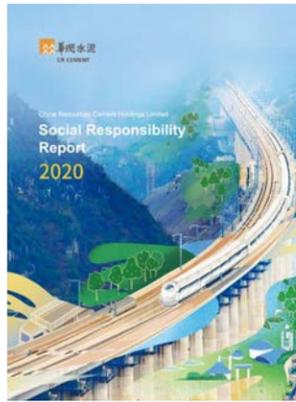




China Resources Cement Holdings Limited

# Social Responsibility Report 2020





**Cover Interpretation:**

The cover design of the report adopts the form of stitching and superimposing real photos and hand-drawn materials. The scene reflected in the real photos is the construction site of the Guiyang-Nanning High-Speed Rail that was supplied by CR Cement with cement products and is currently under construction. By superimposing hand-drawn materials such as high-speed trains in motion and green plants, the sight of the smooth opening of the Guiyang-Nanning High-Speed Rail in the near future is shown. Through the dual display of scenes in present and future, it embodies the efforts and dreams of the Company to help realize people's vision for a better life.



**华润水泥控股有限公司**

**China Resources Cement Holdings Limited**

## Foreword

### Reporting Frequency

This report is published on an annual basis and is the eighth Social Responsibility Report which China Resources Cement Holdings Limited published to the public.

### Reporting Period

Unless otherwise specified, this report covers the period from 1 January 2020 to 31 December 2020, with some content extended to March 2021 and marked in the corresponding contents.

### Description of References

For ease of reference, "CR Cement", "the Company" or "we" mentioned in this report all stand for "China Resources Cement Holdings Limited and its subsidiaries".

### Basis of Reference

- "GRI Sustainability Reporting Standards" of Global Reporting Initiative
- "The Guide for Business Action on the United Nations Sustainable Development Goals (SDGs)"
- "Guidance on Social Responsibility Reporting" of GB/T36001-2015
- "Environmental, Social and Governance Reporting Guide" of The Stock Exchange of Hong Kong Limited (HKEX ESG Guide)
- "Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR4.0)" of Chinese Academy of Social Sciences
- "Guidance on Social Responsibility of Cement Enterprise", "Guidance on Social Responsibility Reporting of Cement Enterprise" and "Social Responsibility Evaluation Index System of Cement Enterprise" of China Cement Association
- "China Resources Group Management Measures for Social Responsibility"

### Data Description

The data in this report is sourced from the official documents and statistical reports of CR Cement, with the consolidated financial statements audited by Ernst & Young. The Company undertakes that there are no misrepresentations, misleading statements or material omissions in the contents of this report.

### Preparation Procedures

To ensure completeness, authenticity and balance of contents, this report was prepared with reference to the abovementioned standards by taking such steps as industry benchmarking, questionnaire surveys, information collection, review on the information collected, report drafting, and final review by the management.

### Access to this Report

The electronic versions in Chinese and English are available on the website of the Company.

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## A Letter to Stakeholders

### Dear Stakeholders,

2020 was an extraordinary year in history. In the face of the challenging and complex domestic and international environment, as well as the severe impact of the novel coronavirus epidemic, our national government introduced a series of policies and measures to promote continuous economic recovery and high-quality development. In order to fight well in the anti-epidemic battle with all our strength, CR Cement had formulated targeted measures of epidemic prevention and control for early deployment, early arrangement and early implementation in accordance with the requirements of the central government, local governments and China Resources Group, fight the epidemic during production and strive to strengthen, improve and grow its main business whilst consolidating and expanding its existing strategic markets to actively explore markets with opportunities.

In 2020, the Company's share price hit record highs, profit and dividends also reached historical highs. The Company ranked the third in the "Comprehensive Strength Rankings of Chinese Cement Listed Companies" by the China Cement Association and was included in 9 indices including Hang Seng Composite Index, Hang Seng China-Affiliated Corporations Index and Hang Seng China (Hong Kong-listed) 100 Index.

In 2020, the Company proactively promoted the extension of industry chain, fully leveraged on the synergetic advantages of cement, concrete, aggregates, new materials and prefabricated construction businesses, and further consolidated the core competitive advantages of the enterprise. The total annual aggregates production capacity based on CR Cement's own existing cement mines and the newly acquired aggregates mines is expected to exceed 63.0 million tons. In terms of new materials, the Company has become the controlling shareholder of Universal Classical. In the future, we will jointly develop the inorganic engineered stone business. In addition, a total of 7 prefabricated construction projects are planned in Guangdong and Guangxi, and the total design annual production capacity of precast concrete components is expected to reach approximately 1.5 million m<sup>3</sup>.

In 2020, with the construction of excellent operational system as the cardinal line and with the focus on benchmarking "world-class" companies, the Company continued to launch in-depth work on lean management and promotion of the application of new technologies, new equipment, new materials and innovation achievements. Through the implementation of effective corporate brand strategy, CR Cement continued to deepen the "Runfeng Cement" brand building. In the "China's 500 Most Valuable Brands" analysis report released by the "World Brand Lab", "Runfeng Cement" was included for the first time with a brand value of RMB51,958 million and ranked 117th in the overall list.

In 2020, the Company strived to improve its R&D and innovation capabilities and promote digital transformation. The laboratory of its subsidiary Research and Development Centre became a laboratory accredited by the China National Accreditation Service for Conformity Assessment, which provided 1,495 checks and tests for cement production plants.

Consumption of coal and energy was further reduced to optimize production costs and enhance product quality. New products were actively developed to provide support for new business development. The Company, CITIC Holdings Co., Ltd., subsidiary of Foxconn Industrial Internet Co., Ltd. and other entities jointly set up the joint venture Shenzhen CRF Digital Technology Co., Ltd., which is dedicated to creating intelligent manufacturing solutions and digital platforms for the industries of automobile parts and building materials including cement.

In 2020, the Company paid keen attention to production safety and staff occupational health, practiced energy saving, emission reduction, co-processing and circular economy, which are beneficial to the society and the ecological environment. The emissions of nitrogen oxides, particulate matters and sulphur dioxide in each of our subsidiary production plants are better than the national special emission limits. We also have 10 co-processing projects by use of cement kilns, which are involved in processing three types of wastes including municipal solid waste, urban sludge and hazardous industrial waste, with annual processing capacity of 1.45 million tons. As of the end of 2020, a total of 6 cement production plants had been included as green factories in the register of national-level Green Manufacturing, and 10 mines at 9 plants had passed the selection of national-level green mines; 28 subsidiary cement production plants (inclusive of grinding stations) had passed the on-site assessments as the First-Class Enterprise in National Production Safety Standardization, and the limestone mines of 21 cement production plants had passed the assessments as the Second-Class Enterprise in National Safety Standardization.

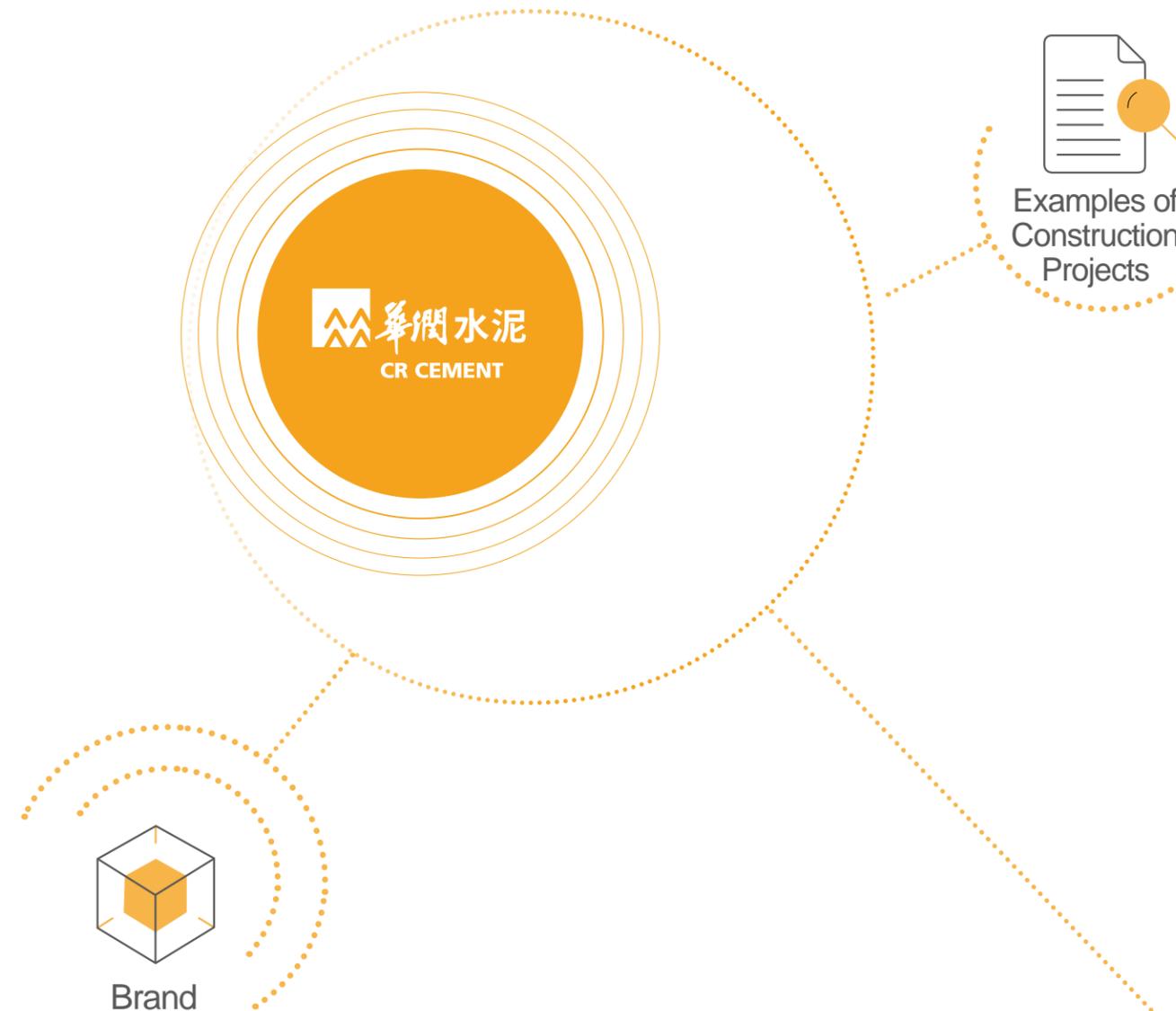
2021 is the opening year of the "Fourteenth Five-Year" Plan. The government accelerates the construction of a new development paradigm with domestic circulation as the mainstay and domestic and international circulations reinforcing each other, comprehensively promotes rural revitalization, and improves the strategies for new-type urbanization, which will bring new development opportunities for the cement industry. CR Cement will continue to keep up with regular epidemic prevention and control, and strictly implement "no production when unsafe"; thoroughly implement environmental protection, energy saving and emission reduction, utilize co-processing by use of cement kilns, and tie in with the country's efforts in achieving peaking of carbon dioxide emissions and carbon neutrality to contribute to environmental governance and the low-carbon economy. During the "Fourteenth Five-Year Plan" period, the Company will continue to strengthen, improve and grow its main business whilst consolidating and expanding its existing strategic markets to actively explore markets with opportunities; accelerate transformation with innovation and construction of digitalization and intelligentization, build a new pattern of industrial development and cultivate new drivers for business development to get a good opening and a good starting step for "building another CR Cement" and to step forward as a new-type building materials enterprise with scientific and technological foundation.



## About CR Cement

### Corporate Profile

China Resources Cement Holdings Limited was incorporated in 2003 and is a company listed in Hong Kong (stock code: 1313.HK) under the state-owned enterprise China Resources Group. Relying on the advantage of its unique resources distribution and vertical integration business model for cement and ready-mix concrete, the Company has become a large-scale and competitive producer of cement, clinker and ready-mix concrete in Southern China. The Company also proactively advances extension of industry chain and fully leverages on the synergetic advantages of cement, concrete, aggregates, new materials and prefabricated construction businesses to further consolidate the core competitive advantages of the Company. In 2020, the Company ranked the third in the "Comprehensive Strength Rankings of Chinese Cement Listed Companies" by the China Cement Association, and was included in 9 indices including Hang Seng Composite Index, Hang Seng China-Affiliated Corporations Index and Hang Seng China (Hong Kong-listed) 100 Index.



- Hong Kong** Hong Kong International Airport, Hong Kong International Finance Center, Hong Kong Tsing Ma Bridge, Ting Kau Bridge
- Guangdong** Hong Kong-Zhuhai-Macao Bridge, Shenzhen Airport, Shenzhen Yantian Harbor, Shenzhen Mixc, China Resources Tower (Spring Bamboo Shoots), Guangzhou-Shenzhen Expressway, Guangshen-Yanjiang Expressway, Canton Tower (Small Waist), Guangzhou Metro, Foshan Metro, Shantou-Shanwei Railway, Northern Industrial Park of Zhaoqing Hi-Tech Zone
- Guangxi** Nanning Mixc, Guangxi Xijiang Shipping Hub, Nanning Airport, Qinbei Expressway, Bailongtan Hydropower Station, Nanguang High-Speed Rail, Guiyang-Nanning High-Speed Rail, Nanchong Railway, Dateng Gap Key Water-Control Project, Nanning Metro
- Fujian** Xiamen Cross-Strait Financial Center, Zhangyong Expressway, Xiamen Yuzhou University City, Xingquan Railway, Zhangzhou Nuclear Power, Xiapu Nuclear Power, Guangdong Taipingling Nuclear Power, Guangdong Lufeng Nuclear Power, Zhejiang Sanao Nuclear Power
- Hainan** China Wenchang Spacecraft Launch Site, Hainan Island Ring Expressway, Changjiang Nuclear Power Plant, Wenlin Expressway
- Shanxi** Taijiao Railway, Reconstruction of G209 National Highway, Reconstruction of G341 National Highway
- Yunnan** Lijiang-Shangrila Railway, Guangda Railway, Lincang Airport, Shangrila-Lijiang Expressway, Dianzhong Water Diversion Project, Chuda Expressway, Nanjing Expressway, Heguan Expressway
- Guizhou** Jiaan Dam, Maotai Airport, Jiangjin-Xishui-Gulin Expressway, Renzun Expressway, Guiyang-Jinsha-Gulin Expressway

### Runfeng Cement

**Operating Regions** Guangdong, Guangxi, Fujian, Hainan, Yunnan, Guizhou, Shanxi, Inner Mongolia and Hong Kong.

#### Annual Production Capacity\*



\*Note: Includes production capacity attributable through equity interests in associates and joint ventures. Production capacity data is as of 31 December 2020.

**【Vision】** To become a respectable world-class cement enterprise

**【Values】**  
Honesty and trustworthiness, performance-oriented, people-oriented, innovation-driven development

**【Mission】**  
To provide customers with quality products and services, promote innovation and lead green development in the industry, thereby building an everlasting business

**【Corporate Spirit】**  
Pragmatic, professional, collaborative, dedicated

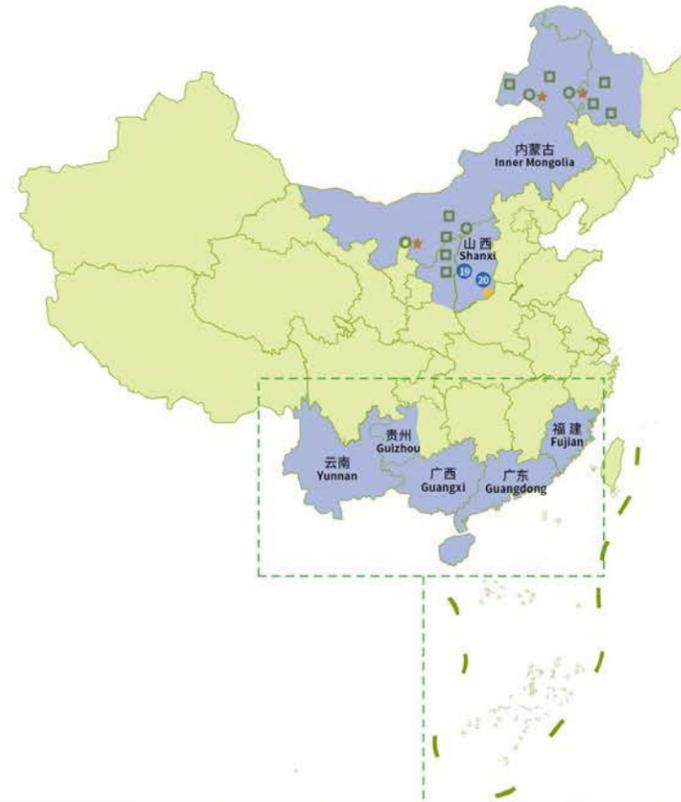
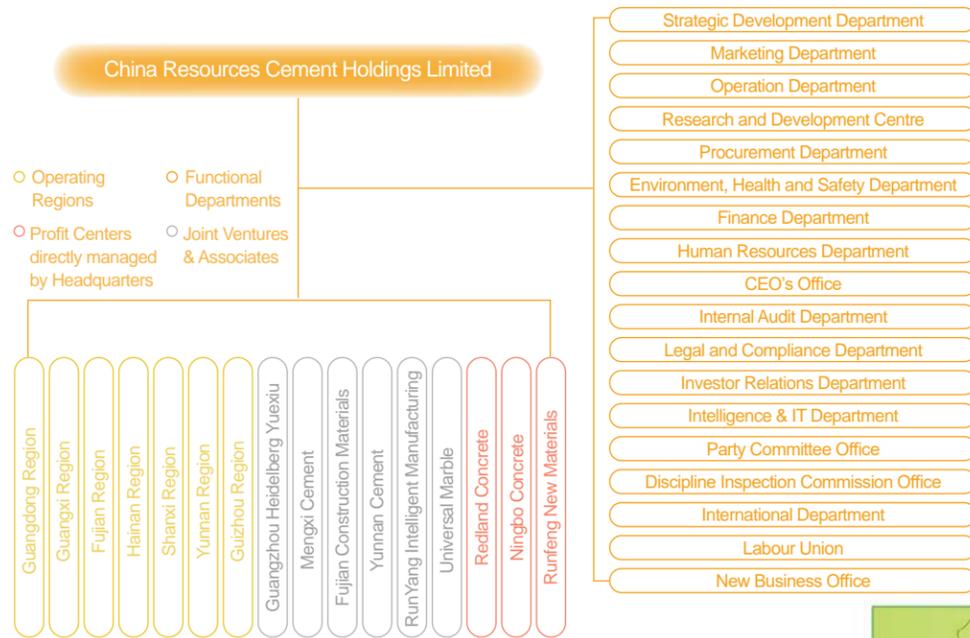
**【Development Concepts】**  
Be practical, be strong, be large, be excellent, be enduring

### Cultural Ideals



## Organizational Structure

CR Cement utilizes the three-tier management structure of “Headquarters-Regions-Production Plants” with 18 functional departments at the headquarters. According to the business distribution, 7 regions had been established in total, involving in businesses of cement, concrete, aggregates, new materials, prefabricated construction and co-processing. As of the end of 2020, the Company had a total of 19,467<sup>1</sup> employees.



## Business Distribution

Products of CR Cement are mainly sold in Guangdong, Guangxi, Fujian, Hainan, Yunnan, Guizhou and Shanxi in reliance on our well-established waterway, railway and road logistics networks. As of the end of 2020, the Company had 97 cement grinding lines, 46 clinker production lines and 60 concrete batching plants with annual production capacities of 85.3 million tons of cement, 62.7 million tons of clinker and 36.0 million m<sup>3</sup> of concrete respectively.

In addition, through equity interests of certain associates and joint ventures, CR Cement owned a total of 75 cement grinding lines, 28 clinker production lines and 19 concrete batching plants which are mainly located in Guangdong, Hong Kong, Fujian, Yunnan and Inner Mongolia. The respective annual production capacities attributable to CR Cement according to the equity interests in these associates and joint ventures were 20.4 million tons of cement, 11.2 million tons of clinker and 4.1 million m<sup>3</sup> of concrete.



### Cement and clinker production plants operated by the Group

- 1 Lianjiang
- 2 Fengkai
- 3 Luoding
- 4 Yangchun
- 5 Huizhou
- 6 Guigang
- 7 Wuxuan
- 8 Hepu
- 9 Luchuan
- 10 Pingnan
- 11 Fuchuan
- 12 Longyan Caoxi
- 13 Yongding
- 14 Longyan
- 15 Zhangping
- 16 Heqing
- 17 Jinsha
- 18 Anshun
- 19 Fulong
- 20 Changzhi

### Cement and clinker production plants with co-processing projects

- 1 Tianyang
- 2 Shangsi
- 3 Nanning
- 4 Hongshuihe
- 5 Changjiang
- 6 Longyan Yanshi
- 7 Midu
- 8 Zhushui
- 9 Yuebao
- 10 Fengqing

### Cement grinding lines operated by the Group

- 1 Zhanjiang
- 2 Dongguan
- 3 Shantou
- 4 Fangchenggang
- 5 Wuzhishan
- 6 Jinjiang
- 7 Quanzhou
- 8 Lianjiang

### Cement and clinker production plants owned by associates and joint ventures

- Yunnan Cement
- Fujian Cement
- Mengxi Cement

### Cement grinding lines owned by associates and joint ventures

- Yunnan Cement
- Fujian Cement
- Mengxi Cement

- ★ Concrete batching plants operated by the Group
- ★ Concrete batching plants owned by associates and joint ventures

### Aggregates projects

- ▲ Fengkai<sup>^</sup>
- ▲ Tianyang<sup>^</sup>
- ▲ Shangsi<sup>^</sup>
- ▲ Wuxuan<sup>^</sup>
- ▲ Wuping
- ▲ Anding<sup>^</sup>
- ▲ Weishan<sup>^</sup>

<sup>^</sup> Under planning

### Prefabricated construction projects

- ◆ Zhanjiang
- ◆ Jiangmen
- ◆ Dongguan<sup>#</sup>
- ◆ Baise<sup>^</sup>
- ◆ Nanning
- ◆ Laibin<sup>^</sup>
- ◆ Guigang
- ◆ Laibin<sup>^</sup>

<sup>^</sup> Under planning

<sup>#</sup> Associates

<sup>1</sup> The data does not include associates and joint ventures.

## CR Cement in 2020

### > February

China Resources Cement (Anshun) Limited completed construction and commenced operation of one clinker production line with annual production capacity of approximately 1.4 million tons and two cement grinding lines with total annual production capacity of approximately 2.0 million tons.

### > May

China Resources Cement was included in the Hang Seng High Dividend Yield Index and the Hang Seng Large-Mid Cap Value Tilt Index.

### > August

A global leading independent brand evaluation agency "World Brand Lab" held the 17th World Brand Summit in Beijing. At the summit, the "500 Most Valuable Chinese Brands" analysis report was released, which included "Runfeng Cement" for the first time with a brand value of RMB51,958 million and ranked 117th in the overall list.

The "Ten Million Level Project of China Resources Cement for Commercial Use of 5G Industrial Internet" jointly applied by China Telecom and CR Cement was awarded the Grade 1 prize of the Third "Blooming Cup" of Industrial Internet Special Competition of 5G Application Competition, jointly hosted by the China Academy of Information and Communications Technology, the IMT-2020 (5G) Promotion Group and the China Communications Standards Association with the guidance of the Ministry of Industry and Information Technology.

### > April

The laboratory of China Resources Cement Technology Research and Development Limited (i.e. Guangzhou laboratory) passed the accreditation of CNAS (China National Accreditation Service for Conformity Assessment) and obtained an accreditation certificate.

### > July

Phase 1 of the intelligent manufacturing pilot project at the production plant in Tianyang, being the first cooperation between CR Cement and Siemens Ltd., China, officially commenced operation.

CR Cement, CITIC Holdings Co., Ltd., subsidiary of Foxconn Industrial Internet Co., Ltd. and other entities jointly set up the joint venture Shenzhen CRF Digital Technology Co., Ltd., which is dedicated to creating intelligent manufacturing solutions and digital platforms for the industries of automobile parts and building materials including cement.

### > October

CR Cement won the bid for the mining rights of a granite quarry for construction in Dapai Mining Concession, Fengkai County for a consideration of RMB3.21 billion, with resource reserve of approximately 425.0 million tons and planned annual production capacity of approximately 30.0 million tons.

China Resources Cement (Guigang) Limited was included in the register of the fifth batch of Green Manufacturing by the Ministry of Industry and Information Technology of China.

### > December

CR Cement was shortlisted in the "Top 100 Hong Kong Listed Companies Comprehensive Strength" list, and ranked 72nd.

