



兗矿能源  
YANKUANG ENERGY



2024

Environmental, Social and Governance Report

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

## Report Overview

Yankuang Energy Group Company Limited ("Yankuang Energy", "the Company" or "we") actively fulfils the social responsibility and would like to publish our Environmental, Social and Governance report (hereinafter referred to as "ESG report") to share with all sectors of society our performances and commitments to ESG practices, hoping to further increase our mutual trust and cooperation and to promote the sustainable development of the Company and the society.

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

### Reporting Entity

The reporting entity, Yankuang Energy and its subsidiaries, remains consistent with that disclosed in the accompanying 2024 Annual Report (the "Annual Report").

### Reporting Period

The reporting period is from 1 January, 2024 to 31 December, 2024. Some content disclosed herein may fall outside of this range.

### Reporting Principles

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

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

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

### Preparation Basis

The report is prepared based on the relevant requirements of the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies - Sustainability Report (Trial)* ("Sustainability Reporting Guidelines"), Guidelines for Share Repurchase, Guidelines for Standardized Operation (revised in Dec. 2023), and the Environmental, Social and Governance Reporting Code ("ESG Reporting Code") issued by Hong Kong Exchanges and Clearing Limited ("HKEX" or "Hong Kong Stock Exchange") and other related requirements, with reference to the Sustainability Reporting Guidelines of Global Reporting Initiative ("GRI"), the Guidance on Social Responsibility (ISO 26000:2010) of International

Organisation for Standardisation ("ISO"), etc.

### Data Source

The financial data<sup>1</sup> of 2024 involved in this report is primarily based on the 2024 Annual Report. In case of any inconsistency of the data contained therein with the Annual Report, the Annual Report shall prevail. Other major data of the Company are calculated according to national regulations or industry standards. Unless otherwise specified, the monetary amounts involved in this report are denominated in Renminbi (RMB).

### Report Language

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

### Report Release Form

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

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

## Contents

Message from the Chairman .....	2
Board Statement .....	4
About Yankuang Energy .....	4
Management of Sustainable Development .....	5
Key Performance Indicator .....	74
Honors & Awards in 2024 .....	78
Looking Forward to 2025 .....	79
Appendices .....	80

## 03 Green Operation 32

Environmental protection management .....	34
Energy-saving management .....	38
Water-saving management .....	40
Green ecology .....	42
Response to climate change .....	45

## 01 Compliance Operation 12

Corporate governance .....	14
Internal control .....	17
Risk management .....	18
Business ethics .....	20

## 04 Care for Employees 52

Employee rights and benefits .....	54
Employee development .....	58
Employee safety .....	62
Occupational health .....	65

## 02 High-quality Development 22

Innovation drivers .....	24
Product and service .....	26
Cybersecurity .....	29
Supply chain management .....	30

## 05 Social Responsibility 66

Rural revitalisation .....	68
Energy supply security .....	69
Care for community .....	70
Emergency relief .....	73

## Message from the Chairman

Alternation of seasons unveils a new splendid chapter for Yankuang Energy. The year 2024 marked our leapfrog toward high-quality development. Amidst complex and challenging situations, we fully embrace the new development philosophy and faithfully fulfil the mission and responsibility as a state-owned energy enterprise. Adopting a global mindset and remaining flexible to change, we forge ahead in pursuit of win-win cooperation. We build up key strengths to enhance core competitiveness and drive corporate progress, making solid strides towards high-quality development.

**We race to the top and see remarkable gaining of strength in all spheres.** Yankuang Energy actively adapts to the new normal of ongoing transformation in the economic development mode and the energy structure. We've been exerting efforts to strengthen management, optimise operation and improve quality and efficiency. During the reporting year, the Company produced salable coal of 0.14 billion tonnes and chemical products of 8.70 million tonnes, and generated electricity of 8.12 billion kWh. We achieved a sales income of RMB 124.53 billion, realised RMB 58.61 billion in the equity attributable to the shareholders of the Company, and contributed RMB 22 billion in taxes. The Company was honoured with New Fortune Best Listed Company Award and placed at 26th among the world's top 50 most valuable mining companies. We ranked 23rd on the "China Top 100 Listed Companies" list and ascended to the 204th position among global companies on "Warton 500 Global". Also, we were awarded the highest level among Chinese coal enterprises in the ESG rating of Morgan Stanley Capital International (MSCI).

**We make an all-out effort to optimise business deployment, significantly improving the quality and efficiency of industrial development.** Sticking to the strategic development planning and objectives, we implement differentiated initiatives to drive the up-scaling and capacity building of core businesses. We gather resources to "win the three major campaigns" and "build the eight new projects". While Wanfu Coal Mine piloted joint operation, Huolinhe No.1 Coal Mine, Liusangedan Coal Mine, Galutu Coal Mine, Caosiyao Molybdenum Mine and other new projects were in steady progress; Lunan Chemicals completed and put into production the world's first 3,000-tonne-class OMB pulverised coal pressurised gasifier. Yulin Neng Hua made a technical breakthrough



Chairman Mr. Li Wei

that brought the running cycle of semi-waste heat boilers to world-leading levels. Yankuang Energy speeds up resource integration and all-in-one operation in the field of intelligent logistics. We acquired Wubo Technology to realise platform-based industry operation, and was awarded the title of "2024 Outstanding Logistics Provider in China". We intensify the acquisition of new energy resources for green and low-carbon development. Yankuang's virtual power plant was selected in the first batch of demonstration pilot projects of virtual power plant in Shandong Province.

**We upsize the business scale all around and record remarkable growth in capital efficiency.** Recognising the global trend of economic integration and capital flow, we explore both domestic and international markets in an integrated manner, aiming to boost businesses through a dual-pronged strategy of industrial and capital operations. Yankuang Energy accelerates business expansion in the global mineral development market which injects momentum to the development of the national strategic resource potash. To tap into advantageous sectors in Europe, we acquired SMT Scharf AG, aiming to get a leading edge in the overseas equipment manufacturing and R&D market. Upon

this, we are now listed in 6 stock exchanges at home and abroad. The company implemented an H-share placement, the largest overseas follow-on offering by a Chinese A+H share company in nearly two years. The proceeds will be used for strategic reserve funds, capital structure optimization, and working capital replenishment.

**We push forward broad reforms to greatly enhance the governance effectiveness.** Following the self-reform trends of state-owned enterprises, we redesign our management systems and mechanisms, especially the "three policies". Yankuang Energy was awarded the highest rating of "Pilot Enterprise" under the "Double Hundred Enterprises Action" of State-owned Assets Supervision and Administration Commission of the State Council (SASAC) in 2023. Yankuang Energy deepens the construction of demonstration projects of modern corporate system and furthers the creation of demonstration enterprise of corporate governance. We were recognised by the China Association for Public Companies with the "Best Corporate Governance Practices" award and the "Best Practice of the Board of Directors" award. Besides, the Company won the first prize of the 31st National Achievements in Enterprise Management Modernisation and Innovation by virtue of the Management of Cross-Border Mergers and Acquisitions of Large Energy Enterprises Using a Multi-Capital Operation Approach.

**We uphold integrity and innovation for world-class operation and boost the smart mining capacity.** The project of "Technology Package for the Digital, Intelligent and Efficient Mining of Deep Coal and its Engineering Application" won the Second Prize of the State Scientific and Technological Progress Award. Yankuang Energy deepens the construction of intelligent mines. The mine attributable to 21 rivalled the national demonstration level of intelligent mines. Three work faces in Jinjitan Coal Mine, Dongtan Coal Mine and Zhuanlongwan Coal Mine won the special prize in the 2024 China's Coal Mine Intelligent Innovation Contest. We hosted the National Experience Exchange Conference on Intelligent Mining of Thin Coal Seams and the National Coal Mine Work Safety Standardisation Conference, showcasing advanced technologies such as efficient mining of thin coal seams, automatic cutting of the roadheading workface, and "long pressing and short pumping" dedusting.

**We bring together common efforts for greater shared benefits.** Adhering to the people-oriented approach, Yankuang Energy pushes

forward the construction of a harmonious corporate culture relying on close relationships with partners, thus creating a closely-connected community of interest and business. We firmly stick to the safety red-line and solidify standardised production safety protocols, dual prevention mechanism, and safety infrastructure construction, thereby maintaining an industry-leading safety performance. The Company have provided over 300 heart-warming services, visited and consoled more than 4,300 employees in difficulties, allocated RMB 6.65 million for consolation and education subsidies, and organised over 7,000 employees rehabilitation and vacation initiatives. We have established the College of Craftsmen up to high standards and co-organised the "National Academician-Craftsmen" Forum for the coal industry. We delivered a remuneration of RMB 47.3 million to 164 skilled individuals. Eleven of our highly skilled employees received honours of the "National May 1 Labour Medal" and the "Technical Expert in the Coal Industry". The Company was honoured with the May 1 Labour Medal of Shandong Province.

**We fulfil responsibilities with loyalty and give back to society with enormous contributions.** Bearing the interests of the nation and people in mind, we efficiently completed coal reserve tasks subject to government scheduling for the peak consumption periods in summer and winter. The Company completed the reclamation of 373.3 thousand mu of coal mining subsidence land, helping recover the local ecosystem. We actively engage in supporting local economic and social development and helping villagers move into new communities. Shouldering the social responsibility, we strengthen our emergency rescue capabilities. On behalf of the country, we participated in the 13th International Mine Rescue Competition and won the Golden Medal. The achievement set a new record for Chinese teams in the competition.

**We aim high for greater achievements and strive to usher in a splendid history.** The year of 2025 marks the final year of the implementation of the "14th Five-Year Plan" and a crucial period for Yankuang Energy's accelerated journey towards a world-class enterprise. We will be confident and determined to "take the lead and play a pillar role" in the course of high quality development. By joining hands with all walks of life, we work to extend the industry chain, improve the value chain, and strengthen the brand chain, thus creating greater value for customers, employees, shareholders, society and other stakeholders.

## Board Statement

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

The Company identifies ESG topics of great materiality to corporate development and assesses the importance of various

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

This report discloses the progress of the Company's ESG work in 2024 in detail and has been reviewed and approved by the Board of Directors on 28 March, 2025.

## About Yankuang Energy

Yankuang Energy, a controlled subsidiary of Shandong Energy Group Co., Ltd., was listed in Hong Kong, New York, and Shanghai in 1998, and its overseas controlled subsidiary, Yancoal Australia, was listed on the Australian Stock Exchange and the HKEX, respectively in 2012 and 2018. In 2024, the Company acquired SMT Scharf AG, making Yankuang Energy the only energy company in China that has been listed domestically and globally on six exchanges. As of 31 December, 2024, the Company's total capital stock was 10.04 billion shares and its total assets were RMB 356.35 billion, with 77,957 employees.

