinjiang Coal Chemicals achieved significant reductions in carbon emissions

Xinjiang Coal Chemicals Company has orderly promoted the key tasks of ecological environmental protection. In 2023, with a total investment of RMB 32 million, it carried out more than 20 carbon-reducing technology transformation projects for green and eco-friendly development, such as the upgrade and transformation for flue gas emissions of urea granulation tower and the refined management of fugitive emissions reduced CO<sub>2</sub> emissions by more than 20,000 tonnes and was awarded a number of honours and awards such as Green Factory by the Ministry of Industry and Information Technology of the People's Republic of China.

Greenhouse gas management KPIs

Total greenhouse gas emissions (Scope 1 & 2) (10,000 tonnes of CO <sub>2</sub> e)	2,209.51
Greenhouse gas emissions (Scope 1) (10,000 tonnes of CO <sub>2</sub> e)	1,755.74
Greenhouse gas emissions (Scope 2) (10,000 tonnes of CO <sub>2</sub> e)	453.76
Density of greenhouse gas emissions (10,000 tonnes CO <sub>2</sub> e/billion RMB of sales income)	18.66



# 4 Care for Employees

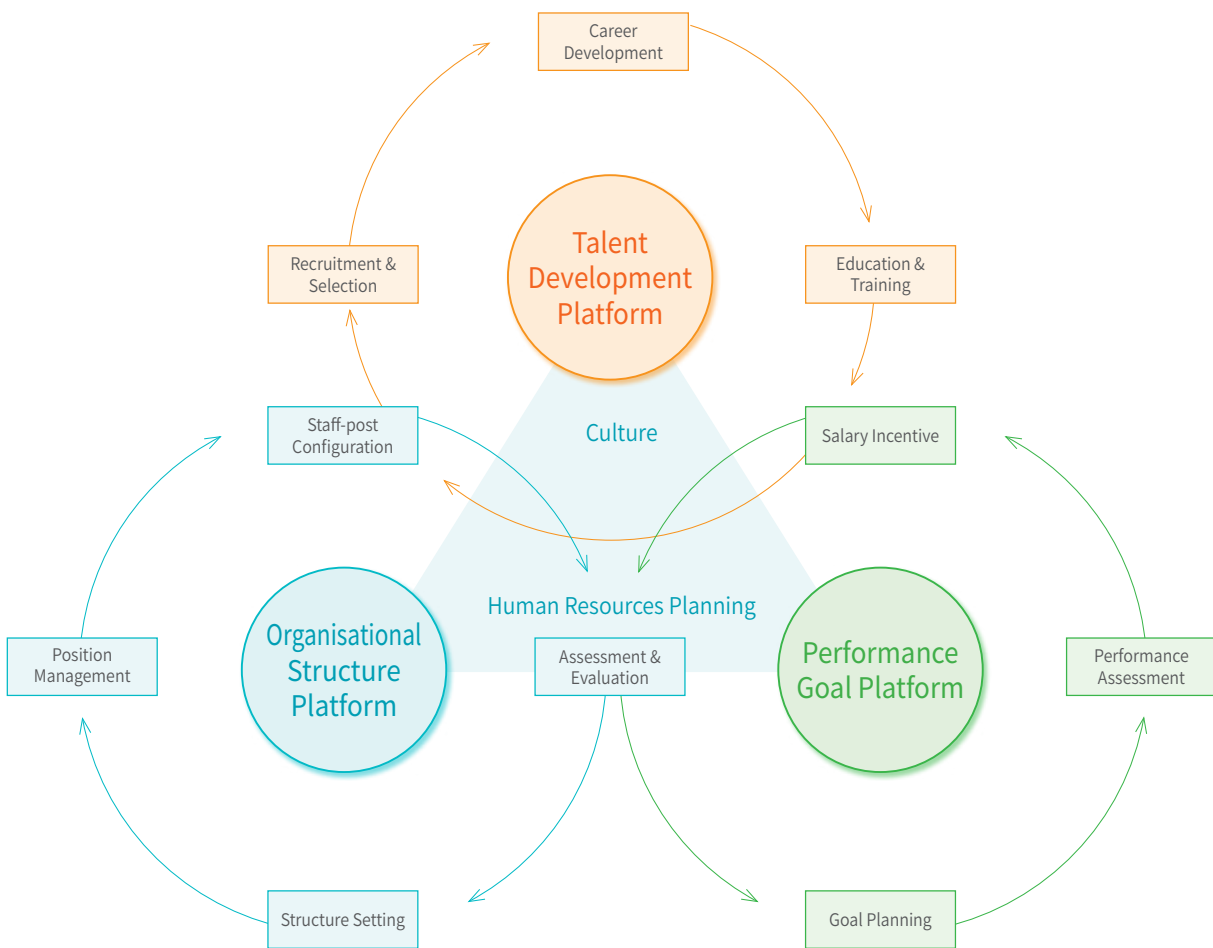
Adhering to the principle of "putting people first and brings the greatest advantages", Yankuang Energy fully implements the strategy of empowering the Company with talents, and strengthens training of talents to improve quality of workforce. The Company protects employees' rights and interests, pays attention to their production safety and occupational health, supports their development, and is committed to creating a comfortable workplace and sharing the growth achievements with its employees.

Respond to ESG Material Issues	Employee Rights, Employee Development, Employee Safety, Occupational Health
Respond to UN SDGs	    
Respond to HKE <sub>x</sub> ESG indexes	B1 Employment and Labour Practice, B2 Health and Safety, B3 Development and Training, B4 Labour Standards

## Employee rights

The Company strictly complies with the *Labour Law of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of the Rights and Interests of Women*, the *Provisions on Prohibition of Child Labour*, and other relevant laws and regulations. We continue to formulate and keep improving the employment management system, optimise the supervision and management system of employees' rights and interests, and establish an effective employee security system to protect their legitimate rights and interests.

## Human resource management system





Job fair for college graduates

## Employment

### ○ Talent recruitment

We value talents and spend great efforts on talent recruitment. Talents are introduced through channels such as campus recruitment, regional recruitment and internal staff adjustment. In 2023, we optimised the allocation of human resources, accepted 353 university and college graduates. The Company prioritises local employment by hiring local residents as much as possible in production and operation process to further boost local employment and economic development. In 2023, the local employment rate was 92.4%.

### ○ Contract management

The Company strictly abides by the *Labour Contract Law of the People's Republic of China* and other relevant national laws and regulations, and signs labour contracts with all employees in accordance with the principle of equality and voluntariness and consensus, specifying employment terms, such as contract period, working hours, workplace, job type, rest, vacation, remuneration, and benefits. The labour contracts are submitted to local labour and employment departments for examination and record in a timely manner to ensure the legal validity. In 2023, the Company's labour contract signing rate was 100%. 100% of the labour employment records were filed, and 100% of employees signed the collective contract.

### ○ Labour standards

The Company strictly implements national laws and regulations, and organises the recruitment work in a unified manner, to effectively avoid the potential labour risks of the independent recruitment of the units. In recruitment, the Company strictly reviews qualifications, focusing on the

verification of valid documents such as identity cards and household registers of applicants, so as to eliminate unlawful recruitment from the source. If child labour or forced labour is found, the Company will deal with it seriously according to relevant laws and regulations. In 2023, no unlawful recruitment was found within the Company.

### ○ Anti-discrimination

The Company is committed to creating an open work environment and providing equal employment opportunities. Discrimination based on gender, race, disability, age, religion, sexual orientation, national origin, or family status in employment, training, salary, promotion, and other labour affairs and daily practices is strictly prohibited. In 2023, no discriminatory incident occurred in the Company.

## Protection of rights and interests

### ○ Remuneration and performance

The Company continues to improve its remuneration system, strictly abides by the requirements of laws, regulations and normative documents, and formulates internal policies such as the *Contractual Management Rules for Manager System*, the *Wage Distribution Guide* and the *2023 Safety and Environmental Performance Assessment Scheme*. The Company adopts flexible and diversified forms of distribution such as the piece-rate salary system, hourly wage system, and market-based assessment salary system, and promotes salary distribution towards key skill positions and high-level skilled talents. Our performance appraisal and compensation incentive policies covers all employees, including senior management, headquarters employees, management and technical personnel, and workers of subsidiary companies.

**Senior management staff** are subject to performance appraisal and incentive mechanism combining annual salary, safety and environmental risk deposit, and special contribution rewards, which integrates the performance evaluation of management with the Company's economic benefits and sustainable development benefits. The Company directly evaluates the performance and achievements of senior management based on relevant business operation indicators as well as safety and environmental management standards, determining their annual remuneration amount accordingly.

**Employees at the headquarter** are subject to performance appraisal based on the progress of work objectives set by the functional departments and safety and environmental outcomes. The Company distributes rewards to them based on departmental assessments, and determines the annual remuneration amount.

**Management and technical personnel of subsidiary companies** are subject to the completion of departmental business operations as well as safety, environmental and other targets. Different position levels receive varying degrees of rewards based on the evaluation results, which also determine their annual remuneration amount.

**Workers of subsidiary companies** are subject to market-oriented distribution system such as piece-rate salary system. The Company evaluates workers' performance based on their work completion status, providing different levels of rewards based on the evaluation results and determining their remuneration amount.

In 2023, the percentage of employees covered by the Company's performance incentives was 100%.

### ● Share incentive

The Company deepens the reform of the remuneration system and regulations like the *Administration Measures for Equity Incentives of Listed Companies* and the *Trial Measures for Implementation of Equity Incentives in Domestic Listed Companies with State-Controlled Shareholdings* that promote the share incentive plan targeted at employees at all levels including board directors, middle and senior management personnel and core leading members (including core technical personnel, core skill personnel, and core business personnel), among which some core skill personnel are skilled workers from the production frontline. As of December 31, 2023, the number of shares granted under the *Restricted A Share Incentive Scheme* reached a total of 89.94 million shares and the actual number of incentive recipients totalled 1,219. Focusing more on core technical leading members, the plan enables fully mobilising the management team and cadres and strengthens the Company's market competitiveness and capabilities for sustainable development.