# Theme

## Fighting the Novel Coronavirus Epidemic

- 01 Retired employees participated in daily anti-epidemic work
- 02 Organized employees to get vaccinated against novel coronavirus
- 03 Simulation exercise for the joint prevention and joint control of novel coronavirus by the government and enterprises



01



02



03



04



05



06



07



08

- 04 "Fight the Epidemic Together, Warm Relay" caring hairdressing activity
- 05 "Unite to Fight the Epidemic, National Fitness" Games
- 06 Anti-epidemic inspection on counterparties prior to entering the factory
- 07 Employee volunteers participated in community epidemic prevention
- 08 Cement donation to help the construction of Peace and Wartime Joint Ward Building



09



10



11



12



13

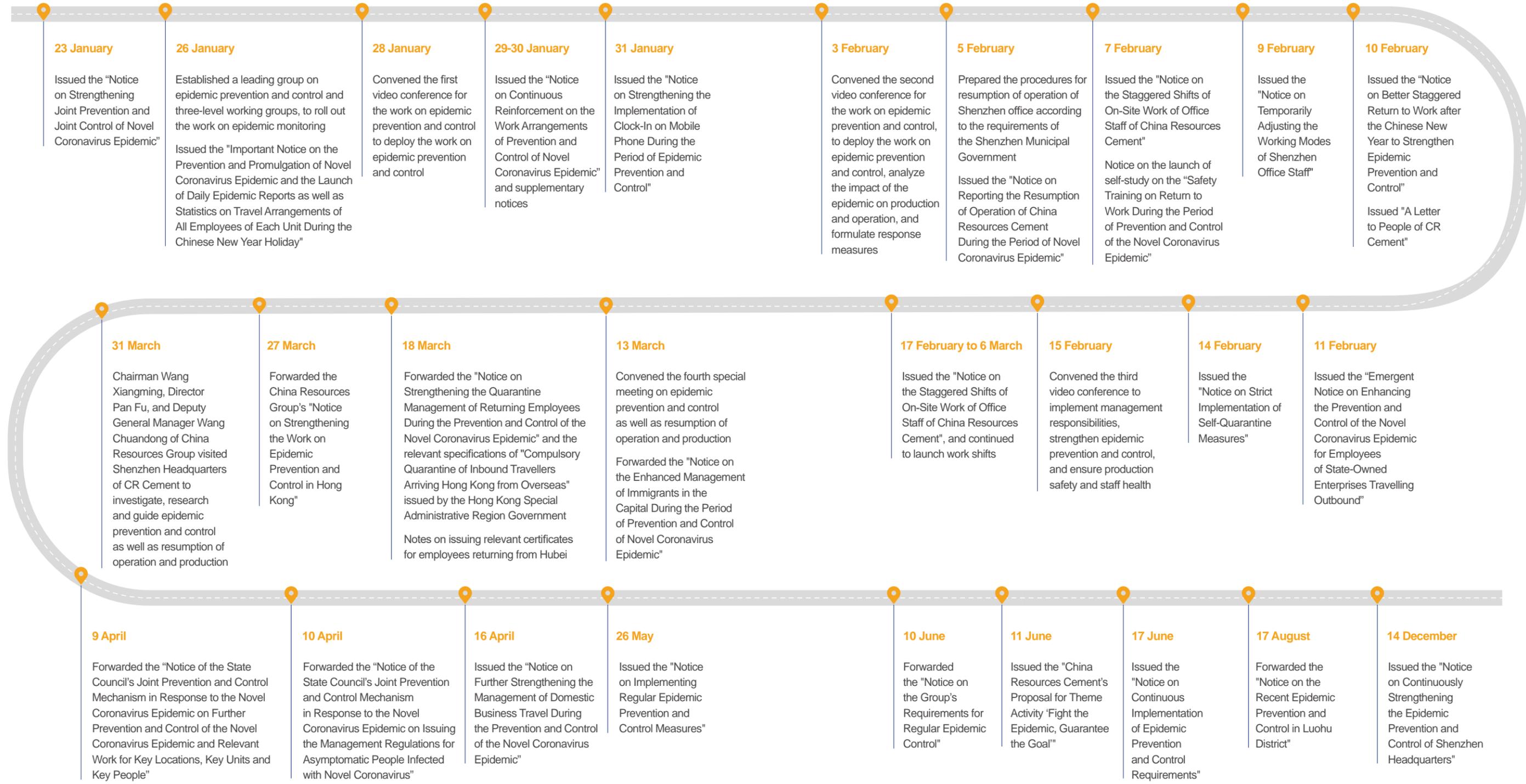
- 09 Video conference for the work on safety management of resumption of operation and production
- 10 Fuchuan Cement donated materials to fight the epidemic
- 11 Certificate of appreciation for the blood donation activity "Fighting the Epidemic and Move in Opposite Direction for Love"
- 12 Health activities for employees
- 13 Expressed solicitude to frontline prevention and control personnel of the Ninth People's Hospital of Nanning City
- 14 Disinfection of employees' commuter vehicles



14

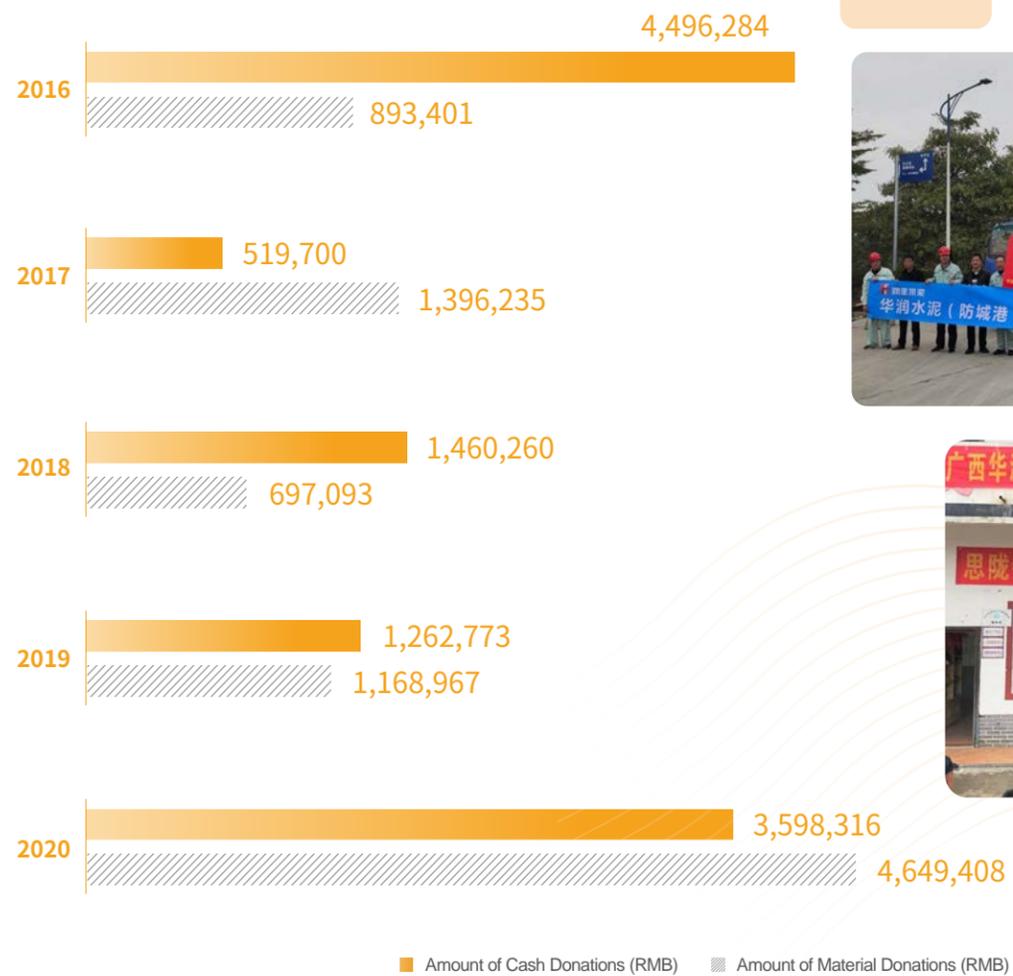
# Theme

## Fighting the Novel Coronavirus Epidemic



# Theme

## Focus on Targeted Poverty Alleviation



- 01 Huizhou Cement purchased unmarketable agricultural products
- 02 Fangchenggang Cement donated cement to support education and poverty alleviation in Maoling Town
- 03 Hongshuihe Cement donated cement to build roads in Silong Town, Binyang County
- 04 China Resources Cement donated RMB1.0 million to Education Funds for Poverty Alleviation in Shangsi County, Guangxi
- 05 Fujian Region procured agricultural products from underprivileged regions
- 06 Midu Cement purchased unmarketable agricultural products
- 07 Longyan Cement helped neighbouring farmers to pick fruits and sell approximately 5,000 catties of fruits
- 08 Hongshuihe Cement donated cement to build "China Resources Hope Road"
- 09 Jinjiang Cement donated 125 tons of cement to Dala Village and Shankou Village in Jinjiang Town and Canjun Village in Yongfa Town, Chengmai County
- 10 Hainan Changjiang procured local agricultural products

## STORY OF ECONOMIC RESPONSIBILITY

# 01 Building Another CR Cement

At present, the international political situation is rapidly changing, and the competition in the cement industry becomes increasingly fierce. In the future, CR Cement believes that while consolidating the core businesses of cement and concrete, it should simultaneously fully leverage on the synergetic advantages of cement, concrete, aggregates, new materials and prefabricated construction businesses, and actively promote the extension of the industrial chain, as the inevitable path for the Company to achieve sustainable development. During the "Fourteenth Five-Year" period, CR Cement is determined to "build another CR Cement" by cultivating new businesses and discovering new drivers, in order to bring the Company's business development to a higher level and create greater economic and social values.

In January 2019, CR Cement acquired approximately 20.0% of Universal Marble & Granite (Dongguan) Co., Ltd.; in April, a further 20.0% stake of Universal Marble was acquired. In July 2020, CR Cement officially launched the acquisition of Universal Classical, a subsidiary of Universal Marble; in early 2021, we became the controlling shareholder of Universal Classical... Shenzhen Runfeng New Materials Technology Company Limited (hereinafter referred to as "Runfeng New Materials"), a subsidiary of China Resources Cement, was spearheading this series of actions. Universal Classical has an in-operation inorganic engineered stone pressboard production line in Dongguan, Guangdong, with an annual production capacity of 600,000 m<sup>2</sup>. In the future, Runfeng New Materials will cooperate with Universal Classical to expand the inorganic engineered stone business.



▲ Universal Marble & Granite (Dongguan) Co., Ltd.



▲ Shenzhen Runfeng New Materials Technology Company Limited (RUN Stone-Lab)

Incorporated in September 2018, Runfeng New Materials is a new exploration of CR Cement responsible for the operation and promotion of new products and driving the vertical extension of the Company's industrial chain, and is also a direct result of the Company's "innovation-driven development". After its incorporation, Runfeng New Materials took over the businesses of packaging bags and "Wang Pai Gong Jiang" renovation cement sales, and at the same time fully strengthened the expansion of the stone market and promoted the construction and implementation of tile glue and other projects.

In 2020, China Resources Cement established the New Business Office to coordinate the development and planning of new business projects. At the same time, New Business Office departments were established in Guangdong and Guangxi, which were responsible for expediting regional market research, project acquisition and construction. Since 2020, the Company has acquired the mining rights of six aggregates quarries including those located in Fengkai County of Guangdong and Shangsi County of Guangxi with resource reserves of approximately 920 million tons in total and planned annual production capacity of approximately 50 million tons in total. CR Cement intends to vigorously develop the aggregates business. CR Cement actively develops new inorganic engineered stone products, launches strategic cooperation with real estate developers and has entered into agreements for numerous construction projects. Regarding prefabricated construction, a total of 7 projects have been planned and the design annual production capacity of precast concrete components is expected to reach approximately 1.5 million m<sup>3</sup> after completion... In the future, the Company hopes to seize the opportunities in the development of the Guangdong-Hong Kong-Macao Greater Bay Area, accelerate transformation with innovation, promote construction of digitalization and intelligentization, build a new pattern of industrial development, firmly grasp the new business development direction of building materials, and cultivate new drivers for business development.

## STORY OF EMPLOYEE RESPONSIBILITY

# 02 Walk Together and Live to the Fullest

In July 2020, 12 couples of employees took a group of unusual and yet warmth-filled wedding photos in the grassy and lush Corporate Culture Park of Wuxuan Cement. What these 12 "newly-wed" couples have in common is that they have just received the Company's ten-year "Long Term Service Award".

"When I got married, I didn't hold a wedding ceremony and didn't take wedding photos. Usually, I wouldn't have the courage to take these photos. I never thought that after being married for so long, I can experience wearing a wedding gown and taking wedding photos at the place where I work." Tan

Zhenying said with a simple smile.

Tan Zhenying and her husband Li Tailu are one of the "bride and groom" couples, joining Wuxuan Cement in mid-2010 one after another. In the past ten years, Tan Zhenying has participated in various trainings and studies organized by the Company for many times. She has been awarded the titles of "Technical Role Model" and "Technical Operator" for 6 times, participated in the Large-Scale Comparison Competition on Cement Chemical Analysis on behalf of the Company for 9 times, and received the Overall Excellence Award for 7 times. In 2013, she also won the grand prize of large-scale comparison

competition on cement performance. Now, she is the the analysis team leader in the technical quality department, and is responsible for the chemical inspection of incoming raw materials and factory output products. Li Tailu was an ordinary cement kiln inspector when he first joined, and has now grown to be a team leader in the department. He usually enjoys playing ball games and is a well-known athlete at the factory.

Currently, the couple is very satisfied with their lives. "With ten years of success and ten years of persistence, we have worked quietly in ordinary positions, and at the same time we have obtained corresponding rewards. Our lives have undergone qualitative changes. We bought house and car, and achieved dreams that would have been unachievable for many years. If it weren't for the excellent platform at China Resources, we might still be wandering around like before. We have always been very grateful to the Company from the depths of our hearts!" These plain words came from Tan Zhenying, and is also the common heartfelt aspiration of many people at China Resources.

Taking wedding photos of colleagues who have received the Long Term Service Award has been an activity long since been planned by the members of Wuxuan Cement's amateur cultural promotion team. They all hoped to do something meaningful for these colleagues who had worked

hard in the Company for many years and give them some special "mental incentives" for their long-term dedication as well as looked forward to moving ahead with these colleagues and the Company together.

CR Cement's "Long Term Service Award" reward mechanism commenced in 2008. At that time, the Company launched the optimization of the human resources system and proposed to comprehensively evaluate employees' experience, knowledge and skills since simply using "work tenure = ability" as a judgement was too simplistic and was not conducive to truly attracting and retaining talents. Therefore, the Company decided to establish a "Long Term Service Award" since 2008 to commend employees who have served the Company for 5 years, 10 years and 15 years, and distributed RMB6,000, RMB12,000 and RMB18,000 long-term service bonuses and plaques respectively to encourage long-term employee service. Since 2013, the numbers of employees who have received the Company's "Long Term Service Award" for 5 years and 10 years are 19,928 and 7,008 respectively. The Company's headquarters, all major regions and all production plants organize various "Long Term Service Award" presentation ceremonies every year, which has also become a special and grand festival for the Company.



▲ 12 couples of employees of Wuxuan Cement who won the "Long Term Service Award" took wedding photos at the Corporate Culture Park



▲ The couple Tan Zhenying and Li Tailu



▲ 2020 Annual Long-term Service Award Presentation Ceremony at Headquarters

## STORY OF ENVIRONMENTAL RESPONSIBILITY

### 03 To Make the Blue Sky More Blue

Since the 18th National Congress of the Communist Party of China, the country has paid unprecedented keen attention to ecological and environmental protection. The concept of "clear waters and green mountains are as good as mountains of gold and silver" is deeply rooted in the hearts of the people. Upon the deepening of the idea of ecological civilization, in recent years, the requirements for pollutant emission limits in the cement industry have been continuously increasing, and the voices for ultra-low emissions in the industry have increased. The number of provinces revising local pollutant emission limit standards has also continuously increasing. The formulation of reasonable emission limits, reliance on mature and advanced production process technology and feasible pollution control measures have become effective means of prevention and control of pollutant emission.

Denitration refers to the process of removing nitrogen oxides in flue gas. In layman's terms, nitrogen oxides are produced in the production process of steel, cement and other industries. The nitrogen oxides discharged into the atmosphere are one of the important causes for the formation of photochemical smog and acid rain, which will bring serious harm to the ecological environment. Therefore, it is necessary to reduce the contents of nitrogen oxides in the exhaust flue gas through relevant process technologies (denitration before combustion, denitration during combustion, and denitration after combustion) in order to reduce the impact of human production activities on the environment.

Guangzhou Heidelberg Yuexiu Cement Company Limited (hereinafter referred to as "Yuebao Cement") was formerly known as Guangzhou Cement Factory, which completed construction and commenced operation in April 2005, and has a new-type dry-process cement production line with annual clinker production capacity of 220,000 tons. In 2011, CR Cement became a shareholder of Yuebao

Cement by acquiring its 50% stake from Yuexiu Group, and jointly operated Yuebao Cement with the German HeidelbergCement Group.

In 2015, the denitration system of Yuebao Cement completed construction and commenced operation, using selective non-catalytic reduction denitration (SNCR<sup>2</sup>) technology. In order to reduce emissions and meet the ultra-low emission standards that may be issued in the future, Yuebao Cement had implemented the highly effective SNCR upgrade based on the actual production and operation conditions and through rigorous research study and analysis to address the shortcomings of the existing SNCR system.

The SNCR denitration process sprays a reducing agent containing amino groups (including those such as liquid ammonia, ammonia or dilute urea solution) into the furnace with a temperature of 850-1,100°C without using a catalyst. The reducing agent thermally decomposes the ammonia gas quickly, and then undergoes a selective oxidation-reduction reaction with nitrogen oxides in the flue gas to generate harmless gases such as nitrogen and water vapour.

The highly effective SNCR upgrade launched by Yuebao Cement includes two components - a basic denitration system and a highly effective intelligent software system. The basic denitration system can operate independently to meet the requirement for emission limit of nitrogen oxides and save part of the reducing agent; the highly effective intelligent software system is an intelligent real-time optimization system that can connect the basic denitration system with the on-site DCS<sup>3</sup> system. Through its own learning algorithm combined with on-site production process parameters, it intelligently selects the suitable injection position and injection flow in a precise and timely manner according to the changes in working conditions and the operating efficiency of the spray gun, hence minimizing the

<sup>2</sup> Selective Non-Catalytic Reduction

<sup>3</sup> DCS is the English abbreviation of Distributed Control System, and is also known as collection and distribution control system in the domestic automatic control industry.



▲ Yuebao Cement



▲ CR Excellent EHS Awards (2019-2020) Project Achievement Award - High-efficiency SNCR Reconstruction of Denitration System of Yuebao

concentration of nitrogen oxides while controlling the ammonia consumption to achieve the minimum ammonia escape<sup>4</sup>.

During the upgrade process, Yuebao Cement also integrated its own situation when optimizing issues such as targeted adjustment for the amount of ammonia injected under different conditions and equipping gas storage tanks with automatic drainage devices. Currently, the High-efficiency SNCR Reconstruction of Yuebao Cement has been successfully completed and the firing system is operating stably. The flue gas denitration efficiency and nitrogen oxides emission concentration are better than the relevant national and local standards and requirements.

In 2020, the High-efficiency SNCR Reconstruction of Denitration System of Yuebao Cement won the Project Achievement Award in the EHS Conference of China Resources Group.

In recent years, CR Cement has been actively implementing a sustainable development strategy, attaching great importance to ecological and environmental protection, and practicing green and low-carbon development. We strictly implement various national policies and guidelines, actively participate in industry activities. We adhere to high standards in applying new technologies and new equipment, and accelerate the corporate construction of digitalization and intelligentization. During the "Thirteenth Five-Year" period, the cumulative total investment in environmental protection amounted to RMB2,353 million.

The Company has built a platform at headquarters to monitor the emissions of environmental pollutants, thereby achieving the headquarters' real-time monitor on pollutant emissions of all production lines. All cement production plants have completed the publication of pollutant discharge status of production line, actively disclosed real-time emission data to the society and consciously accepted social supervision. The emission concentrations of nitrogen oxides, sulphur dioxide and particulate matters are all better than the relevant standard emission limits, are declining year by year, and are in a leading position in the industry. The Company had also proactively launched the research on ultra-low emissions technology. It is planned to roll out the pilot application of intelligent highly effective selective non-catalytic reduction denitration (heSNCR), selective catalytic reduction denitration (SCR) and other highly effective denitration technologies in production plants such as in Jinsha, Guizhou in 2021. This will lay the foundation for the promotion and application during the "Fourteenth Five-Year" period and gradually achieve the target of emission concentration of nitrogen oxides of below 100 mg/m<sup>3</sup>.

<sup>4</sup> During the denitration reaction process, there is a phenomenon called ammonia escape where ammonia that does not participate in the reaction is discharged into the flue gas through the reactor. Ammonia escape may lead to: dust accumulation and clogging in downstream devices such as air preheaters, resulting in increased pressure loss and low-temperature corrosion; affecting the quality of fly ash, causing problems such as dust accumulation on the pole lines of electrostatic precipitator or pasted bags in bag filter; form visible plumes of smoke, increasing PM2.5 emissions; release of which into the atmosphere will have a negative impact on human health.

During the "Thirteenth Five-Year" period, the cumulative total investment in environmental protection amounted to RMB



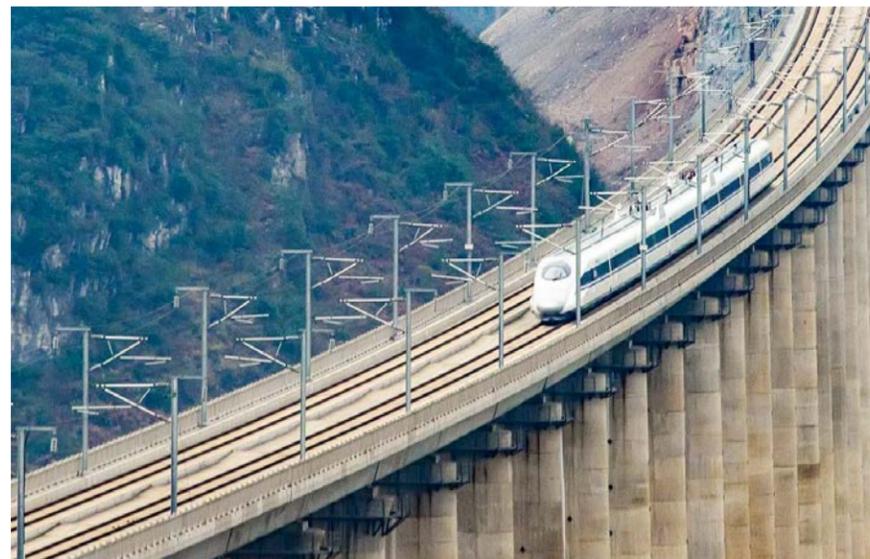
2,353 million

## STORY OF CUSTOMER RESPONSIBILITY

# 04 Convenient Travel for People and Smooth Transportation of Goods

The Guiyang-Nanning High-Speed Rail, with a total length of 481 km, is the first high-speed rail in Guangxi with a speed of 350 km per hour. It connects Guiyang City in Guizhou Province with Nanning City in Guangxi Zhuang Autonomous Region, and is an important constituent part of the "Baohai Passage", being one of the main passages of the "Eight Vertical and Eight Horizontal" High-Speed Rails in the "Medium and Long-Term High-Speed Rail Network Planning". It is the most convenient and large steel channel that connects the two provinces (regions) of Guizhou and Guangxi and is also an important constituent part of the new passage connecting north and south land route of the "Belt and Road Initiatives".

The railway line of the project passes through the transition zone of the plateau between Guizhou and Guangxi and the tower karst, closed depressions, hoodoos and karst plain areas in the western Guangxi. The geological conditions are complicated, especially the areas of prominently unfavorable geological condition, which have relatively high requirements for concrete indicators and construction. According to the requirements of the high-speed rail project on cement technical specifications, the project mainly uses ordinary Portland cement. The technical requirements of cement and its mineral admixtures should not only meet the relevant provisions of the national standard, "Common Portland Cement" (GB175-



▲ High-speed rail construction site

2007), but should also meet the relevant regulations in the "Standard for Acceptance of Concrete Works in Railway" (TB 10424-2018) and the "Design Standards for Durability of Railway Concrete Structures" (TB 10005-2010). Among which, the free calcium oxide content in cement, specific surface area, alkali content, tricalcium aluminate content in clinker and other indices are controlled in more stringent ranges as compared with the national standard "Common Portland Cement" (GB175-2007), which had raised higher requirements for cement production and quality control.

The Guiyang-Nanning High-Speed Rail located in Guangxi is about 281 km long with expected cement consumption for tender of 3.0 million tons. Construction commenced in late 2017, and completion of construction and commissioning are expected to be in December 2023. In early 2018, the marketing department in the Guangxi Region of CR Cement actively participated in the bidding for cement supply of the Guiyang-Nanning High-Speed Rail project and obtained the qualification to supply cement for 5 sections. Subsequently, the regional marketing department organized personnel to proactively visit various project departments of Guiyang-Nanning High-Speed Rail to understand the required cement quality indicators for the high-speed rail project construction, as well as promote and coordinate Nanning Cement and Hongshuihe Cement in the R&D and production of railway construction cement required for project construction.

In March 2018, Nanning Cement and Hongshuihe Cement established a task force for the railway construction cement project to conduct special discussions on the technical requirements and production of railway construction cement. Cement which met the requirements of high-speed rail construction was successfully produced through adjusting the batching plan and the operating method, using high-quality, stably-sourced gypsum and mixed materials. Special grinding production and special storage were also implemented to ensure the stability of cement quality and performance.

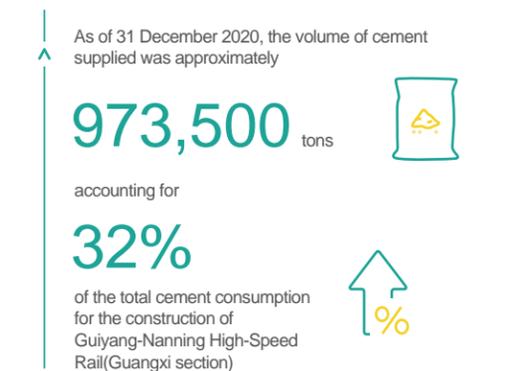
In late May, Nanning Cement and Hongshuihe Cement began to supply railway construction cement to the Guiyang-Nanning High-Speed Rail project. As of 31 December 2020, the volume of cement supplied was approximately 973,500

tons, which accounted for 32% of the total cement consumption of the Guiyang-Nanning High-Speed Rail (Guangxi section).

During the cooperation, the marketing department in the Guangxi Region of CR Cement and the quality and technical departments of Nanning Cement and Hongshuihe Cement actively provided excellent pre-sales, in-sales and after-sales technical services. In the past 3 years, the materials department and laboratory personnel of the high-speed rail project were invited to visit the production plants and exchange laboratory inspection techniques for 5 times, and provided customers with technical support and services for 23 times. At the same time, according to the cement demand plan of the high-speed rail project, production was realistically arranged to ensure adequate supply of railway construction cement, and a green channel was opened up for railway construction cement to depart from the factory during the peak season to ensure the smooth progress of the project.

At present, the construction of the Guiyang-Nanning High-Speed Rail project is in full swing. After completion of construction and commissioning of the entire railway line, the journey from Nanning to Guiyang will be shortened by nearly half. The construction of the high-speed rail project has promoted economic development and national land development of the cities along the route, shortened the distances between regions and between people, and achieved the people's dream of "convenient travel for people and smooth transportation of goods".

After stabilizing the supply to the Guinan High-Speed Rail project, the railway construction cement developed by the Company had also been involved in the construction projects of the Nanyu High-Speed Rail and the Nanchong High-Speed Rail.



## STORY OF PARTNER RESPONSIBILITY

# 05 Ignite Dreams for the Future



▲ 2020 "Dual System" Freshman Opening Ceremony

How to enable companies to recruit talents that match job requirements? How to make the talent cultivation system of vocational colleges more in line with the development trends of the market? The Fujian Region of CR Cement has done some practice and exploration in the school-enterprise cooperation project of "integration of industry and education, school-enterprise collaborative education".

In September 2020, the school-enterprise cooperation project of the Fujian Region of CR Cement and Longyan Overseas Chinese Vocational School of Fujian (hereinafter referred to as "Overseas Chinese"), being the first batch of national-level key vocational technical schools in Longyan City, exported the first batch of 17 skilled services talents, who had officially entered into employment contracts with subsidiary cement production plants in the Fujian Region such as Longyan Cement, and joined the school-enterprise cooperation college of the Fujian Region, Longyan Minxi Vocational & Technical College (hereinafter referred to as "Min College"), a national-level exemplary backbone tertiary vocational college, in December of that year for advanced studies in its "Dual System"<sup>5</sup> full-time tertiary educational improvement professional class designated for machinery manufacturing and automation.

This is a school-enterprise cooperation project launched

by the Fujian Region of CR Cement in order to support the development of local vocational colleges and technical schools in accordance with the "Certain Opinions on Deepening the Development of School-Enterprise Cooperation between Technical Colleges and Enterprises" jointly issued by the Ministry of Human Resources and Social Security and the State-owned Assets Supervision and Administration Commission.

In June 2019, after numerous inspections and communications, Overseas Chinese and the Fujian Region confirmed their cooperative relationship, and selected a batch of students majoring in mechatronics to launch designated training for the Company's reserve of technical talents.

In September, the Fujian Region and the college organized students to attend a 4-month job shadowing internship at the practical training plants of Longyan Cement and Yongding Cement in the Fujian Region. For enhanced cultivation and training of interns, the production plants and the college jointly formulated a detailed internship plan, launched classroom training for professional courses such as corporate culture, safety and environmental protection, equipment technology and process technology, as well as one-on-one "mentorship" practical training through job

<sup>5</sup> "Dual System" refers to the dual subjects of enterprise and school, the dual identities of student and apprentice, the dual teaching of master and teacher, the dual certificates of graduation certificate and professional qualification certificate.

shadowing. In order to ensure that the interns can fully devote themselves to the job shadowing internship, the production plants also provided free accommodation and paid internship salaries to solve the practical livelihood issues of the interns.

After the job shadowing internship had ended, this batch of students continued to participate in a six-month on-the-job internship. Under the guidance of their mentors, the students worked as they learned and learned as they worked in actual job positions.

In September of that year, the 17 students who completed their job shadowing internship and on-the-job internship and passed assessments had successfully graduated, officially joined the four cement plants under the Fujian Region, and became the genuine employees of CR Cement.

The school-enterprise cooperation project launched with Overseas Chinese is an exploration by the Fujian Region to broaden the channels of school-enterprise cooperation and innovate new models for cultivating talents.

In order to continuously enhance the professional level and professionalism of in-service employees, as early as 2018, the Fujian Region entered into a school-enterprise cooperation framework agreement with Min College to offer professional courses of cement technology from the Applied Chemistry department for in-service employees and establish a "Dual System" full-time tertiary education improvement platform according to the needs of the enterprise. In June 2018, 21 employees who had passed the admission examination returned to the college campus for further studies and will graduate in June 2021.

In 2020, in order to meet the educational improvement requirements of the first batch of 17 skilled service talents exported from the school-enterprise cooperation project by the Fujian Region and Overseas Chinese, and on the basis of previous cooperation, the Fujian Region and Min College had added a designated professional class for machinery manufacturing and automation. Currently, 54 in-service employees are studying this profession.

The school-enterprise cooperation between the Fujian Region and local vocational colleges and technical schools combines the operation mechanism and job requirements of the enterprise with the talent training system and talent training goals of vocational and technical colleges. It is hoped that through long-term cooperation models such as collaboration, interaction and sharing, we can attain the seamless connection between the talent training achievements of colleges and the employers' demand for talents, provide suitable employment opportunities for talents, provide companies with talents whose skills match job requirements, and provide support to colleges for the improvement of teaching quality and scientific research capabilities.

▲ Number of employees enrolled in the designated professional class for machinery manufacturing and automation was

54 people



▲ Seminar on the Dual System programme for educational enhancement with customized class in the Fujian Region

## STORY OF PUBLIC RESPONSIBILITY

# 06 My Part in Epidemic Prevention

"In those few months, whenever I wasn't going to work, I participated in volunteer work. I was busy every day, yet every time when people saw us, they would say to us, 'thank you, take care and ensure hygiene', and I was moved in my heart and felt that all the hard work was worthwhile. I am willing to do my best and contribute a part of my meagre strength." Lin Wanwei said.