Driven by the mission of "Developing green energy to lead energy revolution", the Company actively practises the national "Dual Carbon" strategy, makes great efforts to uphold integrity and innovation, and accelerates the transformation and upgrade, so as to advance towards a world-class sustainable mining conglomerate with the leading development of the clean energy. Pursuing the new development philosophy, Yankuang Energy places equal emphasis on external

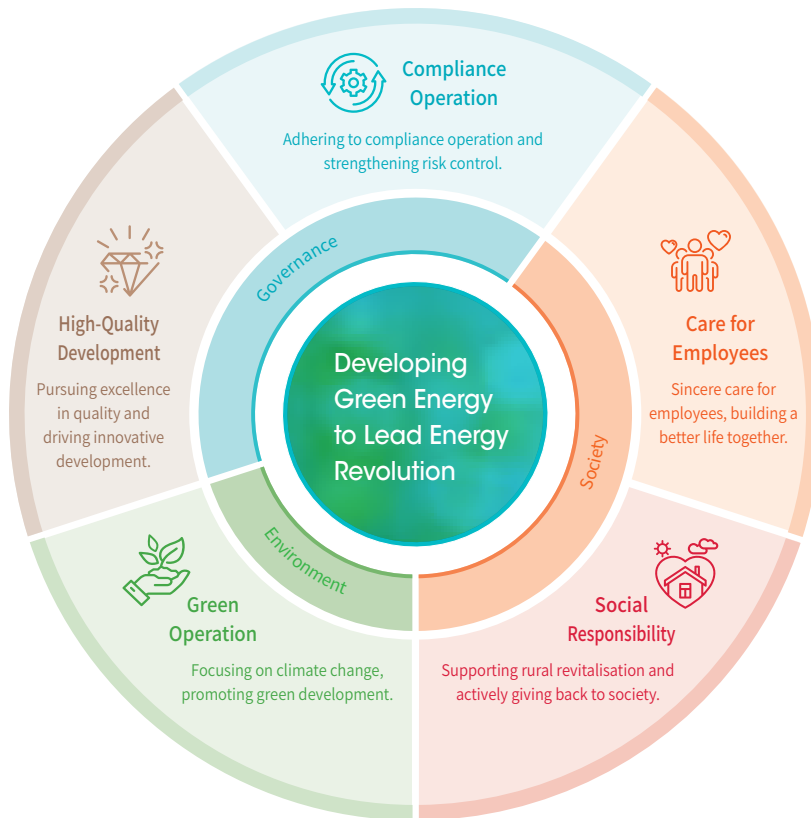
expansion and internal enhancement, and on industrial operation and capital operation. Five leading industries were established, including mining, high-end chemicals and new materials, high-end equipment manufacturing, intelligent logistics and new energy. With a focus on its core business, the Company is advancing the development of intelligent and green mines, enhancing its chemical brand, and developing international platforms for high-end equipment manufacturing and smart logistics, while fast-tracking the acquisition of new energy project resources. In line with the globalisation of economy and capital flow, the Company has been making breakthroughs in the aspects of enterprise scale, brand strength, social status, and industry influence, witnessing great efforts in implementing industrial extension, regional deployment, and capital expansion.

Relying on robust operation, strong international competitiveness and leading actions in social responsibility fulfilment, the Company has been gaining favourable niche in the domestic and foreign capital markets. Yankuang Energy has won the of Chinese Boards of Listed Companies "Gold Round Table Prize- Best Board of Directors" for 14 consecutive years, and was the first enterprise in China that passed the ESG management system certification. The Company won the "National Quality Award" three times, and ranked the 44th among Chinese enterprises in the Warton 500 Global.

# Management of Sustainable Development

## Responsibility philosophy

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



ESG Framework of Yankuang Energy



Outstanding Sustainable Development Case



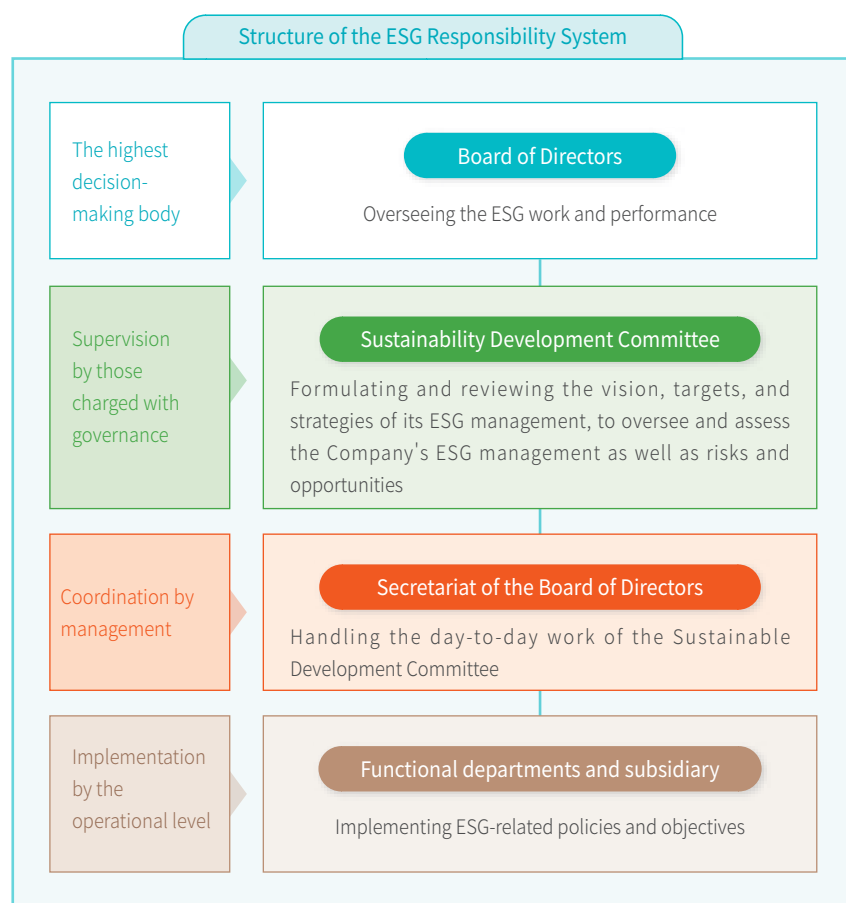
Top 100 ESG Golden Bull Award

In 2024, Yankuang Energy won various awards, including the Top 100 ESG Golden Bull Award, Golden Dawn ESG Awards of Best Ecological Diversity Protection by China Securities Journal and the Outstanding Sustainable Development Case from the China Association for Public Companies.



## Responsibility system

The Company has established a robust ESG management system and governance structure to ensure that material ESG issues are integrated in its regular operation and management.



The Sustainable Development Committee is composed of three directors, and headed by an independent director with expertise in ESG to oversee and provide guidance on the Company's ESG work. The Company regularly invites senior industry experts to conduct training covering ESG development trends, best practices and professional skills. Through these efforts, we ensure that management and relevant personnel have the ESG knowledge and practical ability required for the implementation and supervision of company strategies and policies.

The Sustainable Development Committee arranges regular meeting every year to listen to management's reports on ESG matters, and discuss topics like the developments in ESG policies, the result of materiality assessment, ESG risks and opportunities, internal controls, progress of targets, and the status of information disclosure. The Committee also provides suggestions to the Board of Directors to ensure that the ESG-related impacts, risks and opportunities are integrated in the Company's decision-making. A work plan will be formed

at the meeting accompanied by the allocation of resources. The Secretariat of the Board of Directors is responsible for collecting, collating and preparing relevant reporting materials to keep the Committee informed of the Company's ESG work. During the reporting period, the Sustainable Development Committee convened one meeting to review the ESG management status of the Company. The Company's 2023 Environmental, Social and Governance Report was reviewed and approved at the meeting.

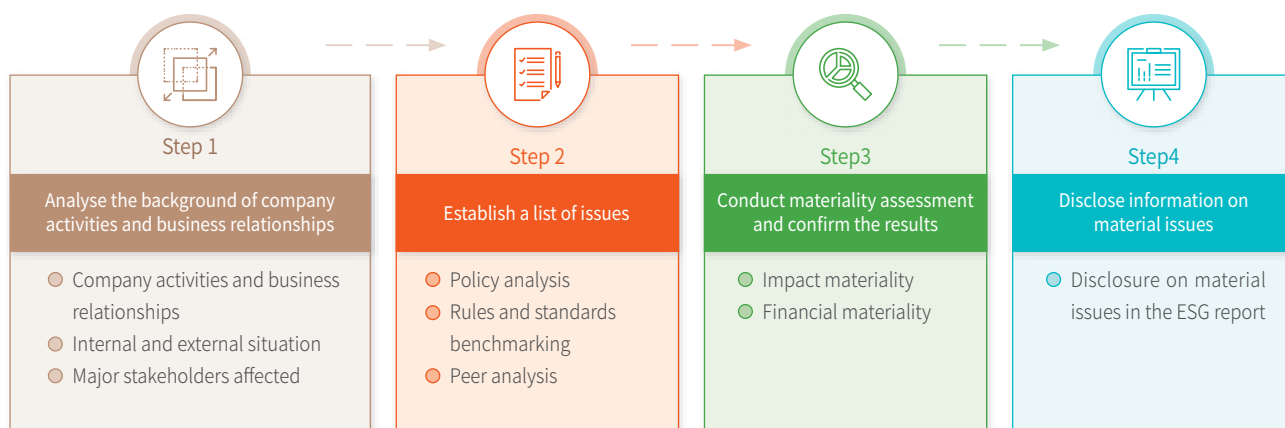
The Company scores the achievement of the above management targets every year, and the results will be reflected in the performance-based pay of management personnel. In case of significant environmental, safety and climate incidents, the performance score of the responsible person will be deducted based on the severity of the incident. In accordance with the 2024 Safety and Environmental Protection Performance Assessment Scheme, the Company links the performance of risk and opportunity management related to climate, environmental protection and safety management with the performance-based pay of CEO, senior management and other management personnel of all units of the Company at all levels. Quantitative and qualitative performance targets are set to support the assessment.

For details about the Sustainable Development Committee, please refer to the Rules of the Sustainable Development Committee of the Board of Directors.



## Materiality assessment

Every year, the Company carries out a company-wide materiality assessment on sustainability issues through the following procedures:



### Step 1 Analyse the background of company activities and business relationships

When conducting materiality assessment, the Company first analyses the background of all management activities and business relationships. This includes interviewing the managers of all relevant functional departments and subsidiaries to understand the business types, geographical location, staff status, products and services, market conditions and other information. In addition, an analysis is conducted on internal and external policies, risk assessment reports and ESG standards to understand the current situation of sustainable development, opportunities and challenges. The Company engages with stakeholders through various channels, including but not limited to information disclosure, general meeting of shareholders, satisfaction surveys, discussion meetings and questionnaire surveys, to understand their concerns and ensure their engagement in the Company's sustainable development.

Stakeholders	Major communication channels	Matters of concern (Top 6)
Government and regulatory authorities	Relevant meetings, information submissions, work reports, supervision and review	Employee Safety and Occupational Health, Pollutant Discharge, Waste Treatment, Environmental Compliance Management, Safety and Quality of Products and Services, Anti-Commercial Bribery and Anti-Corruption
Shareholders/ Investors	General meeting of shareholders, road shows, information disclosure, investor hotline	Employee Safety and Occupational Health, Environmental Compliance Management, Anti-Commercial Bribery and Anti-Corruption, Response to Climate Change, Safety and Quality of Products and Services, Employee Rights and Benefits
Suppliers/ Partners	Business negotiations, business exchanges, supplier assessment	Supply Chain Security, Equal Treatment to Small and Medium-Sized Enterprises, Anti-Commercial Bribery and Anti-Corruption, Employee Safety and Occupational Health, Safety and Quality of Products and Services, Environmental Compliance Management
Customers	Service hotline, discussion meetings, on-site visits, satisfaction survey	Safety and Quality of Products and Services, Employee Safety and Occupational Health, Response to Climate Change, Environmental Compliance Management, Anti-Commercial Bribery and Anti-Corruption
Employees	Employee congress, employee satisfaction survey, meetings	Employee Safety and Occupational Health, Employee Rights and Benefits, Employee Development, Anti-Commercial Bribery and Anti-Corruption, Environmental Compliance Management, Pollutant Discharge
Communities	Publicity activities, discussion meetings, visits, surveys	Contribution to Society, Rural Revitalisation, Energy Supply Security, Waste Treatment, Pollutant Discharge, Employee Safety and Occupational Health

**Step 2****Establish a list of issues**

Based on an in-depth analysis of the macro policies and laws and regulations in the places where we operate, we ensure that the issues identified meet both regulatory requirements and international best practices. With reference to the SSE Sustainability Reporting Guidelines, the HKEX ESG Reporting Code, and other domestic or overseas sustainability standards, the Company carries out an extensive benchmark analysis to understand how best-performing peers identify and prioritise material issues. A summary of highly concerned issues is then created to revise the issue list.

**Step 3****Conduct materiality assessment and confirm the results**

The Company conducts the materiality assessment and the prioritisation of issues identified based on the impact materiality and financial materiality of the issues. Impact materiality measures whether a company's performance on a given issue has a significant economic, social and environmental impact. Financial materiality measures whether each issue is expected to have a significant impact on the company's business model, business operations, development strategy, financial position, operating results, cash flows, financing methods and costs in the short, medium and long term<sup>2</sup>. In accordance with regulatory requirements, the Company determines the thresholds for the identification of impacts, risks and opportunities, and defines the logic for their prioritisation. The factors considered in this process include the risk assessment standards, the actual production and operation conditions, and the views or feedback of stakeholders and experts. The assessment results thus obtained serve as the basis for future strategic decision-making and resource allocation.