At the same time, in the *Announcement on Adjusting the Company's 2021 Restricted Stock Incentive Plan* issued in 2022, the Company clarified this incentive plan has lock-up periods

of 24 months, 36 months and 48 months respectively from the date of completion for each incentive level. Annual performance evaluations are conducted during the lock-up periods, with achievement of the Company and individual performance targets as the condition for lifting the lock-up. Additionally, the document clearly stipulates relevant repurchase principles for restricted stocks, stating that in the event of company irregularities or changes in the incentivised individual's circumstances (including but not limited to position changes, termination of labour relations with the company, violations of laws or disciplines, damage to the Company's reputation, failure to meet Company or individual performance targets, etc.), the restricted stocks for that period shall be repurchased and cancelled by the Company, with the repurchase price determined based on specific situation. During the reporting period, the performance assessment results of 6 incentivised individuals did not meet the Company's requirements, and 16 incentivised individuals no longer met the incentive conditions due to job transfers and other reasons. The aforementioned 22 incentivised individuals had been granted but not yet vested restricted shares amounting to 1.4 million shares, which have been repurchased and cancelled.



## ○ Welfare treatment

The Company provides rich welfare protection for all employees, covering directors and supervisors, management, headquarters employees, management and technical personnel, and workers of subsidiary companies, to safeguard their rights and interests and ensure that every employee has the right to enjoy benefits such as welfare subsidies, living entitlement, employee activities, paid leave, and maternity support.

### Benefits and Allowances

**Festival Allowances:** Distributing festival and holiday allowances.

**Work Allowances:** Providing allowance for high summer temperatures, night work, seniority, team leader, and toxic and hazardous positions.

**Living Allowances:** Providing subsidies for housing, families with disabilities, marriage and childbirth.

### Living Security

**Social Insurance:** Basic pension insurance, basic medical insurance, supplementary medical insurance work-related injury insurance, maternity insurance, unemployment insurance, and housing provident fund.

**Retirement Benefits:** Ensuring smooth processing of early retirement applications for special types of work, sick, retirement, etc. Timely distributing pensions, medical insurance, housing subsidies, and other benefits for retirees, together with regular visits and festival benefits to support them enjoy the retired life.

**Rehabilitation and Recuperation Activities:** Established a safe responsibility system to ensure the smooth implementation of recuperation and vacation activities. In 2023, a total of 6,007 employees participated in these activities.

**Health Activities:** Providing employee psychological counseling services and physical examination services.

### Employee Activities

**Holiday Activities:** Organising activities during traditional festivals such as Spring Festival, Mid-Autumn Festival, and Dragon Boat Festival.

**Cultural and Sports Activities:** Hosting employee cultural and artistic festivals, table tennis tournaments, badminton competitions, calligraphy events, and other performances and recreational activities.

### Paid Leave

Strictly implementing the national working hour system and providing employees with paid leave in accordance with regulations, including legal holidays, annual leave, marriage leave, family visit leave, bereavement leave, maternity leave, sick leave, and work-related injury leave.

### Childbirth Support

**Childbirth Leave:** Providing employees with maternity check-up leave, maternity leave, breast feeding leave, parental leave, and paternity leave in accordance with legal regulations.

**Maternity Insurance:** Timely and full payment of maternity insurance for employees.

### ● Democratic communication

The Company collects employees' opinions and suggestions through multiple channels such as the Employee Representative Assembly, the complaint and request handling office, the committee for the mediation of labour disputes among employees, and democratic discussion meeting, so that it can guide and encourage employees to express their demands rationally and resolve labour disputes and conflicts in a timely and effective manner. In 2023, the Company held the Employee Representative Assembly, where the representatives fully discussed topics including corporate operation, production safety, innovative development and democratic management. Moreover, reports on wage distribution and the performance of collective contracts were deliberated and approved at the meeting. The Company implements the systems regarding transparency of Company affairs, inspection and democratic evaluation by employee representatives, and equal consultations. Through channels such as Employee Representative Assembly, bulletin boards, the Company's TV station and website, we guarantees employees' rights to be informed, express, participate, consult, and supervise matters concerning their interests, including salary, welfare treatment, labour safety and health, and social insurance, thereby promoting democratic decision-making within the Company.

The Company continues to strengthen the labour legal supervision of the labour union, establish the Labour Legal Supervision Committee of the labour union on compliance with labour laws and regulations, enhance the quality of supervision workforce, and develop a mechanism for employees to participate in the whole process of safeguarding rights and interests. Leaders at all levels of the Company go deep into the grassroots, listen carefully to employees' opinions and suggestions, and grasp demands of the employees in a timely manner, so as to improve employee satisfaction. In 2023, the Company conducted a survey of employee satisfaction, and the overall satisfaction exceeded 90%.

### ● Female employees' rights and interests

The Company abides by the *Law on Protection of Women's Rights and Interests*, the *Measures for Labour Protection of Female Employees in Shandong Province* and other related laws and regulations, and signs with female employees the *Special Collective Contract for the Protection of Female Employee's Special Rights and Interests*, so as to ensure the rights and interests of female employees are effectively protected in terms of working environment, the protection for them during pregnancy and maternity, and the prevention of sexual harassment in the workplace.

#### Case

#### Yancoal Australia promotes diversity hiring and emphasises protection of female employees' rights and interests

Gender equality is a key focus area of Yancoal Australia. The Nomination and Remuneration Committee reviews the proportion of female employees annually and submits a survey report to the Board of Directors, and actively targets the recruitment of female operators.

Yancoal Australia actively participated in the Women in Mining Mentor Program at its locations, and internally developed and implemented a three-year Inclusive Leadership Program celebrating diversity-focused events (e.g., International Women's Day, etc.) to support the development of female employees and improve the status of women in the mining industry.



#### ○ Human Rights Protection

The Company is committed to protecting human rights in accordance with internationally recognised standards such as the *Universal Declaration of Human Rights*, the *UN Guiding Principles on Business and Human Rights*, and the *Voluntary Principles on Security and Human Rights*. We promote anti-violence and anti-conflict measures. In 2023, the Company formulated the *Code of Corporate Conduct* covering all employees, making a clear commitment to assess human rights impacts and risks, actively prevent potential violence and discrimination in the workplace and business conduct, and establish comprehensive response procedures to resolutely prevent any acts that may infringe upon human rights, fully respecting and protecting human rights in our operations. The Company provides annual human rights protection training for all employees, improving their awareness of human rights protection.

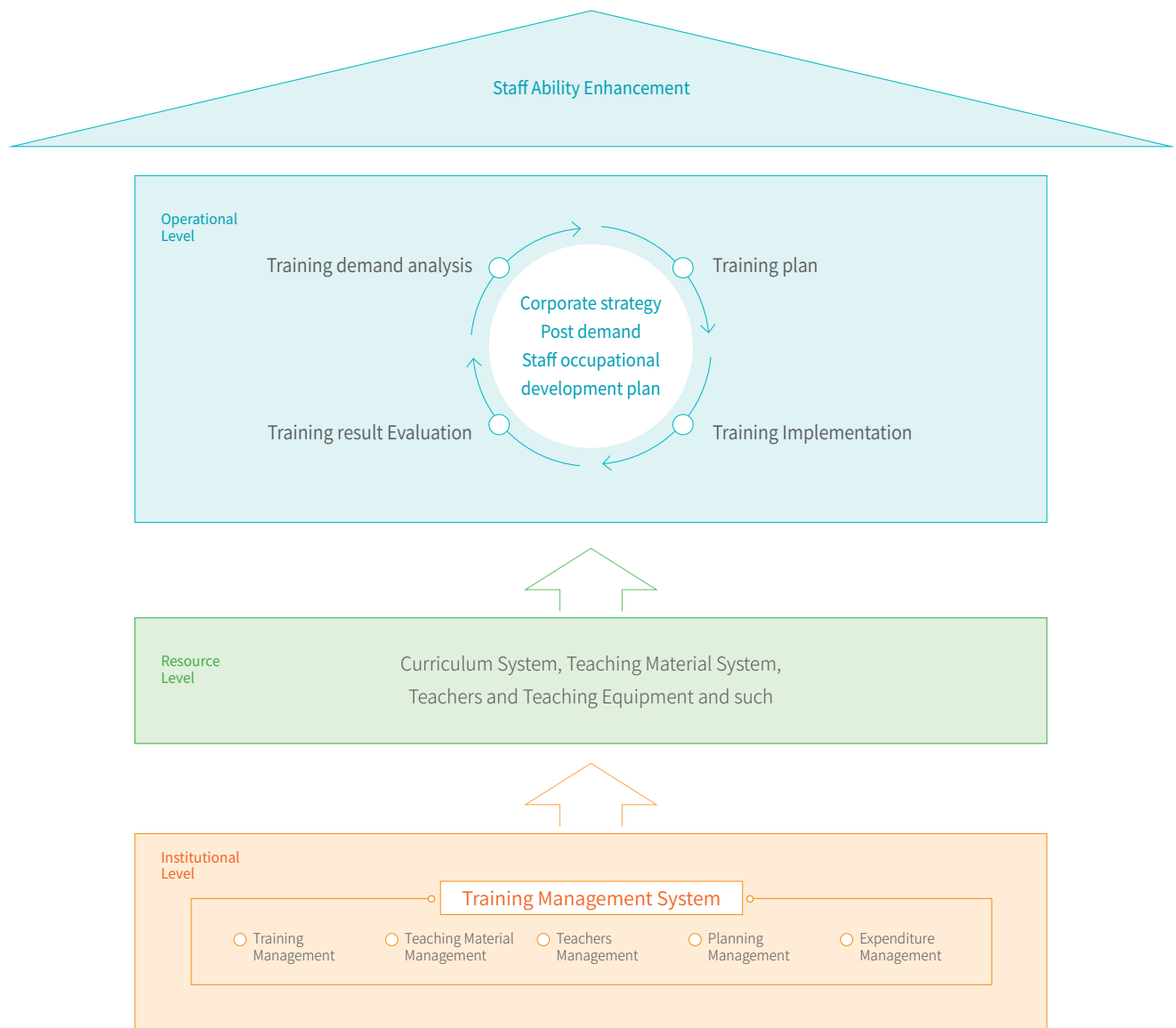
The Company conducts annual evaluations on the effectiveness of human rights protection in relation to its business activities and operations, promptly identifying potential human rights risks in new businesses and projects, and reporting to the risk committee. The evaluations are carried out through questionnaire surveys, interviews, document reviews, and on-site inspections, with frontline workers accounting for no less than 10% of questionnaire respondents or interviewees. We ensure all evaluation data is anonymised, strictly protecting the information of respondents throughout the process. Meanwhile, the Company improves its human rights policies and management approaches based on the survey results, requiring relevant departments or units with identified issues to undergo rectification and effectively safeguard employee rights and interests.