Lin Wanwei is a team leader at Shantou Cement and is mainly responsible for the daily weighing of raw materials and cement entering and departing the factory, as well as customer service. In February 2020, according to the needs of epidemic prevention and control, Shantou City began to shift the focus of anti-epidemic work to the frontline of villages and communities, and implemented meticulous and exhaustive inspections of full coverage in 1,087 villages (communities) in the city, which required a large number of volunteers to participate in daily anti-epidemic work on the frontline. After learning about the situation, Lin Wanwei used his downtime to join this large team of volunteers. In late February, he assisted in traffic diversion, information registration and body temperature measurement at temperature screening points in places including National Highway 324 and Dahua sub-district. In March, he also joined the volunteer activities for comprehensive campus internal health improvement and anti-epidemic disinfection...



▲ Yongwu Peace and Wartime Joint Ward Building



▲ Nanning Cement donated cement to Yongwu Peace and Wartime Joint Ward Building



▲ Lin Wanwei participated in epidemic prevention volunteer activities

At the time, the situation of epidemic prevention and control in Nanning, Guangxi was still severe. The party committee and government of the autonomous region decided to expand the construction of Yongwu Peace and Wartime Joint Ward Building on the basis of the "Xiaotangshan Hospital" project. Upon hearing this news, the Guangxi Region of CR Cement immediately communicated with the relevant units to understand the project requirements, coordinated production plants in arranging production to tie in with the project construction plan. Nanning Cement donated 2,400 tons of bagged cement to support the construction of the ward building. In mid-June of that year, the project passed the completion acceptance as scheduled.

Put down the tools in your hands and pick up scissors to cut your colleagues' hair with a handsome hairdo. Buy the unmarketable agricultural products from the neighbouring villagers around the factory and help to contact sales... Many more stories happened during the epidemic. In order to speed up the resumption of production and operation of enterprises as soon as possible, CR Cement had also proactively made various adjustments and responses.

"The epidemic is the order, prevention and control is the responsibility". The Company urgently established a leading group for epidemic prevention and control on the second day of the Chinese New Year, which was responsible for the coordination of overall work for epidemic prevention and control, constructed a work mechanism for dynamic prevention and control, and urged subordinate units to implement prevention and control measures. Measures for reducing close contacts were implemented, such as "remote office, mobile phone attendance, flexitime, and off-peak work". Problems of employees being hindered from returning to work and the lack of labour and outsourced personnel were resolved by off-peak work scheduling, assisting employees in obtaining pass certificates, and establishing an emergency response mechanism for workshift substitute. In production and operation, inspection and maintenance plans for cement production plants were adjusted in a timely manner, emergency plans were formulated, and inspection and maintenance were launched autonomously. Our concrete batching plants actively traced customers' status of resumption of operation, and did well in production for secured supply. Through daily operations reports, timely understanding and grasp of the progress of the arrival of frontline employees for work, supply of raw materials, production, operation, inspection and maintenance of equipment were achieved. Timely procurement and distribution of anti-epidemic materials, and regular disinfection of commuter vehicles, canteens, office areas and dormitories were rolled out. In addition, CR Cement closely followed up on customers' needs, provided anti-epidemic support for customers, and assisted customers with resumption of operation and production.

Although the distance between everyone grew due to the epidemic, communication was greater and smoother, and ways of work were also more flexible. By the end of March 2020, the Company's operation resumption rate had reached 95.22%, and the overall production resumption rate had reached 90.4%.



▲ Lin Wanwei participated in epidemic prevention volunteer activities



▲ Lin Wanwei received the Epidemic Prevention Volunteer Service Certificate

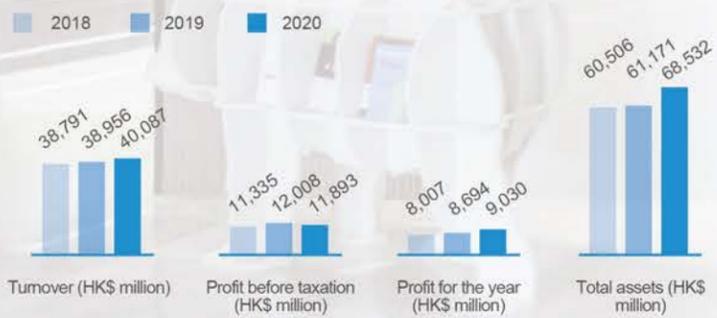
# Build a "New" Foundation for the Economy

China Resources Cement has always adhered to comprehensive, balanced and sustainable development. Facing various challenges of the current times and economic situation, CR Cement captures targeted development opportunities, continuously improves the internal governance structure of the Company, strengthens the construction of internal systems, improves the overall standard of corporate governance, builds and consolidates a new economic foundation with more efficient organizational control for development of higher quality.

## Material Issues, Guidelines and Indicators Addressed in This Chapter

Material Issues	SDGs	HKEX ESG indicators	CASS-CSR4.0 indicators	GRI Standards indicators
Management efficiency, operational results and enterprise value		B7,B7.1, B7.2,B7.3	M1.1,M1.2, M1.3,M1.4, M1.5,M1.6, M1.7,M2.1, M2.4,M2.7, M3.1,S1.1, S1.2	102-2,102-6, 102-16,102-24, 103-2,205-2, 205-3.
Corporate governance and risk management				
Integrity management and promotion of anti-corruption				
Rights and interests of shareholders and investors				
High-quality development, transformation and upgrade				

## Key Performance



## Standardize Corporate Governance

### Improve Policy Construction

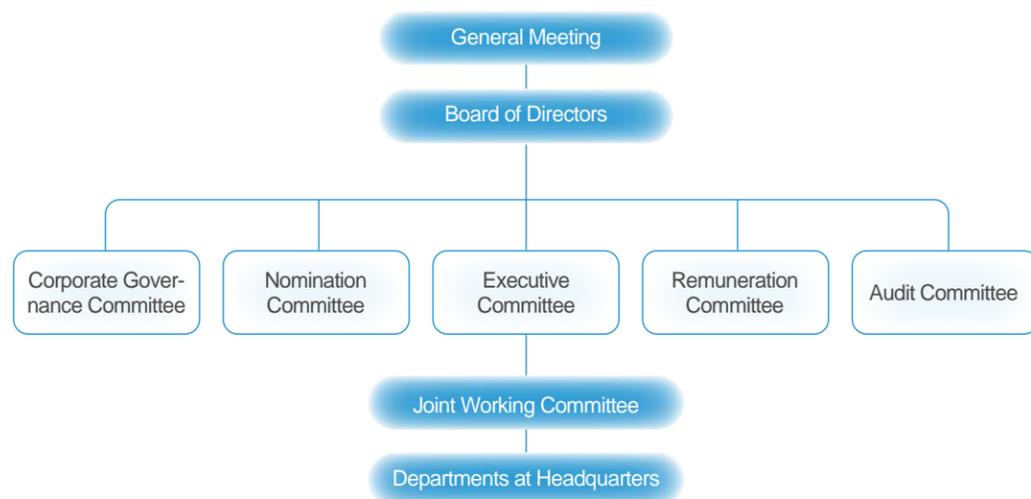
CR Cement adheres to a strict corporate governance system. For important decision-making matters, important personnel appointments and cessations, important project arrangements and operations of large amount of funds, CR Cement strictly follows the procedures stipulated by the Company's "Three Important and One Large" Decision-Making Policy (inclusive of the "Manual for Operation of Rights and Responsibilities").

### Attach Great Importance to Corporate Governance

The general meeting is the highest decision-making body of CR Cement. The Board of Directors was established in strict compliance with the "Corporate Governance Code" set out in the Listing Rules and the Company's Articles of Association. The Board is responsible for the important decision-making matters such as the Company's strategic goals and supervision of business management. The Board has set up Corporate Governance Committee, Nomination Committee, Executive Committee, Remuneration Committee and Audit Committee. Each special committee performs its duties and responsibilities in accordance with its terms of reference, promptly reports to the Board on the exercise and execution of the delegated matters,

and provides professional recommendations on important decision-making matters to the Board.

The Nomination Committee strictly abides by the "Terms of Reference for Nomination Committee" and the "Board Diversity Policy" when implementing the selection and nomination procedures of directors, and fully considers the directors' character and integrity, professional skills, age, gender and other diversified factors before recommending appropriate candidates to the Board. Shareholders may also propose a person for election as director in accordance with the relevant provisions of the Articles of Association. All directors are subject to re-election by shareholders at annual general meetings at least once every three years.



>> Board composition: 1 executive director, 5 non-executive directors and 4 independent non-executive directors.

In 2020, the Company held 1 Annual General Meeting, 6 Board meetings, 1 Corporate Governance Committee meeting, 2 Nomination Committee meetings, 8 Executive Committee meetings, 1 Remuneration Committee meeting, and 4 Audit Committee meetings.

## Strengthen Risk Control

CR Cement always puts the prevention and resolution of major risks in a prominent position, and had established sound work mechanism for internal control systems with the goals to "strengthen internal control, prevent risk, and promote compliance". Meanwhile, CR Cement conscientiously implements the decisions and deployments of the Central Government and the State Council regarding the prevention and resolution of major risks and the promotion of high-quality development.

### < Internal Control Management

The Board of Directors of the Company pays keen attention to and is fully responsible for the maintenance and optimization of our sound and effective internal control system. In 2020, in order to further strengthen the internal management and control, CR Cement had established the Internal Control and Risk Management Committee, with the Chief Executive Officer serving as the head of the committee, and had defined the duties and responsibilities of the committee in terms of internal control and risk management. In 2020, the Company formulated and amended 76 policies such as supplier management and domestic investment management, and organized 110 subsidiaries to conduct self-assessment of internal control effectiveness to achieve full coverage of self-assessment on internal control.

In 2020, the Company formulated and amended **76** policies such as supplier management and domestic investment management

#### Duties and Responsibilities of CR Cement's Internal Control and Risk Management Committee



### < Risk Management

CR Cement takes various measures to strengthen the mechanism for prevention of major risks. No major risk events occurred throughout the year.

<b>Regular assessment</b>	Conduct overall risk assessment every year, formulate risk response measures, establish an indicator system for risk monitoring, and monitor changes in substantial risks every quarter.
<b>Real-time monitoring</b>	Achieve real-time monitoring of important risk points in key scopes with the support of the Business Intelligence (abbreviated as "BI") system.
<b>Multi-level training</b>	Organized training on risk case studies for 500 participants from the Company's management, employees of each level from operating regions and production plants.
<b>Special governance</b>	Conducted special governance on EHS risks and information security risks.

In addition, in the face of the rapid industry development and market variability, CR Cement conducts in-depth analysis on industrial development trends when setting operational plans or introducing new products, comprehensively refers to the best practices of world-class companies, and integrates the Company's own development plans to formulate and launch internal management policies including "Management Measures on R&D Projects" and "Management Measures on Technology Advancement" to perfect the pre-assessment, management and control of risks.

## Consolidate Corporate Management According to Laws

CR Cement attaches great importance to corporate management according to laws through continuous improvement on corporate compliance management systems to comprehensively sort out the construction of rule of law culture and solidly promote corporate compliance management.

### < Compliance Policies

In 2020, the Legal and Compliance Department of CR Cement conducted in-depth research studies on compliance management boundaries, specific sectors, monitor and response to compliance risks, compliance management procedures, management of rights and responsibilities to comprehensively collect practical professional opinions and suggestions, which had provided direction and support for the solid establishment and effective implementation of compliance management policies.

The Company formulated “Interim Measures for Regulating the Management of Managerial Staff’s Foreign Investment and Broker Agencies” to regulate the control on managerial staff’s behaviours of external investments on shares, operation and start-up of businesses.

### < Compliance Review

In 2020, the Legal and Compliance Department of CR Cement conducted compliance review on 67 policies and systems. The legal compliance review rate of headquarters’ policies and systems reached 100%, and the requirements of the State-owned Assets Supervision and Administration Commission of the State Council and China Resources Group for “comprehensive review” of policies and systems had been fully achieved. Meanwhile, the Company embedded fixed steps for compliance review in the process of promulgating policies and systems, in order to guarantee the legal review rate of systems and the coordination and consistency on the contents between different systems of the Company.

In August, the Company organized and launched self-inspection and self-correction of business dealings between the enterprises operated by relatives of key personnel and specific related

persons on one part and enterprises of CR Cement at all levels on the other part and the invisible variation of business dealings, and provided timely feedback and followed up on the implementation status and rectification measures to the relevant departments directly in charge.

### < Compliance Training

In 2020, CR Cement organized multiple compliance training and legal knowledge popularization activities, including compliance training on anti-trust and anti-unfair competition, training and propagation on the policies for external investments of shares by managerial staff, operation and start-up of businesses, and related party transactions, legal knowledge popularization training on production safety management, and promotion and training activity of constitutional law, in order to further raise the legal and compliance awareness of the Company’s employees at each level, regulate and expedite operation in compliance with laws and regulations by enterprises of all levels.



#### Organized and launched the training and propagation of the “China Resources Group Code of Business Conduct”

In 2020, CR Cement organized and launched the training and propagation of “China Resources Group Code of Business Conduct” for directors and employees from various departments. A notice on the initiation of compliance commitments and the launch of systems regarding the “China Resources Group Code of Business Conduct” was issued, which required all employees to learn the code of business conduct online and sign a compliance commitment letter. Interim and overall summary reports of the work were prepared based on the learning completion rate and the signing of the compliance commitment letters according to the statistics of online system.

The legal compliance review rate of headquarters’ policies and systems reached

100%



## Protect the Rights and Interests of Shareholders

### Compliant Information Disclosure

Information disclosure is an important window for investors and the public to obtain information about listed companies. It is also a basic requirement for maintaining honest and transparent communications. CR Cement strictly abides by the regulatory and compliance requirements of our listing regions in fulfilling our disclosure obligations and making disclosure on the Company’s operating information or governance information to shareholders, investors and other stakeholders in accordance with the principles of authenticity, accuracy, timeliness and reliability.

### Attach Great Importance to Communications with Shareholders

In order to ensure shareholders’ exercise of their rights in an informed manner, CR Cement has established a shareholders’ communication policy and dedicated an investor relations team as the primary contact of the Company with shareholders, investors and analysts. Effective communications with shareholders are also maintained through multiple means of communications.

In 2020, in addition to results roadshows, CR Cement participated in 14 investor forums held by investment banks and conducted 173 investor meetings in total, which enabled communications with over 1,290 domestic and international fund managers and analysts.



2020 Annual Results Presentation

In 2020, CR Cement participated in

14 investor forums



conducted

173 investor meetings



communicated with over

1,290 investors



### Protect the Rights and Interests of Medium and Minority Shareholders

CR Cement organizes and convenes general meeting in strict compliance with the Listing Rules, the Articles of Association and other relevant regulations to ensure that general meeting passed resolutions in a fair and open manner for protecting and safeguarding the rights and interests of shareholders. Medium and minority shareholders can exercise their voting rights through participation in the general meeting in person or by proxy, making inquiries or suggestions to the board of directors, as well as through nomination of a person for election as a director or convening extraordinary general meetings in accordance with the requirements of the Articles of Association. Shareholders can also put forward inquiries or suggestions to the board of directors in writing, by email, or by attending general meeting.

## Uphold the Integrity Red Line

### Strengthen Integrity Management

In 2020, CR Cement constantly strengthened probity construction and the intensity for anti-corruption fights, enhanced the ideology guidance, improved the management system, proactively constructed the "Comprehensive Supervision" system, urged leaders at various levels to maintain strict standards for probity and self-discipline to build a firm "firewall" of integrity at work. In 2020, the Company and its employees were not involved in any corruption litigation cases.



Construct "Comprehensive Supervision" System

- Proactively constructed the "Comprehensive Supervision" paradigm, and formulated the work plan for "Comprehensive Supervision" to provide solid political and discipline guarantee for high-quality development;
- Thoroughly implemented "China Resources Group Code of Business Conduct" and "Ten Commandments of China Resources", and formulated the "Guidelines for Integrity Talks with Newly-appointed Direct Managerial Staff and Key Professional Roles" and the "Measures for Standardizing Enforcement of Handling and Disciplinary Decisions and the Period Affected by Disciplinary Actions (Trial Implementation)".



Focus on Key Areas and Keep Close Supervision on Key Steps

- Carried out special sorting, supervision and rectification on risks covered by integrity upon integration of business models and business processes, and with focus on probable and frequent integrity issues in key scopes and key steps such as procurement, marketing, finance and human resources;
- Carried out supervision and inspection on the implementation of the central government's eight required spirits and against "four forms of decadence", so as to tighten discipline and ensure integrity at work.



Encourage Multiple Parties to Participate in Supervision

- Offered education of probity and integrity to suppliers, dealers and other external partners to establish an interactive mechanism for supervising anti-corruption and advocating integrity;
- Advocated internal and external personnel of the Company to report and blow the whistle on CR Cement units and individuals for suspected violations of discipline or laws at work and offences at work through channels such as calls, visits and the Internet.



Information Technology-Empowered Supervision

- Explored the use of information technology means to improve the effectiveness of supervision, developed advanced and concurrent preventive reviews of reimbursements for business receptions and investigation of suppliers' connected relationships in the procurement scope to further gatekeep and prevent corruption risks.

## Attach Great Importance to Probity Education

CR Cement attaches great importance to the probity alert education for management personnel and employees at all levels. Through the launch of centralized probity education, education and propagation were initiated by use of case studies of people and situations around employees to transmit probity spirit to every employee and create an honest and upright working atmosphere.

- Shot promotional videos of probity alert education to drive for the diversified and regular launch of probity alert education with the main focus on case studies around employees and testimonials of employee representatives involved in sensitive roles;



▲ Ji Youhong, CEO of CR Cement, speaks during the "China Resources Cement's Promotional Videos of Probity Alert Education"



▲ On-site teaching of probity alert education for new, middle and basic-level employees

237

sessions of "integrity education delivered to the door" were conducted

7,153

participants in total

Probity education and propagation were conducted on

97

trainees of Future Star boot camp

496

employees from key roles including sales and finance and



## Support Excellent Operations

CR Cement conscientiously implements the management theme of "reform and innovation for quality development", and continues to launch in-depth work on lean operation work on the basis of lean management and with the main focus on the construction of excellent operational system.



Optimize Appraisal System

CR Cement further optimized the excellent operational system structure and specified the direction and focus of system construction. In September 2020, the Company amended and promulgated the "Rules of Appraisal for Excellent Operational Management", with appraisal indicators that cover the entire process and all scopes of business operations. Meanwhile, according to the characteristics of business management, the weight and quantity of each business appraisal indicators had been substantially adjusted and the scoring standards had been refined to greatly enhance usability.

CR Cement conducted in-depth work for lean management and continuous promotion of training and certification for lean belt rated talents. As of the end of 2020, CR Cement had a total of 7 employees with Lean Black Belt qualification, 200 employees with Lean Green Belt qualification, and 555 employees with Lean Yellow Belt qualification, which had laid a solid talent foundation for lean management. In 2020, a total of 285 lean improvement projects were completed, achieving significant lean improvement benefits.



Deepen Lean Management



Upgrade the Star-Grading of Production Plants

In accordance with the "Rules of Appraisal for Excellent Operational Management", in 2020, the Company organized and launched appraisal for excellent operational management at 89 cement grinding stations and concrete plants. 51 5-star production plants were selected, and the annual growth rate of star-grading plants was 10.59%.

The water inrush treatment and management project of recessed sinkhole mining under complex conditions in karst areas is a small look at CR Cement's technological innovation. The project has enriched and developed the theory of water inrush mechanism research and treatment under complex geological structures, and raised the technical standards of water inrush treatment and management in China. In April 2020, the project won the Silver Award of China Resources Group's Best Technological Innovation Award.



Promote Technological Progress



▲ Chen Xiaojun, Deputy General Manager of China Resources Group, presented CR Cement with the Silver Award for the Best Technological Innovation Award

## Focus on Industry Extension

CR Cement proposes to uphold the strategic transformation direction of the vertical "extension of industry chain" and the horizontal "transformation and upgrade of the industry". Positioning in Southern China, we actively promote new businesses such as aggregates, new materials and prefabricated construction.

### Aggregates

CR Cement proactively explores development opportunities for aggregates business in our operating regions to fully leverage on the synergetic advantages of cement, concrete, aggregates and prefabricated construction businesses, for promoting industrial integrative development and further consolidating the core competitive advantages of the Company. Since 2020, CR Cement newly acquired the mining rights of 6 aggregates quarries located in Fengkai County of Guangdong, Shangsi County, Tianyang District and Wuxuan County of Guangxi, Dingan County of Hainan and Weishan County of Yunnan respectively, with resource reserves of approximately 920.0 million tons in total and planned annual production capacity of approximately 51.0 million tons in total, which had further enriched reserves of aggregates resources.

As of end-2020, annual aggregates production capacity in reliance on cement mines was approximately



10.6 million tons

Including newly acquired mines since 2019, total annual production capacity is expected to exceed



63.0 million tons



▲ Signed Cooperation Framework Agreement for a 10-Million Tons Aggregates Project with the People's Government of Tianyang District in Guangxi

Project	Planned annual production capacity (tons)	Resources reserve (tons)	Particulars
Guangdong			
Fengkai	30,000,000	425,000,000	<ul style="list-style-type: none"> <li>Won the bid for the mining rights in October 2020.</li> <li>Expected to commence operation by the end of 2022.</li> </ul>
Guangxi			
Shangsi	5,000,000	65,000,000	<ul style="list-style-type: none"> <li>Won the bid for the mining rights in March 2020.</li> <li>Expected to commence operation by the end of 2022.</li> </ul>
Tianyang	5,000,000	61,000,000	<ul style="list-style-type: none"> <li>Won the bid for the mining rights in June 2020.</li> <li>Expected to commence operation by the end of 2022.</li> </ul>
Wuxuan	5,000,000	208,000,000	<ul style="list-style-type: none"> <li>Won the bid for the mining rights in February 2021.</li> <li>Expected to commence operation in the first half of 2023.</li> </ul>
Fujian			
Wuping	2,000,000	56,000,000	<ul style="list-style-type: none"> <li>Won the bid for the mining rights in November 2019.</li> <li>Expected to commence operation by the end of 2021.</li> </ul>
Hainan			
Dingan	3,000,000	63,000,000	<ul style="list-style-type: none"> <li>Won the bid for the mining rights in November 2020.</li> <li>Expected to commence operation by the end of 2022.</li> </ul>
Yunnan			
Weishan	3,000,000	100,000,000	<ul style="list-style-type: none"> <li>Won the bid for the mining rights in August 2020.</li> <li>Expected to commence operation by the end of 2022.</li> </ul>

### CR Cement's first large-scale aggregates project with annual capacity of 30.0 million tons was rolled out in the Guangdong Region

On 16 October 2020, Zhaoqing Runxin New Materials Limited, a subsidiary of CR Cement, won the bid for a granite quarry used for construction in Dapai Mining Concession, Fengkai County, Guangdong for RMB3.21 billion. The mining area is 1.1736 km<sup>2</sup> and the planned annual production capacity is approximately 30.0 million tons. We will build aggregates project in the Dapai Mining Concession, and utilize logistics and synergetic advantages to cover the Guangdong-Hong Kong-Macao Greater Bay Area market, which lays the foundation for the industry positioning and promotes new business development strategies.

Zhaoqing Runxin New Materials Limited, as a joint venture between CR Cement and local state-owned enterprises, has created a precedent for enterprises to cooperate with local state-owned enterprises in the development of mineral resources, and has taken a solid step towards expanding new businesses, extending the industry chain and achieving the goal of "building another CR Cement".

The planned annual production capacity is approximately

**30.0** million tons

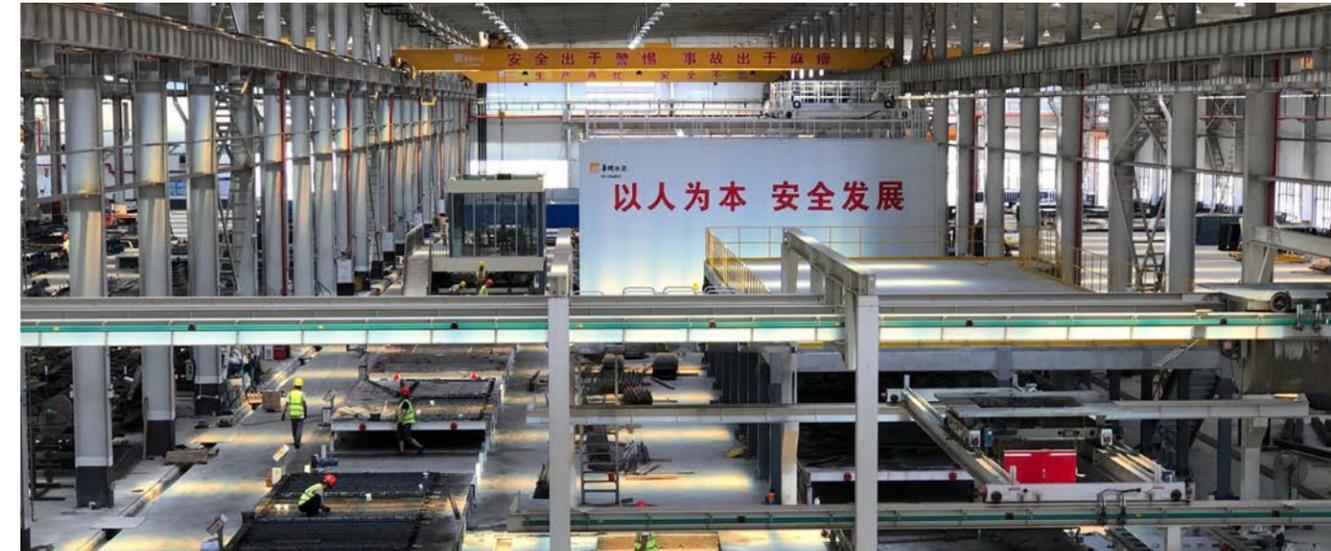


### New Materials

CR Cement continuously promotes its new materials business. Following the Group's acquisition of 40% equity interests of Universal Marble through our wholly owned subsidiary Runfeng New Materials in 2019, the Group entered into an equity transfer agreement in January 2021 with Universal Marble and its subsidiaries to acquire approximately 58.8% equity interests of Universal Classical for a consideration of RMB256,070,700 (equivalent to approximately HK\$306,811,000), and completion had taken place in March 2021. This had increased the equity interests of Universal Classical attributable to CR Cement to approximately 75.3%. The main products of Universal Marble are inorganic granite and quartz, primarily for domestic and international markets. Its major customers are large real estate developers and government units in charge of large-scale national public buildings (including subways, schools, and conference centres). Its brand recognition has a leading position in the domestic market.

Runfeng New Materials, a wholly-owned subsidiary of CR Cement, is mainly responsible for the operation and promotion of new products and new materials. In May, Runfeng New Materials officially stationed in "RUN Stone-lab", whose exhibition hall displayed various products independently researched, developed and manufactured. In 2020, Runfeng New Materials actively promoted inorganic engineered stones, researched and developed new products such as engineered stone with light and shadow images and translucent engineered stone, and expanded the market through launching strategic cooperation with real estate developers. Currently, the engineered stone products sold have been applied in construction projects such as schools, cultural exhibition centres, commercial properties and gardens in Guangdong Province, Jiangsu Province, Shaanxi Province, Beijing Municipality and Shanghai Municipality. In the future, opportunities for other new products and new materials will be explored to provide customers with systematic and diversified product solutions.

### Prefabricated Construction



▲ Trial production workshop of ZhanJiang RunYang United Intelligent Manufacturing Company Limited

CR Cement seized the opportunity of the vigorous national development of prefabricated construction, further optimized resources distribution and actively promoted the prefabricated construction business. In 2020, China Resources Cement achieved stunning development in the scope of prefabricated construction business. As of the end of 2020, a total of 7 prefabricated construction projects had been planned for and the design annual production capacity of precast concrete components is expected to reach approximately 1.5 million m<sup>3</sup> after completion.