When assessing the impact of sustainability issues, the Company considers the scale, scope, irremediability and likelihood of impact:

Factors	Description
Scale	The magnitude of the impact (e.g., high, moderate and low).
Scope	The extent of the impact (e.g., substantial, moderate and minimal).
Irremediability	The difficulty in offsetting or repairing the damage (negative effects only) (e.g., impossible, moderately difficult with time and cost required, and relatively easy).
Likelihood	The probability of occurrence of the impact (e.g., almost certain, possible, and unlikely).

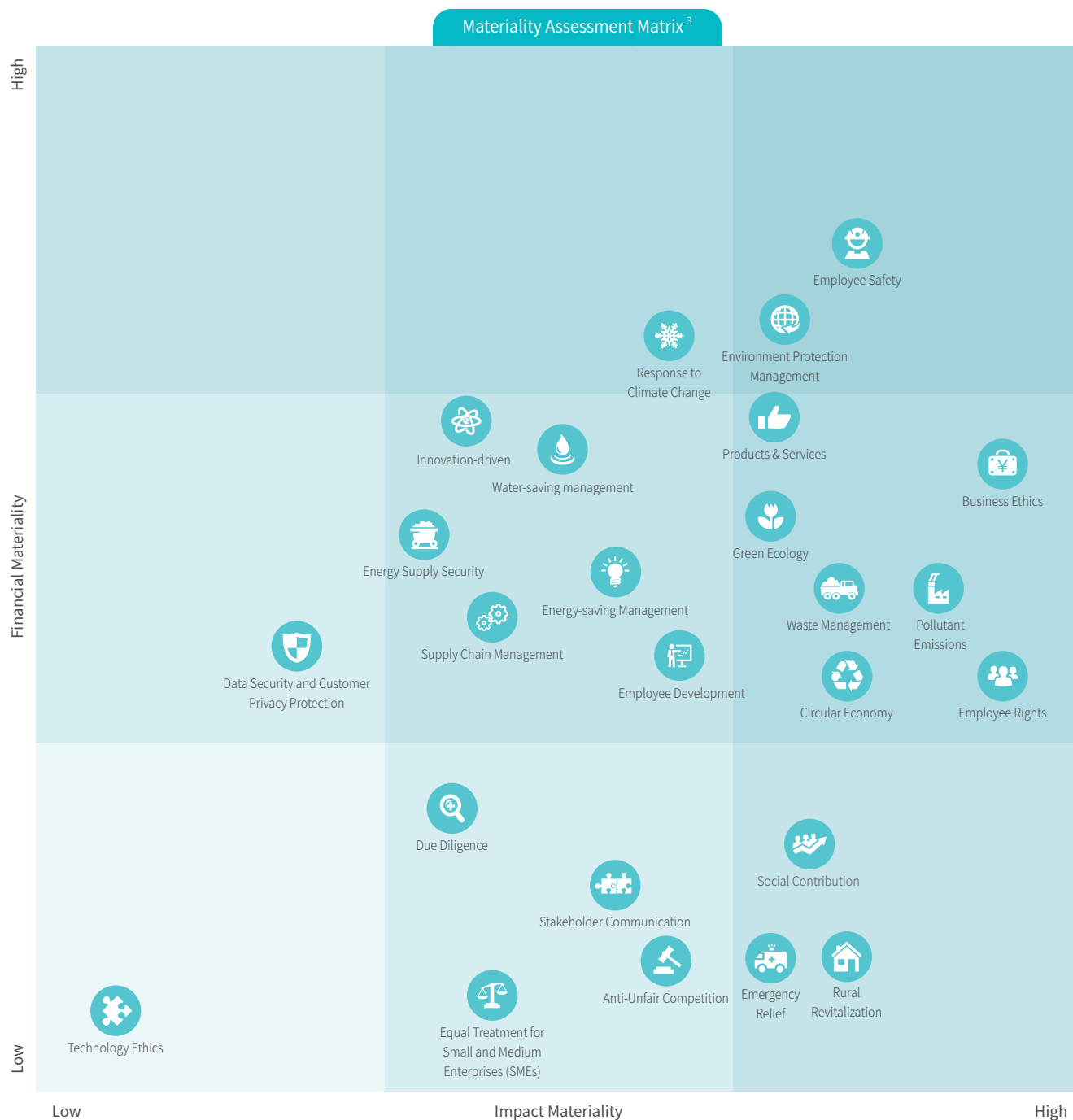
When assessing the risks and opportunities of sustainability issues, the Company considers the severity and likelihood of impact:

Factors	Description
Severity	The impact level of risks and opportunities (e.g., high, medium and low).
Likelihood	The probability of occurrence of risks and opportunities (e.g., almost certain, possible, and unlikely).

**Step 4****Disclose information on material issues**

The Company presents results of the materiality assessment in a two-dimensional matrix on "Financial Materiality - Impact Materiality". In the matrix, issues of Employee Safety and Occupational Health, Environmental Compliance Management are assessed to be financially and impact material, while Response to Climate Change is assessed with financially materiality.

<sup>2</sup> The time horizon is defined as: short-term: within one year; medium-term: 1 to 5 years; and long-term: over 5 years. This is aligned with the Company's strategic development plan, industry characteristics, nature of risks and opportunities, and resource allocation plan.



<sup>3</sup> In accordance with the Shanghai Stock Exchange Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report, we have optimized the important topics and deleted the topics of "corporate governance" and "risk management".

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

Yankuang Energy actively responds to 17 UN SDGs.

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

UN SDGs		Our actions	Indicators
<div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div></div></div>	Ensure sustainable consumption and production patterns	We optimised the industrial deployment and resource development in a reasonable manner, deepened emission management, and promoted energy saving and consumption reduction	SO <sub>2</sub> emissions, NO <sub>x</sub> emissions, VOCs emissions, Smoke and dust emissions; Hazardous waste disposed, Disposal rate of hazardous waste in compliance; Density of hazardous waste, General solid waste generated; Wastewater discharged; Total water consumption Density of water consumption; Comprehensive energy consumption; Energy consumption by category
<div><div>13</div><div>CLIMATE ACTION</div><div></div></div>	Take urgent action to combat climate change and its impacts	We Adjusted industrial structure, developed green innovative technologies, developed clean energy construction, continuously implemented carbon reduction measures, and promoted the demonstration construction of clean coal chemical industry	Total greenhouse gas emissions, Density of greenhouse gas emissions
<div><div>14</div><div>LIFE BELOW WATER</div><div></div></div>	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	We reduced wastewater discharge and treated water pollution	Chemical oxygen demand ("COD") emissions, Ammonia nitrogen emissions, Wastewater discharged, Hazardous Waste Disposed, Disposal rate of hazardous wastes in compliance
<div><div>15</div><div>LIFE ON LAND</div><div></div></div>	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	We actively performed the obligation of subsidence area restoration, made solid efforts in building green mines and implementing ecological management, and protected the biodiversity	Treatment area of coal mining subsidence land
<div><div>16</div><div>PEACE, JUSTICE AND STRONG INSTITUTIONS</div><div></div></div>	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	We worked to improve corporate governance, strengthen internal control, improve risk management, and promote anti-corruption	Number of concluded corruption lawsuits, Number of anti-corruption training sessions, Percentage of directors attending anti-corruption training, Percentage of staff attending anti-corruption training, Percentage of suppliers accepting anti-corruption policies, Complaint settlement rate
<div><div>17</div><div>PARTNERSHIPS FOR THE GOALS</div><div></div></div>	Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development	We established a smooth communication channel between the Company and interest parties, and understand their concerns	Tax paid, Corporate credit rating, Total investment in public welfare projects and external donations, Total investment in poverty alleviation and rural revitalisation project, Social contribution per share, Contract fulfilment rate, Percentage of suppliers accepting anti-corruption policies, Percentage of suppliers implementing suppliers management policies, Number of valid complaints, Complaint settlement rate

# GOVERNANCE



# 01 Compliance Operation

Good corporate governance is the cornerstone of a company's sustainable development. Yankuang Energy advances standardised corporate governance as one of its core missions. Prioritising risk management and internal control, the Company aims to create an honest and ethical business environment and achieve compliance and stable operation.



Respond to ESG Material Issues	Anti-commercial bribery and anti-corruption, Anti-unfair competition
Respond to HKEX ESG indexes	B7 Anti-corruption
Respond to SSE ESG indexes	Communication with stakeholders, Anti-commercial bribery and anti-corruption, Anti-unfair competition
Respond to UN SDGs	<div><div><div>16</div><div>PEACE, JUSTICE AND STRONG INSTITUTIONS</div><div></div></div><div><div>17</div><div>PARTNERSHIPS FOR THE GOALS</div><div></div></div></div>



## Corporate governance

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

### Governance system

In accordance with the listing rules, the Company improves the construction of governance systems such as institutional setup, evaluation and assessment to achieve standardised operation. We have formulated and implemented a series of policies as follows:

Articles of Association

Rules of Procedure of Shareholder' Meeting

Rules of Procedure of the Board of Directors

Rules of Procedure of the Board of Supervisors

Work System of Independent Directors

Management System for Information Disclosure

Insiders Registration Management System

Management Rules for Connected Transactions

Work System for Investor Relationship Management

Code of Conduct for Senior Staff

The Company pays close attention to the updates of legalisation and standardisation of the securities market and constantly

strengthens the development of corporate governance. The Company has assembled a corporate governance structure by the general meeting of shareholders, the Board of Directors, the Board of Supervisors, and the Management. Such a governance structure further leads to a legal, transparent, coordinated governance mechanism with effective checks and balances of powers and responsibilities. The Company integrates governance mechanisms of six listing platforms around the world. We continuously build and improve the governance system with "Yankuang characteristics", combining the supervision of state-owned assets with listing regulations, while promoting the coordination between domestic governance and overseas control. This establishes a sound framework for the Company's stable development and helps the governance system to operate in a standardised and coordinated manner.

In 2024, the Company held 2 shareholder meetings and 9 Board meetings, completing the approval of important matters related to the Company's reform and development, standardised governance and other matters of importance. All meetings and voting procedures are in accordance with laws and regulations and the relevant provisions of the Articles of Association, and the voting results are legal and valid, providing a solid foundation for the standardised operation and high-quality development of the Company.

With excellent performance in board governance, in 2024, the Company won the "Best Practice of the Board of Directors" awarded by China Association for Public Companies. The Company also won the "Golden Round Table Award" for the Best Board of Directors of Listed Chinese Companies for 14 consecutive years.



### Board diversity

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

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

## Board diversity information

As of 31 December, 2024

Position	Number of directors	Term of service	Number of directors	Age	Number of directors
Executive director	1	0-4 years	8	46-50 years old	2
Non-executive director	5	5-9 years	2	51-55 years old	4
Independent non-executive director	4	Over 10 years	0	56-60 years old	2
				Over 61 years old	2

Gender	Number of directors	Directorship with other companies	Number of directors
Male	9	0-1 company	7
Female	1	2-5 companies	3

## Introduction on Specialty of Board of Directors

Professional background	Number of directors	Details
<b>Risk management</b>	4	<p>Mr. Li Wei has served as the CEO and Chief of Safety Supervision Bureau of Yankuang Group.</p> <p>Mr. Liu Jian has served as Deputy CEO overseeing safety and risk management at the company.</p> <p>Mr. Liu Qiang was Deputy CEO overseeing safety and risk management at Lunan Chemicals.</p> <p>Mr. Zhu Limin has served as Deputy Director of the China Securities Regulatory Commission Enforcement Department and Chief Compliance Officer of China Securities Co., Ltd.,</p>
<b>Law</b>	1	Mr. Huang Xiaolong has a legal background with a Master's in Law.
<b>Finance</b>	2	<p>Mr. Zhang Haijun is a senior accountant</p> <p>Mr. Woo Kar Tung has worked in investment banking at ING, CITIC Securities, and Credit Suisse, both with financial expertise.</p>
<b>Environment</b>	1	Ms. Zhu Rui takes a position in the Sustainable Development Committee, and serves as the Director of the ESG and Social Innovation Research Centre at Cheung Kong Graduate School of Business.
<b>Energy</b>	6	<p>Mr. Li Wei has served as the CEO of Yankuang Group.</p> <p>Mr. Liu Jian has served as the Deputy CEO at the company.</p> <p>Mr. Liu Qiang was the CEO at Shandong Energy Chemicals, Chair of the Board at Lunan Chemicals.</p> <p>Mr. Huang Xiaolong is the current secretary to the Board of Directors at Yankuang Energy.</p> <p>Mr. Su Li was General Manager Assistant, the Director of the Organization Department of the Party Committee (Human Resources Department) and other positions of the Company.</p> <p>Mr. Peng Suping serves on the Audit Committee as a Chinese Academy of Engineering academician and former independent director at China Shenhua Energy Company Limited and Tibet Huayu Mining Co., Ltd.</p>

Notes: As of 31 December, 2024

1. Mr. Huang Xiaolong is executive Director, while Mr. Li Wei, Mr. Liu Jian, Mr. Liu Qiang, Mr. Zhang Haijun and Mr. Su Li are non-executive directors.
2. Mr. Liu Qiang, Mr. Zhang Haijun, Mr. Su Li, Mr. Huang Xiaolong did not hold the position as directors of other companies; Mr. Li Wei, Mr. Liu Jian, Mr. Peng Suping held the position as directors of other one company, Mr. Woo Kar Tung, Ms. Zhu Rui held the position as directors of other two companies, Mr. Zhu Limin held the position as directors of other four companies.