# Employee development

The Company built up an training management system with clear responsibilities, specified talent development targets, smoothed the channels for talents, and optimised the talent evaluation mechanism, spending continuous efforts in all aspects to introduce, cultivate and retain more talents, so as to release the vitality of talents in innovation and improved the professional quality of employees.

## Employee training

Adhering to the principle of "fulfilling our duties and putting into practice what we've learned", the Company adopts a three-level training system that covers systems, resources and operations. In 2023, the Company formulated multiple employee training polices, such as the *Management Rules for Employee Training (Interim)*, the *Training Assessment Management Rules* and the *Training Information Scheduling Policy*, established the Training Management Committee, developed an training management structure of "Three-level Engagement and Four in One", and formed a hierarchical training management model with clear responsibilities.



The Company prepares annual training plans and allocates a vocational education fund for staff training. As for internal training, units at all levels of the Company build training and practice bases according to their business characteristics to carry out reasonable and adaptive training, and strengthen the pooling and sharing of resources. As for outsourcing training, the Company sends middle and senior management to high-quality training bases for training, which has improved the comprehensive quality and duty performance of the cadre team. In addition, the Company encourages employees to spend their spare time to participate in education and training activities for higher degrees, qualifications and promotion, which can improve the comprehensive quality of the workforce.

In 2023, Yankuang Energy gave full play to the core role of education and training in passing on corporate culture, empowering workforce and extracting knowledge as assets, with off-job training courses of various forms taken by over 143 thousand employees, including trainings on management, safety, technics, skills, job transition, etc. All units of the Company conducted training for 130 thousand participants via online platforms such as Shandong Energy E-learning and China Coal Distance Education Network (CCDEN).

Proportion of employees trained

100%

Average training hours of employees

36.01 hours

### Employee promotion

The Company adheres to a dual-pronged talent strategy that combines external recruitment with internal cultivation, refined three promotion channels based on management, technology, and skills, and further improved the selection system for young cadre. For the internal vacancies of management and technical posts, the Company selects candidates through open competition. Team leaders who perform well can be promoted directly to management positions, which provides a promising prospect for employee career development.

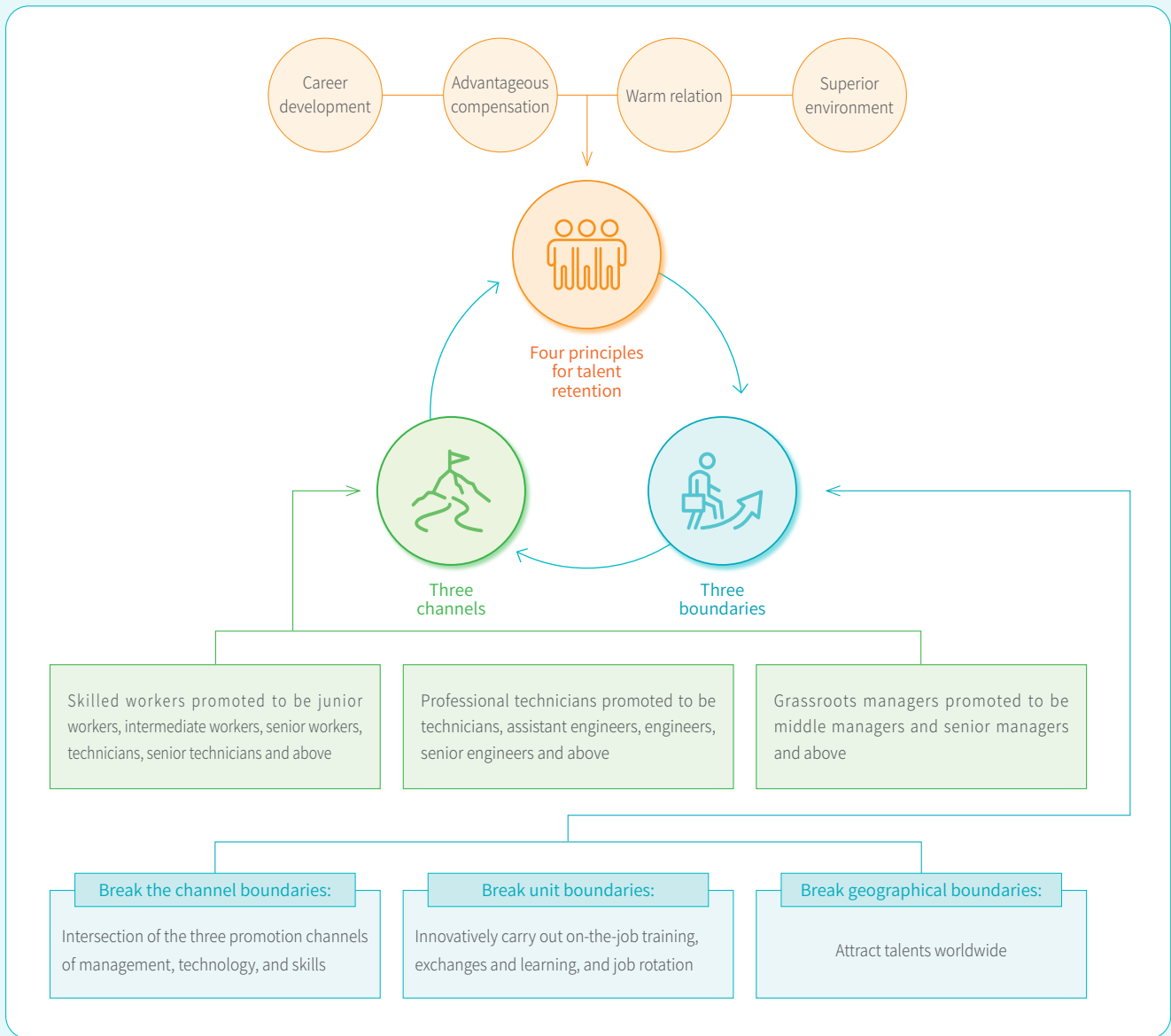
Centred around its development strategy and industrial layout, the Company has built talent pools at senior, intermediate, and junior levels for different professions such as engineering technology and human resources, and has improved the measures for the management, use and assessment of talent pools. The Company has innovatively carried out post-exchange training between functional departments of headquarters and grassroots subsidiaries, enriched employees' job experience, improved their comprehensive quality and cultivated a group of industry-leading talents mastering various specialised skills. In 2023, the coverage rate of the democratic and public promotion system for selecting middle-level management personnel of the Company was 100%, and the coverage rate of the competitive recruitment system for management and technical personnel reached 100%.

The Company focuses on the frontline operating position employees, carrying out regular activities such as skill competition, occupational

skill appraisal, and occupational title review, and comprehensively opened up promotion channels for skilled talents. In 2023, there were several employee awarded honors, including 1 Taishan Industry Leading Talent, 1 Qilu Chief Technician, 3 Skilled Masters of Coal Industry, 1 person entitled to special government allowance of the State Council, and 6 people selected as the first batch of Chief Technicians of Shandong Province selected by Shandong Energy (a total of 7 people on the list). We organised more than 530 sessions of labour competitions, technical competitions and other activities to provide employees with rich exchanges and learning opportunities and growth platforms.



Yingpanhao Coal Mine Upskill Competition



Case

Yangcun Coal Mine's "Gold Blue-Collar" Talent Development Program

Yangcun Coal Mine places great emphasis on cultivating highly skilled talent. It has established a dedicated "Gold Blue-Collar" project taskforce led by the mine manager, adopting a mentor-apprentice model of "one coaching one" or "one coaching two". In 2023, the talent development program covered 9 units across 13 professions, providing tailored development plans for 26 highly skilled employees.



Yangcun Gold Blue-collar Talent Development Program

## Care for employees

### ● Cultural and sports activities

The Company held the Spring Festival Gala, the Employee Culture and Art Festival, the Employee Table Tennis Competition and the Employee Badminton Competition, built "Bookstores for Employees", "Fitness Centres", and "Basketball and Badminton Gyms", and organised 334 cultural and sports activities of various kinds, covering 47,000 employees. These diverse forms of cultural and sports activities have enhanced employees' comprehensive quality and group cohesiveness, promoted corporate culture and met the spiritual and cultural needs of employees.



Spring Festival Gala



Calligraphy Activity



Employee Table Tennis Competition

Care and compassion

The Company always cares for what employees think and want, and extensively carries out caring activities such as consolation to employees, such as "Golden Autumn Student Aid", serious disease aid, "Surrogate Support for the Elderly", "Loving Mothers", and "Parent-Children Education". In 2023, the Company built an employee service system focusing on conducting targeted assistance and providing inclusive services, guided primary-level units to convey 2,019 heartwarming services, visited more than 4,650 individuals in need, and supported 167 students, with RMB 3.676 million of condolence payments and student subsidies distributed.