The design annual production capacity of precast concrete components is expected to reach approximately

**1.5** million m<sup>3</sup>

Table of prefabricated construction projects

Project	Area of land acquired (m <sup>2</sup> )	Design annual production capacity (m <sup>3</sup> )	Status	Particulars
Dongguan Runyang <sup>6</sup>	—	40,000	In operation	Currently, products are mainly supplied to public housing and commodity housing projects in Shenzhen Municipality, Zhuhai City and Guangzhou City.
Zhanjiang Runyang	210,000	400,000	In trial production	Phase 1 production line of precast concrete components (design annual production capacity of 200,000 m <sup>3</sup> ) had commenced trial production in March 2021.
Jiangmen Runfeng	45,500	50,000	Under construction	Won the bid for the land in January 2020; concrete batching plant (annual production capacity of 900,000 m <sup>3</sup> ) and production line of precast concrete components are expected to commence operation in the second half of 2022.
Nanning Wuhe	167,000	400,000	Under construction	Concrete batching plant (annual production capacity of 600,000 m <sup>3</sup> ) had commenced operation in December 2019; Phase 1 production line of precast concrete components (design annual production capacity of 200,000 m <sup>3</sup> ) is expected to commence operation by the end of 2021.
Guigang Runhe	130,000	200,000	In trial production	Concrete batching plant (annual production capacity of 600,000 m <sup>3</sup> ) had commenced operation in November 2019; Phase 1 production line of precast concrete components (design annual production capacity of 100,000 m <sup>3</sup> ) had commenced trial production in June 2020.
Laibin Runhe	153,000	200,000	Under planning	Won the bid for the land in January 2020.
Baise Runhe	120,000	200,000	Under planning	Won the bid for the land in April 2020.

<sup>6</sup> CR Cement holds 49% equity interests of the associate DongGuan RunYang United Intelligent Manufacturing Company Limited.

### CR Cement and China Resources Land Limited reached a strategic cooperation in engineered stone, which laid a good foundation for collaborated development

On 13 May 2020, the agreement signing ceremony for the strategic cooperation in engineered stone between CR Cement and China Resources Land Limited cum the move-in ceremony of Runfeng New Materials' "RUN Stone-lab" were successfully held. The management teams of China Resources Group, China Resources Land Limited and CR Cement attended the agreement signing and move-in ceremonies. The execution of this agreement symbolizes that the collaboration between both parties has been comprehensively upgraded from project level to company level, and is of great significance to the integration of industry resources and the deepening of cooperation and development.

The stone materials supplied by Runfeng New Materials were used for Xi'an Olympics Sports Center, Xi'an Silk Road International Conference Center and Xi'an Silk Road International Exhibition Center, all of which were built and operated by China Resources Land Limited. Runfeng New Materials completed the supply of stone materials on time and with guaranteed quality, which enabled the project to meet the scheduled deadlines of the construction and quality targets and laid a good foundation for in-depth cooperation between both parties.



▲ Agreement Signing Ceremony of Strategic Cooperation in Engineered Stone between CR Cement and China Resources Land Limited



# Invigorate "New" Vitality in Talents

CR Cement is committed to creating a fair and just employment environment and a safe and healthy working environment for our employees. We fully respect and protect the basic rights and interests of every employee, implement diversified talent development strategy, pay attention to employees' growth, and create a career platform for employees to showcase their talents and creativity.

## Material Issues, Guidelines and Indicators Addressed in This Chapter

Material Issues	SDGs	HKEX ESG indicators	CASS-CSR4.0 indicators	GRI Standards indicators
Compensation and benefits of employees		B1, B1.1, B1.2, B3, B3.1, B3.2,	S2.1, S2.2, S2.3, S2.4, S2.5, S2.6,	401-1, 401-2, 401-3, 403-2, 403-3, 403-4,
Development and training of employees		B4, B4.1, B4.2	S2.7, S2.8, S2.9, S2.10, S2.11, S2.12, S2.13, S2.14, S2.15, S2.16, S2.17, S2.18, S2.20, S4.7	405-1, 406-1, 408-1, 404-1, 404-2, 404-3
Occupational health of employees				
Rights and interests of employees				
Care for employees				

## Key Performance



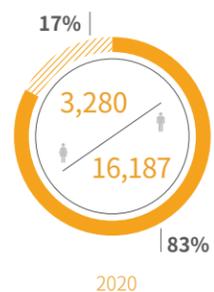
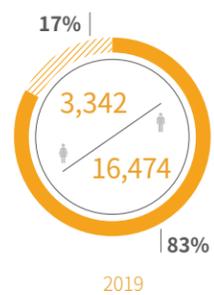
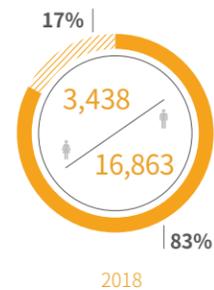
## Safeguard the Rights and Interests of Employees

### Protect Human Rights

CR Cement is in strict compliance with laws and regulations including the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China and the Provisions on Prohibition of Using Child Labour. By adhering to the principle of equal employment, we prohibit all discrimination due to differences in gender, age, territory, education, religious belief, nationality, race, sexual orientation and disability, and strive to create diversified and inclusive working environment. Meanwhile, we established a fair, impartial and open system for personnel selection and appointment. Employment of child, forced labour, overtime work, harassment and abuse are strictly prohibited to effectively protect the legal rights and interests of employees.



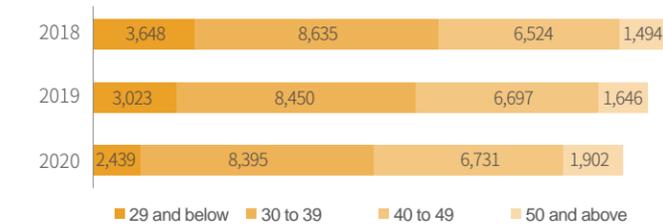
#### Employees by Gender



#### Employees by Function

Statistical Indicators	Unit	2018	2019	2020
Management	Employees	393	402	391
Finance, administration and others	Employees	2,648	2,485	2,498
Production staff	Employees	11,753	11,627	11,198
Technical staff	Employees	4,618	4,420	4,517
Sales and marketing staff	Employees	889	882	863

#### Employees by Age



#### Employees by Geographical Region



### Respect Privacy

CR Cement respects the privacy rights of employees, conducts strict management and maintains confidentiality of employees' information and privacy, and establishes policies and systems such as information confidentiality management and file management. At the same time, the personal data or privacy of relevant personnel is also kept confidential in various steps such as recruitment and assessment to ensure no information leakage.

### Remuneration and Benefits

CR Cement built a remuneration allocation mechanism based on values of the roles and in combination with the contributions to results, personal capabilities and personal development, which established a regular market benchmarking mechanism to reasonably verify the remuneration levels for all types of employees, gradually raise the market competitiveness of remunerations of various roles, mutually share the corporate operational benefits with employees to attract and retain excellent talents. In 2020, the Company continued

to optimize the remuneration management policy, specified the remuneration management standards, and appropriately raised relevant remuneration standards in accordance with changes in the market consumer price level. In the meantime, we abide by laws and regulations including the Social Insurance Law of the People's Republic of China and the Regulations on Paid Annual Leave of the Employees to further refine and enrich the employee benefits system and ensure employees' enjoyment of fair treatment in terms of remuneration, benefits, compensations and leaves.

- Timely and full contributions to the "Five Social Insurances and One Housing Fund" and the Mandatory Provident Fund are made for Mainland employees and Hong Kong employees respectively, and establish corporate annuity for Mainland employees;
- Provide employees with company annual leave on top of statutory annual leave;
- Purchase commercial insurance for employees and their two immediate family members, and formulate diversified annual body check packages;
- Provide a full range of benefits for employees' marriage, birthday, childbirth, hospitalization, funeral arrangement of family members and retirement;
- In early 2020, affected by the novel coronavirus epidemic, the Company newly adopted flextime, protected employees' health and reduced the impact of the epidemic on work through measures such as "flextime", "shift system" and "mobile clock-in".

## Democratic Management

In order to actively promote democratic management, CR Cement continuously improves the timely and effective mechanism for negotiations and communications. We respect employees' freedom of expression and listen to their "voices". Smooth feedback channels are opened for employees to effectively safeguard a series of legal rights and interests of employees such as right to information, right of participation, and right to decision-making. Employees can provide real-time feedback opinions and suggestions through diversified channels such as employees' congress, whistle-blowing hotlines, whistle-blowing emails and OA forum. Email of contact person is open for collecting and properly adopting reasonable suggestions from employees when formulating policies and systems involving the vital interests of employees.



On 24 July 2020, CR Cement held the third employees' congress. The employee representatives at the meeting listened, reviewed and voted to resolve the adoption of 5 new policies including the "Talent Management Policy (Trial)" of the Company and the proposals for amendments to 7 existing policies including the "Measures for Implementation of Staff Performance Management (Trial)" of the Company and the "Rules for Implementation of Corporate Annuity Plan".

## Occupational Health

In strict compliance with the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, CR Cement formulated the "CR Cement Employees' Health Manual" and the "Rules of Occupational Health Management" to provide employees with targeted annual body check packages to protect their occupational health. At the same time, we will continue to deepen the implementation of dust treatment and management at production plants, promote technological upgrade of automated packaging and loading, and strive to building a healthier working environment. In 2020, in accordance with their actual situations, each production plant launched a series of publicity week activities around the theme of "Protection of Occupational Health – I Take Action", including keynote presentations, staff forums and lectures. Knowledge on prevention and treatment of occupational diseases and healthy work concepts were effectively disseminated and publicized with the aid of videos on large LED screens, WeChat, QQ and other platforms to strengthen the self-protection awareness of all employees.

In addition, CR Cement proactively pays attention to the mental health of employees and specifically established occupational health management roles who are responsible for the management work of occupational health and mental health. Mental health courses were initiated for employees to stimulate the students' enthusiasm to discuss and interact through lecturing from the courses, thereby promoting the orderly launch of staff mental health work.

Coverage rate of OHSAS 18000 Occupational Health & Safety Management System was

100%

Coverage rate of staff body check was

100%



▲ Jinjiang Grinding Station's Publicity Week for the Law on the Prevention and Treatment of Occupational Diseases

## Foster Staff Development

### Employee Training

Based on its corporate development strategy, CR Cement continues to improve its talent development mechanism and talent training system, and attaches importance to building organizational capability and talent training to guarantee the construction of talent ladder. In 2020, pursuant to the "Training Management Policy (Interim Version)", CR Cement designed a multi-dimensional enhancement plan, which continuously promoted the pilot scheme for team building, systematically inventoried training projects, independent courses and internal lecturer resources, and coordinated the revision of management practice textbooks of CR Cement to improve offline training platforms and take advantage of online training platforms in advocating online and offline hybrid learning.

<p><b>Offline training</b></p> <ul style="list-style-type: none"> <li>In 2020, approximately <b>1,500</b> participants attended offline training for a total duration of approximately <b>94,000</b> hours;</li> </ul>	<p><b>Online training</b></p> <ul style="list-style-type: none"> <li>In 2020, over <b>280</b> mini-courses were self-developed internally, over <b>100</b> online courses were newly uploaded, and live streaming webcasts of <b>18</b> presentations of excellent management cases were launched. <b>63</b> online professional training sessions and <b>1,482</b> online examinations were initiated. Approximately <b>19,400</b> employee participants were in attendance of the online training, and the total duration of online training was approximately <b>187,000</b> hours.</li> </ul>
<p><b>Total duration of training</b></p> <ul style="list-style-type: none"> <li>The total duration of training was approximately <b>281,000</b> hours and the average training duration per employee was approximately <b>14.5</b> hours.</li> </ul>	

### >> Employees' Testimonials after Learning

"Enrollment in the 'Training Course for Personnel in Market System to Improve Management Capability' gave me the opportunity to calm down for participating in a five-day study. The Marketing Department of the Company organized experienced leaders and colleagues of the Company from various fields to serve as teachers, who systematically taught finance, auditing, innovative thinking, new business, branding and logistical knowledge. Compared to external lecturers, the internal lecturers have great depth and the courses developed are closer to the business, thus more in line with our learning needs."

— Gong Zixiang, Senior Sales Representative, Guangdong Region

"After more than a year of study and practice, we know that team building comes from sound management at basic level, that is to say, to do well in what to know and what to do on the job and continuously develop those skills. By using the three tools of work guidance, work improvement and work relationship, the safety awareness and business skills of our team have been greatly improved. We are always learning, let us give it our all!"

— Peng Yuhua, Laboratory Supervisor, China Resources Concrete (Huizhou) Limited

Story of studying at CR Cement College

The moon falls on the long Pingchuan Road, river turns red as the distant sun rises over the mountains, Looking at the clouds and mountains of Minyue in the distance, sailing in the pearl water. Thousands of heroes gather in blocks of buildings, no need to borrow light by gouging the walls, Westbound journey to find scriptures with empty bags, return full of knowledge to hometown.

— Tang Chunnan, Sales Supervisor, Fujian Region



### Jointly launched employee skills competition with Cement Industry Association

In October 2020, in order to vigorously promote the spirit of craftsmanship in the cement industry, encourage the majority of employees in cement companies to take the path to acquire talent and skills and serve the country, and to accelerate the training of a large number of high-quality laborers and high-skilled personnel in the cement industry, the "Cement Production Central Controller (Grinding) Vocational Skills Competition of the 2020 'Runfeng Cement Cup' for the National Building Materials Industry" organized by the China Cement Association and the National Construction Materials Industry Vocational Skills Appraisal and Guidance Center, supported by the Guangdong Cement Industry Association, and co-organized by CR Cement, kicked off at the Guangzhou China Resources Cement College.



▲ Cement Production Central Controller (Grinding) Vocational Skills Competition of the 2020 "Runfeng Cement Cup" for the National Building Materials Industry

### < Awards and Honours



CR Cement won the "Benchmarking Unit" Award in the Eleventh China Talent Development Elite Awards



China Resources Cement College won the "Special Contribution Award" in the Cement Production Central Controller (Grinding) Vocational Skills Competition of the 2020 "Runfeng Cement Cup" for the National Building Materials Industry

### Career Promotion

CR Cement creates a broad career development platform and opportunities for the employees to display their individual talents. Through a series of measures, we guarantee fair promotion opportunities whilst providing secured supply of talents to promote the Company's high-quality development.

- 

Proactively optimized the system for ranking the roles of managerial staff to create a better growth path for talents;
- 

Organized cross-unit, cross-business and inter-regional exchanges for excellent managerial staff to broaden professional horizon, sharpen business acumen and polish managerial skills;
- 

Paid keen attention to select and cultivate young managerial staff, formed a talent pool of young managerial staff, and designed a complete set of cultivation projects including the "Blue Sapphire Scheme – Elite Leaders" and "Blue Sapphire Scheme – Elite Youths" to accelerate the growth of managerial staff and promote the construction of talent ladders;
- 

Modified the appointment standard system for professional technical talents to develop the standards for appointment of technical talents and conduct job appraisal on a regular basis;
- 

Organized technical talent training such as vocational practical skill training, technology competitions and talent shows to actively cultivate "knowledgeable, skillful and innovative" talents.



▲ The cement boot camp of China Resources Group's Future Star Orientation in 2020

## Create Prosperous Working Environment

### Care for Employees

CR Cement is committed to enhancing the working environment and team ambience for its employees. Various group activities were organized for better physical and mental wellness of employees, such as staff birthday parties, festive celebrations, sports activities, photography competitions and reading month activities, so as to enhance the cohesion and sense of belonging of employees.



▲ The Third All-Staff Games of Hongshuihe Cement



▲ Excerpts from Reading Month Activity Notes



▲ Nanning Cement's reading month activity of "Blooming Chinese Talent and Flying Resourceful Heart"



▲ Birthday party with the theme of "Listen to their good voices, recite and sing the song of China Resources together" at headquarters

In June, the labour union of headquarters held an activity to call for papers of "My Father/Mother in CR Cement", which reflected and demonstrated care for employees and their families by the Company and management from the perspectives and feelings of the employees' children.



▲ Liao Minghao, 6 years old, son of Ms. Sha Liuyan from Dongguan Concrete



▲ Zhang Junwei, 6 years old, son of Ms. Li Yangzhen from Guangdong Region

## Care for Women

CR Cement focuses on protecting the rights and interests of female employees. The requirements for maternity leave and lactation leave for female employees are fully implemented. "Nursing rooms" are set up for female employees. Equal career development opportunities are offered to ensure that female employees are entitled to non-differentiated treatment of remunerations and benefits. Besides, the Company provided female employees with personalized benefits such as organizing activities of "March 8th" International Women's Day and annual body check projects targeting female employees to raise the sense of belonging and happiness of our female employees.



### Nanning Cement Organizes Creative Works Competition for Women's Day on March 8th

In response to the call for "no assemblies, no dinners, and no gatherings" during the epidemic, Nanning Cement organized a "Charming Bloom of Roses in the Fight against Epidemic" Creative Works Competition for Women's Day.



## Assistance to Employees in Need

CR Cement pays keen attention to caring for employees. We regularly visit employees in need and their families with solicitude in order to understand their needs, care for and follow up on the improvement of their living conditions. The Company established the "China Resources Cement Gratitude Fund", which aims at caring for and helping the employees in need and illness. In 2020, the Gratitude Fund raised donations of approximately RMB775,000 in total, and employees in need were subsidized with a total amount of approximately RMB1,199,000.

In 2020, the fund raised donations of approximately RMB

775,000 in total

Employees in need were subsidized with a total amount of approximately RMB

1,199,000



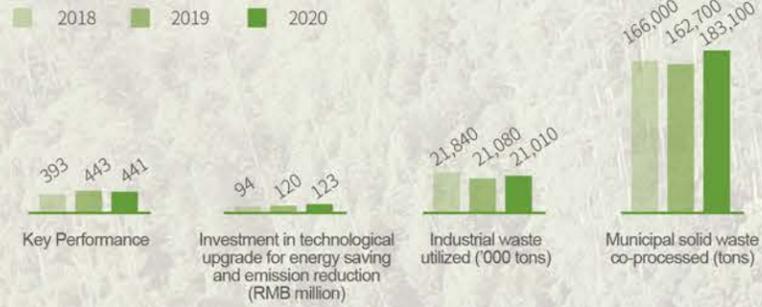
# Practice "New" Green Development

CR Cement always adheres to the concept of green development, takes ecology, environmental protection, safety and intensive use of resources as the main focuses of work, establishes a sound environmental management system, actively participates in energy saving and emission reduction, and is committed to building a resource-saving and environmentally-friendly green enterprise to promote the sustainable development of the cement industry.

## Material Issues, Guidelines and Indicators Addressed in This Chapter

Material Issues	SDGs	HKEX ESG indicators	CASS-CSR4.0 indicators	GRI Standards indicators
Sustainable Development		A1,A1.1,	E1.1,E1.2,E1.3,	201-2,301-2,
Energy and resources management		A1.2,A1.3,	E1.5,E1.6,E1.7,	302-3,302-4,
Environmental management systems		A1.4,A2,	E1.8,E1.9,E1.10,	303-4,304-2,
Pollutant and waste management		A2.1,A2.5,	E2.1,E2.2,E2.3,	305-1,305-2,
Waste co-processing		A3,A3.1,	E2.4,E2.5,E2.6,	306-2
Ecology diversification and green mine construction		A4,A4.1	E2.8,E2.11,E2.12,	
Carbon emissions and climate change			E2.13,E2.14,E2.15,	
Charity events for environmental protection and green offices			E2.16,E2.17,E2.18,	
Clean technology and opportunities in green building			E2.19,E2.21,E2.22,	
			E2.23,E2.24,E2.25,	
			E3.1,E3.3,E3.4,	
			S1.4	

## Key Performance



## Strengthen Environmental Management

### Environmental Management Systems

CR Cement strictly complies with the relevant laws, regulations and industry standards including the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste, the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution, and the Emission Standard of Air Pollutants for Cement Industry to build an environmental management system with high standards and achieve full coverage of the Company's environmental management.

#### Construction of policies and systems

The Company had formulated the "EHS Management Series" of the "Management Manual" of CR Cement and implemented various policies including the "Policy for EHS Accountability by Positions of China Resources Cement Holdings Limited" to specify environmental management responsibilities and strengthen environmental protection compliance.



#### Construction of organizational systems

Constructed EHS system with three-tiered management and control of "headquarters, major operating regions, and production plants". EHS organizational institutions at each level includes the EHS Committee, the EHS Supervision and Management Department and the EHS Supporting Department to ensure all-level implementation and full coverage of environmental supervision responsibilities.



#### Construction of appraisal systems

Established a star-grading appraisal system and set target values based on the results of industry/internal benchmarking, and comprehensively evaluated the performance of each cement production plant in terms of environmental protection to further enhance the management standard of production plants and drive for the sustainable development of the Company.



### Management and Control of Environmental Risks

CR Cement had continuously strengthened its management and control on environmental risks by using identification of environmental impact factors at production plants, identification and update of the list of laws and regulations, so as to help each production plant to investigate latent hazards and eliminate environmental risks in a timely manner. In the process of production and operation, we earnestly implement the Environmental Impact Assessment Law of the People's Republic of China, extensively listen to the opinions of stakeholders, actively communicate with industry experts, regulatory authorities and other organizations on environmental protection issues, and complete environmental impact assessments with high quality. We also provide guidance for future proposals on environmental protection and relevant actions. At the same time, all production plants had also established an effective mechanism for management and control of environmental risks, formulated emergency plans for environmental incidents, and implemented rectification in a timely manner upon discovery of environmental risks.



#### Hongshuihe Cement revised the ecological and environmental protection management policies to add requirements for early alert of excessive pollutant emissions

In accordance with the latest laws and regulations on environmental protection management, Hongshuihe Cement revised, promulgated and implemented the "Compilation of Ecology and Environmental Protection Management Policies" in November 2020, which had added requirements such as general solid waste management policy, hazardous waste management policy, early alert of excessive pollutant emissions and environmental tax management policy to comprehensively guide the environmental protection management work in all the steps of production.



#### CR Cement invited the Chinese Research Academy of Environmental Sciences to conduct simulated supervision and inspection on environmental protection

From 16 to 27 September, CR Cement invited the Chinese Research Academy of Environmental Sciences to conduct simulated supervision and inspection on environmental protection at its subsidiaries in Caoxi, Fengkai and Pingnan. The expert supervision and inspection team of the Chinese Research Academy of Environmental Sciences conducted comprehensive and in-depth supervision and inspection on the two aspects of environmental management and on-site technology by listening to reports, investigating and reading information, management discussions, on-site inquiries and on-site inspections, which had sorted out latent hazards for the production plants and proposed rectification recommendations.



▲ The first meeting of simulated supervision and inspection on environmental protection

#### Zhanjiang Concrete prepared emergency plans to prevent the risks of emergent environmental incidents

To respond to emergent environmental incidents, Zhanjiang Concrete had prepared emergency plans for emergent environmental incidents. In September 2020, experts were invited to conduct on-site assessment, and all the plans had passed the assessment.

### Green Factory Recognition

CR Cement proactively encouraged the construction of green factories and received extensive recognitions. As of the end of 2020, 14 cement production plants had been included in the registers of national-level, provincial-level or AR-level "Green Factories".

Green Factory	Certification Level
Tianyang Cement	National-level (6)
Wuxuan Cement	
Nanning Cement	
Heqing Cement	Provincial-level or AR-level (8)
Pingnan Cement	
Guigang Cement	
Jinsha Cement	
Longyan Cement	
Shangsi Cement	
Yanshi Cement	
Luchuan Cement	
Caoxi Cement	
Hepu Cement	Provincial-level or AR-level (8)
Yongding Cement	



▲ Guigang Cement was included as a national-level green factory

## Practice Green Management

### Improve Energy Efficiency

CR Cement actively benchmarks the energy-saving measures of world-class enterprises, and continues to promote and apply new technologies, new equipment, new materials and innovative results for energy saving and environmental protection. At the same time, we actively build green and smart factories, and empower energy-saving and emission-reduction works by digitization and intelligentization to further improve production efficiency and reduce energy dissipation.



- The use of grinding aids for cement was fully promoted to effectively reduce electricity consumption during the process of cement production. The average consumption of electricity resources decreased by 2.0 kwh per ton of cement produced and approximately 160.0 million kwh of electricity was saved throughout the year, which was conducive to reducing carbon dioxide emissions;
- Phase 1 of the pilot intelligent manufacturing factory at the cement production plant in Tianyang, Guangxi commenced operation in July 2020. Upon completion of construction, the project will be conducive to enhancing production efficiency of the factory;
- The cement production plant in Fengkai, Guangdong commenced the construction of intelligent manufacturing centred on the aspects of EHS, operation, production, equipment, quality, mines and logistics to create a "lighthouse factory".

CR Cement formulated and implemented the "Policy for Supervision and Management of Energy Saving and Emission Reduction", established a sound energy management system, and collected quantitative measurements of resources consumption during the production process for the accurate assessment of the operational performance of each production plant in order to optimize utilization rates of energy and resources and further enhance economic efficiency with data support. In 2020, CR Cement's performance on energy consumption continued to improve and key energy consumption indicators achieved substantial decrease.



- Standard coal consumption per ton of clinker was 104.4 kg of standard coal per ton, representative a decrease of 1.0% from 2019;
- Consolidated energy consumption per RMB10,000 output was 2.60 tons of standard coal per RMB10,000, representing a decrease of 1.9% from 2019;
- Consolidated energy consumption per RMB10,000 value addition was 5.58 tons of standard coal per RMB10,000, representing a decrease of 4.6% from 2019.

With the support of various solid and effective energy-saving measures, CR Cement had set energy-saving targets for cement production in the next five years to further enhance the energy utilization efficiency during the process of cement production and achieve green production.

Aimed to reduce standard coal consumption per ton of clinker by 5%, consolidated electricity consumption per ton of clinker by 10% and electricity consumption per ton of PO42.5 cement processed by 16% respectively by 2025 as compared with 2015.



▲ Mining area of Wuxuan Cement

### Comprehensive Recovery and Utilization of Residual Heat

All cement production plants of CR Cement are equipped with pure low-temperature residual heat recovery generation systems, which highly effectively recovers the residual heat dissipated during the process of cement production to be converted into electrical energy that is fed back into the process of manufacturing cement products. This effectively reduces the loss of unused energy in the form of residual heat, substantially reduces coal consumption and greenhouse effect, and achieved good economic, social and environmental benefits.

In 2020, the residual heat generators generated over

**2,090** million kwh of electricity

representing approximately

**32.2%** of the Company's electricity consumption required for the production of cement products.



## Strengthen Composite Utilization of Resources

### < Promote Recyclable Bag Packaging

CR Cement continues to optimize the designs of cement packaging, comprehensively promotes recyclable packaging bags, and reduce the demand for cement product packaging to achieve green packaging.



### < Reuse Waste

CR Cement deeply integrates production and operation with waste recycling, and vigorously promotes the reuse of waste residues during the processes of mine development, product R&D and supply chain management, so as to achieve simultaneous improvement on the standard of corporate operations and benefits of environmental protection.

- During the mining process**, waste-free or less-waste technology is adopted to comprehensively utilize all non-hazardous wastes such as stripped soil, stones and waste residues to achieve zero discharge of waste residue. For other wastes with reusable value, such as scrap iron and scrap leather belts, we contact qualified third-party institutions for recycling and reuse;
- In the R&D process**, we are dedicated to research and exploration of the application of industrial waste in cement production. Through optimization of the prescription of raw materials, the project on composite utilization of limestone residue resources was launched to achieve industrialization of utilization of mining waste resources;
- In the work on supply chain management**, the green procurement requirements are incorporated into supplier selection. We vigorously purchase local industrial waste such as copper slag, pyrite slag and converter slag to reduce the risks and costs of secured supply whilst greatly reducing the use of raw mineral resources. In 2020, procurement of industrial waste as raw materials in Guangdong and Guangxi Regions reached 9.53 million tons, which had minimized the waste of mineral resources.

### Composite utilization of industrial waste of CR Cement from 2018 to 2020

Industrial waste utilized <sup>7</sup> ('000 tons)	2018	2019	2020
	21,840	21,080	21,010

<sup>7</sup> Scope of statistics of industrial waste includes coal gangue, stone residue, de-sulphur gypsum, fly ash and blast furnace slag.

### < Co-Processing

In reliance on our own technological advantages, CR Cement comprehensively promote co-processing projects in the three scopes of municipal solid waste, urban sludge and hazardous industrial waste to create complete solutions to solid waste processing. While fulfilling social responsibility, we foster green development, lead the advancement of the industry and achieve sustainable corporate development.

### Compared to traditional solid waste disposal methods, co-processing technology of cement kilns has multiple advantages:

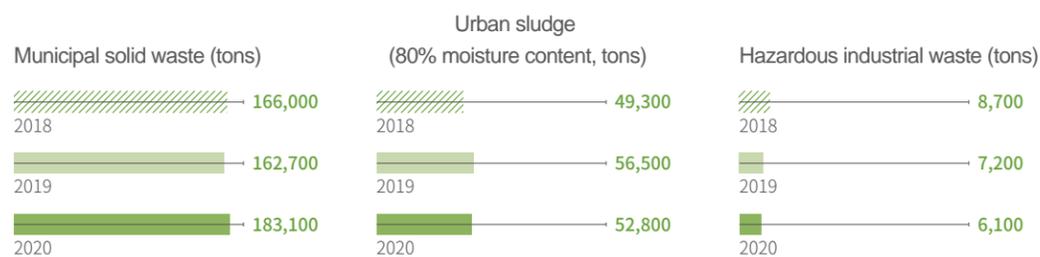


CR Cement has formed a new and unique technical route in the three fields of municipal solid waste, urban sludge and hazardous industrial waste. Among which, the "mechanical biological pre-treatment + HOTDISC incineration" technology for co-processing of municipal solid waste by use of cement kiln was awarded the Second Prize (Science and Technology Progress Category) of the China Building Materials Federation and the Chinese Ceramic Society.