## Board Capacity Buildings

The Company emphasises board capacity building, actively carries out annual training for directors on listed-company-related rules and expertise, and continuously standardises the Company's compliance operation, so as to enhance directors' professionalism. These efforts enable all directors to continue their professional development, improve expertise and skills, and make contributions to the Board. In 2024, the Company organised directors to carry out training on the standardised operation of listed companies, covering the governance rules of listed companies, the high-performance standards and behaviours of Directors, and the key areas and links in daily operations. For detailed information on director training, please refer to "Chapter 5 Corporate Governance - Board Meetings and Director Training" in the 2024 Annual Report.



*Training on the standardised operation of listed companies*

## Investor relations

The Company actively carries out investor relations management, we promote positive interaction with the capital market and establish profound investor relations. In accordance with the regulations and regulatory requirements of the listing place, Yankuang Energy optimises the investor relations management framework system and management mechanism, formulates the Work System for Investor Relations Management, and forms a smooth work process. In 2024, the Company hosted 124 investor activities through different platforms and channels, and engaged more than 3,000 investors.

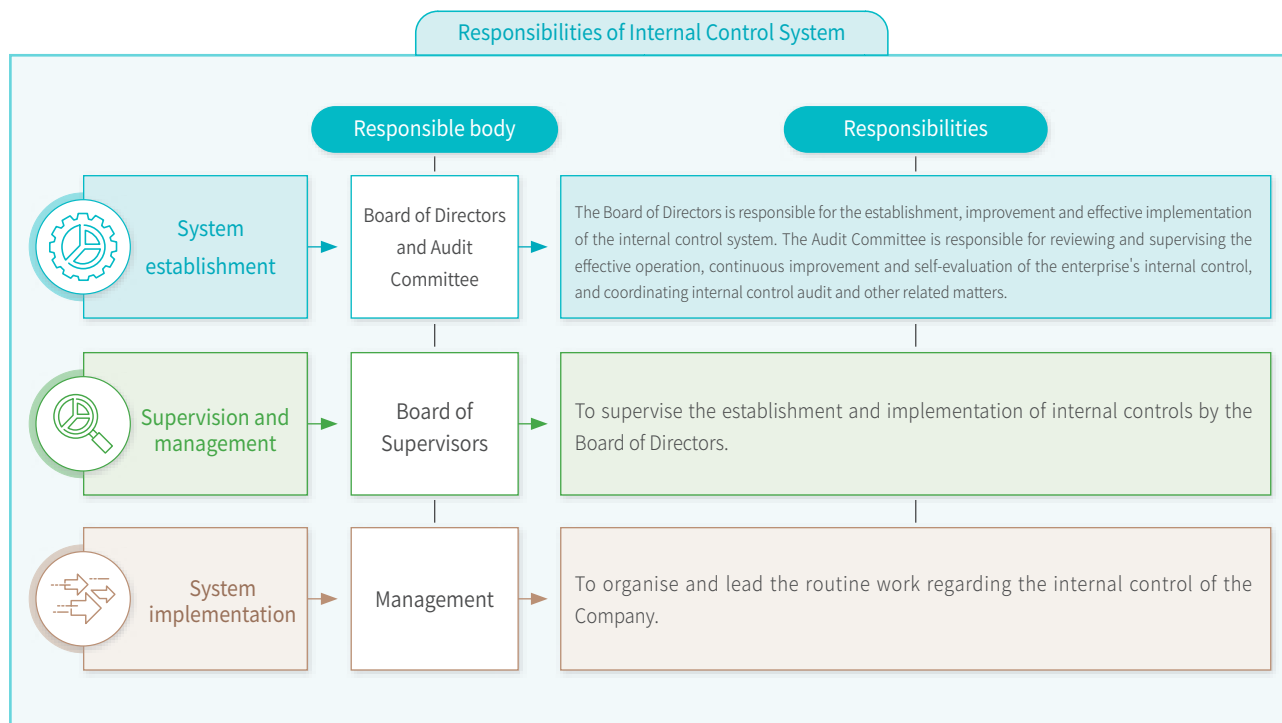
We rolled out the "2024 Quality and Efficiency Enhancement, Return-focused Action Plan". The Company revised the Articles of Association to streamline the mid-year dividend process, and implemented a mid-year dividend distribution for 2024.



## Internal control

The Company has always highly valued the internal control. With strict abidance to the regulatory requirements for listing such as the Guidelines No. 1 of Shanghai Stock Exchange for Self-Regulation of Listed Companies and the Listing Rules of Hong Kong Stock Exchange, the Company has formulated policies such as the Standard for Enterprise Internal Control. The Company has developed and applied a digital information platform for internal control. This development enables the digitalisation and systematisation of internal control evaluation, daily internal control monitoring, and operational risk early-warning. As a result, digitalisation of internal control management is enhanced.

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



The Company conducts self-assessment on the establishment of the internal control system annually. We also engage annual audit accountants to audit the compliance and effectiveness of the internal control system. The self-assessment report and the annual auditor's report on internal control issued by the independent auditor are disclosed in public for the review and supervision of all stakeholders.

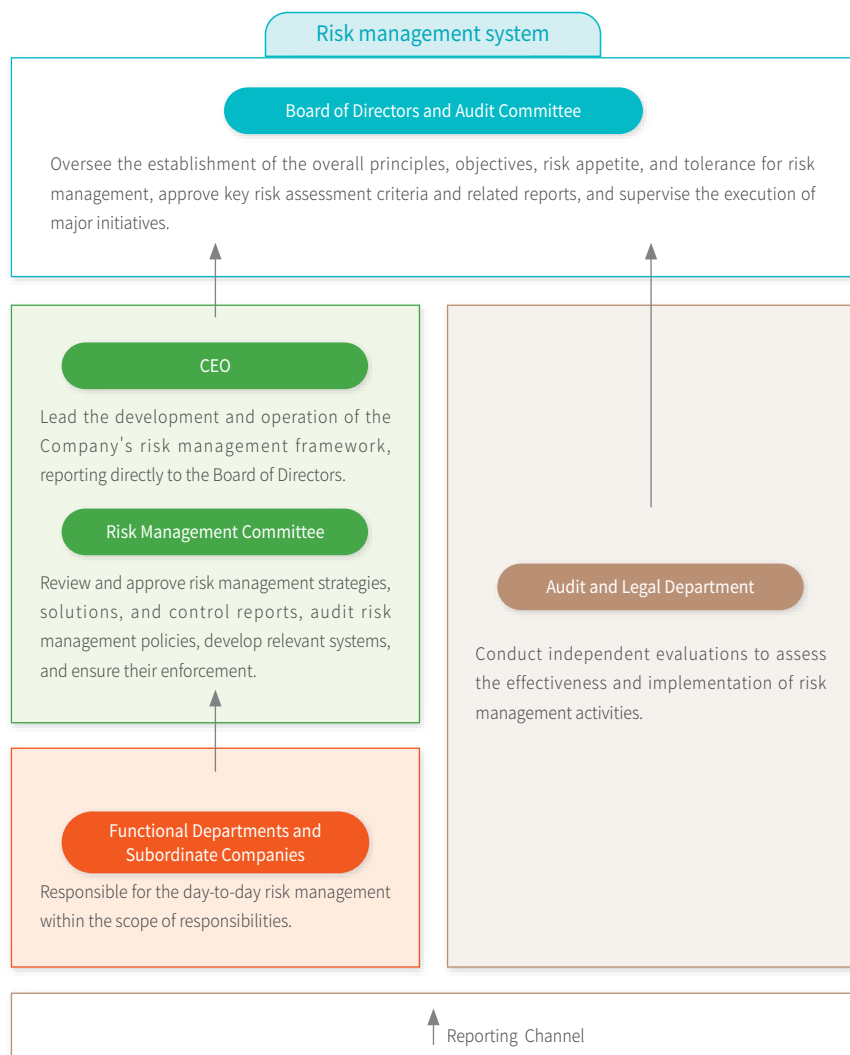
According to the assessment, the Board of Directors regarded that the company's internal control system is sound and effective. There

was no significant deficiency in the design or implementation of our internal control.

In 2024, the annual auditor's report on internal control issued by the independent auditor concluded that we had maintained an effective internal control in all major aspects under the Basic Standards on Internal Control of Enterprises, the Enterprise Internal Control Guidelines, and other related provisions of the Ministry of Finance of the People's Republic of China jointly with four other ministries.

## Risk management

The Company follows the Enterprise Risk Management Framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and has established a relatively complete organisational system for risk management and risk control mechanisms.



Company identified 3 significant risks and 6 key ESG risks and opportunities covering safety, environmental protection and climate change.

## Response and monitoring




In response to the significant risks identified, the Company clarifies the risk appetite and tolerance, and formulates practical risk management strategies based on the internal and external environment and development strategies. Each subsidiary formulates and implements risk response plans based on the Company's risk management strategy and its own actual situation, and regularly tracks the implementation of the response plans. Based on the implementation status, the Audit and Legal Department prepares Reports on Major Risk Management and Control on a quarterly basis and reports to the Board of Directors and the Audit Committee.

The Company identifies risk factors in key business activities. Based on the big-data platform, the Company monitors and issues early warnings for risk indicators in key business activities, management activities, and production and operation activities. For risk indicators with abnormal changes, we formulate and implement response plans. In 2024, the Company identified 13 quantifiable indicators for risk early warning and monitoring to further improve the system for significant risks.

## Identification and assessment

The Company has formulated the Comprehensive Risk Management Rules. We identify and assess risk events within the Company and its subsidiaries, and conduct re-evaluation and revision of risk events identified in the previous year. This ensures the dynamic and effective nature of the risk identification process. Every year, the Company carries out risk assessments through questionnaires and management interviews. In accordance with the risk assessment criteria, the assessments are carried out from two perspectives: the probability of occurrence and the impact severity. This helps to identify the major annual risks and create a risk map, which supports strategic planning, implementation and major decision-making. In 2024, the

## Key ESG risks, response measures and major financial impact

Description of key ESG risks	Response measures and major financial impact
 <b>Safety management risk</b> Coal mining and coal chemical businesses are prone to generating safety management risks.	<b>Response measures</b> We optimise the dual-prevention information system, improve the control process for major safety hazards, and fully implement the management of hidden disaster-causing factors.  <b>Financial impact</b> The ending balance of the Company's work safety expenses was RMB 1.54 billions. For details, please refer to "Chapter 10. Financial Reports - VII. Notes to the Consolidated Financial Statements - 58. Special Reserves" in the 2024 Annual Report.
 <b>Environmental protection risk</b> The Company may face stricter environmental constraints.	<b>Response measures</b> We improve pollutant management, strengthen environmental emergency control, carry out solid environmental protection inspections, and continuously promote the upgrading of environmental protection facilities.  <b>Financial impact</b> During the reporting period, the Company invested RMB 667.87 million in environmental protection. Fines imposed by administrative penalties for environmental issues amounted to RMB 1.74 million. The ending balance of land subsidence, restoration, reclamation, and environmental protection fees was RMB 15.29 billion. The ending balance of the environmental governance guarantee deposit was RMB 63,670 thousand. For details, please refer to "Chapter 6. Environment and Social Responsibility - I. Environmental Information" and "Chapter 10. Financial Reports - VII. Notes to the Consolidated Financial Statements - 44. Other Current Liabilities, 58. Special Reserves" in the 2024 Annual Report.
 <b>Climate-related risks</b> The Company's operations may be affected by extreme weather and its business may be subject to "dual carbon" targets. For details, please refer to the chapter on Response to climate change.	<b>Response measures</b> We strengthen emergency management for extreme weather, promote energy conservation and carbon reduction in an orderly manner, identify key control points for carbon emissions, and conduct stricter performance assessment.  <b>Financial impact</b> The cost of trading carbon emission quotas exceeded RMB 70 million in 2024.