Visiting employees with difficulties



Zhaolou Coal Mine organising heart-warming activity on Winter Solstice

Case

Jining II Coal Mine's "Heart-Warming Classroom" brings joy to children and peace of mind to employees

In 2023, Jining II Coal Mine continued to offer the "Heart-Warming Classroom" programme during summer vacations, providing childcare and homework assistance services for the children of single-parent families and employees stationed away from home, easing employees' concerns and allowing them to work without distraction.



Painting showcase of Jining II Coal Mine's heart-warming classroom



Interactive games of Jining II Coal Mine's heart-warming classroom



## Employee safety

The Company firmly sticks to our safety red-line and operation bottom-line, strictly abides by the *Law of the People's Republic of China on Work Safety* and other related laws and regulations, formulates safety management objectives, carries out safety risk identification and assessment, and strengthens production safety management measures. We always prioritise employee safety, striving to eliminate safety accidents and events with significant social impact.

Safety KPIs	
Work-related deaths (person)	0
Proportion of work-related deaths (%)	0
Lost days due to work injury (day)	1,155

### Production safety

The Company has built a complete management organisational structure, and continuously improves the production safety responsibility system for all employees. The Production Safety Committee is the Company's highest governing body for safety management, chaired by the CEO. It is responsible for deploying and supervising the Company's production safety work, including establishing the safety management system, formulating and monitoring the implementation of safety work plans, staffing safety management personnel, formulating and implementing emergency response plans, and making major decisions on safety investment, accountability, assessment, and incentives. The Company has 10 safety production management bodies, such as the Safety Supervision Department and the Dispatch Control Center, responsible for safety management, dispatch, emergency response and related tasks.

#### Target progress

In 2023, there were zero fatal accidents or exceptionally severe non-fatal accidents in mines, and zero severely injured accidents or Class 1 non-fatal accidents in surface units and construction projects for all employees and contractors, meeting the relevant targets.

#### Future production safety target

##### Long-term Target:

- Eliminating fatal accidents for all employees and contractors, with an annual injury rate maintained below 0.05% and an annual severe injury rate maintained below 0.003%.

### ● Dual prevention mechanism

The Company has formulated the *Management Policy for the Dual Prevention Mechanism of Classified Safety Risk Control and Hidden Hazard Detection and Control* and related policies, identifies and assesses various major risks, and establishes control and emergency plans, to realise the organic integration of risk classification management and hidden danger investigation and management. The Company conducts monthly and quarterly inspections of safety risk identification and hazard investigation and rectification efforts in each unit. After the risks and hazards have been addressed, a comprehensive assessment and acceptance of the rectification effects is carried out to achieve closed-loop management. In 2023, the Company organised specialised safety rectification activities in all mines to prevent accidents caused by ventilation issues, gas hazards, spontaneous combustion, coal dust explosions, and other major hazards, achieving an effective risk control rate of 100% in mines.



*Luxi Mining conducted thorough inspection*

### ● Safety emergency management

The Company has put in place policies such as the *Emergency Plan for Production Safety Accidents* and the *Management Measures for Emergency Respons*, improved the emergency work system, built a comprehensive emergency rescue team, and ensured reasonable,

sufficient and disposable on-site equipment and supplies. The Company regularly organises emergency practice drills for situations such as disastrous weather and mine water accidents, and carries out practical assessments and operational quality tests to enhance emergency management capacity. In 2023, the Company carried out 1,042 emergency drills for various scenarios with 30,000 participants.



*Emergency Practice Drill in Jinjitan Coal Mine*



*Emergency Practice for Production Safety in Baodian Coal Mine*

### ● Safety supervision assessment

The Company has optimised policies such as the *Management Rules for Grid Management of Production Safety* and the *Security Assessment Implementation Approach* to strengthen safety assessment and supervision. The Company has established 13 professional assessment

teams, adopts measures such as on-site inspection, communication, reverse inspection and backtracking, and keeps implementing the "1+1+1+N"<sup>7</sup> inspection mechanism to carry out comprehensive safety inspection and assessment. Rectification within the specified time limit shall be implemented by the relevant responsible department for any problems identified in the inspection. The Company also conducts safety performance assessment and production safety innovation and efficiency reward for management and functional departments of the headquarter.

In 2023, the Company expanded the scope of assessment, incorporating production units of the third-tier companies and direct subsidiaries for production safety in the assessment, developed differentiated assessment standards, and clarified the necessary safety KPIs. During the year, the Company completed 22 safety inspections and comprehensive evaluations, 18 unannounced night inspections, 12 rock burst prevention inspections and more than 2,000 specialised inspections.

#### ○ Management of contractors

The Company has formulated policies such as the *Regulation to Standardise the Safety Management of Outsourced Construction* to regulate the safety management for external personnel regarding policy, process, responsibility and assessment. The Company strictly reviews the qualification of external personnel such as construction and maintenance staff and signs production safety management agreements with outsourced construction companies, requiring them to provide safety training, protective equipment and corresponding insurance for personnel, as well as supervising the implementation of safety measures to fulfil their responsibilities on safety management. The Company identifies the risks and hazardous factors existing in each outsourced project, arranges on-site supervision or inspection in time, and imposes financial penalty, rectification within a certain period of time, suspension for rectification and other measures on the detected irregularities or hidden hazards.

#### Safety training

The Company has enhanced safety training at all levels, and developed the *Safety Training Management Policy* and the annual safety training plan. The Company gives multi-channel and high-quality trainings to effectively improve production safety and management capabilities of personnel at all levels. In 2023, the Company completed training for "personnel in charge of the three posts"<sup>8</sup>, underground team leaders, and general practitioners. The participation rate, training passing rate and certificated employment rate all reached 100%.

**Carry out "Production Safety Month" activities:** We developed and implemented the activity programmes and successfully organised 33 safety publicity and training activities across 6 major categories, including the "June 16th Publicity Day".

**Provide online special training:** We conducted online special training via the Shandong Energy E-learning platform, including trainings about the new *Law on Work Safety*, lessons learnt from accidents, and rules for production safety. Online exams were also arranged.



Production Safety Month in Xinjiang Neng Hua

<sup>7</sup> That is, conducting full-coverage inspections every six months, unannounced night inspections and rock burst prevention inspections at least once a month, and numerous specialised inspections.

<sup>8</sup> The three posts mean the main principals of production and business units, safety management personnel and special operation personnel.

## Occupational health

The Company strictly adheres to the *Prevention and Control of Occupational Diseases Law of the People's Republic of China* and other laws and regulations. We continuously improve the *Responsibility System for Safe Production and Occupational Disease Hazard Prevention and Control for All Employees* and the *Responsibility System for Occupational Disease Hazard Prevention and Control*. These outline prevention and control measures for occupational disease hazards such as dust, noise, high temperatures, and toxic and harmful gases, as well as standardised management of personal protective equipment issuance and usage.

### Target progress

In 2023, the Company successfully obtained the ISO 45001 Occupational Health and Safety Management System certification, and the incidence of occupational disease per thousand employees was 0%, meeting the relevant targets.

### Future occupational health target

#### Long-term Target:

- Each year, all of the Company's production and operation sites obtain ISO 45001 Occupational Health and Safety Management System certification, with the incidence of occupational disease per thousand employees below 0.5%.

The Company has conducted measures such as notifications of occupational disease hazards, set-up of warning signs, daily monitoring, regular reporting, and other protective measures. It also carried out relevant assessment and formulated the *Workers' Occupational Health Surveillance and File Management System*, setting up a "dual prevention" system of occupational disease hazards, and established employee electronic surveillance files based on the principle of "one file for one person". The Company insists on declaring occupational disease hazards, and actively organises occupational health examinations and health recuperation for underground employees. In addition, the Company has entrusted qualified technical service agencies to identify occupational disease hazards at least once a year and assess the current occupational disease hazards at least once every three years. The Company tests the effectiveness of prevention and control of occupational disease hazards through comprehensive, targeted, regular and random checks. In 2023, the occupational health

examinations and screenings covered all employees, and there was no incidence of occupational disease at the Company.



Examination for occupational health in Zhuanlongwan Coal Mine

# 5 Social Responsibility

Yankuang Energy is committed to improving people's livelihoods and achieving common prosperity. The Company actively fulfills its social responsibility, gives full play to its advantages for rural revitalisation, and provides community care to bring warmth to numerous families.

Respond to ESG Material Issues	Care for Community, Rural Revitalisation, Energy Supply Security, Emergency Relief
Respond to UN SDGs	    
Respond to HKE <sub>x</sub> ESG indexes	B8 Community Investment

## Rural revitalisation

Following the national strategic deployment of rural revitalisation, the Company deepens cooperation between local governments and enterprises, drives local development, and consolidates and expands the results of poverty alleviation through organisational revitalisation, industrial revitalisation, cultural revitalisation, and ecological revitalisation, so as to successively push forth the development of areas that have alleviated poverty and promote rural revitalisation.

**Organisational revitalisation:** The paired assistance is included in the Company's annual work plan to develop the annual and medium-to-long-term assistance plans. The Company has appointed dedicated personnel to strengthen communication with villages and towns under assistance. They conducted field visits to rural households and adopted approaches according to local conditions and specific needs.

**Industrial revitalisation:** The Company promotes the village-enterprise construction programs and promotes the sales of agricultural products from paired regions through "purchase instead of donation", "procurement instead of assistance" and many other ways. In 2023, Future Energy donated RMB 1.6 million to build elderly service centers and greenhouses. It has motivated its managerial and technical staff to become the registered members of the e-commerce platform "High-quality Products from Yuyang", and to encourage their friends and relatives to assist poor regions by consumption.