As of the end of 2020, CR Cement had 10 co-processing projects in total:

Project name	Type	Annual Processing Capacity (tons)	Status
Binyang, Guangxi	Municipal solid waste	110,000	In operation
Tianyang, Guangxi	Municipal solid waste	180,000	In operation
Fengqing, Yunnan <sup>8</sup>	Municipal solid waste	110,000	In operation
Nanning, Guangxi	Urban sludge <sup>9</sup>	110,000	In operation
Zhushui, Guangzhou <sup>10</sup>	Urban sludge <sup>11</sup>	300,000	In operation
Yuebao, Guangzhou <sup>12</sup>	Urban sludge <sup>13</sup>	300,000	In operation
Changjiang, Hainan	Hazardous industrial waste	30,000	In operation
Shangxi, Guangxi	Hazardous industrial waste	100,000	In trial operation
Yanshi, Fujian	Hazardous industrial waste	80,000	Under construction
	Urban sludge	20,000	Under construction
Midu, Yunnan	Municipal solid waste	110,000	In trial operation

The co-processing situation of CR Cement's production plants (exclusive of associates and joint ventures) in 2018-2020



<sup>8</sup> Located in the cement production plants of our associates and joint ventures.

<sup>9</sup> The Nanning project co-processed wet sludge of 80% moisture content.

<sup>10</sup> Located in the cement production plants of our associates and joint ventures.

<sup>11</sup> The Zhushui project co-processed dry sludge of below 40% moisture content.

<sup>12</sup> Located in the cement production plants of our associates and joint ventures.

<sup>13</sup> The Yuebao project co-processed dry sludge of below 40% moisture content in Guangzhou City on an urgent basis.

Reduce Pollutant Emission Levels

< Emissions Management

CR Cement attaches great importance to emissions management, ensuring that all cement production plants obtain 100% permits for pollutant emissions and are equipped with denitration systems and bag filters. At the same time, the Company had formulated strict control measures for all types of emissions, including the establishment of a sound emissions monitoring system, implementation of emissions information disclosure and introduction of advanced emission-reduction technologies to ensure that emissions performance fully meets the required standards and achieve emissions levels far below local and national standards.

Monitoring system

CR Cement had constructed a platform at headquarters to monitor the emissions of environmental pollutants, thereby achieving the headquarters' real-time monitor and alert system for pollutant emissions of all production lines. The risk management capability on pollutant emissions had been further enhanced by timely reminders to urge production plants to verify abnormal data through the platform.

Information disclosure

Since 2019, all cement production plants had implemented the policy for information disclosure of pollutant emissions from production lines, and had taken the initiative to be subject to scrutiny from the communities in which they were located by spontaneously making full disclosure on real-time pollutant emissions data of all production lines.

Introduced advanced technology for pollutant emission reduction to foster emission reduction

Emission Reduction of Nitrogen Oxides

- Research on ultra-low emission technology was proactively launched. In 2021, the Company plans to roll out the pilot application of highly effective denitration technologies such as intelligent highly effective selective non-catalytic reduction denitration (heSNCR) and selective catalytic reduction denitration (SCR) in places such as Jinsha Cement in order to lay the foundation for promotion and application during the "Fourteenth Five-Year" period to gradually achieve the targeted emission concentration of nitrogen oxides of below 100 mg/m<sup>3</sup>.

Emission Reduction of Sulphur Dioxide

- As of the end of December 2020, the construction of 3 sets of wet-process desulphurization systems and 11 sets of composite desulphurization systems had been completed. At the same time, production plants such as Changjiang Cement in Hainan will implement transformation projects to increase and upgrade the capacity of wet-process desulphurization and continuously deepen the application standard of desulphurization technology.

Emission Reduction of Particulate Matters

- The technology of new-type bag filters in high temperature for ultra-low emissions of particulate matters at kiln rear was continuously promoted at various production plants. The 17 pilot production plants such as Fengkai, Guangdong had achieved the emission concentrations of particulate matters of below 10 mg/m<sup>3</sup>, which are far lower than the national special emission limits, and had achieved ultra-low emissions of particulate matters.
- We continuously promote the technological upgrade of cement packaging systems, fully apply the mobile dust collection technology of cement packaging trucks, and strengthen dust reduction measures such as sealing chambers and fog spray cannons during the production process to reduce the impact of particulate matters on the surrounding environment.

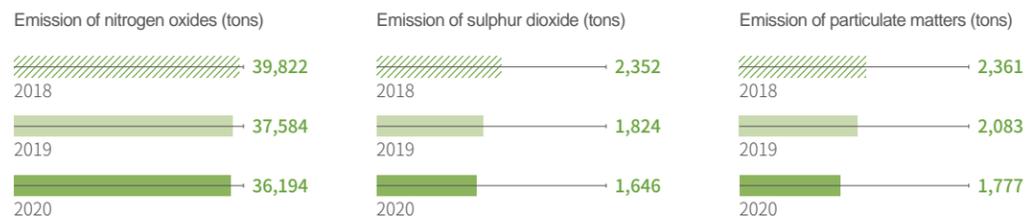


▲ Site of fog spray cannons in Hongshuihe Cement

In 2020, the total emissions of nitrogen oxides, sulphur dioxide and particulate matters from the major discharge outlets of the Company's cement production plants maintained a downward trend and the respective decreases as compared to 2019 were



**Total amount of main pollutants emitted by CR Cement**



At the same time, on the basis of the existing sound emissions management, more stringent emissions targets have been set for the next five years.

**Emission concentrations and target situation of main pollutants**

	Emission Standard of Air Pollutants for Cement Industry (GB 4915-2013)		Average emission concentrations of pollutants emitted from the major discharge outlets of the Company's cement production plants			
	Ordinary emission limits	Special emission limits	2018	2019	2020	2025 <sup>14</sup>
Nitrogen oxides (mg/m <sup>3</sup> )	400	320	254	240	197	100
Sulphur dioxide (mg/m <sup>3</sup> )	200	100	18	13	10	50
Particulate matters (mg/m <sup>3</sup> )	30	20	11	9	7	Continuous reduction

**< Waste Management**

CR Cement strictly complies with relevant laws and regulations including the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste, and adopts effective measures to ensure that hazardous waste is safely and effectively disposed of. At the same time, we promote highly effective recycling of non-hazardous waste to reduce the environmental burden caused by waste.

Regarding hazardous wastes, the waste oil generated in the production process is adequately recycled (such as for lubrication of mechanicals) in accordance with the "hazard-free, mass-reducing and recyclable" principle to minimize the production of hazardous wastes. Other hazardous wastes such as oil barrels are recycled by the original manufacturers or handled by entrusted qualified third-party institutions in strict compliance with the requirements of national laws and regulations.

**Jinjiang Grinding Station intensively implemented waste management**

- Organized the propagation and study of the Law on Prevention and Control of Environmental Pollution by Solid Waste, sorted out and rectified existing issues, and standardized environmental management;
- Completed the anti-leakage treatment and management of hazardous waste warehouse, purchased oil barrel flattening machines, and increased the storage capacity of hazardous waste warehouse;
- Strictly reviewed the qualifications of hazardous waste recycling units, improved treatment and disposal records, and strictly implemented the "records to five associated units" system for hazardous wastes (waste oil, hazardous chemicals, etc.).

Regarding non-hazardous waste, CR Cement practices the concept of circular economy. In addition to annual bulk purchase and utilization of industrial waste, we also adopt effective measures to reduce non-hazardous waste in daily production and operation. For example, the dust collected by dust collectors can be recycled and reused, and the plastic and paper generated in daily office use can be recycled to achieve the recycled use of waste generated in the processes of production and operation.



<sup>14</sup> Targets include exhaust gases of kiln heads and kiln rears of all cement production plants.

### < Composite Treatment and Management of Wastewater

CR Cement continuously initiates the project for composite treatment and management of wastewater. Industrial wastewater, domestic wastewater and initial rainwater are treated at our cement production plants based on the principles of collection by type, treatment by quality and multi-phase recycled use. Strict indicators for wastewater treatment had been formulated with reference to national first-class emission limits. Domestic wastewater is treated with techniques such as pre-treatment and biochemical methods. Industrial wastewater is treated with techniques such as pre-treatment (coagulation-sedimentation and multi-media filter) and intensive treatment (membrane processes). Separation of rainwater and wastewater is finally achieved in the factory zones. Treated domestic wastewater and industrial wastewater which meet the standards are fully recycled for use in factory zones, and zero discharge of wastewater is fulfilled.

- In 2020, the goals of zero discharge of wastewater and composite utilization of water resources had been achieved at **7** cement production plants including Tianyang, Guangxi amid the stable operation of wastewater composite treatment project.
- Through promoting the application of slurry filter press at concrete batching plants, the efficiency of recovery and recycled use of wastewater had been enhanced. As of the end of 2020, **58** concrete batching plants had fully achieved the goal of zero discharge of wastewater.



▲ Tianyang Cement

### Resolve Overcapacity and Obsolete Capacity

CR Cement actively responds to relevant policies including the “Guiding Opinions on Fostering the Steady Growth, Restructuring and Efficacy Improvement of the Building Materials Industry” and the “Measures for Implementing Capacity Replacement in the Cement and Glass Industries” issued by the State Council and the “Notice on Further Implementation of Regular Off-Peak Production in the Cement Industry” jointly issued by the Ministry of Industry and Information Technology and the Ministry of Ecology and Environment of China, resolutely supports and strictly implements the series of requirements for regular off-peak production and ecological and environmental protection for stable and effective supply. We will lead by example to promote the supply-side reform of the cement industry and maintain the healthy development of the industry.

According to relevant requirements, CR Cement formulated off-peak production plan, which had been implemented at relevant production plants. By launching off-peak production during the Chinese New Year, rainy seasons and major events, CR Cement not only meets the changes in the supply and demand relationship of the cement market and effectively resolves overcapacity, but has also brought about the effects of decreasing waste of resources and reducing pollutant emissions to foster the healthy and sustainable development of the cement industry.

### Promote Carbon Emissions Management

CR Cement attaches great importance to the national actions for peaking carbon emissions by 2030 and the vision of carbon neutrality by 2060, researches on cutting-edge carbon reduction technologies such as carbon capture to tie in with national policies, promotes R&D of low-carbon products and preparation work for carbon emissions trading, and formulates medium to long-term carbon emission reduction targets and action plans upon incorporating our own actual situation in order to actively respond to climate change.

#### < Research on carbon reduction technology

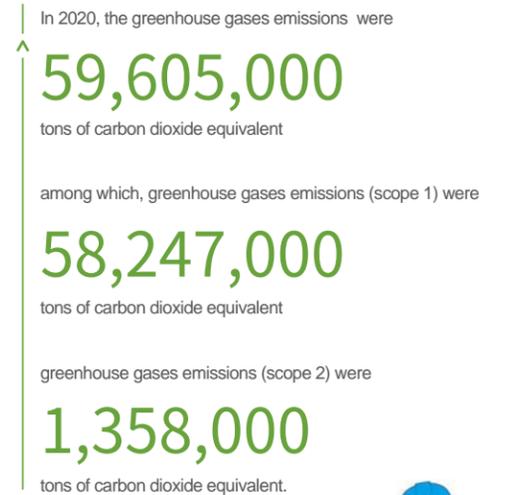
During the “Fourteenth Five-Year” period, technological research on carbon emission reduction and carbon capture will be carried out simultaneously to reduce carbon dioxide emissions by treatment and management from sources and endpoints. Meanwhile, the Company has been working on the applied research of new technologies and new techniques of carbon reduction for alternative clinker (such as calcined clay) and alternative fuel (such as biomass fuel and industrial waste). In 2020, the Company used carbide slag as alternative materials to limestone to achieve reduction of carbon dioxide emissions.

#### < R&D on low-carbon products

Currently, the Company had launched the development and application of low-carbon cementitious materials. Cement for nuclear power plants, cement for roads and high-belite cement are proactively promoted to reduce emission of carbon dioxide. As compared with ordinary cement and clinker, carbon dioxide emissions per ton of clinker from cement for nuclear power plants, cement for roads and high-belite cement decrease by approximately 1.5%, 1.6% and 2.2% respectively. As of the end of 2020, various cement and clinker products of the Company’s production plants located in Luoding of Guangdong, Wuxuan, Tianyang, Nanning, Guigang, Pingnan and Hepu of Guangxi, and Heqing of Yunnan had passed the low-carbon product certification.

#### < Preparation for carbon trading

We actively participate in trial activities for the construction of national carbon market in preparation for the future unification of national carbon market. In 2020, the Company completed the calculation of quantity of carbon emissions for 2020 in accordance with the “Guidelines for Accounting and Reporting Greenhouse Gas Emissions for Cement Enterprises”. 8 production plants in Guangdong and 5 production plants in Fujian had settled the carbon credit quota for 2019.



#### Fujian Region implemented green mine planning to achieve coordinated development of resources excavation and environmental protection

The mine planning of the Fujian Region ensured that there would be no ecological red line within the mining area and there would be no residents, buildings and rivers within 1,000 meters of the mine, with minimal impact on the natural environment and in line with the directions of safety, environmental protection and ecological sustainable development. The resources transformation “adopts two points and one line”, i.e. the layout of “mine excavation, production and processing + transportation by long belt corridors”, which effectively avoids the risks of safety and environmental protection caused by road transportation. Since the early stage of the plan, the layout of coordinated development for exploitation and utilization of resources and environmental protection had been adequately achieved.

## Emphasize Treatment and Management of Mines

CR Cement takes ecology, environmental protection, safety and intensive utilization of resources as the primary focuses of mineral exploitation work, and actively implements the planning opinions including the "National Mineral Resources Plan", the "Green Mine Construction Specification of Cement Limestone" and the "Implementation Opinions on Accelerating the Construction of Green Mines". We thoroughly implement green and scientific mine exploitation and governance system throughout the entire process of exploitation, and are committed to building a green, ecologically and environmentally friendly mining enterprise. Restoration of mines is included in the production, operation and long-term development plans.



The concept of green mines is incorporated into mine selection and mine planning. There would be no mine exploitation in the vicinity of ecological protection areas and neighbouring communities. Green and environmentally friendly exploitation proposals would be planned for. Meanwhile, all mining projects are ensured to have passed 100% of project environmental impact assessment. Targeted and protective work measures for potential environmental impacts are formulated and effectively implemented during the mine exploitation process.

we confirm the work approach of reasonable mining, resources conservation and promotion of harmonious development between human beings and nature, and actively implement green projects such as noise control, mining dust reduction and wastewater treatment to comprehensively reduce the level of mining pollution and continuously increase the proportion of mines with green mine certifications.

we strictly follow the approved "Project of Mining Geo-Environmental Protection and Integrated Renovation" and "Land Rehabilitation Plans" to manage and restore the mine environment.

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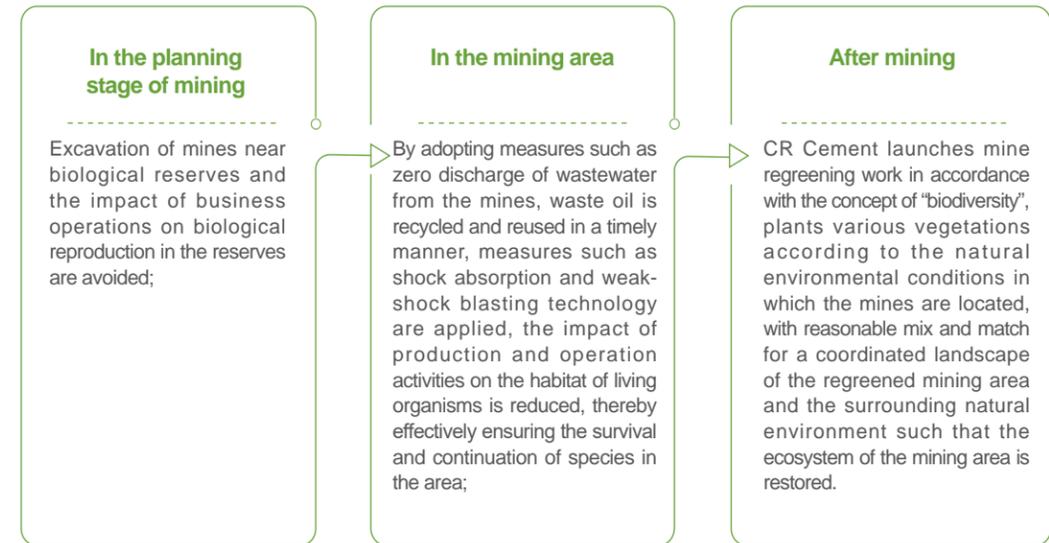
- As of the end of 2020, a total of **22** mines at **16** plants among **27** cement and clinker production plants of CR Cement had been included as provincial-level and AR-level green mines, among which, **10** mines at **9** plants had passed the selection of national-level green mines. The quantity and quality of green mine certifications are steadily increasing
- As of the end of 2020, the Company had completed ecological restoration of its mines with a cumulative area of approximately **2,490,600 m<sup>2</sup>**, representing an increase of **11.75%** from 2019.

▲ CR Cement (Guigang) Limited passed the selection of national-level green mine



## Protect Ecological Diversity

During the process of excavation in the mining area, vegetation destruction, soil erosion and soil pollution may occur, which may affect the biodiversity of the mining area and the neighbouring environment. CR Cement attaches great importance to the protection of biodiversity, and implements effective measures at different stages of mining to alleviate the adverse impact of mining exploitation on biodiversity.



### In the planning stage of mining

Excavation of mines near biological reserves and the impact of business operations on biological reproduction in the reserves are avoided;

### In the mining area

By adopting measures such as zero discharge of wastewater from the mines, waste oil is recycled and reused in a timely manner, measures such as shock absorption and weak-shock blasting technology are applied, the impact of production and operation activities on the habitat of living organisms is reduced, thereby effectively ensuring the survival and continuation of species in the area;

### After mining

CR Cement launches mine greening work in accordance with the concept of "biodiversity", plants various vegetations according to the natural environmental conditions in which the mines are located, with reasonable mix and match for a coordinated landscape of the regreened mining area and the surrounding natural environment such that the ecosystem of the mining area is restored.

## Cultivate Green Culture

CR Cement continuously advocates the concept of green development and calls for joint construction of a resources-intensive and environmentally-friendly enterprise by all employees. The Company promotes OA and ERP office systems and advocates paperless office; strengthens management on office equipment to reduce energy waste; uses water-saving appliances to reduce water consumption; recycles plastic and paper to reduce waste generation. In addition, commuter buses are offered to employees at some operating regions and some production plants for work commutes. We advocate for green travel alternatives such as public transportation, bicycles and walking. Environmental protection themed activities such as "World Environment Day", "National Energy-Saving Week" and "National Low Carbon Day" were actively launched to further strengthen the awareness of energy conservation in daily office work and cultivate a green culture.



### <

#### Zhanjiang Concrete launched educational activities for energy-saving and environmental protection to propagate the concept of green environmental protection

On 21 June 2020, Zhanjiang Concrete launched the "Low Carbon, Better Life" promotional education for energy-saving, organized employees to intensively learn the knowledge on environmental protection, understand the importance and urgency of energy-saving and consumption reduction, and vigorously promote the direction, policies and laws and regulations of headquarters and major operating regions relating to energy-saving and consumption reduction. At the same time, activities such as "save one liter of oil, one kwh of electricity, one drop of water, and one piece of paper" were launched to promote a civilized, healthy green and environmentally friendly lifestyle.

CR Cement also attaches great importance to the charitable practice of green and environmental protection, and actively launched environmental protection cum charitable community activities such as volunteer tree planting and environmental cleaning, which had effectively improved the green environment in the vicinity of the community and implemented the concept of "clear waters and green mountains are as good as mountains of gold and silver" with practical actions.



▲ Caoxi Cement and Fangchenggang Cement tree planting activity

## Respond to Climate Change

CR Cement actively responds to climate change and implements the "Administrative Measures for Carbon Emission Rights Trading (Trial)", the "Guiding Opinions on Organizing and Strengthening Relevant Works of Responding to Climate Change and Ecological Environmental Protection" and other relevant guiding opinions. The Company took the lead in the industry in launching the identification of the major risks and opportunities of climate change, and formulating strategic measures to respond to climate change on the basis of our existing works. In the future, the Company will continue to assess and review potential business risks and opportunities around climate change issues, reinforce carbon emissions trading and carbon asset management, take precautions and continuously improve the working standards of CR Cement on responding to climate change.

## Risks of Climate Change:

No.	Type of Risks	Description of Risks	Response Measures
1	Transition Risks: Policies and Laws	The government's relevant policies, laws and regulations on carbon emissions are gradually becoming stricter. The construction of national carbon emissions trading market is being proactively promoted.	<ul style="list-style-type: none"> <li>It is planned to research, formulate and continuously improve plans for medium to long-term targets of carbon emissions.</li> <li>It is planned to reduce emissions of greenhouse gases by enhancing techniques and decreasing energy consumption and to roll out technological R&amp;D of alternative clinker, alternative fuel, capture of carbon dioxide and low-carbon products.</li> <li>The Company is in proactive preparation for the future unification of national carbon market.</li> </ul>
2	Physical Risks: Extreme Weather	Extreme weather (rainstorm, typhoon, heavy snow, flood, high temperature, severe coldness, etc.).	<ul style="list-style-type: none"> <li>We strengthen risks analysis, organize and execute inspections of latent hazards in key regions, reinforce overall planning and coordination of disaster prevention and treatment, formulate contingency plans and regularly organize disaster safety drills to arouse the staff's precautionary awareness and resilience.</li> <li>Insurance is taken out to secure personal injuries and property damage caused by various disasters and accidents.</li> <li>We continue to expand multiple procurement channels and understand the situation of power supply and coal supply to secure supply.</li> <li>Shipping arrangement of goods is dependent on the weather conditions. During extreme weather, shipping is suspended, silo employees are relocated to safe places, loading and unloading equipment are fixed. Customers and transportation companies are also advised in advance for reasonable arrangement of vehicles. Retail customers are offered assistance on storage and transpose of goods.</li> </ul>

## Opportunities of Climate Change:

No.	Types of Opportunities	Description of Opportunities	Strategic Measures
1	Policies and Laws	The government proactively promotes the construction of green factories and green mining, and gradually raises the requirements of cement industry on environmental protection.	<ul style="list-style-type: none"> <li>Energy saving and emission reduction are continuously advanced to enhance efficiency of production and operation, promote composite utilization of resources, decrease operational costs in the long run and further consolidate the competitive advantages in the industry.</li> </ul>
2	Policies and Laws	The government proactively promotes the construction of national carbon emissions trading market.	<ul style="list-style-type: none"> <li>We will actively follow up with the latest national policies to launch carbon assets management at a suitable time and achieve value preservation and value addition of corporate carbon assets by use of market means.</li> </ul>
3	Products and Services	Following the government's promotion of green construction, customers' demand for low-carbon cement, green products and services for construction materials will increase.	<ul style="list-style-type: none"> <li>It is planned to roll out R&amp;D on the technology of low-carbon cement and high carbon absorbing concrete.</li> <li>Reliable and stable green construction materials are supplied based on customers' personalized needs.</li> <li>Low-carbon product certification for cement and clinker products is persistently advocated.</li> <li>Inorganic engineered stone products are developed for better environmental protection and energy saving.</li> </ul>
4	Markets	The government advocates green construction development. National and local governments successively launch various policies to support the development of prefabricated construction, and encourage the resourceful utilization of construction wastes to improve urban environment.	<ul style="list-style-type: none"> <li>Compared to the existing cast-in-place construction of residence, prefabricated residence has the advantages of environmental protection in terms of materials conservation and energy saving. It is also conducive to enhancing quality of buildings and efficiency of construction. The Company proactively promotes the development of prefabricated construction projects.</li> <li>The Company is building a construction waste disposal plant project in Changjiang County, Hainan, which will help to reduce consumption of natural resources and promote green development of the industry.</li> </ul>

## Create High-Quality "New" Products

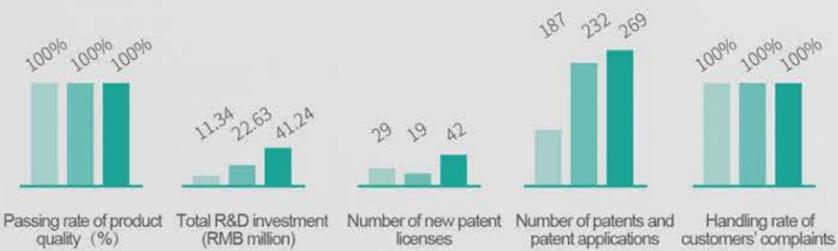
CR Cement adheres to "customer-oriented principle", attaches importance to product quality management, has established a comprehensive product management system, intensively works on R&D and innovation concepts of products, and is committed to creating the best quality products for customers. At the same time, we uphold the core value of "honesty and trustworthiness" to protect the rights and interests of customers and consumers, continuously improve the quality of customer service, actively expand diversified value-added services, and enhance customer experience and satisfaction.

### Material Issues, Guidelines and Indicators Addressed in This Chapter

Material Issues	SDGs	HKEX ESG indicators	CASS-CSR4.0 indicators	GRI Standards indicators
Product and service quality management	  	B6, B6.1, B6.2, B6.3, B6.4, B6.5	M2.1, M2.2, M2.3, M2.4, M2.5, M2.6, M2.7, M2.8, M2.9, M2.10, M2.11, M2.12, M2.13, M2.14, M2.15, M2.16, M2.17, M2.18, M3.5	103-2, 301-3, 404-2, 416-1, 416-2, 417-1, 417-2, 417-3, 418-1
Management of intellectual property rights and transformation of achievements in scientific research into practical applications				
Product and service innovation				
Rights, interests and satisfaction of customers				
Promoting sustainable consumption				

### Key Performance

2018 2019 2020



“润丰水泥” 测评结果

品牌价值 BV = E \* BI \* S = 人民币 519.58 亿元



## Focus on Product Quality

### Quality Management

CR Cement focuses on product quality improvement and continuously strengthens quality control on products. The Company is in strict compliance with the Product Quality Law of the People's Republic of China. In addition, we formulated internal systems such as the "Management Manual", the "Management Measures for Grinding Agents", and the "Management Standards of Coal Sampling and Preparation" of the Company. "Quality Management Series" is set in the "Management Manual" of the Company, which has clear requirements and strict management in every step of cement production process, and steadily standardizes quality standards for materials management, coal management, and raw materials/clinkers management to ensure the creation of a high-quality product line.

At the same time, CR Cement constantly optimizes the management system for production process, covering raw materials, process control, product delivery and after-sales service to ensure that all major operating regions organize production activities in strict accordance with the standards. In 2020, in order to promote the

systematic and standardized quality management system, CR Cement promoted hydrogen gauge and weighing management system of coal at the clinker production lines that used coal mining in Fujian, Yunnan, Shanxi and Guizhou, which had further enhanced the capability on coal inspection and minimized the risks of acceptance inspection of coal of such production lines. Meanwhile, CR Cement promoted the construction of standardized laboratories at the cement production plants in Nanning and Hepu of Guangxi, Changzhi and Fulong of Shanxi, and was committed to creating standardized high-quality products. During the reporting period, the construction of standardized laboratories was completed at the cement production plants in Nanning and Hepu of Guangxi, Changzhi and Fulong of Shanxi and relevant qualification certificates had been acquired, which had significantly enhanced the standard of quality control on products in the production process.

In 2020, all the production plants of the Company had passed the ISO 9001:2015 Quality Management System Certification.

### Product Quality Improvement

In 2020, CR Cement continued to take action for quality enhancement and strengthen the attention of all units and employees to product quality through special sample checks and general surveys on hexavalent chromium contents and participation in major industry competitions.



Special sample checks

Special sample checks targeted on quality of cement and concrete are performed once every quarter, covering incoming raw materials and finished products of cement and concrete. Strict review on sample products was conducted by means of quality inspection. Reports and improvement were made according to the sample check results to strengthen acceptance inspections of raw materials throughout the process of production lines and management and control procedures for product quality.