## Risk culture building

The Company incorporates the construction of a risk culture into its development strategy. Risk management education is conducted regularly for directors (including non-executive directors), supervisors, senior management, and all employees by levels. This is aimed at enhancing their awareness of risk prevention and cultivating a scientific concept of risk management. When developing new products or services, the Company takes risk assessment and management as crucial steps to ensure that new products and services are in line with the overall risk management strategy. The Company conducts annual risk management assessments for its functional departments and subsidiaries. Units and individuals that achieve risk management goals and obtain excellent assessment results will be awarded. Those failing the assessment will receive financial penalties.

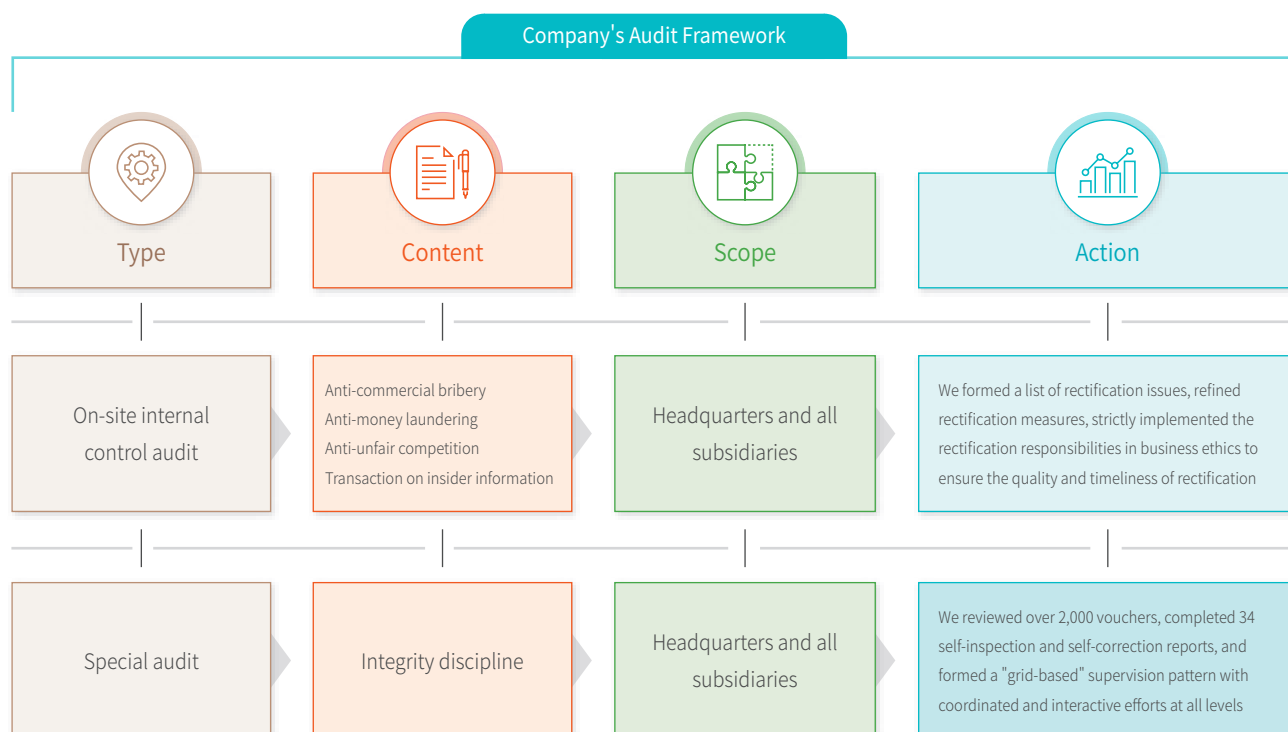
## Business ethics

The Company complies with the Law of the People's Republic of China against Unfair Competition, the Anti-money Laundering Law of the People's Republic of China and the Prevention of Bribery Ordinance of Hong Kong Special Administrative Region, as well as other applicable laws, rules and regulatory requirements for listed companies. The Company opposes any form of commercial bribery, money laundering, monopoly, and unfair competition, strictly requiring all employees to act with integrity and compliance, and to adhere to business ethics. The Company has developed various policies, such as the [Code of Conduct](#) and the Implementation Rules for Clean Management, improving the corporate business ethics construction mechanism. The Company also clearly stipulates systematic management requirements including the compliance review procedures, whistleblower protection mechanisms, and the accountability system for violations. The Company regularly conducts identification and assessment of business ethics and compliance risks. In accordance with the regulations, the Company's compliance and audit departments conduct business ethics audits or special audits that include business ethics audit for the Company's headquarters and all subsidiaries every year. Through internal audits and special audits, the Company focuses on integrity risks in key areas, formulating and implementing targeted preventive measures. For major issues identified, the Company conducts unified tracking and management.

## Supervision and audits

The Company has formulated regulations such as the Management Rules for the Evaluation and Review of Case Quality. The Company issues quarterly briefings on the status of supervision, inspection, and discipline-enforcement reviews, strengthens the case-handling mechanism, and improves the supervision competence.

The Company enriches the forms of audit and focuses on key areas to avoid improper transfer of interests and safeguard the rights and interests of shareholders. The Company has established integrity profiles for management personnel to enhance the effectiveness of anti-fraud, anti-embezzlement, and anti-bribery efforts.





## Training and publicity

The Company has carried out business ethics training and publicity activities such as integrity training, and advocated the knowledge of anti-corruption, anti-money laundering and anti-unfair competition for all employees, part-time employees and interns. The training activities witness a completion rate of 100% for the training assessment.

### Business Ethics Training

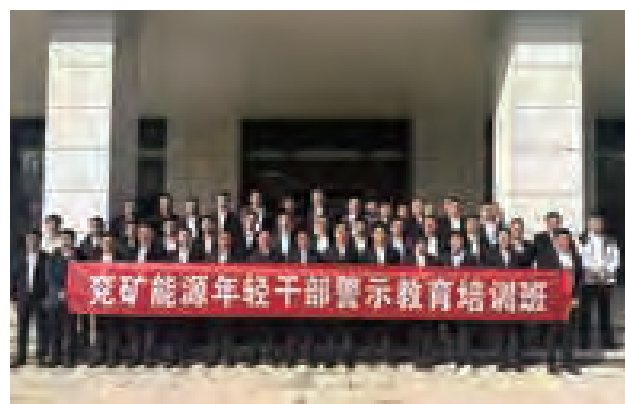
Content of publicity	Training data
The Integrity Education: Learn about Regulations, Abide by Laws and Discipline, and Set an Example; "Five Ones" Campaign: Warning training on typical cases, education month for discipline and law, speech contest on integrity, knowledge contests.	More than 4,000 participants
"Integrity Yankuang" Culture Brand	21 publicity venues for business ethics knowledge have been established
Warning and Education Training Program for Key Management Positions	More than 5,000 participants

### Business Ethics Training KPIs

Trainees	Number of training sessions	Total training hours (hour)	Rate of training received (%)
Directors and supervisors	2	4	100%
Managers, key personnel	2	4	100%
Other employees	2	4	100%



Yankuang Energy held ethics training online and offline



Warning education training for young cadres of Yankuang Energy

## Reporting mechanism and Whistleblower protection system

The Company encourages whistleblowers to report violations of business ethics. It has established multiple channels for receiving reports, including a hotline, email, mailbox, and visitor reception room, and publishes information about these reporting channels on the Company's website and WeChat official account. Attaching importance to the protection of whistleblower information, the Company has formulated and implemented the [Whistleblower Protection System](#). The Company requires the relevant personnel who get in touch with the whistleblower and participate in the handling of reported incidents to strictly keep confidential about the whistleblower's information and relevant content, and prohibits anyone from retaliating against the whistleblower to effectively protect the rights and security of the whistleblower. For those who commit retaliation, the Company takes legal actions against them, and serious cases will be promptly reported to the superior units and judicial organs in accordance with the law.



## 02 High-quality Development

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

Respond to ESG Material Issues	Product and Service, Innovation-driven, Supply Chain Management
Respond to HKEX ESG indexes	B5 Supply Chain Management, B6 Product Responsibility
Respond to SSE ESG indexes	Innovation-driven, Supply Chain Security, Equal Treatment to Small and Medium-Sized Enterprises, Safety and Quality of Products and Services, Data Security and Customer Privacy Protection
Respond to UN SDGs	<div><div><p>7 AFFORDABLE AND CLEAN ENERGY</p></div><div><p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p></div><div><p>17 PARTNERSHIPS FOR THE GOALS</p></div></div>

# GOVERNANCE



## Innovation drivers

The Company seeks breakthroughs and higher efficiency through innovation and lean management. Yankuang Energy regards independent innovation and new-quality productive forces as the critical element to enhance core competitiveness and achieve high-quality development. The Company always follows the approach of "independent innovation, key leap, supporting development, and leading the future" and focuses on the safe and efficient development needs of the industry, and takes advantages of internal and external R&D resources. The Company conducts technological innovation mainly in key areas such as intelligent mining, major disaster prevention and control, high-end chemicals new materials, and high-end equipment manufacturing.

## Technological development

The Company implements the innovation-driven development strategy, actively promotes the integration of scientific and technological innovation and industrial development, and continues to invest in key R&D areas. In 2024, the Company invested RMB 2.74 billion in R&D, and achieved a series of breakthroughs in core technologies such as intelligent mining, safe production and clean coal conversion. The Company has obtained 41 scientific and technological achievements at the advanced or leading international level and has been awarded 62 ministerial/provincial-level prizes. The project of "Technology Package for the Digital, Intelligent and Efficient Mining of Deep Coal and its Engineering Application" won the Second Prize of the State Scientific and Technological Progress Award. The project of "Key Technology of Intelligent and Precise Coal Preparation and In-Site Efficient Filling in Deep Coal Mines" won the First Prize of Shandong Science and Technology Progress Award.

Yankuang Energy promotes the construction of high-level R&D platforms, and actively expands the collaboration with industry, academia and research institutions. In 2024, the Company revised the Management Rules for Scientific and Technological Innovation, the Management Rules for Scientific and Technological Projects, and the Rules for Science and Technology Awards, further standardising the management processes of the Company's scientific and technological innovation. As of the end of 2024, the Company owns 25 ministerial/provincial-level R&D platforms, including the National Enterprise Technical Centre, Postdoctoral Research Station, and National Energy Coal Mine Intelligent Mining R&D Centre. The Company also has 1 CNAS (China National Accreditation Service for Conformity Assessment) accredited laboratory and 18 high-tech enterprises.



Second Prize of the State Scientific and Technological Progress Award

### Case

#### The National Experience Exchange Conference on Intelligent Mining of Thin Coal Seams was held by the Company

Yankuang Energy's mines use AI applications in scenarios such as monitoring equipment operating status, protecting personnel safety and improving coal-washing processes. In 2024, the National Experience Exchange Conference on Intelligent Mining of Thin Coal Seams was held by Yankuang Energy. The Company shared advanced experience in AI scenarios application, which was highly appreciated by various sectors of society.