**Cultural revitalisation:** The Company contributes to rural cultural development and increases investment in promoting civilization in the new era by sponsoring concerts and other public cultural activities. In 2023, Luxi Mining funded the "Grand Era" New Year Music Concert in Heze City. Rongxin Chemicals donated RMB 1 million of scholarship fund to the People's Education Foundation of Dalad Banner.

**Ecological revitalisation:** With great concerns about the natural environment and living conditions of rural residents, the Company actively promotes the ecological conservation in rural areas by participating in afforestation and strongly supporting greening projects to build green corridors. In 2023, Yingpanhao Coal Mine donated RMB 7.91 million to Uxin Banner for water-saving irrigation and afforestation. It also provided RMB 4.85 million of support fund to Galutu Town for projects including environmental optimisation and improvement of agricultural and livestock industries, so as to create a better rural environment together with local residents.

### Case

#### Jinjitan Coal Mine supported the rural revitalisation

In 2023, Jinjitan Coal Mine provided industrial assistance to three impoverished villages in Zizhou County, Yuyang District of Yulin City to expand channels for villagers to increase income. The Company donated baby chicken worth RMB 60,000 to poverty-alleviated households and monitored households in Shaping Village, Lixiaohe, Zizhou County. A total of RMB 1.26 million of donation to support assistance projects involving local governments, charity associations, and elderly service centres was made.

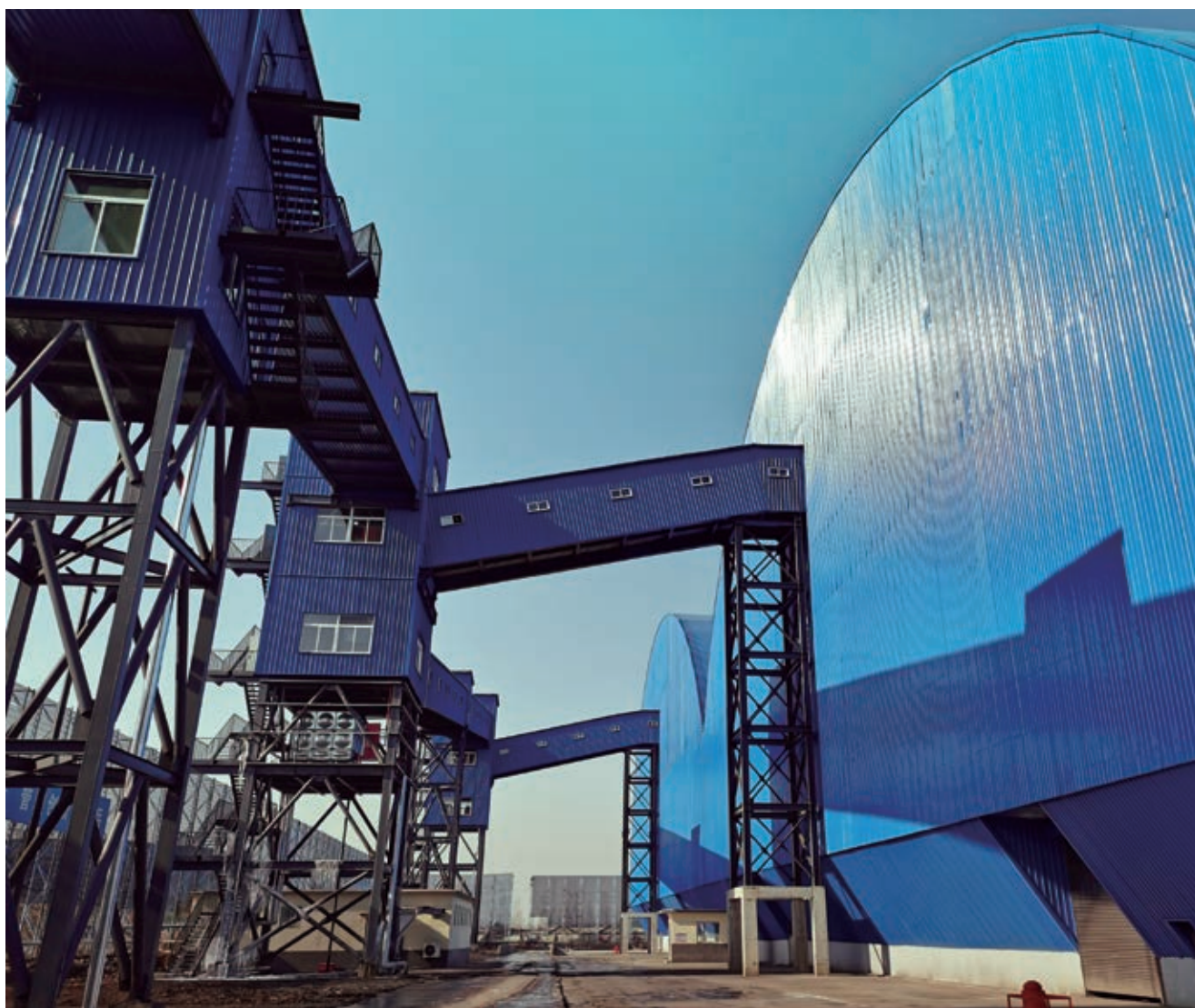


Jinjitan Coal Mine supported rural industries and delivered care to villagers

## Energy supply security

The Company adopts multiple measures to ensure energy supply, optimise the production organisation, adjust the production structure and sales layout, promote intelligent coal mining, and stabilise the task of supply. The Company actively communicates with all parties and achieves a safe and stable supply through tilting the coal shipment to power plants with heavy heating tasks, high coal consumption and low inventory. We strengthen coordinated regulation and control of railroad transportation and optimise the shipping plan and orderly push energy shipping and transportation. In 2023, the Company supplied a total of 35.22 million tonnes, and the rate of coal delivery in Shandong Province was 100%. At the same time, the Company actively assisted the resident governments with heating coal to protect local residents' winter heating and electricity consumption and support local economic development.

The Company actively responds to national policies, accelerates the construction of coal storage and distribution bases, and takes advantage of port transportation to build an important energy transit station and improve energy security capacity. In 2023, the capacity of coal reserve was 4.11 million tonnes.



Storage base of Baodian Coal Mine

## Care for community

The Company earnestly fulfills its social responsibility and focuses on maintaining good community relations by fully utilising its own resources to establish an effective communication and exchange mechanism with the local community. We carry out various public voluntary activities, and actively engage in emergency relief to improve people's well-being.

### Community relationship

We attach great importance to our relationship with the local community. We work together to establish a communication and consultation mechanism with the local community and set the common goals of safeguarding the legitimate rights and interests of relocated residents.

The Company's communication with the local community mainly involves the relocation around the coal mine. With the common goal of "safeguarding the legitimate rights and interests of villagers relocated for new projects and mine production", we uphold the principles of "free, prior and informed consent (FPIC)" and "people-oriented, equal consultation, transparent procedure, site-specific and resource-saving", and insist on the equal importance of livelihood protection and resource development. We fully respect the will of the relocated villagers to safeguard the legitimate rights and interests of the people in the project site and the surrounding areas.

#### The Company encourages public participation and conducts community impact assessments:

In advance of newly planned projects in villages, the Company, in cooperation with local government agencies, conducts social stability risk surveys on safety, compensation and other matters, identifies and lists risk points, evaluates the degree of risk impact, and consults with villagers through symposiums and other means.

In response to the identified risks, the Company puts forward prevention and resolution plans and risk level recommendations, and the designated assessment organisation by the relevant departments carries out assessment and demonstration of the possible social stability risks of the decision-making project, and makes a good preventive and response plan.

The Company provides villagers with channels for complaints and reports, strictly regulates the handling process, actively listens to villagers' opinions and respects the decisions of the local community, and ensures their effective participation in the governance of the local community and monitors the whole process.

The Company's security system establishes a police-enterprise joint control mechanism, which helps to realise the harmony and stability of the local community while safeguarding the safety of the company's assets and good working order.

#### The Company protects the villagers' right to information and consent through various channels:

The Company cooperates with the local government to publicise relocation matters and perform democratic decision-making procedures in accordance with the law, publicises the relocation plan on the village affairs bulletin board, and convenes formal democratic meetings with local villagers to enable them to fully understand the content of the project, listen to the opinions of villagers, and vote on relocation matters.

The Company assists and cooperates with the relevant departments to provide policy explanations for local villagers through the issuance of document, the "understanding paper", and publicises the relocation compensation plan to let villagers know the relocation situation to ensure their informed consent.

After the relocated villagers have fulfilled the democratic decision-making procedures, we will sign compensation agreements with them in accordance with the law and regulations, so as to effectively protect the rights and interests of the villagers.

Yancoal Australia pays attention to the protection of local residents and their culture and has established an effective long-term cooperation mechanism with local people. Yancoal Australia prohibits mining and other potential activities that may interfere with natural and cultural heritage reserves and has developed local cultural heritage management guidelines to clarify control measures, heritage management and cultural awareness training.



## Volunteer services

The Company's volunteers carry out warm-hearted activities on streets, in communities and in families, with themes covering fire safety, green action, volunteer, community services, health care to deliver our care for the residents in the community.

The Company offers various charitable services such as establishing bus waiting halls to address residents' inconveniences and potential safety hazards in transportation. Services such as home appliance repair, tin soldering and leakage repair, and tire inflation were provided. Psychological service and training were provided. Female-friendly services were prepared, and activities such as family story-sharing sessions were conducted. Assistance and relief funds were set up for people with difficult circumstances, including medical assistance for major illnesses, assistance for education, and relief for difficulties.

Xinglongzhuang Coal Mine held a fire safety knowledge lecture with the theme of "Prevention First and Life First" to raise awareness of fire safety and strengthen self-rescue capabilities among the elderly in the mining area, making fire safety deeply ingrained in people's minds.

Lunan Chemicals actively joined in various activities such as the "Green Urban and Rural Areas of Beautiful Zaozhuang" tree-planting programme and the "Voluntary Big Clean-up Day for Environmental Health" to build up a green society.