General surveys on hexavalent chromium contents

Targeting key points of industrial supervision in recent years, CR Cement organized all units to launch general surveys on hexavalent chromium contents and completed general surveys on hexavalent chromium contents in major categories of cement products at all clinker production lines, which had effectively prevented product quality risks.



Comparison Competition on Cement Chemical Analysis

In the Large-Scale Comparison Competition on Cement Chemical Analysis held by the National Quality Supervision and Testing Center for Cement, Huizhou Cement and Yuebao Cement were awarded the grand prize of "Concrete Glorious Cup" in the seventeenth national large-scale comparison on cement chemical analysis. It was the fourth consecutive time that Huizhou Cement had won the grand prize for cement enterprises and it was the sole cement enterprise in the industry that had obtained this honour consecutively.

## Product Recall

CR Cement had set up standards for managing quality incidents, which identify and diagnose the incidents based on the standards, set up solutions to handle substandard products and offer compensation standards, recall mechanism and process flow. Once discovered and confirmed that substandard products have left our factories or there are serious quality issues in the process of using the products, we would immediately inform the relevant customers based on the standards to stop using or isolate that batch of products. At the same time, we organize recall on that batch of products if unused, confirm and compensate damages to customers. We will also conduct investigation and analysis on the quality incidents, formulate rectification measures and account for responsibilities, and verify the rectification results.

“

- No products sold or shipped by the Company were subject to recalls for safety and health reasons in 2020.

## Promote Transformation with Innovation

### Innovation Management System

CR Cement advocates for an innovation culture and continues to create an atmosphere for innovation. With "research, development and innovation" as one of the core competitive advantages of the Company, CR Cement persistently improves the corporate capability for R&D and innovation under the condition of guaranteeing the high quality of the product. The Company is in compliance with the policies including "Construction Plan for Innovation Management System" and "Management Measures on R&D Projects". In 2020, the "Innovation Management Measures of China Resources Cement Holdings Limited" and the "Guideline for R&D Investment Management of China Resources Cement Holdings Limited (2020 Edition)" were updated and promulgated to advance a leap towards a new stage through innovation management.

Meanwhile, CR Cement established the Innovation Development and Intellectual Property Committee (abbreviated as "Innovation Committee"). The Chief Executive Officer serves as the president of the committee. There are three innovation expert teams, including technological products, management and business models. At the same time, another innovation working group had been set up, which is responsible for guiding and promoting the implementation and improvement of product R&D and innovation work. This had laid the foundation for the Company's steady development along the road of innovation.



▲ Site for innovative training technical problem exchange

## R&D on Product Technology

CR Cement intensively worked on market demand and industrial development, and attached importance to product optimization and technology R&D. In 2020, the Company launched various projects for R&D and key technological advancements on cement products, including the product development of highly malleable cement-based engineered stone, anti-efflorescence engineered stone, ceramic tile glue based on manufactured sand and early-strength nucleating agent products for precast concrete components, as well as project for reducing agent of hexavalent chromium reductant for cement use, which had improved product quality while constantly optimizing manufacturing technology.

In addition, CR Cement proactively participated in national-level and provincial-level projects regarding innovation subjects, and used our own technology and resources to solve pain points in the R&D subjects.

### Project for high corrosion-resistant marine cement (Key project of the national "Thirteenth Five-Year" Plan)



The "project for high corrosion-resistant marine cement" aimed to manufacture a type of special cement for the exclusive use of marine engineering to reduce the erosion from seawater on concrete structures. CR Cement was responsible for the important tasks of achieving key advancement in industrialized production technology and construction of marine cement production.

### Coiled tube experiment on technology for key materials and preparation of high crack-resistant ready-mixed concrete (Project of the national "Thirteenth Five-Year" Plan)



CR Cement completed the construction of a concrete horizontal coil test platform with a total length of 1,050 meters and pump test, which achieved the establishment of scientific methods for evaluating concrete pumping performance and greatly improved the evaluation of existing concrete pumping in the industry.

### Development and demonstrative application of high corrosion-resistant construction engineering materials in complex marine environments (Major special technology project in Guangxi)



In response to the "Thirteenth Five-Year" strategy for national marine, CR Cement advocated the slogan to advance the development of islands in the Beibu Gulf region. We actively participated in the R&D and production of high corrosion-resistant marine engineering materials and technical systems suitable for the complex marine environment of South China Sea, and continuously optimized the production lines and prescriptions to form complemented production technology.

## Protection on Intellectual Property

CR Cement pays keen attention to the protection of intellectual property rights by proactively initiating protection on intellectual property. Through the full and thorough implementation of the "Policy on Management of Intellectual Property Rights of China Resources Cement Holdings Limited", and effective execution of the "Policy on Management of Patents of China Resources Cement Holdings Limited" and the "Guidelines for Brand Protection of China Resources Cement Holdings Limited", CR Cement continuously promoted internal patent application and innovation according to laws, effectively promoted the registration, rights confirmation and protection of "Runfeng" and "Wang Pai Gong Jiang" trademarks, persistently improved the operational strength of intellectual property, and strengthened the soft power of the Company's brand.

## Foster Digital Transformation

With the high-quality development of the society, digitalization has become the key to stimulate vitality and enhance competitiveness of enterprises. CR Cement constantly improves its own comprehensive competitiveness by digital empowerment of products. In 2020, the Company intensively worked on smart operations, which had contributed to a further leap towards achieving the "digital-driven business" transformative model.



- On 9 May 2020, the bagged cement business in the entire region of Shenzhen commenced operation on a pilot basis to achieve online business on platform.
- On 9 June, bulk cement pilot platform commenced operation in Shenzhen region. The platform was facing and open to CR Cement's direct sales terminals and dealer customers, which had achieved integrated collaboration of CR Cement's ERP and GPS systems.



### Explore intellectual manufacturing and strengthen the practice on digital transformation

In July 2020, Phase 1 of CR Cement's intelligent manufacturing pilot project in Tianyang commenced operation with all functions, including 12 application projects such as production operation management, intelligent equipment operation, advanced control of kilns, and 4 fundamental complemented projects such as 5G network upgrade and industrial cyber-security of information, which had achieved digital management, intelligent control and predictive maintenance for the key equipment. At the same time, 5G network had been fully covered in Tianyang Cement, meeting the needs for the application of information collection at production sites, real-time interactions, mobile repairs, safety management and control of storage yards, VR training and remote control of shovel operations.

Phase 1 of CR Cement's intelligent manufacturing pilot project in Tianyang commenced operation with all functions, including

12 application projects



▲ Launching Ceremony for Phase 1 of the Intelligent Manufacturing Pilot Project in Tianyang in 2020

### CR Cement officially commenced operation of the Robotic Process Automation (RPA) project at its Financial Shared Services Centre

On 30 November, the "RPA" project jointly developed by the Finance Department and the Intelligence & IT Department at headquarters, Runfeng Intelligence and Runlian Technology had successfully commenced operation in the Financial Shared Services Centre. This is the first time that CR Cement had achieved the application of RPA technology. Robotic Process Automation (abbreviated as RPA) is able to perform operations such as "input and click" according to pre-set rules by simulating manual labour, which freed employees from tedious and repetitive business operations, and released their creativity and professional value to improve the efficiency of business operations. With the aid of "RPA robots", the upgrade for financial process automation was achieved, which can effectively enhance the financial sharing service capabilities and lay the foundation for subsequent transformation for digitalization and intelligentization of finance work.

## All-Staff Innovation Culture

CR Cement persists in driving innovation and is committed to providing employees with a working environment that supported an atmosphere for innovation. In 2020, CR Cement launched the "Notification on the Unified Standards for Innovation Award and Standardization of Bonus Issuance for Employees of Major Operating Regions and Production Plants", which had further expanded the scope of incentives and standardized the standards for innovation incentives. Meanwhile, the Company prepared cultivation plans for innovative talent and formulated the work plan for free and open innovative organization "Run Innovation Exchange" and the plan for promoting innovative projects.

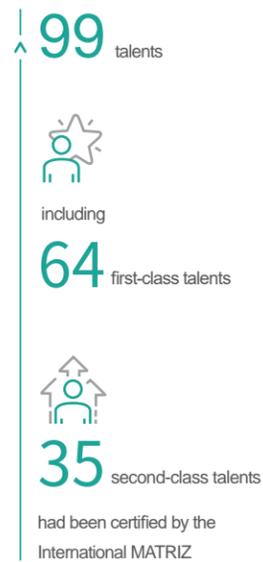


### The first-class training on innovative theory of inventive problem solving (TRIZ)

In 2020, in order to improve employees' awareness and capability on innovation, CR Cement organized the innovative training on innovative TRIZ and design thinking. Training courses were launched to address new business development and innovative talent cultivation for newly developed prefabricated construction and intellectual manufacturing, which had greatly enhanced the innovative awareness and capability of employees in various businesses. Currently, 99 talents had been certified by the International MATRIZ, including 64 first-class talents and 35 second-class talents.



▲ First-class training on innovative TRIZ in 2020



### The Fifth "Runfeng Cup" Innovation Competition

In July 2020, CR Cement held the fifth "Runfeng Cup" innovation competition. A total of 343 innovation projects were formed in this innovation competition. Finally, 18 projects entered the finals.



▲ Group photo of the fifth "Runfeng Cup" innovation competition

## Optimize Customer Experiences

### Customer Service Management

CR Cement established a robust customer service system and organized training activities for key user to promote pre-emptive customer services and further guide domestic customers on standard use of cement products. Professional customer service personnel were deployed at each major operating region and production plant to provide customers with pre-sale, sale and after-sales services. Customer service personnel regularly paid reverse visits to customers for exchanging product technology with customers, explaining product-related knowledge and listening to customers' opinions and suggestions. Customer service hotlines were set up at major operating regions to answer customers' enquiries in a timely manner for enhancing customer satisfaction levels.

At the same time, with strict reference to the requirements of national laws and regulations, the Company offered detailed introduction on product performance and potential problems in the product manual to ensure that consumers had a full understanding on product knowledge. Relevant instructions and tips were printed on the external packaging bags of products to minimize potential problems caused by improper product use. We also organized customer training meetings, conducted events for promotion and illustration of products to convey facts and practices regarding product performance and instructions for use, answer customers' frequently asked questions on cement application and provide guidance on specific usage problems such as storage of raw materials, concrete mix prescription ratio and construction habits.

### Customer Rights Protection

#### < Fair Trade

CR Cement adheres to the concept of "integrity operation" and is committed to creating a commercial atmosphere that is impartial, open and fair. The Company attaches great importance to the rights and interests of consumers and provides consumers with a transparent consumption environment through publication of price information and other methods. We also regularly conduct training for sales personnel to strengthen the professionalism of employees and strictly prohibit unscrupulous incidents such as forced sales.

#### < Combat Counterfeit and Shoddy Products

CR Cement pays keen attention to the protection of intellectual property rights, continues to promote trademark registration, right confirmation and copyright registration in accordance with the law, vigorously defends our rights and cracks down on counterfeit goods. The Company established a traceable supervision system for product quality, integrated the weighbridge and packaging systems into the ERP system and ensured that each issued bag of cement was printed with a unique identification code, which provided technical support for follow-up on product quality supervision and combatting counterfeit and shoddy cement. At the same time, we continuously promoted registration and protection of trademarks including "Runfeng" and "Wang Pai Gong Jiang", and collected information on the use of our trademarks in the cement industry and sales regions to provide support for follow-up of trademark rights protection.

#### < Customer Data Protection

The Company treats customer data as core trade secrets. Customer data is under strict confidentiality pursuant to the relevant management requirements including "Regulations on Managing Confidentiality Work of China Resources Cement Holdings Limited" and "Management Measures on Trade Secrets of China Resources Cement Holdings Limited". Independent files are created for all customer data with designated staff in charge of data collection, filing and update. We also set corresponding access rights to make inquiry on and export relevant data in order to ensure security of customer data. In 2020, the Company persistently strengthened the protection of data in systems and management of access rights to systems, identified weaknesses in the information systems and reinforced protection in a timely manner. A mechanism for off-site disaster back-up synchronization of core application data was established to comprehensively protect the data of our business and customers.

“ In 2020, there was no occurrence of counterfeit cases and events which involved investigation of the administrative authorities or the judiciary.

In 2020, there was no occurrence of cyber-security incidents or breach of customers' privacy rights.

### < Follow-up on Customer Complaints

CR Cement concerns on the aspirations of customers and actively responds to consumers' complaints. Customer complaints are handled within 24 hours and specialized staff are designated to be responsible for follow-up and handling, so as to ensure that the handling rate reached 100%. At the same time, CR Cement collects and compiles information from customer reverse visits, details of customers' complaint handling, sampling of the Company's and competitors' products on a monthly basis to understand the latest needs of customers on a real-time basis. We focus on tracking fluctuations of product performance indicators, quality issues on packaging bags, customers' aspirations and suggestions on product production and shipping, formulate rectification plans based on feedback comments and continue to follow up on the progress of rectification to promote improvement on products and services.

### < Promoting Sustainable Consumption

CR Cement is not only committed to taking the utmost care of the rights and interests of consumers, but also advocates for sustainable consumption by consumers, which facilitates consumers to make rational and responsible decisions during consumption. At the same time, during the processes of material usage and product manufacturing, the Company constantly reduces the consumption of natural resources, improves production technique, produces and sells with green and environmental-friendly methods. In addition, the Company encourages the customers to reuse recyclable materials and products, and proactively propagates the philosophy of sustainable consumption.

#### On-site investigation to assist customers in solving the problem of water seepage on the surface of cement sheet tiles

In December 2020, a customer reported that there was water seepage on the surface of the sheet tiles made using product from Pingnan Cement. The Company immediately conducted on-site exploration survey and communications, and found that due to a temperature drop that day, the relatively finer sand of smaller radius used on the site resulted in lower cement temperature and slower hydration, which led to water seepage on the surface. Based on the investigation, the customer was recommended to choose sand of appropriate radius and re-adjust the prescription to eliminate water seepage. After the problem had been solved, the customer expressed great recognition and appreciation for the timeliness and effectiveness of the Company's after-sales service.



▲ Pingnan Cement launched customer visits

## Provide Satisfactory Services

In 2020, CR Cement conducted annual customer satisfaction surveys in each major operating region, including the six dimensions of sales team, sales support, complaint handling, guaranteed supply and delivery, product quality and product branding. Through analyzing the survey questionnaires, the Company gained a better insight on the most real needs and focus points of customers, which is conducive to the constant improvement and enhancement during the process of operation and providing more attentive services and products of excellent quality. In 2020, the customer satisfaction level of CR Cement was 96.5%.

### Raise customer satisfaction level by multiple measures in Hainan Region

In 2020, Hainan Region organized extensive and wonderful activities in multiple formats to raise customer satisfaction level, strengthen communications with customers, and continuously provide satisfactory and attentive service to customers.

- Established the CR Cement pioneer maintenance team, which rolled out activities for quality enhancement from 7 aspects including organization establishment, customer service, quality supervision, management and control of equipment, operational management, window service and external promotion.
- Organized exchanges on quality and visited markets with professionals from the marketing department, Jinjiang Concrete and Laocheng Concrete to communicate with concrete customers, collect feedback information from customers and adjust the service directions.
- Improved window service, conducted regular training for window service employees. Service personnel wore unified outfits and greeting belts to improve employees' awareness on service.

## Diversified Value-Added Services

For a long time, CR Cement has been dedicated to building the "Runfeng Cement" brand. The "Runfeng Cement" brand anniversary event had been held for four consecutive years. The promotion and dissemination of the "Runfeng Cement" brand and brand ambassador "Run Xiaofeng" were continuously reinforced. In keeping pace with the times, the Company held the online-offline activity mutually for customers and employees in June 2020 by combining the innovative form of "cloud live broadcast", which had greatly increased the influence and participation of the event. At the same time, we actively carried out various Runfeng Cement brand value evaluation activities, and are committed to establishing a good image for "Runfeng Cement".



- Launched the first brand image flagship store upon consolidating sales, logistics, venue and other conditions, and continued to deepen brand building on end-users;



- Used Internet media to launch the "Runfeng Cement Photography Contest" and "Tubatu Platform Runfeng Brand Promotion", and built the Baidu platform with "Runfeng Cement Brand Information" to further expand the voice of "Runfeng" on the Internet;



- All major operating regions launched brand promotion activities upon integrating the themes of "activities for key users", "charity with love and heart", "gifting coolness in summer" and "gas volleyball competitions". Various promotional gifts of "Runfeng Cement" brand image were made to provide customers with more diversified value-added services.



- "Runfeng Cement" was included for the first time in the "China's 500 Most Valuable Brands" with a brand value of RMB51,958 million and ranked 117th in the overall list.



▲ Runfeng Cement brand value award and certificate



▲ "Runfeng Brand Anniversary" activity launched in webcast format in 2020

## Seek "New" Strategic Cooperation

CR Cement fully understands that only cooperation can lead to a win-win situation. The Company integrates advantageous resources from multiple sources, builds strategic sharing platforms and grows together with suppliers, dealers and other partners. At the same time, by leveraging on our own synergetic advantages in the industry and our influence on the value chain, we participate in the formulation and improvement of industry standards to lead the green and healthy development of the industry.

### Material Issues, Guidelines and Indicators Addressed in This Chapter

Material Issues	SDGs	HKEX ESG indicators	CASS-CSR4.0 indicators	GRI Standards indicators
Integrous and compliant procurement	9	B 5,B 5.1, B 5.2,B 5.3, B 5.4	M3.1,M3.2, M3.3,M3.4, M3.5,M3.6, M3.7,M3.8, M3.9,M3.10, M3.11,M3.12, M3.13,M3.14, M3.15,M3.16, S4.4,G6.3	102-12,102-13, 102-16,103-2, 203-2,204-1, 206-1,308-1, 308-2,414-1, 414-2
Supply chain responsibility management	12			
Rights and interests of suppliers and other partners	17			
Resources sharing and mutual growth				
Communications with industry players to foster industry development				

### Key Performance

2018 2019 2020



Number of strategic co-operation agreements executed



Total number of suppliers



## Deepen Strategic Collaboration

### Expand the Strategic Cooperation

CR Cement attaches great importance to the establishment of partnerships, cooperation and exchange. In 2020, we entered into strategic cooperation agreements with various leading enterprises in their industries including China State Construction International Holdings Limited, China West Construction Group Co., Ltd, CITIC Holdings Co., Ltd., Foxconn Industrial Internet Co., Ltd. and China Resources Land Limited to exchange experience in terms of intelligent factories, talent management and technology R&D, and to strengthen intensive cooperation in multiple scopes of concrete, aggregates and new materials for expediting resources integration and achieving mutual benefit and win-win situation.



#### CR Cement entered into a strategic cooperation framework agreement with China State Construction International Holdings Limited

On 14 September 2020, CR Cement entered into a strategic cooperation framework agreement with China State Construction International Holdings Limited. Relying on their respective resources of excellent quality, both parties promoted the functional translation of competitive advantages, deepened the coordinated development of multiple sectors of the industry chain, and further worked closely on the full cooperative relationship between China State Construction International Holdings Limited and CR Cement to lay a solid foundation for the deeper cooperation of a higher level in the future.



▲ Strategic cooperation agreement signing ceremony of CR Cement and China State Construction International Holdings Limited

#### Official set-up of Shenzhen CRF Digital Technology Co., Ltd.

On 28 July 2020, CR Cement, CITIC Holdings Co., Ltd., subsidiary of Foxconn Industrial Internet Co., Ltd. and other entities jointly set up the joint venture Shenzhen CRF Digital Technology Co., Ltd., which is dedicated to creating intelligent manufacturing solutions and digital platforms for the industries of automobile parts and building materials including cement.



▲ CITIC Holdings Co., Ltd., CITIC Dicastal Co., Ltd., CR Cement and Foxconn Industrial Internet Co., Ltd. entered into a strategic cooperation agreement in Beijing

## Promote Government-Enterprise Cooperation

Guided by the new development concepts of "Innovation, Coordination, Green, Openness, Mutual Sharing", CR Cement actively communicated and cooperated with local governments. By means of "Government-Enterprise Pairing" and construction of local industrial parks, we fostered the harmonious relationship between government and enterprise, integrated local mineral resources and empowered the development of local industries. In 2020, CR Cement entered into a cooperation framework agreement with the Yunan District Government of Yunfu City, Guangdong and an investment framework agreement for China Resources Green Building Materials Industrial Park with the Fengkai County Government of Zhaoqing City, Guangdong respectively.

#### CR Cement and Fengkai County Government cooperated in building a national-level green building materials demonstration industry park

In December 2020, CR Cement and Fengkai County Government entered into an investment framework agreement for China Resources Green Building Materials Industrial Park. Through government-enterprise cooperation, the Company promoted the transformation and upgrade of the building materials industry, extensively introduced global advanced intelligent manufacturing of building materials, equipment manufacturing, industrial investments, business and trading services, and ecological tourism enterprises, so as to fully create one leading product, two intelligent platforms and three major industries, and construct a national-level green building materials demonstration industry park with a complete industry chain, sound supply chain and perfect ecological chain through extension of industries.



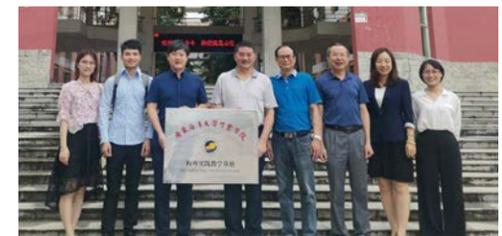
▲ Signing ceremony of investment framework agreement between CR Cement and Fengkai county government

## Deepen Academia-enterprise Cooperation

In order to deepen industry-academia integration and academia-enterprise collaboration in education, and expand the channels of academia-enterprise cooperation, CR Cement constantly deepened academia-enterprise cooperation and expanded the tailored talent cultivation models. These models meet the enterprises' demand for labour whilst building practical platforms for students which enable students to solve practical problems by making full use of classroom knowledge.

#### Promoted academia-enterprise cooperation and jointly built a plant for education, internship, practical training and employment

On 29 May 2020, Zhanjiang RunYang United Intelligent Manufacturing Company Limited and the Faculty of Architectural Engineering of Guang Dong Ocean University Cunjin College held the agreement signing ceremony for the joint building of a plant for education, internship, practical training and employment. Both parties entered into the agreement for the "joint building of a plant for education, internship, practical training and employment" and proceeded with plaque-unveiling.



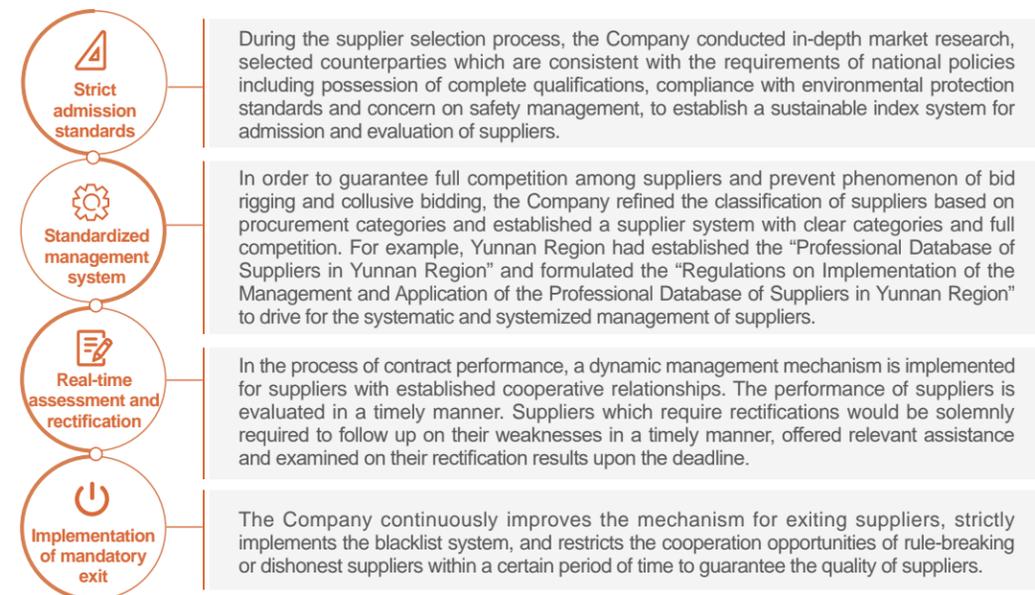
▲ Zhanjiang RunYang United Intelligent Manufacturing Company Limited and the Faculty of Architectural Engineering of Guang Dong Ocean University cooperated to build a plant for education, internship, practical training and employment

## Promote Fair Competition

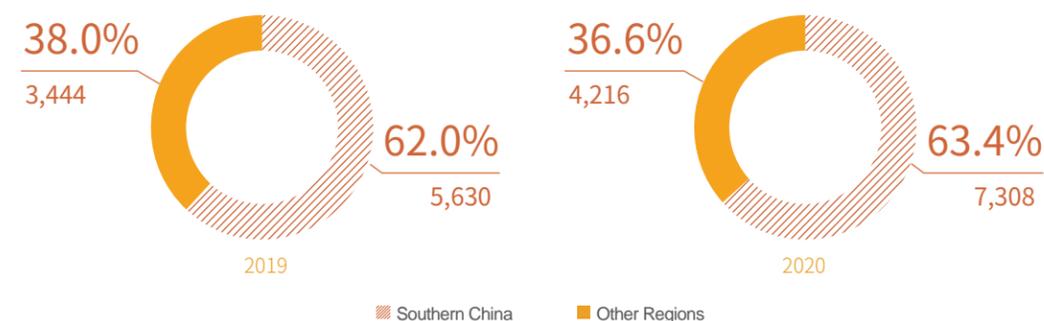
CR Cement is in strict compliance with laws and regulations including the Tender Bidding Law of the People's Republic of China, Regulation on the Implementation of the Tender Bidding Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China. Through the construction of a highly effective informatized procurement system to improve the standard of supplier management, we adhere to integrity and compliance at operations and fair transactions, protect the legal rights and interests of small and medium-sized suppliers, strengthen supplier management, standardize procurement behaviours, and help create an "open, fair, impartial, honest and credible" competitive environment.

## Supplier Management

CR Cement continued to optimize the supplier management system. Through formulating and implementing the "Policy on Procurement Management of China Resources Cement Holdings Limited", "Measures on Supplier Management of China Resources Cement Holdings Limited" and "Policy on Agreement Management of China Resources Cement Holdings Limited", CR Cement perfected the full-lifecycle supplier management system including admission, cooperation, evaluation and exit of suppliers. In 2020, CR Cement was not affected by the negative social impact caused by the supply chain.



### Number of suppliers by geographical region



## Guarantee Fair Competition

In order to achieve full and fair competition among suppliers and protect the legal rights and interests of small and medium-sized suppliers, CR Cement optimized the procurement process by establishing an electronic procurement platform, optimizing assessment models and integrating procurement channels to promote efficient, standardized and transparent operation of the Company's procurement. In 2020, the proportion of the Company's procurement by tendering increased by 10 percentage points year-on-year and reached 83% (excluding coal).



### Guarantee full competition to enhance tendering quality

In the packaging bag procurement project, CR Cement published indicators and standards of procurement assessment to all suppliers, and conducted anonymous assessment of the bag packaging samples from the suppliers that participated in the bidding. At the same time, video conference was set up for public review of the entire process to optimize the tendering model of bag packaging procurement and enhance the transparency and scientific nature of the tendering process. Through the amendment to the "Management Measures for Bag Packaging Supply", the management on bag packaging suppliers who won the bid had been regulated in terms of monthly supply plans, delivery deadlines, delivery quantities, return assessment and plan adjustments. In 2020, the rate of products in broken packaging dropped from 1.29‰ to 1.16‰, and disputes on quality and complaints from markets reduced substantially through measures such as strengthening the management on quality acceptance of bag packaging, improving contract indicators and irregular sampling inspections.



▲ 2020-2022 CR Cement tendering meeting for bag packaging

## Promote Responsibility Fulfilment by Supply Chain

CR Cement is devoted to building an "open, collaborative, win-win" supply chain ecosystem. Whilst setting strict requirements for ourselves, we also impose such requirements on suppliers and dealers, hence promoting concepts of business ethics, standardized management, safety and environmental protection, employee's health and safety, and data privacy to upstream and downstream enterprises along the supply chain to grow hand in hand together and jointly create the capability of sustainable development.