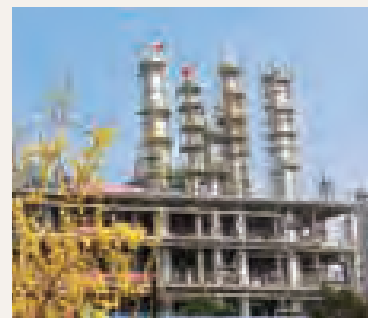


National Experience Exchange Conference on Intelligent Mining of Thin Coal Seams

## Case

## Breakthrough in clean coal conversion

In 2024, Lunan Chemicals completed the construction of the world's first 3,000-tonne-class OMB multi-nozzle opposed-type pulverised coal pressurised gasifier and put it into production. Compared with the existing coal-water slurry gasification technology, the new facility can save more than 10% of coal consumption, over 15% of oxygen consumption. The carbon conversion rate of the gasification process exceeds 99%, and the effective gas composition accounts for more than 90% of the product, making efficient and clean use of the pulverised coal. This fills a gap in China's low-quality raw coal gasification technology field and is of great demonstrative significance for the upgraded utilisation of raw coal and clean and efficient production.



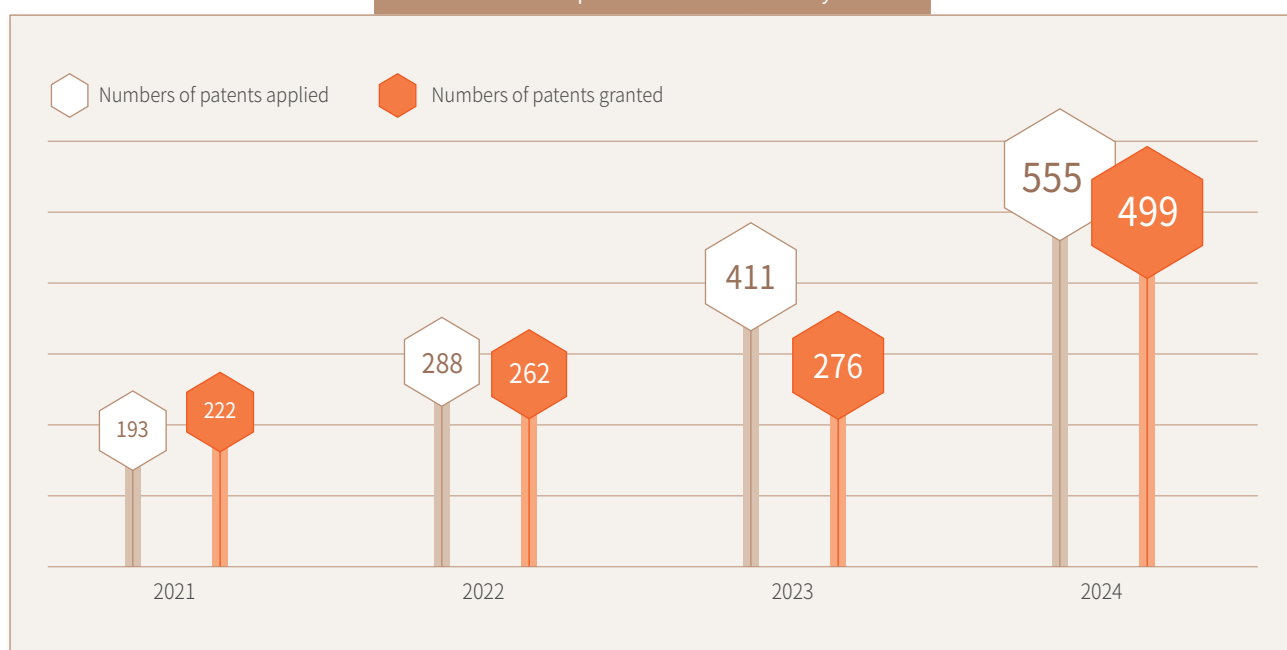
OMB Multi-nozzle Opposed-type Pulverised Coal Pressurised Gasifier

## Intellectual property

Yankuang Energy strictly complies with the Patent Law of the People's Republic of China, implements the national standard of the Enterprise Intellectual Property Management, formulates internal policies such as the Patent Management Measures, which clearly defines the responsibilities for intellectual property management, so as to actively optimise the intellectual property management processes. The Company analyses and explores the key technologies of the industry, optimises the intellectual property layout of various industries, shortens the patent application cycle, and improves the quantity and quality of patents. In 2024, the Company submitted 555 patent applications, with 499 patents granted, including 115 invention patents, 381 utility model patents and 3 design patents. The Company also obtained 22 software copyrights.

The Company has included "trademark management and intellectual property protection" as the key content in the Company's Legal Affairs Management Measures to enhance intellectual property protection. In 2024, there was no intellectual property infringement related to the Company.

## The amount of patents obtained in recent years



## Product and service

Both quality and management are fundamental to enterprises. Yankuang Energy values quality management, and is committed to developing first-class "standards of Yankuang" and creating excellent "quality of Yankuang".

### Product quality

Committed to improving the quality of products and services, Yankuang Energy abides by the Product Quality Law of the People's Republic of China and other relevant laws, regulations and industry standards. We have formulated and implemented the Product Quality Management Rules and the Comprehensive Quality Management Procedures as part of our product quality management system, standardising product quality control processes and criteria. We also strictly prohibit false advertising and monopoly. During the reporting period, the Company was not involved in litigation or significant administrative penalties due to acts of unfair competition.

The Company has established a quality management leading group and clarified the responsibilities of product quality management and the goals of quality control. The Company has also established a robust raw material inspection process and product quality inspection mechanism, and strictly implemented various production process indicators to ensure stable up-to-standard product quality.

Moreover, we continuously optimise and adjust our product portfolio, conduct skill training and competitions, quality promotions month, and other activities to enhance employee quality awareness and further improve product quality.

In 2024, the Company successfully passed the certification of ISO 9001 quality management system, with no major accidents related to product safety and quality.



#### Coal products

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

complaints. The Company has formulated a well-rounded coal quality management system, equipped with a number of policies, such as the Measures on Coal Quality Management, as well as the Management Rules on Salable Coal Quality Management. The Company improves the coal quality forecasting system, strengthens quality management during the production process, and ensures that coal quality meets various national standards. In 2024, the Company optimised the technical plan for the coal preparation project and strengthened technical supervision of the coal-washing process. In this way, we can effectively control process indicators, strictly control the sampling process, and continuously improve the yield and quality of clean coal. This year, the Company's clean coal products continued to maintain an impurity-content rate of 1kg or less per ten thousand tonnes, with a 100% pass rate of salable coal.



#### Coal chemicals products

The Company optimises the quality control system, standardises production operating procedures and strictly controls the inspection process, to continuously improve product qualification rate. Among our products, the quality of methanol products has been improved on the basis of national standards, and the water contained in refined methanol products has been further reduced. In addition, the Company's polyformaldehyde, acetic anhydride and caprolactam products have been certified by multiple international organisations such as Société Générale de Surveillance (SGS), Underwriters Laboratories (UL) and the U.S. Food and Drug Administration (FDA). In 2024, the Fine Quality Control Team of Lunan Chemicals won the highest award, Gold Award, at the 49th International Quality Management Group Conference ("ICQCC").



### Mechanical products

The Company adheres to the positioning of high-end equipment manufacturing industry, and determines the key quality control points. The Company formulates safeguard measures for product quality. In 2024, the Company revised and improved the product production standard series, and formulated hierarchical quality control objectives according to management levels. We introduced industry technical experts from Caterpillar and advanced quality inspection standards based on Six Sigma to improve the quality control capabilities of "whole process supervision". With these efforts, we successfully completed the assessment objectives for key quality indicators, with a high pass-on-first-attempt rate for product inspections.



### Electric Power products

The Company has deepened the professional management of power, built a lean production operation system, and promoted the safe, efficient, and stable operation of the power production system. The Company thoroughly implements the "twice-a-year inspection" for

units, refines the maintenance work of equipment and facilities to ensure the continuous, safe, and stable operation of the units. In 2024, the Company had no unplanned outages.



### Intelligent logistics

The Company has its own railway, collection station, water transport terminals, and a shipping fleet. Following the "entity + platform" development model, the Company systematically integrates resources and focuses on promoting the integrated construction of transportation, storage, distribution, and supply. It has established a modern logistics service system integrating railways, highways, ports, shipping, parks, and platforms into a "five-in-one" structure. The system's main business includes the transportation of bulk materials such as coal, general cargo, and hazardous chemicals, as well as coal storage and distribution services. It has formed a logistics service network covering major economic regions in China, including Shandong, Inner Mongolia, Shaanxi, Shanxi, Gansu, Xinjiang, Guizhou, and the areas along the Grand Canal and the Yangtze River.

Yankuang Logistics Technology Co., Ltd. was honored with the "2024 China Logistics Outstanding Enterprise Award".





## Service quality

### Customer relationships

In accordance with the service purpose of "customer first", the Company has developed and improved a number of regulations and measures, including the Management Rules of Customer Maintenance Services, the Management Rules for Market-oriented Operation and Management of Direct-Supply Customer Development and the Measures for Customer Relationship Evaluation. We strengthen customer relationships by improving professional quality, optimising business processes, strengthening coal supply guarantees, and leveraging synergistic benefits. Yankuang Energy was awarded the title of 2024 Coal Transportation and Distribution Benchmark Service Provider by the selection committee of the 7th (2024) CCTD (China Coal Transportation and Distribution) Series Brand Activity.

### Customer satisfaction

To improve customer satisfaction, the Company has made more frequent visits to customers. This allows us to understand customer needs first-hand, keep detailed records of customer service, and build a solid supply and demand relationship. We also coordinate with mines for customised processing to meet the diverse product needs of customers. In addition, we have optimised our customer contact mechanisms, and improved our communication skills to promptly satisfy customer demands. In 2024, the Company conducted a customer satisfaction assessment, with the satisfaction score of 100.

### Customer complaints handling

The Company has formulated the Management Rules for Handling Customer Complaints, established a sound complaint handling process, which specifies the steps of data collection and transmission channels, valid complaint determination, on-site verification and objection handling. This ensures that the complaint handling mechanism operates in a timely and efficient manner, the complaint determination process is detailed and standardised, and the objection handling process is fair and transparent. In 2024, the Company



experienced no major accidents related to product and service safety and quality, and had no product returns or recalls.

### Customer information confidentiality

The Company strictly abides by the Personal Information Protection Law of the People's Republic of China and has formulated the Confidentiality Management Rules. We require personnel in the whole service process to strictly safeguard customer information, standardise confidentiality practices, and protect customers' commercial and personal information. Customer service employees of the Company are required to sign the Confidentiality Letter of Commitment, promising not to disclose customer files, contract prices or other related information of customers without authorisation. The Company's Archives Management Rules and Documentation Filing Management Rules require that paper documents containing customer information be regularly archived in accordance with applicable rules to ensure that customer information is properly preserved. The confidential information of customers is managed by special personnel, and the inspection of confidential information shall be subject to approval procedures. In 2024, the Company had no incidents related to exposure of customer privacy.

## Cybersecurity

Yankuang Energy strictly abides by laws and regulations such as the Cybersecurity Law of the People's Republic of China and the Data Security Law of the People's Republic of China. We continue to improve policies such as the Management Rules for the Administration of Network Security and the Data Security Management Rules (Trial), standardise information security workflows, which all employees are required to comply with. The Company regularly identifies potential risks to network security and information security. We conduct vulnerability analysis and hacker attack and defence drills, upgrade internet access security measures, and deploy network security protection equipment such as firewalls and threat monitoring and analysis systems. This ensures the secure operation of the Company's network. For critical data, the Company adopts measures such as encryption, data masking, and access control to ensure the confidentiality, integrity, and availability of data. The Company disposes of data at the end of its useful life in a secure and compliant manner to ensure that the data is not misused or leaked.

The Company conducts annual special inspections and supervised assessments of network security and informatisation in accordance with the Measures for the Assessment of Network Security and Informatisation, and includes information security in employee performance evaluations. The Company regularly holds information security knowledge contests, network security training sessions, and activities such as the "National Network Security Publicity Week" to raise employees' awareness and ability in information security. In 2024, the Company had no major information security incidents.



## Supply chain management

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

## Risk management of supply chain

The Company has incorporated supply chain risk management into its overall risk management. We regularly identify risks and opportunities in the supply chain, analyse the causes and potential impacts of risks and opportunities, and formulate management objectives and response measures. In terms of ESG, the Company has identified the risks and opportunities in green procurement and supply chain resilience and formulated the following management objectives and response measures:

### Management objective

Strictly restrict the procurement of products that are banned or restricted by government due to high pollution and environmental risks, or products whose production, procurement and use are discouraged, and prohibit the procurement of products that fail to meet environmental standards.