Dongtan Coal Mine held a blood donation activity under the theme of "Gather at the Mine with Sincerity and Donate Blood to the Motherland", with over 160 employees engaged and a total of 51,000 ml blood donated.

Xinglongzhuang Coal Mine held a Tai Chi performance under the theme of "Elderly Healthcare for a Common Better Life", fostering a positive atmosphere of respecting, loving, and assisting the elderly within the community.



Love Couriers on Qixi Festival



Lunan Chemicals Volunteering Service Team



Baodian Coal Mine provided convenience services for communities



Baodian Coal Mine Leifeng Haircut activity



Tai Chi performance in Xinglongzhuang Coal Mine



Voluntary blood donation activity



The Local Support Plan of Yancoal Australia

In Australia, the Company is also committed to providing support for the education and development of the communities where we operate, helping the local community residents to improve their education conditions and promote the local socio-economic level. Leading or participating in third-party projects is in line with Yankuang Energy's values and the needs of local communities.

Total investment in public welfare projects and external donations(RMB 10 thousand)	
5,049	
Total investment in poverty alleviation and rural revitalisation projects(RMB 10 thousand)	
11,799.42	
Social contribution per share	
China Accounting Standards	11.20 RMB per share
International Financial Reporting Standards	8.15 RMB per share

## Emergency relief

After years of practice and accumulation, Yankuang Energy has established and formed a set of response system for emergency assistance, helping carry out emergency rescue and practice training. In 2023, the Company successfully organised more than 4,000 training tasks such as the provincial coal mine team leader's ambulance knowledge and emergency response ability training and the provincial full-time and part-time ambulance team qualification skills training and repetition training.

In the face of emergencies, the Company has stepped forward to complete the rescue and relief tasks excellently. In 2023, the Company participated in disaster relief and emergency rescue operations, and successfully completed the rescue mission for the "12·30" CO<sub>2</sub> leakage accident at the Shuanghe Coal Mine.



Shuanghe Coal Mine accident rescue mission

## Key Performance Indicator

Manage Performance Indicators		Unit	2023	2022	2021	
No.	Operation Performance					
1	Total assets	RMB 100 million	4,143.18	3,086.04	3,019.59	
2	Total borrowings	RMB 100 million	1,001.88	761.64	1,034.00	
3	Sales income	RMB 100 million	1,184.34	1,546.02	1,086.16	
4	Equity attributable to shareholders of the Company	RMB 100 million	869.02	898.52	686.58	
5	Net profit attributable to shareholders of the Company	RMB 100 million	177.79	304.08	169.41	
6	Return on net assets	%	20.46	33.84	24.68	
7	Earnings per share	RMB	2.39	6.15	3.48	
No.	Yield					
1	Saleable coal output	1,000 tonnes	110,020	99,528	105,025	
2	Methanol output	1,000 tonnes	3,738	3,380	2,503	
3	Chemical Products output	1,000 tonnes	7,891	6,813	5,794	
4	Power generation output	10,000 KWh	840,351	837,252	726,760	
No.	Anti-corruption campaigns					
1	Number of concluded corruption lawsuits	case	0	0	0	
2	Percentage of directors attending anti-corruption training	%	100	100	100	
3	Percentage of staff attending anti-corruption training	%	100	100	100	
4	Percentage of suppliers accepting anti-corruption policies	%	100	100	100	
No.	Quality control					
1	Corporate credit rating	grade	AAA	AAA	AAA	
No.	Innovation					
1	Number of management innovation achievements	-	108	73	73	
2	Research fund	RMB 100 million	29.07	21.17	11.40	
3	Number of scientific and technological achievements	-	77	83	84	
4	Number of achievements under certification	-	41	31	25	
5	Number of achievements up to world's leading level	-	30	20	19	
6	Number of provincial and ministerial technical innovation awards	-	48	29	42	
7	Number of patents applied	-	411	288	193	
8	Number of patents approved	-	276	262	222	
No.	Product and service					
1	Number of valid complaints	times	2	3	4	
2	Complaint settlement rate	%	100	100	100	
No.	Supply chain management					
1	Number of suppliers by geographical region	Number of suppliers in Shandong	-	630	556	562
		Number of suppliers in other parts of China	-	751	778	756
		Number of suppliers in foreign countries and regions	-	13	8	10
2	Percentage of suppliers implementing suppliers' management policies	%	100	100	100	
3	Contract fulfilment rate	%	100	100	100	

Environmental Performance Indicators			Unit	2023	2022	2021
No.	Climate Change					
1	Total greenhouse gas emissions	Total greenhouse gas emissions <sup>(1)</sup> (scope 1 & 2)	10,000 tCO <sub>2</sub> e	2,209.51	1,630.47	1,718.16
		Greenhouse gas emissions (scope 1)	10,000 tCO <sub>2</sub> e	1,755.74	1,363.30	1,434.84
		Greenhouse gas emissions (scope 2)	10,000 tCO <sub>2</sub> e	453.76	267.17	283.32
2	Density of greenhouse gas emissions		10,000 tCO <sub>2</sub> e/billion RMB of sales income	18.66	10.55	11.11
No.	Emission Management <sup>(2)</sup>					
1	SO <sub>2</sub> emissions		tonne	930.11	751.48	640.04
2	NO <sub>x</sub> emissions		tonne	8,850.39	7,767.29	8,361.12
3	VOCs emissions		tonne	729.83	108.36	88.23
4	Smoke and dust emissions		tonne	185.13	117.62	95.47
5	COD emissions		tonne	820.71	645.82	666.15
6	Ammonia nitrogen emissions		tonne	25.72	28.86	34.89
7	Hazardous waste disposed		10,000 tonnes	8.58	8.57	7.04
8	Density of hazardous waste		10,000 tonnes/billion RMB of sales income	0.07	0.06	0.05
9	Disposal rate of hazardous waste in compliance		%	100	100	100
10	General solid waste generated		10,000 tonnes	1,352.00	917.73	1,178.77
11	Density of general solid waste		10,000 tonnes/billion RMB of sales income	11.42	5.94	7.62
12	Wastewater discharged		10,000 m <sup>3</sup>	6,347.33	5,567.77	6,156.02
13	Wastewater by disposal	Wastewater discharged to surface water	10,000 m <sup>3</sup>	6,080.86	2,772.06	3,678.29
		Wastewater discharged to groundwater	10,000 m <sup>3</sup>	0.00	0.00	0.00
		Wastewater discharged to third party	10,000 m <sup>3</sup>	266.47	2,795.70	2,477.73

Environmental Performance Indicators		Unit	2023	2022	2021	
No.	Resource Management					
1	Recycled water volume	1 million m <sup>3</sup>	4,118.05	3,455.34	2,604.49	
2	Total water consumption	1 million m <sup>3</sup>	169.87	175.73	161.41	
3	Water consumption by source	Surface water consumption	1 million m <sup>3</sup>	69.51	79.10	62.48
		Groundwater consumption	1 million m <sup>3</sup>	94.14	54.60	49.39
		Municipal water consumption	1 million m <sup>3</sup>	2.65	1.79	1.47
		Third party water consumption	1 million m <sup>3</sup>	3.71	6.95	8.87
4	Percentage of water consumption from alternative water sources	%	88.45	* <sup>(3)</sup>	*	
5	Density of water consumption	1 million m <sup>3</sup> /billion RMB of sales income	1.43	1.14	1.04	
6	Comprehensive energy consumption	10,000 tonnes coal equivalent	1,463.41	1,145.62	1,137.37	
		1 million kWh	119,136.36	93,264.85	92,593.56	
7	Energy consumption by category	Coal consumption	10,000 tonnes	651.68	481.03	518.79
		Coal slurry consumption	10,000 tonnes	166.40	169.37	161.02
		Gasoline consumption	tonne	278.70	126.68	180.23
		Diesel consumption	tonne	267,555.44	231,017.09	225,807.66
		Power consumption	1 million kWh	6,201.39	3,694.17	3,893.13
		Natural gas consumption	10,000 m <sup>3</sup>	95.75	55.62	54.89
		Outsourced steam consumption	GJ	740,123.54	425,156.67	467,199.71
8	Density of comprehensive energy consumption	1 million kWh/billion RMB of sales income	1,005.93	603.26	598.92	

Social Performance Indicators		Unit	2023	2022	2021
No.	Health and Safety				
1	Number of work-related deaths		person	0	0
2	Rate of work-related deaths		%	0	0
3	Time lost due to work injuries		days	1,155	840
4	Trainings on work safety		person-times	40,307	24,570
No.	Health				
1	Number of occupational-disease incidence		person	0	0
2	Percentage of occupational-disease incidence		%	0	0
3	Screening rate of occupational diseases		%	100	100
No.	Employment				
1	Total headcount		person	79,242	64,279
2	Total headcount by gender	Total number of male employees	person	63,627	49,259
		Total number of female employees	person	15,615	15,020
3	Total headcount by age	Total number of employees aged 30 and below	person	5,839	4,963
		Total number of employees aged between 31 and 40	person	24,839	19,596
		Total number of employees aged between 41 and 50	person	31,681	25,671
		Total number of employees aged 51 and above	person	16,902	14,049
4	Total headcount by geographical region	Total number of employees in Shandong	person	62,188	50,040
		Total number of employees in other parts of China	person	13,525	11,764
		Total number of employees in foreign countries and regions	person	3,529	2,475
5	Total headcount by employment type	Total number of full-time employees	person	73,242	64,279
		Total number of part-time employees	person	0	0
6	Total headcount by category	Total number of sales staffs	person	747	535
		Total number of technical staff	person	6,543	4,322
		Total number of production staff	person	43,470	38,911
		Total number of administrative staff	person	4,482	3,624
		Total number of supportive staff	person	22,944	16,149
		Total number of financial staff	person	1,056	738
		Total number of senior management	person	12	11
		Total number of mid-level management	person	1,009	632
		Total number of first-line management	person	13,375	9,185
7	Total headcount by academic qualification	Total number of employees with middle school degree and below	person	64,846	54,451
		Total number of employees with high school degree	person	37,008	14,771
		Total number of employees with junior college degree and above	person	26,279	20,534
8	Voluntary turnover rate of employees		%	1.10	1.00
9	Voluntary turnover rate by gender	Voluntary turnover rate of male employees	%	1.14	1.04
		Voluntary turnover rate of female employees	%	0.92	0.87
10	Voluntary turnover rate by age	Voluntary turnover rate of employees aged 30 and below	%	6.01	2.72
		Voluntary turnover rate of employees aged between 31 and 40	%	1.25	0.78
		Voluntary turnover rate of employees aged between 41 and 50	%	0.65	0.81
		Voluntary turnover rate of employees aged 51 and above	%	0.00	1.03