## Sunshine Procurement

CR Cement resolutely eradicates commercial bribery behaviours and launches procurement activities according to laws. Anti-corruption education is regularly offered to procurement personnel and suppliers, and suppliers are required to sign the "Sunshine Declaration" as an annex to the procurement contract. In addition, the Company continued to intensify its supervision on clean procurement, opened whistle-blowing channels such as hotline and email, and actively accepted internal corporate supervision and external societal supervision. In order to enhance the openness and transparency of the procurement process, all public procurement projects of CR Cement are disclosed to all suppliers in the society through the SRM system (Supplier Relationship Management System), and the scope of disclosure is further expanded by means of external websites and WeChat, such that the best suppliers in the whole society will be selected. Procurement sourcing, contract review and participation in quotation are all operated on the system. The use of this platform had achieved rapid information flow, information exchange and system sharing between the Company and suppliers. As of the end of 2020, the Company had basically brought all procurement projects online.

## Green Procurement

CR Cement incorporates green, safety and development requirements into supplier selection. Energy-efficient and environmentally-friendly new materials and new technology are developed and used. We vigorously advocate green procurement and promote the use of local industrial waste such as copper slag, pyrite slag, converter slag, iron ferroalloy slag, lead and zinc slag, fly ash, etc., to substitute raw mineral resources as raw materials. In 2020, the Company's procurement of industrial waste as raw materials in Guangdong and Guangxi reached approximately 9.5 million tons. Use of raw mineral resources is substantially decreased at the same time of turning waste into treasure, which had contributed to ecological environmental protection.

## Local Procurement

According to the objective of sustainable development, CR Cement adheres to the principle of prioritizing localized procurement under the same conditions. Whilst expanding procurement channels, decreasing procurement costs and reducing industrial pollution, we have also enhanced the long-term economic benefits and development capabilities of local enterprises and created a new employment environment for residents in the vicinity.

## Saving on Procurement Costs

CR Cement has built an integrated platform to achieve the overall management of auxiliary materials and spare parts inventory. With the platform as a carrier, information transparency and sharing is achieved in the entire process of auxiliary materials and spare parts inventory to implement reduction of inventory amount. The Company encouraged procurement innovation. Through optimizing processes and eliminating steps without value addition, procurement efficiency had been enhanced and the lowest total costs had been created.



### Local procurement of raw materials in Fujian Region to foster local industry development

Fujian Region continued to increase the procurement of local fluorogypsum, phosphogypsum and other industrial gypsum in Longyan, and actively tied in with the promotion of the use of the specially targeted newly-built water-washed phosphogypsum plant in the local area. While expanding procurement channels and reducing procurement costs, the development of local enterprises was supported, which propelled local employment and economic development. In 2020, the procurement of local fluorogypsum and phosphogypsum amounted to 350,000 tons in total, representing 76% of the Company's overall gypsum purchases in the local region.

In 2020, the procurement of local fluorogypsum and phosphogypsum amounted to **350,000** tons and accounted for **76%** of the Company's overall gypsum purchases in the local region



## Growth of Suppliers

CR Cement promoted the suppliers' awareness of social responsibility through special training, promotional education and other activities to foster the growth of suppliers.

### Prevent improper practices and alert for clean procurement

In August 2020, CR Cement organized representatives of major suppliers and all procurement personnel to participate in the alert education activities through online video conferences to enhance suppliers' legal awareness and concept of rule of law, create a clean and righteous supply relationship, and prevent violations of laws and discipline and occurrence of improper practices from the source.



▲ CR Cement organized representatives of suppliers and procurement personnel to participate in the alert education activities

### Improve safety awareness and launch driving training

Shanxi Region regularly organized safety management training for suppliers twice a year, launched safety training and driving examinations for suppliers of bulk raw materials and transportation drivers, issued driving permits in the factory for drivers who had passed the examination, and entered into safety agreements with the suppliers.

In 2020, there were no supplier-related safety liability incidents in CR Cement's procurement business of raw materials and transportation.



## Lead Industry Development

CR Cement fully leverages on our influence of the cement industry on the industry value chain, actively participates in industry forums and formulation of industry standards, integrates domestic and foreign resources and markets, builds and expands exchange platforms, and leads the healthy and steady development of the industry.

### Strengthen Exchange within the Industry

- **Promote exchanges within the industry:** We maintain close communications with China Building Materials Federation and China Cement Association, exchange technology and management experience with peer enterprises such as Conch Cement and experts in the industry by means of participation in on-site technical exchange meetings and on-site surveys to enhance understanding, mutual trust and consensus in the industry.
- **Launch cooperation in technology:** We actively explore cutting-edge technology with the Research Institute of Tsinghua University in Shenzhen, Flender from Germany and XCMG Group to strengthen resources matching and cooperation on technology, and promote the application and practice of new technologies, new equipment and new processes in the industry.

### Participate in Standards Formulation

CR Cement fully leverages on its industry knowledge and technical experience accumulated over the years in its active participation of the formulation of national and industry standards, which contributes to the promotion of standardization and healthy development of the industry.

#### Standard that CR Cement participated in

- ① Calculation method for heat balance, thermal efficiency and consolidated energy consumption of cement rotary kilns (national standard)
- ② Measurement method for heat balance in cement rotary kilns (national standard)

### Membership Qualification in Associations

CR Cement actively participates in exchanges among industry associations, and continues to pay attention to new technologies, technologies for energy-saving and emission-reduction, and relevant policies of advanced domestic and international cement companies.

#### Name of association CR Cement participates in

- ① China Building Materials Federation
- ② China Cement Association
- ③ China Concrete and Cement Products Association

## Take on "New" Public Responsibilities

As a responsible and committed enterprise, CR Cement insists on integrating corporate development with fulfilment of social responsibilities, resolutely implements production safety and raises the standard of safety management. The Company combines its own business characteristics and advantages to continuously and intensively work on community charity, proactively participate in mutual community building with society for building a more harmonious and beautiful society with practical actions.

### Material Issues, Guidelines and Indicators Addressed in This Chapter

Material Issues	SDGs	HKEX ESG indicators	CASS-CSR4.0 indicators	GRI Standards indicators
Production safety	 	B2, B2.3, B8, B8.1, B8.2	S1.5, S3.1, S3.2, S3.3, S3.4, S3.5, S4.1, S4.2, S4.5, S4.6, S4.9, S4.10, S4.12, E1.12, E3.6	103-2, 203-1, 203-2, 403-1, 403-4, 403-5, 413-1, 413-2
Mutual community building with society	 			
Poverty alleviation and community charity	 			
Investment in and drive for employment				

### Key Performance



## Implement Production Safety

Production safety is the foundation for ensuring stable and high-quality operations. CR Cement strictly abides by the Production Safety Law of the People's Republic of China, pursuant to which production safety management system applicable to the cement industry was established and improved to consolidate the foundation of safety management. Through the formulation and implementation of strict production safety policies, highly effective protective measures had been adopted and safety concepts had been implemented to ensure the orderly conduct of production safety. At the same time, the Company strengthened safety supervision and inspection, actively launched various forms of education and training, and enhanced the capabilities for risk management and control in order to promote sustainable business development and protect the lives, health and safety of employees.

## Production Safety Management System

Through the construction of a strict "Three-tiered Management and Control" EHS organization system, CR Cement implemented the "EHS Management Series" of the "Management Manual" of the Company and standardized the implementation and monitoring of the safety management system to ensure that safety standards are implemented in all positions. In 2020, the "Policy for Accountability of EHS Incidents and Events (2020 Edition)" were promulgated and implemented. Our EHS accountability appraisal policies were continuously improved. By filing the list of first persons for EHS accountability of each unit, the policy for accountability of EHS incidents and events had been effectively implemented in every major operating region. All major operating regions, departments and production plants had entered into the "Letter of EHS Undertaking" or the "EHS Responsibility Pledge" as of the end of 2020. Currently, CR Cement had a total of 280 specialized EHS management personnel, among which, 200 were specialized safety management personnel (including 66 registered safety engineers).

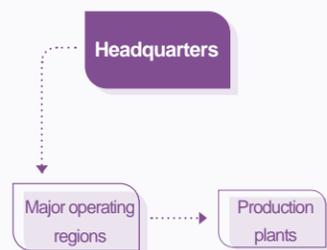
In terms of safety management on counterparties, the Company clarified the safety management responsibilities of counterparties and reinforced safety management on counterparties in accordance with the "Policy for Safety Management on Counterparties (Trial)" of the Company. Contractors of construction projects, service providers for maintenance and repairs of equipment, transportation providers, headhunters, suppliers, waste handlers, tenants and technical service providers are all included in the scope of counterparties. Counterparties are managed on the basis of classification and levels. Counterparties working at higher risk are subject to the mechanism of advanced notice, filing of cases and regular monitoring.



### Production Safety Management Organizational System >>>

The EHS organizational system of CR Cement comprises three-tiered EHS organizational institutions of headquarters, major operating regions and production plants. EHS organizational institutions at each level includes the EHS Committee of the unit, the EHS Supervision and Management Department and the EHS Supporting Department. The EHS Management Committee established at headquarters level is chaired by the Chief Executive Officer of the Company. The headquarters set up the EHS Department and appointed the Chief Safety and Environmental Protection Officer. EHS departments (offices) are set up at the levels of major operating regions and production plants respectively under the direct management of persons in charge of corresponding major operating regions and production plants.

#### Principle of three-tiered management and control of EHS organizational system



## Innovative Safety Technology

CR Cement proactively innovated on management methods and used advanced management technologies to prevent safety risks for the promotion of the Company's safety and sustainable development.

**Intelligent management of vehicles in storage yards**

The intelligent safety alert systems for vehicles in materials storage yards at pilot production plant of Pingnan Cement with the functions of intelligent voice notification, automatic detection of vehicle height and automatic count of number of vehicles was awarded the title of excellent industrial innovation project by China Resources Group;

**Blasting of mixed explosives**

The mines of 11 plants had been using on-site mixed explosives to initiate blasting, among which, 9 mines had maintained a consistent utilization rate of mixed explosives at above 90%;

**Lockout tagout management**

All production plants have achieved full coverage of the lockout tagout work. At the same time, the installation of the visual isolation switch (VCS box) has also progressed in an orderly manner, and the energy isolation during the maintenance process is guaranteed;

**Implementation of project for supervision and control system of vehicles**

Concrete production plants in Jiangmen and Nanning had advanced the pilot project for intelligent supervision and control system of concrete vehicles and cabs of pump trucks to further strengthen supervision and control on safe driving.

## Emergency Safety Management

Production safety lies in early prevention. CR Cement pays attention to production safety emergency management in daily operations, and effectively enhances capabilities for emergency management. The construction of emergency response capabilities is reinforced with good preparation for responding to emergency events and disaster incidents. Emergency training and emergency drills are strengthened to train emergency rescue teams at all levels to be proficient in the use of emergency facilities and equipment, procedures and methods for response to emergency, and to standardize procedures for handling emergency incidents. In 2020, 1,228 emergency drills were organized at all major operating regions and production plants, with 18,665 participants in attendance.



### Simulation drill of ammonia leakage in Guangxi Region

The Guangxi Region carried out a joint emergency drill for sudden ammonia leakage in 2020. Numerous experts provided on-site guidance, a total of more than 30 local business representatives attended the event, and 60 participants were involved in the simulation. The injured were rescued, the source of the leakage was blocked, the pollutants were cleaned up and collected, water quality and air quality returned to normal and the drill completed successfully upon the unremitting efforts of the on-site operators, emergency command unit and the emergency response team of the Company.



▲ Joint emergency drill for environmental emergency event in Guangxi Region

## Production Safety Supervision

CR Cement had established long-term effective mechanism for the inspection, treatment and management of latent hazards of production safety incidents. The works of multi-level inspections, supervision, treatment and management of latent safety hazards were continuously reinforced at headquarters, major operating regions and production plants. In 2020, by taking advantage of the three-year action for special rectification of production safety as an opportunity and based on the "Three-year Action Plan for Special Rectification of Production Safety" of the Company, we comprehensively carried out the special rectification of production safety and issued the "2020-2022 Plan for Treatment and Management of EHS Latent Hazards" to raise the standard of intrinsic safety, continuously followed up on the rectification status in various areas, and incorporate the status of completing rectifications into the annual performance contract.

As of the end of 2020, 28 cement production plants of CR Cement had passed the on-site assessments as the First-Class Enterprise in National Production Safety Standardization. Consultancy work for the construction of First-Class Mines of Production Safety Standardization commenced at the cement production plants in Tianyang, Nanning, Guigang, Shangsi, Pingnan, Heqing and Jinsha.

- Participated in annual evaluation and supervision appraisal for excellent operational management. 39 safety and environmental protection experts were successively arranged to participate in 14 batches of annual appraisal for excellent operational management. A total of 34 cement (grinding stations) plants and 55 concrete batching plants were evaluated.
- Conducted EHS research study inspections and special inspections on 34 production plants in total, covering cement, concrete, prefabricated construction and aggregates production plants;
- Throughout the year, 1,169 large-scale comprehensive inspections and 1,067 special inspections were done in all major operating regions and production plants.

## Production Safety Training

CR Cement actively implemented safety training and adopted combined online and offline training methods. The use of the i-Learning online learning platform was promoted to continuously launch offline safety training for effectively enhancing safety ambience and raising the standards of safety management. In 2020, the aggregate duration of safety training for CR Cement's staff amounted to approximately 347,000 hours, whereas that for counterparties amounted to approximately 69,000 hours.



▲ Wuxuan Cement organized safety open day activities



### Guizhou Region launched safety training and examination

The Guizhou Region organized relevant examinations after monthly safety meeting. Management and all personnel who attended the meeting were required to participate. The contents of the examination included requirements for meeting documents, cause analysis and preventive measures of accidents in case studies. The examination results were then published.

## Practice Community Charity

CR Cement actively assumes social responsibilities and empowers a better life for the society through charitable acts. CR Cement rolls out diversified community projects for different targeted groups, including supporting the education of children in mountainous regions, expressing solicitude to the elderly without family and participating in volunteer activities.

### Affordable education for children

Continuously concerned on education and development of children in the underprivileged mountainous regions and helped to create a better learning environment and ambience through donations of teaching materials, set-up of scholarships and study grants, and launch of charitable subsidized schooling, which assisted more children to obtain quality educational resources.

### Expressing solicitude to the elderly without family

Proactively expressed solicitude and launched volunteer activities in elderly care institutions. While expressing festive solicitudes and blessings, volunteer chores such as cleaning and weeding were also carried out.

### Blood donation for nil consideration

All major operating regions held volunteer activities of "Blood donation for nil consideration with dedication of love" for multiple times, and organized employees to actively participate in blood donation.



▲ Hongshuihe Cement organized employees to participate in blood donation activities



### CR Cement organized charitable virtual cloud run event

In November 2020, the Company organized the "Children's Walk with Resources Heart, Competitive Blooming" CR Cement's 2020 Charitable Cloud Run event. Approximately 500 employees recorded the mileage they ran during the event in the form of online "cloud run", which was converted according to a certain proportion into charitable funds for donations as study grants after the end of the event. The funds raised in this event were donated to the designated poverty alleviation unit in Luohu District, Shenzhen Municipality - Xinan Primary School, Nantang Town, Lufeng City, for updating part of the teaching equipment and books of the school.



▲ "Children's Walk with Resources Heart, Competitive Blooming" Charitable Cloud Run

### Dongguan Cement participated in the volunteer cleaning service activities of the new campus of Shatian Town Central Primary School

On 19 July 2020, the Shatian Town Youth League Committee and Volunteer Association organized a cleaning service activity in the newly built new campus of Shatian Town Central Primary School. The volunteer service team of Dongguan Cement swiftly responded to the call and formed a "CR Cement" squad represented by the Communist Youth League, the labour union and family members of employees to participate in the event.



## Participate in Community Building with Society

CR Cement attaches great importance to diversified activities for mutual community building with society, and actively builds harmonious neighbourhood relations. CR Cement supports the construction of various infrastructure in local counties, townships, villages and towns, regularly participates in communications and exchanges with the community, and actively participates in local cultural and sports activities to create a healthy, stable and harmonious community environment together with local residents, and take practical actions in contributing to and serving the community.



▲ Hongshuihe Cement participated in the mass cultural and art performance activity at the Indoor Performance Hall of Nanning Folk Song Lake (Binyang special concert)

## Boost Rural Revitalization

CR Cement takes the initiative to promote rural revitalization and cooperates with local communities in project development, construction and operation. Through donations of cement products, we help neighbouring towns and villages in the construction of roads, repairs of bridges and improvement of local infrastructure through renovation and upgrade of old houses and launch of hygiene remediation activities to support the development of the community livelihood and to build a better life of the community hand in hand with the society. In addition, we actively participate in the green community projects for purchase of carbon sink, organically combine environmental protection with targeted poverty alleviation, and explore new paths for rural revitalization.

In April 2020, in accordance with the requirements of China Resources Group's "Notice on Strengthening the Centralized Procurement of Unmarketable Agricultural Products in Underprivileged Counties", CR Cement actively participated in the procurement of unmarketable agricultural products in key counties for national poverty alleviation and development work. As of 5 May, the total amount of unmarketable agricultural products purchased from underprivileged counties was RMB950,700. Meanwhile, CR Cement proactively implemented employee localization policy whereby local residents in the vicinity would be given preference in recruitment.

### Support for the infrastructure construction in Mukong Town

In 2020, the Guizhou Region donated 1,200 tons of cement for the construction of rural revitalization infrastructure and rural environmental improvement in Mukong Town, so as to effectively improve the living environment and the living quality of the villagers.

**Jinsha Cement participated in the targeted poverty alleviation project for carbon sink of individual plants**

On 26 May 2020, Jinsha Cement participated in the "Symposium on Targeted Poverty Alleviation Project for Carbon Sink of Individual Plants" held by the Department of Ecology and Environment of Guizhou Province and purchased 16,666 individual plants for carbon sink so as to help 37 underprivileged households in Xinwan Village of Laowaba Town and Xiaozhai Village of Shuguang Township at Nayong County, Bijie City.



The Targeted Poverty Alleviation Project for Carbon Sink of Individual Plants in Guizhou Province is an innovative ecological poverty alleviation project developed by transforming the ecological value of plants into economic value. The project will screen and number the trees of underprivileged households who own forest lands in the province according to tree species, size and carbon sink function (absorption of carbon dioxide and release of oxygen), and calculate the annual carbon sink value at RMB3 per tree. A database will be established with basic information of the trees, carbon sink value and the underprivileged households. Individuals, enterprises, public institutions and social organizations are mobilized to purchase carbon sink, and the funds of carbon sink purchases are directly deposited into the personal bank accounts of the underprivileged households.

**Joint Construction of a Friendly Community**

CR Cement actively integrates into the community, continuously listens to and responds to the opinions and aspirations of community residents, and regularly visits front-line workers in the community with solicitude, thus establishing a solid and profound village-enterprise rapport.

**Yunnan Region launched numerous community activities to build a friendly community**

Midu Cement visits and expresses solicitude to the elderly in the village during the Double Ninth Festival every year. In 2020, assistance was offered to regreen approximately 1,340 m<sup>2</sup> of land and weld 294 m<sup>2</sup> of fences for event venues in the village.



Heqing Cement launched the "Welcome the Mid-Autumn Festival and Send Warmth" activity to visit and express solicitude to retired veterans of the self-defense < counterattack war.

Heqing Cement sent supplies with solicitude to the forest fire prevention point and the forest and grass station at Jindun Township and Xintun Town of Heqing County respectively.



**Assist in Building a Healthy Country**

CR Cement actively implements the national strategy of "National Fitness" by organizing and participating in a wide variety of sports activities such as internal and external basketball games, football games, outdoor hiking and broadcast gymnastics competitions. We advocated for a civilized and healthy lifestyle, transmitted the concepts of all-staff work-out and healthy life. We promoted the in-depth integration of national fitness and national health.



**CR Cement held the Fourth "Runfeng Cup" Basketball Games**

In December 2020, the one-week finals of "Runfeng Cup" Fourth Basketball Games came to an end at Caoxi Cement of Fujian Region. These finals were attended by 8 teams from various major operating regions and departments. The team of representatives from Fengkai Cement of Guangdong Region finally won the championship of the this year's "Runfeng Cup" Basketball Games.



▲ Hongshuihe Cement participated in the national fitness games in Binyang County

## Responsibility Management

### Material Issues, Guidelines and Indicators Addressed in This Chapter

Material Issues	SDGs	HKEX ESG indicator	CASS-CSR4.0 indicator	GRI Standards indicators
Sustainable development		/	G1.1,G1.2, G2.1,G2.2, G2.3,G2.4, G3.1,G3.2, G3.3 ,G4.1, G4.2 ,G4.3, G5.1 ,G5.2, G6.1 ,G6.2	102-14,102-16, 102-18,102-19, 102-20,102-21, 102-26,102-27, 102-28,102-29, 102-30,102-31, 102-32,102-40, 102-42,102-43, 102-44,102-46, 102-47,102-54, 103-2

### Strategy for Responsibility

By upholding the corporate mission “to provide customers with quality products and services, promote innovation and lead green development in the industry, thereby building an everlasting business”, CR Cement has assimilated social responsibility into corporate operations. We prioritized the perspectives of stakeholders such as shareholders, employees, customers, partners and community, and continued to promote the implementation of social responsibility work, including consolidating safety management at production plants, improving management standards of environmental protection, reforming transformational measures for energy saving and emission reduction, implementing health management work and promoting co-processing projects. With an innovative spirit and a pragmatic attitude, we constantly promote transformation and upgrade of the cement industry in China and strive to achieve the beautiful vision “to become a respectable world-class cement enterprise”.

### Governance of Responsibility

#### Organization

In order to proactively fulfil social responsibility work and effectively promote the implementation of relevant works for responsibility practice, CR Cement established the “Corporate Culture and Social Responsibility Steering Committee”, which is responsible for the leadership, promotion and decision-making of the Company’s strategic directions with respect to social responsibility. The Chief Executive Officer serves as the president of the committee, and the members consists of the main leaders of all departments at headquarters and all major operating regions. At the same time, we also established the “Social Responsibility Report Preparation Committee”, which is responsible for preparing the annual Social Responsibility Report in order to lay a solid foundation for the Company to launch its social responsibility work and effectively drive for the management, practice and integration of responsibility.

## Policies and Systems

To promote a systematic and standardized approach towards social responsibility work, the Company formulated management requirements for social responsibility work and sorted the system for reporting indicators with reference to “GRI Sustainability Reporting Standards” of Global Reporting Initiative, “Environmental, Social and Governance Reporting Guide” of The Stock Exchange of Hong Kong Limited, “Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR4.0)” of Chinese Academy of Social Sciences, “Guidance on Social Responsibility of Cement Enterprise”, “Guidance on Social Responsibility Reporting of Cement Enterprise” and “Social Responsibility Evaluation Index System of Cement Enterprise” of China Cement Association, and the “China Resources Group Management Measures for Social Responsibility”.

### Culture of Responsibility

CR Cement constantly consolidates its capability to fulfil its own responsibilities. We have built a good brand image and corporate image in the industry through continuous promotion of our socially valuable and sustainable brands of charitable businesses such as “Gratitude Fund” and “co-processing projects by use of cement kilns”.

- We actively organized and participated in internal and external social responsibility training, seminars and other activities to understand the latest domestic and international developments in social responsibility work and enhance the report writers’ understanding and grasp on the relevant theories of social responsibility as well as the standards and methods for report preparation.
- In active response to the initiatives of China Resources Group, CR Cement proactively participated in social responsibility appraisal activities to further benchmark outstanding enterprises in fulfilling social responsibility, find disparities and improve deficiencies, and promote the implementation of responsibility fulfilment on high standards and strict requirements.

### Engagement with Responsibility

CR Cement is proactively concerned with the aspirations and expectations of our stakeholders. We continue to explore effective means of communications with stakeholders through various channels and means including information publication, information reporting, special presentations, shareholders’ meetings, site visits, community activities, open days, staff activities, the Company’s website and official WeChat public account for the disclosure of the Company’s results and relevant activities in a timely, accurate and rigorous manner as well as timely propagation of the Company’s philosophy and practice of responsibility fulfilment. While enhancing stakeholders’ understanding on and support to the Company, the Company also listens to the reasonable opinions and suggestions from internal and external stakeholders for the continuous improvement of corporate operational management methods and improvement on the Company’s competitiveness.



**Aspirations of CR Cement's Stakeholders and Responses from the Company**

Types of Stakeholders	Aspirations and Expectations	Communications and Responses
 Government and regulatory bodies	<ul style="list-style-type: none"> <li>Regulated operations according to laws</li> <li>Safety and environmental protection</li> <li>Occupational health</li> <li>Local economic development</li> <li>Employment and tax income</li> </ul>	<ul style="list-style-type: none"> <li>Strict implementation of national policies</li> <li>Insistence on production safety and promoting green development</li> <li>Reinforcement on protection of occupational health</li> <li>Proactive participation in local construction and providing employment opportunities</li> <li>Compliance with laws and regulations, timely payment of taxes</li> <li>Timely and accurate submission of corporate information</li> </ul>
 Shareholders and investors	<ul style="list-style-type: none"> <li>Corporate value</li> <li>Transformation and innovation</li> <li>Corporate governance</li> <li>Sustainable development</li> <li>Risks management</li> <li>Compliance management</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing standards of corporate operation, results and asset value</li> <li>Transformation with innovation for enhancing corporate competitiveness</li> <li>Standardizing construction of the Board, and perfecting scientific and effective governance system</li> <li>Paying attention to on environmental and social impacts, adopting corresponding measures, and improving relevant information disclosure and communications</li> <li>Enhancing the strength of preventing and solving substantial risks</li> <li>Construction of compliance management system, improving compliance review mechanism, and rolling out propagation of code of business conduct</li> <li>Holding investor activities including general meetings, investors meetings, results presentations, roadshows, etc., and publication of announcements and regular reports of the Company according to requirements</li> </ul>
 Customers	<ul style="list-style-type: none"> <li>Product quality</li> <li>Customer service</li> <li>Rights and interests of customers</li> <li>Innovation</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensive guarantee of product quality</li> <li>Establishing sound customer service system, improving mechanism for customer feedback and complaint handling, and launching surveys on customer satisfaction</li> <li>Upholding and protecting security of customer data, and strengthening the construction of customer management system</li> <li>Encouraging innovation of products and technology</li> </ul>

Types of Stakeholders	Aspirations and Expectations	Communications and Responses
 Employees	<ul style="list-style-type: none"> <li>Rights and interests of employees</li> <li>Remuneration and benefits</li> <li>Career development</li> <li>Care for employees</li> <li>Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Adhering to the principle of equal employment and protecting the legal rights and interests of employees</li> <li>Holding employees' congress and construction of communications platform for employees</li> <li>Formulating competitive remuneration and benefits systems, and improving various benefits and treatment</li> <li>Launching staff training, and perfecting incentives and promotion mechanism</li> <li>Organizing staff activities and care for employees in need</li> <li>Care for occupational health and mental health, and improving working environment and ambience of the organization</li> </ul>
 Suppliers and partners	<ul style="list-style-type: none"> <li>Punctual fulfilment of agreements</li> <li>Integrity and probity</li> <li>Equality for mutual benefit</li> <li>Cooperation for mutual gain</li> <li>Advancement, transformation and upgrade of the industry</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening the management of procurement orders and strong emphasis on fulfilment of agreements</li> <li>Launching regular probity education and adopting "Sunshine Procurement"</li> <li>Strengthening communications and cooperation, building effective cooperation mechanisms and platforms</li> <li>Launching regular meetings, mutual visits and exchanges</li> <li>Participating in the formulation of industry standards and technological research</li> </ul>
 Community	<ul style="list-style-type: none"> <li>Safety, health and ecological environment</li> <li>Harmonious community</li> <li>Community activities</li> <li>Local employment and economic development</li> </ul>	<ul style="list-style-type: none"> <li>Reinforcement of production safety management, green production and green office to increase the composite utilization efficiency of energy and resources</li> <li>Construction of green factories and promotion of co-processing projects</li> <li>Active participation in mutual community building with society</li> <li>Active participation in poverty alleviation, community charitable activities and social volunteer activities</li> <li>Support for local education business, campus recruitment and community recruitment</li> </ul>
 Media	<ul style="list-style-type: none"> <li>Abiding by laws and compliance</li> <li>Information disclosure</li> <li>Operational results</li> <li>Health and safety</li> <li>Sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>Timely and accurate disclosure of corporate information</li> <li>Welcoming supervision by media, smooth channels of external publication for proactive communications with and timely response to the media</li> </ul>

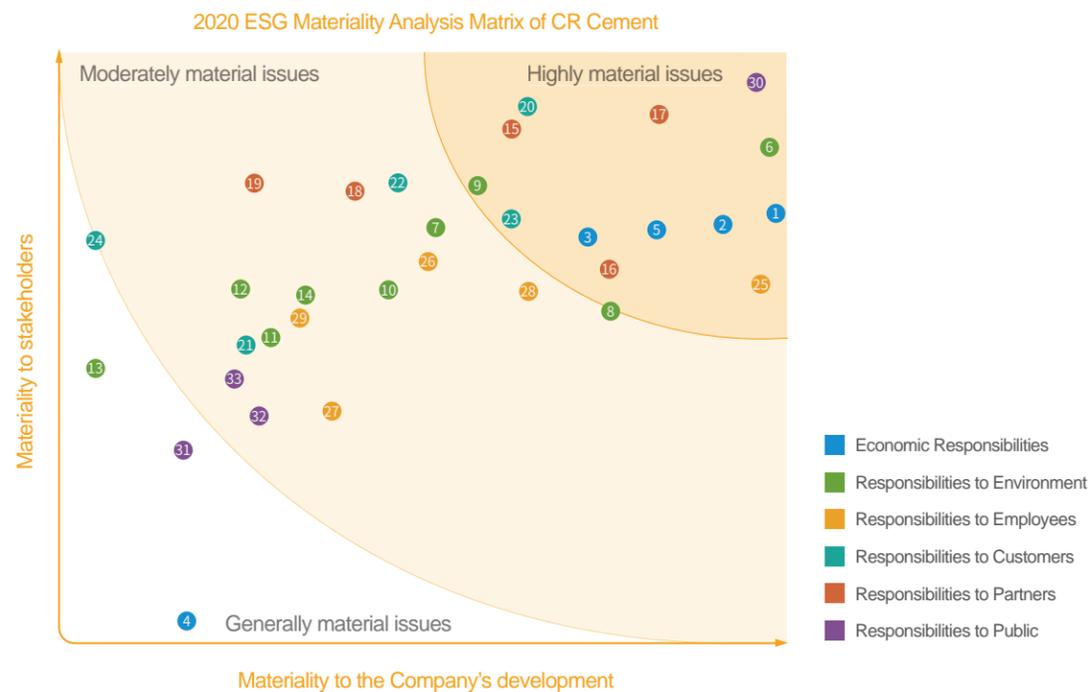
## Materiality Analysis

### Identification of Material Issues

The Company gradually strengthened the management of material social responsibility issues, and identified 33 material issues from 6 scopes of responsibilities through analysis on macro policies and industry policies and regulations, research on the domestic and international authoritative social responsibility standards, benchmarking comparison with excellent social responsibility reports in the cement industry, and with reference to “Environmental, Social and Governance Reporting Guide” of the Stock Exchange, “GRI Sustainability Reporting Standards” of Global Reporting Initiative, “Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR4.0)” of Chinese Academy of Social Sciences, “Guidance on Social Responsibility of Cement Enterprise”, “Guidance on Social Responsibility Reporting of Cement Enterprise” and “Social Responsibility Evaluation Index System of Cement Enterprise” of China Cement Association.