### Response measures

- We optimise product procurement standards and incorporate technical requirements for energy conservation and environmental protection into tender documents.
- We improve the supplier access mechanism, strengthen the audit of suppliers' environmental management, and give priority to environmentally friendly products.
- We encourage suppliers to prioritise green storage and transportation methods when there's no delivery delay, to reduce the environmental impact of the supply chain logistics.
- We reinforce the stability of the supply chain. By acquiring SMT Scharf AG, we establish our own industry chain for independent manufacturing of underground mining equipment and auxiliary transportation facilities, thereby ensuring a steady supply of key components and technologies. By acquiring Wbtech and drawing on its mature business of online freight platform, we improve our presence in the intelligent logistics sector and ensure the stable operation of the logistics system.

## Supplier access and exit

Yankuang Energy has standardised supplier access, strengthened supplier management and ensured the stable and smooth operation of the Company's supply chain. The Company has set up a leading group for supplier management under the leadership of the CEO, which has formulated the Supplier Management Rules and the Implementation Rules of Supplier Management to strictly standardise the process of supplier access, evaluation, supervision, inspection and exit for all suppliers and clarify the responsibilities of management departments. We incorporate supplier information into our master data management platform (MDM), update and maintain MDM system information in real time, continuously optimise the approval process, and effectively improve approval efficiency. In 2024, the Company has further strengthened the on-site survey of the supplier access process and enhanced supplier supervision and inspection. We have also signed the Supplier Survey and Integrity Commitment with suppliers to explicitly prohibit unfair competition such as false advertising and monopoly and ensure that they comply with the Company's relevant

requirements.

We have built up a regular appraisal mechanism for suppliers, which includes both dynamic routine evaluation and annual appraisal. With this mechanism, we carry out comprehensive appraisals on suppliers' business volume, degree of cooperation, contract fulfilment rate, delivery timeliness, product qualification rate, complaints and compliance with business ethics policies at regular intervals every year. Based on the appraisal results, we eliminate unqualified suppliers, and optimise the supplier portfolio. In 2024, the Company carried out assessment on 1,398 suppliers, and all are qualified.

## Supplier ESG management

The Company has made safety performance, environmental protection and business ethics the basic conditions for supplier access in the Supplier Management Rules, and has signed the Social Responsibility Commitment Letter and the Commitment on Production Safety and Environmental Protection with suppliers. We have also formulated

the [Code of Corporate Conduct](#) covering all suppliers, contractors and other partners to encourage suppliers to improve their safety, environmental and social risk management.

The Company is committed to creating an open, fair and just procurement environment. As such, We have formulated the [Supplier Business Ethics Policy](#), which requires suppliers and partners to comply with the business ethics and laws of their respective countries (regions) and adhere to the highest moral and ethical standards in their business practices. With the help of the Enterprise Resource Planning (ERP) management platform, the Company regulates business ethics, and prevents commercial bribery and other corrupt incidents. Besides, a whistle-blowing and complaint hotline has been set up. In terms of supplier training on business ethics, the Company sends the Open Letter to All Suppliers, to make suppliers aware of the Company's relevant policies and regulations on business ethics, and asks them to make a formal commitment to follow such policies and requirements. Suppliers in violation of relevant policies and requirements will be put into a "blacklist". In 2024, all suppliers made formal commitments to understanding and complying with the Company's business ethics requirements.

Yankuang Energy and its subsidiaries entrust the task of ensuring personnel and property safety to external security service providers. To prevent human rights risks from security service providers and their operations, the Company urges suppliers to pay attention to human rights protection. We have formulated the [Code of Conduct for Security Personnel](#) and the Duties and Assessment Standards for Security Personnel, requiring all external security companies and personnel to comply with the relevant laws and regulations and standards of their respective countries (regions). This includes China's Regulations on Internal Security and Safeguard for Enterprises and Public Institutions and the international Voluntary Principles on Security and Human Rights. The Company clearly defines the specific responsibilities and working standards for all security institutions and personnel. Security personnel committed to conducting defensive security operations in compliance with local laws, regulations and standards, refraining from activities outside designated security areas. Additionally, a corresponding assessment system is established, and regular compliance reviews of security operations are conducted in cooperation with third-party organisations to prevent any acts that may infringe upon human rights. The Company provides training on conduct and professional skills to security personnel to improve their

professionalism and enhance their sense of responsibility.

The Company has established a communication mechanism with suppliers. We communicate and share information with suppliers using multiple channels such as technology sharing platform, and discuss the development trend of the industry and the market, so as to establish a harmonious and cooperative relationship with them and facilitate their progress and growth. In 2024, the Company conducted a satisfaction questionnaire survey for more than 65 key suppliers, involving 20 aspects such as contract performance and the comprehensive quality of business personnel, which enhanced the understanding and consensus between the two sides.

The Company has formulated the [Local Sourcing Policy](#), continuously strengthens communication and collaboration with local suppliers, focuses on their development needs, and offers professional advice when appropriate. Based on actual procurement needs and under the same conditions, the Company prioritises local suppliers. This improves the resilience of the Company's supply chain while supporting the development of local suppliers.

The Company strictly fulfils the contracts, makes payments in accordance with the contracts in a timely manner and safeguards the legal rights and interests of suppliers. The contract performance rate of the Company in 2024 was 100%.

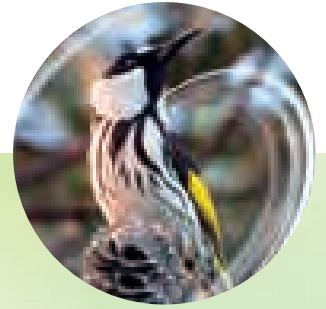
Number of suppliers of the Company	
Total number of suppliers	3,484
Suppliers in Shandong	1,574
Suppliers in other parts of China	1,895
Overseas suppliers	15



Delivery ceremony of Yankuang Energy's acquisition of Wbtech



ENVIRONMENTAL



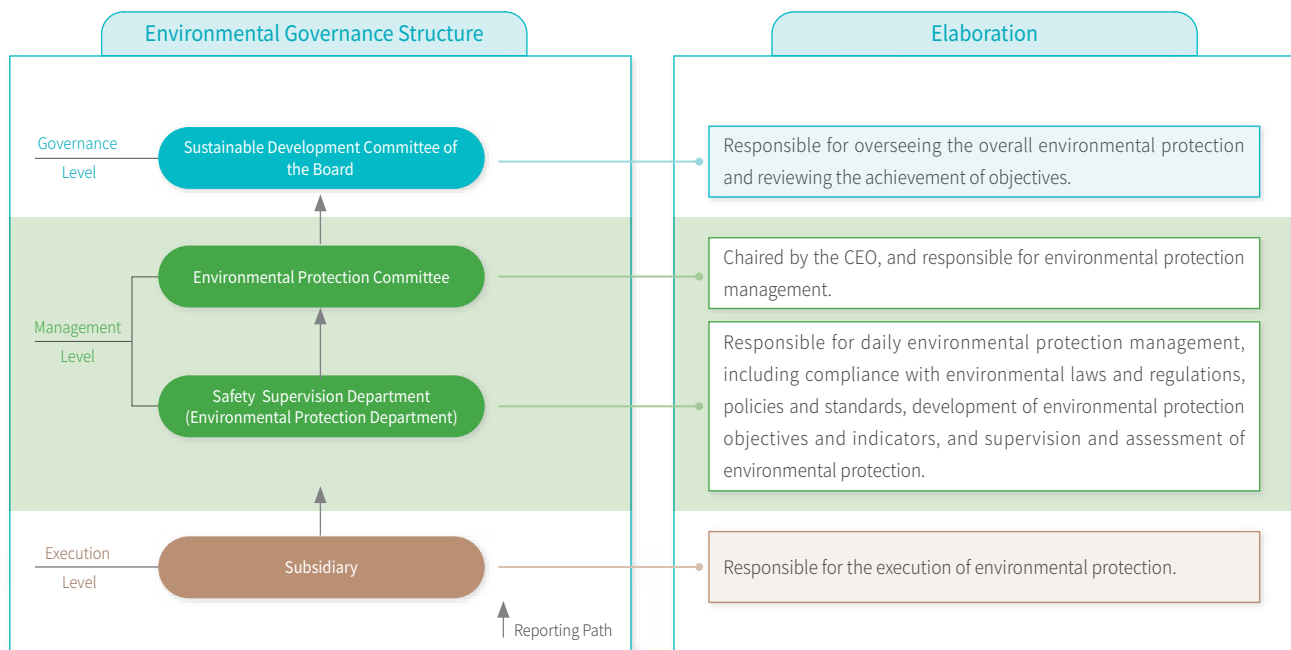
# 03 Green Operation

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

Respond to ESG Material Issues	Environmental protection management, Energy-saving Management, Water-saving Management, Green Ecology, Response to Climate Change, Carbon Emission
Respond to HKEX ESG indexes	A1 Emissions, A2 Use of Resources, A3 The Environment and Natural Resources, A4 Climate Change
Respond to SSE ESG indexes	Response to Climate Change, Pollutant Discharge, Waste Treatment, Ecosystem and Biodiversity Protection, Environmental Compliance Management, Energy Usage, Usage of Water Resources, Circular Economy
Respond to UN SDGs	<div> <div>6 CLEAN WATER AND SANITATION</div> </div> <div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> </div> <div> <div>13 CLIMATE ACTION</div> </div> <div> <div>14 LIFE BELOW WATER</div> </div> <div> <div>15 LIFE ON LAND</div> </div>

## Environmental protection management

In strict accordance with the Environmental Protection Law of the People's Republic of China, Regulations on the Administration of Discharge Permits and other relevant laws and regulations, the Company establishes and effectively operates an environmental management system, and implements the Environmental Protection Management Rules and other policies. In addition, we optimise the appraisal method of environmental performance, and orderly promote key environmental protection projects such as water pollution control projects. In 2024, the Company's annual emissions of particulate matter, SO<sub>2</sub>, NO<sub>x</sub>, COD and ammonia nitrogen reduced by 81.7%, 73.7%, 39.7%, 62.2% and 90.9% respectively, compared to the regulatory assessment indicators.





The Company organises and conducts routine and specialised environmental inspection and audit through self-inspection, engagement of third parties and cooperation with government every year. In 2024, we carried out 49 environmental inspection and audits, covering all operating units, which strongly boosted the progress of major environmental protection projects and the elimination of environmental hazards. In terms of the annual compliance check, the Company accepted 222 ecological and environmental supervision inspections of all affiliated units by environmental protection departments at different levels of the government, and all the units passed the inspection successfully.

In 2024, the Company established a complete environmental management system in all subsidiaries and business operation units, and successfully achieved 100% coverage of the ISO 14001 environmental management system certification. All the voluntary agreements signed by the Company and regulators on environmental protection to improve environmental behaviour have been implemented. There was no environmental pollution incident throughout the year, and no significant impact on employees, local communities or other groups.

Target progress in 2024

- In 2024, the "Dual Control" targets for concentration and total emissions of major pollutants were completed. Hazardous waste disposal rate, radioactive sources intact rate, the implementation rate of environmental assessment and the "Three Simultaneity" of construction projects reached 100%, and the relevant targets were also met.
- By 2024, achieved a 1% reduction in COD and SO2 emissions in the domestic operations area compared to 2022.

Future emission target

Long-term target

- Achieve the "Dual Control" targets for concentration and total emissions of major pollutants. Hazardous waste disposal rate, radioactive sources intact rate, the implementation rate of environmental assessment and the "Three Simultaneity" of construction projects reaching 100%.
- The comprehensive utilisation rate of coal gangue and ash will be maintained at 100%.
- By 2030, the Company's annual emissions of particulate matter, sulphur dioxide ("SO<sub>2</sub>"), nitrogen oxides ("NO<sub>x</sub>"), chemical oxygen demand ("COD"), and ammonia nitrogen will be reduced by 20% compared with the total targets, respectively.

Short-term target

By 2026, achieve a 3% reduction in emissions of major water pollutants (COD) and major air pollutants (SO2) in the domestic operations area compared to 2022.