Social Performance Indicators			Unit	2023	2022	2021
No.	Employment					
11	Voluntary turnover rate by geographical region	Voluntary turnover rate of employees in Shandong	%	0.57	0.51	0.88
		Voluntary turnover rate of employees in other parts of China	%	1.42	0.94	0.56
		Voluntary turnover rate of employees in foreign countries and regions	%	9.12	11.15	2.02
No.	Employment Development					
1	Proportion of trainees		%	100.00	74.92	78.36
2	Proportion of trainees by gender	Proportion of male trainees	%	100.00	76.85	80.75
		Proportion of female trainees	%	100.00	68.43	72.60
3	Proportion of trainees by category	Proportion of trainees as senior management	%	100.00	100	100
		Proportion of trainees as mid-level management	%	100.00	69.62	100
		Proportion of trainees as first-line management	%	100.00	71.48	100
		Proportion of trainees as employees and workers	%	100.00	75.51	91.57
4	Per capita training time		hours	36.01	41.37	42.21
5	Per capita training time by gender	Per capita training time of male employees	hours	38.38	42.92	45.52
		Per capita training time of female employees	hours	26.35	36.19	31.72
6	Per capita training time by category	Per capita training time of senior management	hours	56.00	54.00	53.64
		Per capita training time of mid-level management	hours	65.74	42.78	53.83
		Per capita training time of first-line management	hours	34.33	41.72	41.64
		Per capita training time of employees and workers	hours	35.89	41.27	41.85
No.	Social Investment					
1	Total investment in public welfare projects and external donations		RMB 10 thousand	5,049	9,358.62	*
2	Total investment in poverty alleviation and rural revitalisation projects		RMB 10 thousand	11,799.42	7,833.76	*
3	Tax paid		RMB 100 million	313.47	226.02	114.05
4	Cash dividend		RMB per share	1.49	4.30	2.00
5	Total cash dividend		RMB 100 million	110.85	212.79	98.97
6	Social contribution per share	China Accounting Standards	RMB per share	11.20	16.62	10.14
		International Financial Reporting Standards	RMB per share	8.15	16.52	10.28

- The Company's greenhouse gases inventory includes CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O. In the inventory, the greenhouse gases are listed by CO<sub>2</sub>e, and the calculation of the greenhouse gases is based on the *2021 Annual Emission Reduction Project of China Regional Power Grid Baseline Emission Factor* issued by the Ministry of Ecological Environment of the People's Republic of China and the *IPCC Guidelines for National Greenhouse Gas Inventory 2006, 2019 Revised Edition* by the Intergovernmental Panel on Climate Change (IPCC). The calculation range of greenhouse gas emissions of the Company: Scope 1, the production of the Company; As for coal slurry, only the consumption is disclosed in this report, due to the lack of sufficient theoretical basis for calculating the greenhouse gases from the combustion of coal slurry. Scope 2, the internal consumption of the Company, such as indirect energies like outsourced electricity, heat, and steam. Scope 3, the greenhouse gases to be counted at an appropriate time in the future, including the quantity of coal bed gases produced during coal mining.
- The Company's exhaust gas emissions are counted and calculated according to the actual concentration of pollutants.
- The contents marked as " \* " means that they are not disclosed in the ESG report of the corresponding year.

## Honors in 2023

Honourable titles		Issuer
1	Constituent to CSI 300 and SSE 180 indexes	Shanghai and Shenzhen Stock Exchanges
2	Included into the list of MSCI China Index	MSCI
3	C Grade in CDP Climate Change Scores	CDP
	C Grade in CDP Water Security Scores	
4	ESG Rating BBB Grade	Sino-Securities Index
5	ESG Rating A- Grade	SynTao Green Finance
6	ESG Rating A Grade	Wind
7	The first Enterprise ESG Management System Certification in China	Quality Assurance Centre of China Association for Quality
8	China Top 100 Special Contribution Enterprise Award	Top 100 Summit, China Association for Public Companies
9	National Quality Award	China Association for Quality
10	Golden Bull Excellent Entrepreneur Award	China Securities Journal
11	Top 100 Golden Bull Most Valuable Investment Award	China Securities Journal
12	Golden Bull Hong Kong Stock Exchange Chinese-funded Enterprise Award	China Securities Journal
13	The 17th Top 100 Value Listed Companies on the Main Board of Chinese Listed Companies	Securities Times
14	The Technological Invention Award and the Science and Technology Progress Award in the 2nd Science and Technology Conference	Shandong Energy Group
15	2023 Best Practice Case for Corporate Governance	China Association for Public Companies
16	2023 Best Practice Cases of the Best Practice Creation Activities for Public Company Boards	China Association for Public Companies
17	The 48th International Quality Management Group Conference ("ICQCC") Gold Award	International Quality Management Group Conference
18	Shanghai Financial Innovation Award	Shanghai Municipal People's Government
19	China ESG Top 100 Listed Companies	The 1st ESG Annual Conference for Chinese Listed Companies in Alxa League
20	Information Disclosure A Grade	Shanghai Stock Exchange
21	National Advanced Unit in Publicity for Coal Industry	China Coal News
22	No. 68 in the 2023 Fortune China Top 500 Listed Companies by Industry (Coal)	FORTUNEChina.com

## Outlook 2024

In 2024, China's economic development will enter a critical recovery phase, exhibiting even greater resilience and vitality. Against the backdrop of an evolving energy structure, Yankuang Energy will continue to adhere to the core theme of "Green, low-carbon, and high-quality development". We will comprehensively enhance our core competitiveness, value creation capabilities, and sustainability, contributing long-term value to harmonious, green, and prosperous societal development.

**Sound Governance, Built on Integrity.** The Company will persist in optimizing corporate governance mechanisms, enhancing the operations of the board of directors and supervisory committee, strengthening internal control systems, bolstering communication with investors, and incorporating sustainability considerations into our corporate strategy and risk management frameworks. We will construct a governance model that is compliant, transparent, efficient and stable, fostering an ethical business environment and laying a solid foundation for the Company's long-term development.

**Green Development, Driven by Innovation.** The Company will adhere to the development direction of low-carbon transformation for high-carbon energy sources, scaling up clean energy, and intelligentising integrated energy systems. Focusing on our "five leading industries", we will accelerate the green and low-carbon transition of traditional industries while fully leveraging intelligent technologies to drive

industrial upgrades. The Company will also continuously optimise its energy consumption structure, improve resource utilization efficiency, reduce ecological and environmental pollution, and actively participate in the research, development, and application of carbon capture, utilization, and storage technologies, formulating carbon reduction targets and roadmaps to address climate change challenges.

**Social Prosperity through Talent Development.** The Company will persist in safeguarding employee rights and interests, enhancing employee well-being, ensuring the robust implementation of the "three channels" mechanism for talent promotion, and providing high-quality vocational training and development opportunities. We will focus on attracting, cultivating, retaining, and deploying core skilled personnel at every stage. The Company will continue to prioritise employee safety and health, strengthen the management of major disasters and special operations, and continuously improve employees' working and living environments. The Company will also continue giving back to society through tangible actions, promoting social responsibility practices throughout our value chain to achieve harmonious prosperity between the Company and society.

Looking to the future, Yankuang Energy is firmly anchored to the goal of "Building an internationally leading, sustainable clean energy exemplar enterprise". In the new year, we will forge ahead with determination and courage, striving to deliver a satisfactory performance.



## Index for Guidelines of Shanghai Stock Exchange of Self-Regulation for Listed Companies No. 1

### Guidelines of Shanghai Stock Exchange of Self-Regulation for Listed Companies No. 1 - Standardised Operation

#### Chapter VIII Social Responsibility

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Please refer to the website of Shanghai Stock Exchange for details of the guidance: <http://www.sse.com.cn>.