### Prioritization of Material Issues

In order to further enhance the specificity of material social responsibility issues, in 2020, the Company specifically prepared survey questionnaire of material issues in both Chinese and English, which were sent through emails, peer-to-peer invitations and official WeChat public account to extensively understand the degree of concerns of internal and external stakeholders on each material issue. A total of 2,086 valid questionnaires were collected. Based on the survey results, we assessed the priority of material issues from the two dimensions of “materiality to the Company’s development” and “materiality to stakeholders”, and prepared the materiality assessment matrix. Upon the review and recommendation by the Board, the senior management and external consultants on the material issues and their prioritization results, the core material issues closely related to sustainable development of the Company which highly concerned stakeholders were confirmed as the key disclosure contents.



Scope of Responsibilities	No.	Material Issues
 Economic	1	Managerial efficiency, operational results and enterprise value
	2	Corporate governance and risk management
	3	Integrity management and promotion of anti-corruption
	4	Rights and interests of shareholders and investors
	5	High-quality development, transformation and upgrade
 Environment	6	Sustainable development
	7	Energy and resources management
	8	Environmental management systems
	9	Pollutant and waste management
	10	Waste co-processing
	11	Ecological diversification and green mine construction
	12	Carbon emissions and climate change
	13	Charity events for environmental protection and green offices
	14	Clean technology and opportunities in green building
 Employees	15	Compensation and benefits of employees
	16	Development and training of employees
	17	Occupational health of employees
	18	Rights and interests of employees
	19	Care for employees
 Customers	20	Product and service quality management
	21	Management of intellectual property rights and transformation of achievements in scientific research into practical applications
	22	Product and service innovation
	23	Rights, interests and satisfaction of customers
	24	Promoting sustainable consumption
 Partners	25	Integrous and compliant procurement
	26	Supply chain responsibility management
	27	Rights and interests of suppliers and other partners
	28	Resources sharing and mutual growth
	29	Communications with industry players to foster industry development
 Public	30	Production safety
	31	Mutual community building with society
	32	Poverty alleviation and community charity
	33	Investment in and drive for employment

## Honours and Recognition

### 01 National Quality Supervision and Testing Center for Cement

Outstanding prize of "Concrete Glorious Cup" in the seventeenth national large-scale comparison on cement chemical analysis in 2020

### 02 Carbon Trading Technology Center of Building Materials Industry, China Building Materials Federation

Excellence Second Prize in the "National Construction Certification Cup" Cement Industry Carbon Trading Simulation Competition in 2020

### 03 Federation of Hong Kong Industries and Bank of China (Hong Kong)

"BOCHK Corporate Environmental Leadership Awards 2019" Guangdong-Hong Kong-Macao Bay Area Environmental Leadership Recognition Award

### 04 Bloomberg Businessweek (Chinese Version)

"Leading Enterprise Award" (market capitalization over HK\$20 billion) and the "Leading Environmental Initiative Award" (the green mine project in Heqing, Yunnan) of the "ESG Leading Enterprise Awards 2020"

### 06 Green Council of Hong Kong

"Hong Kong Green Awards 2020 – Environmental, Health and Safety Award (Large Corporation) – Silver"

### 05 InnoESG Prize 2020

InnoESG Prize 2020 Award

### 07 The Fourth "Golden Hong Kong Stocks" Awards

"Best Energy and Resources Stock Company" Award

### 08 IR Magazine Greater China Awards 2020

"Best Investor Relations Award" in Materials Sector

## Future Prospects

2021 is the opening year of the "Fourteenth Five-Year" Plan. National economy will enter high-quality development phase. And it is now the starting point of the brand new future. On one hand, the supply-side structural reform and the situation on environmental protection are becoming stricter in China. On the other hand, the goals on the construction of the Guangdong-Hong Kong-Macao Greater Bay Area and a world leader in transport have become clearer, and the cement industry had faced new challenges and opportunities. CR Cement will continue to reinforce the three core strengths of the "leading market position in the region, lowest total costs, innovation-driven development", commit to enhancing efficiency and quality of operation and improving the management standards of environmental protection, safety and health; deepen brand marketing and the construction of sales channels to consolidate market share; actively fulfil corporate social responsibility, energy saving and emission reduction, and foster green and low-carbon development of the industry. In addition, the Company will proactively seize the opportunities in the development of the Greater Bay Area, accelerate transformation and innovation, promote the construction of digitalization and intelligentization, construct the new pattern of industrial development, seize the development trend on new business of construction materials, cultivate the new momentum of business development for the promotion of sustainable development of the cement industry in China.



## Appendix

### Key Performance Indicators

Statistical Indicator	Unit	2018	2019	2020
<b>Economic Responsibilities</b>				
Turnover	HK\$ million	38,791	38,956	40,087
Profit before taxation	HK\$ million	11,335	12,008	11,893
Profit for the year	HK\$ million	8,007	8,694	9,030
Profit attributable to owners of the Company	HK\$ million	7,975	8,618	8,960
Equity attributable to owners of the Company	HK\$ million	37,691	41,980	49,627
Total assets	HK\$ million	60,506	61,171	68,532
Net assets <sup>15</sup>	HK\$ million	37,895	42,266	50,024
Return on net assets <sup>16</sup>	%	23.4	21.7	19.6
Return on total assets <sup>17</sup>	%	20.5	20.5	18.8
Ratio of value conservation and value appreciation of state-owned capital <sup>18</sup>	%	130.9	123.5	120.3
Earnings before interest and taxation <sup>19</sup>	HK\$ million	11,979	12,462	12,167
Ratio of profit to costs <sup>20</sup>	%	39.7	42.8	40.0
Cost of sales	HK\$ million	23,371	23,298	24,451
Selling and distribution expenses	HK\$ million	1,985	1,987	1,796
General and administrative expenses	HK\$ million	2,545	2,329	3,193
Finance costs	HK\$ million	644	454	274
Industry ranking <sup>21</sup>	-	4	3	3
Number of commenced or concluded corruption lawsuits	-	0	0	0

<sup>15</sup>Net assets equal to total assets less total liabilities.

<sup>16</sup>Return on net assets is calculated by dividing profit for the year by average net assets.

<sup>17</sup>Return on total assets is calculated by dividing earnings before interest and taxation by average total assets.

<sup>18</sup>Ratio of value conservation and value appreciation of state-owned capital is calculated by dividing the sum of equity attributable to owners of the Company and dividend paid for the year by equity attributable to owners of the Company for the previous year, after taking the effect of exchange rate into consideration.

<sup>19</sup>Earnings before interest and taxation equals to the sum of profit before taxation and finance costs.

<sup>20</sup>Ratio of profit to costs is calculated by dividing profit before taxation by the sum of cost of sales, selling and distribution expenses, general and administrative expenses and finance costs.

<sup>21</sup>Source of data of industry ranking is China Cement Association. Assessment indicators included sales volume of cement, total profit, net profit, assets and market capitalization in 2020.

Statistical Indicator	Unit	2018	2019	2020
<b>Responsibilities to Customers and Partners</b>				
Total number of suppliers	-	8,007	9,074	11,524
Contract compliance rate	%	95	93	91
Handling rate of customers' complaints	%	100	100	100
Passing rate of product quality	%	100	100	100
Total R&D investment	RMB million	11.34	22.63	41.24
Number of R&D employees	-	45	45	40
Number of international, national or industrial standards contributed	-	1	1	2
Number of new patent licenses	-	29	19	42
Number of patents and patent applications	-	187	232	269
Number of strategic co-operation agreements executed	-	10	5	9
Expenditure on industry-academia-research cooperation	RMB million	0.38	0	1.39
Significant innovation awards	-	0	1	0
<b>Responsibilities to Employees</b>				
Total number of employees	-	20,301	19,816	19,467
Number of employees in Mainland China	-	20,142	19,665	19,324
Number of employees in Hong Kong	-	159	151	143
Number of male employees	-	16,863	16,474	16,187
Number of female employees	-	3,438	3,342	3,280
Number of minority employees	-	4,197	4,152	4,110
Number of employees with disabilities	-	52	59	42
Proportion of female managerial staff	%	11	11	11
Execution rate of employment contracts	%	100	100	100
Social insurance coverage rate	%	100	100	100
Body check coverage rate	%	100	100	100
Number of employees attending health body check	-	20,301	19,816	19,467
Number of occupational disease occurrences	-	0	0	1
Average number of days of paid annual leave per employee <sup>22</sup>	Days	13.4	13.8	13.9
Staff training coverage rate	%	100	100	100
Average training duration per employee	Hours	7.0	12.9	14.5
Average investment in training per employee	RMB	346	436	336
Total investment in staff training	RMB million	7.02	8.64	6.54
Employee attrition rate	%	6.4	5.4	3.0
Employee turnover rate	%	9.5	9.5	5.8

<sup>22</sup>Average number of days of paid annual leave per employee is calculated based on the number of days of paid annual leave for employees in Mainland China.

Statistical Indicator	Unit	2018	2019	2020
<b>Responsibilities to Public</b>				
Number of new recruitments	-	1,571	1,386	789
Charitable donations	HK\$ million	2.5	2.7	9.4
Taxation	HK\$ million	3,328	3,314	2,864
Proportion of local procurement <sup>23</sup>	%	51	62	62
Number of staff injured at work	-	9	13	13
Number of incidents of general and above levels	-	3	2	1
Fatalities	-	1	2	1
Fatality rate	‰	0.049	0.099	0.051
Number of participants in safety training	-	218,716	245,398	257,902
Investment in production safety	RMB million	146	156	152
Safety training coverage rate	%	100	100	100
Number of safety emergency drills	-	991	1,135	1,228
Number of specialized safety management personnel	-	212	192	200
Number of licensed safety management personnel	-	1,064	1,277	1,943
Number of registered safety engineers	-	55	59	66
Safety training duration <sup>24</sup>	10,000 hours	41.1	40.1	41.6
Number of participants in safety emergency drills	-	15,518	18,025	18,665
<b>Responsibilities to Environment</b>				
Total investment in environmental protection	RMB million	393	443	441
Investment in technological upgrade in energy-saving and emission reduction	RMB million	94	120	123
Consolidated energy consumption	'000 tons of standard coal	8,035	7,915	7,917
Consolidated energy consumption per RMB10,000 output	ton standard coal per RMB10,000	2.73	2.65	2.60
Consolidated energy consumption per RMB10,000 value addition	ton standard coal per RMB10,000	6.14	5.85	5.58
Proportion of cement sold in bag	%	38.9	35.6	33.2
Emission of nitrogen oxides <sup>25</sup>	tons	39,822	37,584	36,194
Emission of particulate matters	kg per ton of clinker produced	0.5715	0.5439	0.5146

<sup>23</sup>Scope of statistics of local procurement includes purchased materials other than seaborne coal, seaborne gypsum, some auxiliary materials and spare parts of centralized procurement.

<sup>24</sup>Scope of statistics includes safety training duration of employees of the Group and counterparties.

<sup>25</sup>Scopes of statistics of nitrogen oxides, sulphur dioxide and particulate matters include the major discharge outlets of the Company's cement production plants.

Statistical Indicator	Unit	2018	2019	2020
Average emission concentration of nitrogen oxides	mg/m <sup>3</sup>	254	240	197
Emission of sulphur dioxide	tons	2,352	1,824	1,646
Emission intensity of sulphur dioxide	kg per ton of clinker produced	0.0338	0.0264	0.0234
Average emission concentration of sulphur dioxide	mg/m <sup>3</sup>	18	13	10
Emission of particulate matters	tons	2,361	2,083	1,777
Emission intensity of particulate matters	kg per ton of clinker produced	0.0339	0.0301	0.0253
Average emission concentration of particulate matters	mg/m <sup>3</sup>	11	9	7
Emission of greenhouse gases	'000 tons of carbon dioxide equivalent	59,710	58,710	59,605
Emission intensity of greenhouse gases	tons of carbon dioxide equivalent per ton of clinker produced	0.8569	0.8497	0.8472
Electricity consumption <sup>26</sup>	million kwh	6,500	6,426	6,518
Electricity consumption of cement and clinker	million kwh	6,473	6,398	6,489
Electricity consumption of concrete	million kwh	27	28	29
Electricity consumption per ton of cement	kwh	73.0	72.9	72.2
Electricity consumption per m <sup>3</sup> of concrete	kwh	2.0	2.1	2.2
Coal consumption	'000 tons	10,254	10,033	9,943
Unit coal consumption per ton of clinker	kg	147.2	145.2	141.3
Standard coal consumption per ton of clinker	kg	106.5	105.5	104.4
Consumption of packaging materials <sup>27</sup>	tons	70,330	63,765	60,276
Consumption intensity of packaging materials	kg per ton of cement produced	2.19	2.17	2.08
Industrial waste utilized <sup>28</sup>	'000 tons	21,840	21,080	21,010
Municipal solid waste co-processed	tons	166,000	162,700	183,100
Urban sludge co-processed <sup>29</sup>	tons	49,300	56,500	52,800
Hazardous industrial waste co-processed	tons	8,700	7,200	6,100
Annual fresh water consumption <sup>30</sup>	tons	29,977,622	32,545,608	31,391,772
Water consumption intensity for the production of cement and clinker	kg per ton of cement produced	349.7	360.4	346.7

<sup>26</sup>Scope of statistics includes the power purchased externally for production by the Company.

<sup>27</sup>Packaging materials refer to the packaging for cement sold in bags.

<sup>28</sup>Scope of statistics of industrial waste includes coal gangue, stone residue, de-sulphur gypsum, fly ash and blast furnace slag.

<sup>29</sup>80% moisture content for wet sludge.

<sup>30</sup>Scope of statistics includes the amount of purchased water, which is the same as "water consumption"

## Reference Table of Indicators

Topic	Subtopic	Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR4.0) of Chinese Academy of Social Sciences	"GRI Sustainability Reporting Standards" of Global Reporting Initiative (GRI Standards)	"Environmental, Social and Governance Reporting Guide" of The Stock Exchange of Hong Kong Limited (HKEX ESG Guide)
Foreword		P1.1/P1.2/P1.3	102-45/102-46/ 102-48/102-49/ 102-50/102-51/ 102-52/102-53/ 102-54	
A Letter to Stakeholders		P2.1/P2.2	102-14/102-15	
About CR Cement	Corporate Profile	P4.1/P4.2/P4.3	102-1/102-2/ 102-3/102-4/102-7	
	Organizational Structure	P4.1/P4.5	102-18	
	Business Distribution	P4.1/P4.4	102-6	
	CR Cement in 2020	P3.1/P3.2		
Theme	Fighting the Novel Coronavirus Epidemic	P3.1/P3.2	102-14	
	Focus on Targeted Poverty Alleviation	P3.1/P3.2/S4.12/ S4.13/S4.14	102-14	
Stories of Responsibility				
Build a "New" Foundation for the Economy	Standardize Corporate Governance	M1.1/M1.2/M3.1/ S1.1/S1.2	102-16/102-24	
	Protect the Rights and Interests of Shareholders	M1.4/M1.5		
	Uphold the Integrity Red Line	M1.3/S1.1/S1.2	103-2/205-2/205-3	B7/B7.1/B7.2/B7.3
	Support Excellent Operations	M2.4		
	Focus on Industry Extension	M2.4/M2.7	102-2/102-6	
Invigorate "New" Vitality in Talents	Safeguard the Rights and Interests of Employees	S2.1/S2.2/S2.3/S2.4/ S2.5/S2.6/S2.7/S2.8/ S2.9/S2.10/S2.11/ S2.12/S2.13/S2.20	401-1/401-2/401-3/ 403-2/403-3/403-4/ 405-1/406-1/408-1	B1/B1.1/B1.2/ B4.1/B4.2
	Foster Staff Development	S2.14/S2.15/S2.16	404-1/404-2/404-3	B3/B3.1/B3.2
	Create Prosperous Working Environment	S2.17/S2.18/S4.7		
Practice "New" Green Development	Strengthen Environmental Management	E1.1/E1.2/E1.8		A3
	Practice Green Management	E1.3/E1.6/E1.7/ E1.10/E2.1/E2.2/ E2.3/E2.4/E2.5/E2.6/ E2.8/E2.11/E2.12/ E2.13/E2.14/E2.15/ E2.16/E2.17/E2.18/ E2.19/E2.21/E2.22/ E2.23/E2.24/E2.25/ S1.4	301-2/302-3/ 302-4/303-4/ 305-1/305-2/ 306-2	A1/A1.1/A1.2/A1.3/ A1.4/A2/A2.1/A2.5/ A3/A3.1
	Emphasize Treatment and Management of Mines	E3.3		A3/A3.1
	Protect Ecological Diversity	E3.4	304-2	A3/A3.1
	Cultivate Green Culture	E1.5/E2.8/E3.1		
	Respond to Climate Change	E1.9/E2.24	201-2	A3.1 A4/A4.1

Topic	Subtopic	Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR4.0) of Chinese Academy of Social Sciences	"GRI Sustainability Reporting Standards" of Global Reporting Initiative (GRI Standards)	"Environmental, Social and Governance Reporting Guide" of The Stock Exchange of Hong Kong Limited (HKEX ESG Guide)
Create High-Quality "New" Products	Focus on Product Quality	M2.2/M2.3	103-2/301-3/ 416-1/416-2	B6.1/B6.4
	Promote Transformation with Innovation	M2.1/M2.4/M2.5/ M2.6/M2.7/M3.5	404-2	B6.3
	Optimize Customer Experiences	M2.8/M2.9/M2.10/ M2.11/M2.12/M2.13/ M2.14/M2.15/M2.16/ M2.17/M2.18	103-2/417-1/ 417-2/417-3/418-1	B6.2/B6.5
Seek "New" Strategic Cooperation	Deepen Strategic Collaboration	M3.1/M3.2/M3.4/ M3.6	102-16	
	Promote Fair Competition	M3.3/M3.7	103-2/206-1	
	Promote Responsibility Fulfilment by Supply Chain	M3.8/M3.10/M3.11/ M3.12/M3.14/M3.15/ M3.16/S4.4	103-2/204-1/206-1/ 308-1//308-2/414-1/414-2/	B5/B5.1/B5.2/ B5.3/B5.4
	Lead Industry Development	G6.3/M3.6	102-12/102-13/203-2	
Take on "New" Public Responsibilities	Implement Production Safety	S3.1/S3.2/S3.3/S3.4/ S3.5	103-2/403-1/403-4/403-5	B2/B2.3/B8
	Practice Community Charity	S4.6/S4.9/S4.10	413-2	B8.1
	Participate in Community Building with Society	S1.5/S4.1/S4.2/S4.5/ S4.12/E1.12/E3.6	103-2/203-1/203-2/413-1	B8.2
Responsibility Management	Strategy for Responsibility	G1.1/G1.2/G2.1/ G2.2/G2.3	102-16/102-14	
	Governance of Responsibility	G3.1/G3.2/G3.3/ G4.1/G4.2/G4.3	102-20/102-18/ 102-19/102-26/ 102-29/102-30/ 102-31/102-32/ 102-54/102-28	
	Culture of Responsibility	G2.4/G5.1/G5.2	102-27/102-14	
	Engagement with Responsibility	G6.1/G6.2	102-40/102-42/ 102-44/102-21/ 102-43	
	Materiality Analysis	G2.1	102-29/102-46/ 102-47/103-2	
	Honours and Recognition	G6.2/A3	102-21/102-43	
	Future Prospects		A1	
Appendix	Key Performance Indicators	S1.3/S3.6/S3.7/S4.8/ M1.6/M1.7/M1.8/ E1.4/E2.9/E2.20/A2	201-1	
	Reference Table of Indicators	A5		
	Rating Report	A4		
	Organizational Institutions	G3.1/G3.2/G3.3		
	Feedback	A6		

## Rating Report

### Rating Report of Social Responsibility Report 2020 of China Resources Cement Holdings Limited

Commissioned by China Resources Cement Holdings Limited, the Chinese Expert Committee on CSR Report Rating selected experts to form a rating team to rate the 2020 Social Responsibility Report of China Resources Cement Holdings Limited (hereinafter referred to as the "Report").

#### I. Rating Criteria

The "Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 4.0)" issued by Chinese Academy of Social Sciences and "Rating Standards for Corporate Social Responsibility Report of Chinese Enterprises (2020)" of Chinese Expert Committee on CSR Report Rating.

#### II. Rating Process

1. The Rating Team reviewed and confirmed the "Confirmation Letter of Process Materials of Corporate Social Responsibility Report" and relevant supporting materials submitted by the preparation team of the Report;
2. The Rating Team conducted review on the preparation process and the contents disclosed by the Report, then drafted the rating report;
3. The vice president of the rating expert committee, the leader of the Rating Team and experts of the Rating Team jointly reviewed and signed off the rating report.

#### III. Rating Results

##### Process (★★★★★)

The Company's CEO Office took the lead in setting up the Report Preparation Committee to coordinate the preparation of the Report with the general manager of the CEO Office as the Editor-in-Chief coordinating the detailed preparation. The Chief Executive Officer assumes the role of President of the Corporate Culture and Social Responsibility Steering Committee, supervising the overall direction and responsible for the final review of the Report. With a clear positioning in its functional value, the Report is positioned as an important tool for disclosing information regarding responsibility fulfilment, improving social responsibility management, strengthening communications with stakeholders and highlighting corporate brand image. Substantive issues were identified based on national macro policies, international and domestic social responsibility standards, industry benchmarking analysis, the Company's major strategies and surveys on stakeholders. The Report will be released by organizing a special online conference, and will be available in electronic and printed formats, in Chinese and English versions, in simplified version, in long diagram version and other forms of presentations with excellent performance on the process.

##### Substantiveness (★★★★★)

The Report systematically discloses key issues facing the industry such as product quality management, technological innovation, occupational health management, production safety, R&D and application of environmental protection technologies and equipment, saving of energy resources, management of industrial hazardous waste, reduction of "three wastes" emissions, and treatment and management of mines, which are in full and detailed description with excellent performance on substantiveness.

##### Completeness (★★★★★)

The main contents of the Report systematically discloses 90.32% of the core indicators of the industry in which the Company operates from the perspectives of "Build a New Foundation for the Economy", "Invigorate New Vitality in Talents", "Practice New Green Development", "Create High-Quality New Products", "Seek New Strategic Cooperation" and "Take on New Public Responsibilities", with excellent performance on completeness.

##### Balance (★★★★★)

The Report reveals negative data such as "employee turnover rate", "number of staff injured at work", "number of incidents of general and

above levels" and "fatality rate" and briefly describes assisting customers to solve the problem of water seepage on the surface of cement sheet tiles, and has excellent performance on balance.

##### Comparability (★★★★★)

The Report discloses the comparative data of 100 key indicators for 3 consecutive years, such as "total assets", "return on total assets", "number of new patent licenses", "charitable donations", "investment in technological upgrade in energy-saving and emission reduction" and "emission of particulate matters". The horizontal comparison of "third place in the 'Comprehensive Strength Rankings of Chinese Cement Listed Companies' by the China Cement Association" was carried out, with excellent performance on comparability.

##### Readability (★★★★★)

Based on the theory of stakeholders, the Report uses "new" as the key word. It is used throughout the report, systematically showing to stakeholders such as the government, shareholders, employees, the environment, customers, partners and communities the philosophy, practice and results of responsibility fulfilment through a clear framework structure and prominent key issues. The cover design combined reality and fiction, cleverly integrated the main business elements and featured scenarios of responsibility fulfilment, which enhanced the recognition of the report. Footnotes were included to interpret terminology to improve the legibility of the report. Six responsibly stories were inserted to expound on actions of responsibility fulfilment from the perspective of stakeholders, with excellent performance in readability.

##### Innovation (★★★★★)

The Report establishes two major responsibility themes of "Fighting the Novel Coronavirus Epidemic" and "Focus on Targeted Poverty Alleviation", which focus on the practice and effectiveness of enterprises in epidemic prevention and control and poverty alleviation, demonstrating the taking of responsibility by enterprises; the featured section "CR Cement in 2020" was established, which focused on highlights of annual responsibility fulfilment, with excellent performance in innovation.

##### Overall Rating (★★★★★)

According to assessment of the Rating Team, the "Social Responsibility Report 2020 of China Resources Cement Holdings Limited" is awarded a five-star rating as an excellent corporate social responsibility report.

#### IV. Suggestions for Improvement

The framework structure and content could further respond to current trending topics and enhance the sense of the times.



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Expert of the  
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## Organizational Institutions

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Zhou Wei, Zhang Peijin, Ma Yi, Li Kai, Li Donggeng

## Feedback

### Dear Readers:

Thank you for sparing your precious time to read the 2020 Social Responsibility Report of China Resources Cement Holdings Limited. This is the eighth Social Responsibility Report which CR Cement published to the public. In order to continuously improve the level of preparation of the social responsibility report and constantly raise the capability of fulfilling social responsibilities, we hope to listen to your opinions and suggestions. Please help complete the relevant questions in the feedback form and return the feedback to us by selecting any of the methods as follows:

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**Your Information**

Name: \_\_\_\_\_ Telephone: \_\_\_\_\_

Company: \_\_\_\_\_ Position: \_\_\_\_\_

Fax: \_\_\_\_\_ Email: \_\_\_\_\_

### Your rating of this report: (please tick ✓ in the corresponding position)

	Excellent	Good	Average	Poor	Very Poor
Please rate the extent to which this report has reflected CR Cement's major impacts on economy, society and environment	<input type="radio"/>				
Please rate the responses to and disclosure of issues which concern stakeholders in this report	<input type="radio"/>				
Please rate the clarity, accuracy and completeness of the disclosed information, indicators and data in this report	<input type="radio"/>				
Please rate the readability of this report	<input type="radio"/>				
Please provide your overall rating of the 2020 Social Responsibility Report of China Resources Cement Holdings Limited	<input type="radio"/>				

What are your suggestions on the social responsibility work of CR Cement?  
 \_\_\_\_\_

In your opinion, what are the deficiencies in this report?  
 \_\_\_\_\_

What are your suggestions for our future publications of the corporate social responsibility reports?  
 \_\_\_\_\_



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