## ESG KPIs Index

Content	Page	
<b>Statement of the Board of Directors</b>		
A disclosure of the board's oversight of ESG issues A disclosure of 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) A disclosure that how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	4	
<b>Reporting Principles</b>		
Materiality: (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.	Report Overview	
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.	Report Overview	
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	Report Overview	
<b>Reporting Boundary</b>		
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.	Report Overview	
<b>A. Environmental</b>		
<b>A1 Emissions</b>		
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. Note: Air emissions include NO <sub>x</sub> , SO <sub>x</sub> , and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	26-29	
A1.1	The types of emissions and respective emissions data.	26-29, 68
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	42, 68
A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	28, 68
A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	28, 68
A1.5	Description of emissions target(s) set and steps taken to achieve them.	26-29, 39-41
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.	26-29
<b>A2 Use of Resources</b>		
General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	30-34	
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).	32, 68
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	33, 69
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	30-34
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.	See Note2
A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	See Note3
<b>A3 The Environment and Natural Resources</b>		
General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	35-36	
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	35-36

## ESG KPIs Index

Content		Page
<b>A4 Climate Change</b>		
	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	37-42
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	37-42
<b>B. Social</b>		
<b>B1 Employment and Labour Practices</b>		
	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	44-49
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	70
B1.2	Employee turnover rate by gender, age group and geographical region.	70-71
<b>B2 Health and Safety</b>		
	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.	55-58
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	70
B2.2	Lost days due to work injury.	55, 70
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	55-58
<b>B3 Development and Training</b>		
	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	50-52
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	71
B3.2	The average training hours completed per employee by gender and employee category.	51, 71
<b>B4 Labour Standards</b>		
	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	44-45
B4.1	Description of measures to review employment practices to avoid child and forced labour.	44-45
B4.2	Description of steps taken to eliminate such practices when discovered.	45
<b>B5 Supply Chain Management</b>		
	General Disclosure Policies on managing environmental and social risks of the supply chain.	24
B5.1	Number of suppliers by geographical region.	24, 67
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.	24
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	24
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	24
<b>B6 Product Responsibility</b>		
	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.	20-23

Content		Page
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	23
B6.2	Number of products and service related complaints received and how they are dealt with.	23, 67
B6.3	Description of practices relating to observing and protecting intellectual property rights.	20
B6.4	Description of quality assurance process and recall procedures.	23
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	23
<b>B7 Anti-corruption</b>		
	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.	17
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.	67
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	17
B7.3	Description of anti-corruption training provided to directors and staff.	17
<b>B8 Community Investment</b>		
	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.	60-66
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	60-66
B8.2	Resources contributed (e.g. money or time) to the focus area.	60-66

1. This report has complied with the requirements of the ESG Reporting Guide of the Hong Kong Stock Exchange.
2. The Company has no any issue in sourcing water.
3. The Company barely uses packaging materials in its main businesses. The Company recycles the packaging materials used according to the relevant policies.

## Index for GRI Standards

<b>Statement of use</b>	Yankuang Energy Group Company Limited has reported in accordance with the GRI Standards from January 1, 2023 to December 31, 2023.
<b>GRI 1 used</b>	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION	
<b>GRI 2: General Disclosures 2021</b>			
The organisation and its reporting practices	2-1	Organisational details	Report Overview
	2-2	Entities included in the organisation's sustainability reporting	Report Overview
	2-3	Reporting period, frequency and contact point	Report Overview
	2-4	Restatements of information	Report Overview
	2-5	External assurance	-
Activities and workers	2-6	2-6 Activities, value chain and other business relationships	24
	2-7	Employees	44-58
	2-8	Workers who are not employees	17, 57
Governance	2-9	Governance structure and composition	6-7, 12, 15
	2-10	Nomination and selection of the highest governance body	7, 12
	2-11	Chair of the highest governance body	-
	2-12	Role of the highest governance body in overseeing the management of impacts	4, 12
	2-13	Delegation of responsibility for managing impacts	4, 7
	2-14	Role of the highest governance body in sustainability reporting	4, 7
	2-15	Conflicts of interest	-
	2-16	Communication of critical concerns	7-8
	2-17	Collective knowledge of the highest governance body	-
	2-18	Evaluation of the performance of the highest governance body	-
	2-19	Remuneration policies	45-46
	2-20	Process to determine remuneration	45-46
	2-21	Annual total compensation ratio	-
Strategy, policies and practices	2-22	Statement on sustainable development strategy	6
	2-23	Policy commitments	17, 44-45
	2-24	Embedding policy commitments	17
	2-25	Processes to remediate negative impacts	23, 48
	2-26	Mechanisms for seeking advice and raising concerns	8, 23, 48
	2-27	Compliance with laws and regulations	17, 20, 26, 44
	2-28	Membership associations	-
Stakeholder engagement	2-29	Approach to stakeholder engagement	7-8
	2-30	Collective bargaining agreements	48

GRI STANDARD	DISCLOSURE	LOCATION	
<b>GRI 3: Material Topics 2021</b>			
Materiality assessment	3-1	Process to determine material topics	8
	3-2	List of material topics	8



Contents of Disclosed Items			Location
GRI 201: Economic Performance	3-3 Management of material topics	Management approach for economic performance	20-24
	Topic-specific disclosures	201-1 Direct economic value generated and distributed	67, 71
		201-2 Financial implications and other risks and opportunities due to climate change	38
		201-3 Defined benefit plan obligations and other retirement plans	44-47, 53-54
		201-4 Financial assistance received from government	-
GRI 202: Market Presence	3-3 Management of material topics	Management approach for market presence	-
	Topic-specific disclosures	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	-
		202-2 Proportion of senior management hired from the local community	-
GRI 203: Indirect Economic Impacts	3-3 Management of material topics	Management approach for indirect economic impacts	-
	Topic-specific disclosures	203-1 Infrastructure investments and services supported	60-65
		203-2 Significant indirect economic impacts	-
GRI 204: Procurement Practices	3-3 Management of material topics	Management approach for procurement practices	24
	Topic-specific disclosures	204-1 Proportion of spending on local suppliers	-
GRI 205: Anti-corruption	3-3 Management of material topics	Management approach for anti-corruption	17
	Topic-specific disclosures	205-1 Operations assessed for risks related to corruption	-
		205-2 Communication and training about anti-corruption policies and procedures	17
		205-3 Confirmed incidents of corruption and actions taken	17
GRI 206: Anti-competitive Behaviour	3-3 Management of material topics	Management approach for anti-competitive behaviour	17
	Topic-specific disclosures	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	-
GRI 207: Tax 2019	3-3 Management of material topics	Management approach for Tax	-
	Topic-specific disclosures	207-1 Approach to tax	-
		207-2 Tax governance, control, and risk management	-
		207-3 Stakeholder engagement and management of concerns related to tax	-
		207-4 Country-by-country reporting	-
GRI 301: Materials	3-3 Management of material topics	Management approach for materials	-
	Topic-specific disclosures	301-1 Materials used by weight or volume	-
		301-2 Recycled input materials used	-
		301-3 Reclaimed products and their packaging materials	-
GRI 302: Energy	3-3 Management of material topics	Management approach for energy	30-32
	Topic-specific disclosures	302-1 Energy consumption within the organisation	32, 69
		302-2 Energy consumption outside of the organisation	-
		302-3 Energy intensity	30-32, 69
		302-4 Reduction of energy consumption	30-32
		302-5 Reductions in energy requirements of products and services	30-32
GRI 303: Water Resources	3-3 Management of material topics	303-1 Interactions with water as a shared resource	33-34
	Topic-specific disclosures	303-2 Management of water discharge-related impacts	33
		303-3 Water withdrawal	33, 69
		303-4 Water discharge	26, 68
		303-5 Water consumption	33, 69
		303-1 Interactions with water as a shared resource	33-34
GRI 304: Biodiversity	3-3 Management of material topics	Management approach for biodiversity	35-36
	Topic-specific disclosures	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-
		304-2 Significant impacts of activities, products, and services on biodiversity	35
		304-3 Habitats protected or restored	36
		304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	-

## Index for GRI Standards

Contents of Disclosed Items			Location
GRI 305: Emissions	3-3 Management of material topics	Management approach for emissions	26-29
	Topic-specific disclosures	305-1 Direct (Scope 1) GHG emissions	42, 68
		305-2 Energy indirect (Scope 2) GHG emissions	42, 68
		305-3 Other indirect (Scope 3) GHG emissions	-
		305-4 GHG emissions intensity	26-27, 68
		305-5 Reduction of GHG emissions	-
		305-6 Emissions of ozone-depleting substances (ODS)	-
305-7 Nitrogen oxides (NO <sub>x</sub> ), sulphur oxides (SO <sub>x</sub> ), and other significant air emissions	26-27, 68		
GRI 306: Effluents and Waste	3-3 Management of material topics	Management approach for effluents and waste	26-29
	Topic-specific disclosures	306-1 Water discharge by quality and destination	26, 68
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Definition	
Acronym	Full name
Yankuang Energy, the Company, we	Yankuang Energy Group Company Limited
Shandong Energy	Shandong Energy Group Co., Ltd.
Yulin Neng Hua	Yanzhou Coal Yulin Neng Hua Company Limited
Heze Neng Hua	Yanmei Heze Neng Hua Company Limited
Shanxi Neng Hua	Yanzhou Coal Shanxi Neng Hua Company Limited
Huaju Energy	Shandong Huaju Energy Company Limited
Ordos Company	Yankuang Energy (Ordos) Company Limited
Haosheng Company	Inner Mongolia Haosheng Coal Mining Company Limited
Donghua Heavy Industry	Yankuang Donghua Heavy Industry Company Limited
Inner Mongolia Mining	Inner Mongolia Mining (Group) Co., Ltd.
Future Energy	Shaanxi Future Energy Chemicals Co. Ltd
Lunan Chemicals	Yankuang Lunan Chemicals Co., Ltd.
Yancoal Australia	Yancoal Australia Limited
Jining III Coal Mine	Jining No.3 Coal Mine
Jining II Coal Mine	Jining No.2 Coal Mine
Zhuanlongwan Coal Mine	Ordos Zhuanlongwan Coal Mining Co., Ltd.
Tianchi Energy	Shanxi Heshun Tianchi Energy Company Limited
Xinjiang Neng Hua	Yankuang Xinjiang Neng Hua Company Limited
Luxi Mining	Shandong Energy Group Luxi Mining Company Limited
Yingpanhao Coal Mine	Ordos Yingpanhao Coal Co., Ltd.
Rongxin Chemicals	Inner Mongolia Rongxin Chemicals Co., Ltd.



**兖矿能源集团股份有限公司**  
YANKUANG ENERGY GROUP COMPANY LIMITED

Address: No. 949, Fushan South Road, Zoucheng

City, Shandong Province, China

Postal Code: 273500

Tel.: (86) 537-5382319/(86) 537-5380201

Fax: (86) 537-5383311

E-mail: [yzc@yanzhoucoal.com.cn](mailto:yzc@yanzhoucoal.com.cn)