### Wastewater management

The Company's wastewater mainly derives from coal mining and coal chemical production, and online monitoring facilities are installed at all operation sites' outlets. The Company built 74 sewage treatment plants (stations) with a sewage treatment capacity of 983 kilotonnes per day and a sewage treatment rate of 100%. Our external drainage quality is better than the national and local emission standards.

The Company continues to implement the High-salt Mine Water Treatment Project. Most of the high-salt mine water was reused after treatment, realising the recycling of water resources and greatly

reducing the impact of salt discharged to the environment. The Company also upgraded the domestic sewage treatment systems and strengthened the management of sewage discharge to avoid pollution of surface and underground water sources.

Wastewater management KPIs	
COD emissions (tonne)	779.73
Ammonia nitrogen emissions (tonne)	19.31
Wastewater discharged (10,000 m <sup>3</sup> )	5,299.88

Notes: Guotun Coal Mine, Lilou Coal Mine, Pengzhuang Coal Mine, because of not strictly in accordance with the relevant regulations to establish and record industrial solid waste coal gangue management accounts, were fined by the relevant authorities, and confiscated coal gangue sales revenue. At present, the above matters have been rectified.

Waste gas management

The Company's waste gas emissions are mainly pollutants including SO<sub>2</sub>, NO<sub>x</sub>, smoke and dust emissions, and VOCs from power plants, coal chemical production units and some coal mines. In strict compliance with the Emission Standard of Air Pollutants for Thermal Power Plants and the Emission Standard of Air Pollutants for Boilers, the Company has carried out air pollution management, ensuring compliance with the emission standard. This helps to avoid impacts on employees and residents in surrounding communities.

Waste gas management KPIs (tonne)		
SO <sub>2</sub> emissions	735.02	
NO <sub>x</sub> emissions	9,122.43	
VOCs emissions	962.62	
Smoke and dust emissions	125.29	

Case

The upgrade project of VOCs treatment facilities

In 2024, Dongtan Coal Mine implemented an upgrade project for VOCs treatment facilities, involving VOCs treatment facilities in hazardous waste warehouse and machine repair workshops, supporting exhaust pipes and sampling platforms. After the upgrade, the emission concentration and volume of VOCs from mine production were further reduced.



Upgrade of VOCs treatment facilities at the Dongtan Coal Mine

General solid waste

The Company's general solid waste mainly includes gangues, coal ashes and slags. The Company has carried out research and application of underground gangue separation, mining with refilling to reduce gangue discharge from the source. Meanwhile, gangues, coal ashes, slags are used for construction materials production, road building and land reclamation. In 2024, the Company's comprehensive utilisation rate of coal gangue, coal ashes and slags maintained at 100%.

General solid waste management KPIs		
General solid waste generated (10,000 tonnes)	1,675.84	
Density of general solid waste (10,000 tonnes/ billion RMB of sales income)	13.46	



Land recovery at Zhuanlongwan Coal Mine

Hazardous waste

The Company's hazardous waste mainly includes used mineral oil, and waste catalysts. With a complete hazardous waste management system, the Company built hazardous waste repositories in compliance with national standards and assigned professionals to properly record hazardous waste storage and transfer. We enter into contracts with companies with hazardous waste recycling qualification, to ensure a timely and professional treatment of hazardous waste. In 2024, the Company's disposal rate of hazardous waste was 100% in compliance with laws and regulations.

Hazardous waste management KPIs		
Hazardous waste disposed (10,000 tonnes)	8.33	
Density of hazardous waste (10,000 tonnes/ billion RMB of sales income)	0.07	

## Environmental emergency management

Based on risk assessment for environmental emergencies and emergency resource investigations, the Company has developed the Environmental Emergency Plan, filed to the local ecological and environmental authority. To enhance the response to environmental emergencies, the Company conducts environmental emergency drills from time to time. In 2024, the Company organised 49 special emergency drills, with a total of more than 1,200 participants. In 2024, the Company strictly implemented the emergency emission reduction list and differentiated emission reduction measures. Besides, the Company had no environmental protection violations during the emergency response period of heavy air pollution.



Yingpanhao Coal Mine Emergency Drill

### Case

#### Environmental emergency drills

In 2024, Future Energy and the local emergency management authorities Yulin, Shaanxi Province, jointly conducted an emergency drill for liquid ammonia leakage, simulating scenarios such as leakage and expansion of leaks. The drill tested Future Energy's ability to escalate reports, respond rapidly and handle emergencies under the emergency response mechanism. It also verified the feasibility, adaptability and practicality of the emergency plan in actual operations.



Future Energy conducted environmental emergency drills

## Energy-saving management

The Company follows the national guidelines and policies on energy conservation and emission reduction, and strictly abides by the Energy Conservation Law of the People's Republic of China and other laws and regulations. We have formulated policies such as the Management Rules for Energy Conserving, the Comprehensive Power Saving Management Standards and Assessment Methods for Mines. The Company continuously deepens the concept of "safe energy saving, economic energy saving, system energy saving, equipment energy saving, collaborative energy saving and management energy saving". The Company vigorously promotes energy-saving key projects, promotes energy-saving scientific and technological innovation, improves the efficiency of resource utilisation, and accelerates the construction of resource-saving enterprises. The Company set up a comprehensive power saving assessment leading group, and each production unit set up a special group to implement power saving measures and performance assessment, forming a collaborative promotion mechanism.



The Company continuously improves the measurement system, makes full use of information technology, carries out comprehensive energy consumption analysis of the main electromechanical systems, focuses on strengthening the energy consumption management of the three links of mining production, belt transport and coal washing, and puts forward optimisation and improvement plans, to realise the enhancement of energy saving in management and technology. The energy consumption indexes of the main hoisting system, ventilation system, pressurised air system, drainage system and other processes in each mine have reached the national level 2 standard or above.

The Company sets up annual indicators for the total cost of electricity consumption in salable coal production. The Company's energy consumption realting to industrial output was 1.13 tonne coal equivalent/10,000<sup>4</sup>, and the average electricity consumption was 18.31 kWh per tonne of raw coal output. As such, all energy-saving assessment indicators were well accomplished. In 2024, the Company was awarded the honour of "2022-2023 Advanced Enterprise in Energy Conservation and Emission Reduction of the Coal Industry".

### Target progress in 2024



- In 2024, the Company calculated the comprehensive energy consumption of raw coal production based on the Limit of Comprehensive Energy Consumption for Raw Coal Production issued by Shandong Province. The comprehensive energy consumption of raw coal production was less than 5.0 kg of coal equivalent per tonne, and the relevant target was achieved.

### Future energy saving objective



#### Long-term target

- By 2030, comprehensive energy consumption from raw coal production will not be higher than 5.0 kg coal equivalent per tonne, better than the national benchmark level.
- By 2030, the energy efficiency per unit product of existing new high-end chemical materials will be increased by more than 3% compared to 2025.

#### Short-term target

- By 2025, the comprehensive energy consumption per RMB 10,000 industrial output will be reduced by 15% compared to 2020.
- By 2025, the energy efficiency per unit product of existing new high-end chemical materials will be increased by 5% compared to 2020.

## Energy saving projects

In 2024, the Company continued to carry out energy-saving and consumption reduction work, organised and carried out energy-saving project highlights and demonstration workshop construction activities to lead the way and promote energy-saving work comprehensively.

These efforts saved energy equivalent to 19 thousand tonnes of standard coal. Each subsidiary strengthened its operation and maintenance management of air source heat pumps and hot water circulation systems, making full use of water-cooled circulation

<sup>4</sup> This year, the Company improved the energy consumption caliber of industrial output value, including logistics, electric power and other sections as well as ownership units of Luxi Mining and Xinjiang Energy Chemical in the statistical caliber.

systems such as air compressors to recover waste heat for winter heating, summer cooling, hot bath water and other needs. In 2024, the amount of waste heat recovered from mines reached 11,822.25 tonnes of coal equivalent.

#### Case

##### China's first pressure energy recovery

In 2024, Yulin Neng Hua added new turbine generator sets to the methanol synthesis device. Yulin Neng Hua utilised the physical property changes of the synthesis reaction products to develop hydraulic turbine units. This is the first of its kind in China, replacing the pressure reducing valve with a pressure recovery system for power generation. The sets are able to generate 1.6 million kWh of electricity annually, without producing any waste during the power generation process.



New turbine generator sets to the methanol synthesis device

#### Case



Future Energy energy saving campaign

##### Project of Comprehensive Utilisation of Low-Pressure Flash Steam

By installing a waste heat to power system in the gasifier framework, Future Energy recovered the heat of low-pressure flash steam for power generation, converting poor-quality heat into high-quality electricity, and reducing heat loss and cutting recycling water consumption. The total annual power generation and savings in circulating cooling water is expected to reach RMB 22.28 million.

## New projects establishment

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

## Supervision and assessment

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

### Energy management KPIs



Comprehensive energy consumption	(10,000 tonnes coal equivalent)	1,384.21
	(1 million kWh)	112,688.49
Density of comprehensive energy consumption (1 million kWh/ billion RMB of sales income)		904.88

## Water-saving management

The Company does not have significant problems in seeking water sources to meet the production and living needs, and the water quality meets the appropriate standards. The Company continues to strengthen water resource management. The Company has formulated the Management Rules for Water Conservation of Production Units and other policies. The policy stipulates that the Sustainable Development Committee of the Board is responsible for formulating and evaluating the water resources management strategy and performance, and sets up a water conservation management leading group at the management level, with the CEO as group leader and the Deputy CEO as deputy group leader. The leading group is responsible for the Company's water consumption management, the formulation of water resources target and strategy, and execution of performance assessment. The CEO is responsible for decision-making on major issues related to water resource management and is ultimately responsible for the performance of water resource management. We have clarified the standards and requirements of water conservation, monitoring and inspection, set up leading groups for water consumption management assessment at different levels, and organised each production unit to set up a special working group to strengthen the implementation of water-saving responsibilities and dynamic assessment management. The Company regularly carries out water conservation education and training to raise employees' awareness on this front.



Based on the actual situation of each mine, we continue to improve the reuse rate of underground mine water, reclaimed water and other alternative water sources. By doing so, we vigorously promote technical innovation in water conservation, achieve zero or minimal water supply on the ground, and become a water-saving enterprise. We operate multiple coal mines that supply mine water to units with water demand such as power and chemical production. We also optimise the selection of different water for production and domestic use, improve water treatment processes, and promote the use of reclaimed water for greening, dedusting, and firefighting. This reduces the consumption of fresh water. By means of water consumption assessments, water consumption statistics and water balance calculations, the Company identifies main water-consuming processes and monitors water consumption. We meticulously inspect the water supply and drainage network for various leaks and wastes, so as to raise water utilisation.

In 2024, the Company implemented 6 renovation projects on water conservation and saved 2.68 million m<sup>3</sup> of water compared to 2023. The cost of water consumption in the Company's headquarter mines decreased by 3.95% compared to the same period in 2023, saving RMB 3.88 million.

### Target progress in 2024



- In 2024, the reuse rate of mine water was 95.36%, and the related targets were achieved.

### Water saving target



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

Water resource management KPIs	
Total water consumption (million m <sup>3</sup> )	174.39
Density of water consumption (million m <sup>3</sup> /billion RMB of sales income)	1.40
Percentage of alternative water sources <sup>5</sup> (%)	87.42%

Case

### Precision process model of mine water

Zhuanlongwan Coal Mine actively promotes a graded and classified fine treatment approach to mine water, collecting high-quality water resources such as underground roof drainage for direct use. This reduces the consumption of fresh water and the cost of mine water treatment, optimises the water quality of the central water tank and improves the operational reliability of the mine's primary drainage system equipment. In addition, Zhuanlongwan Coal Mine has strived to build mine water treatment stations underground to eliminate any discharge of sewage on the ground. It is estimated that more than RMB 5 million can be saved each year in sewage treatment expenses.



5 Alternative water sources include reused mine water, municipal reclaimed water and domestic sewage, accounting 63%, 33% and 4%, respectively.



## Green ecology

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



## Biodiversity

In strict accordance with the requirements of national policies, we employed third-party professional institutions to carry out environmental impact assessments and biodiversity due diligence for all operating sites, compiled biodiversity risk analysis tables, and formulated biodiversity protection action measures based on the assessment results. In addition, based on the treatment principle of "focusing on ecology protection, prioritising farmland restoration, adopting measures to local conditions and taking a multi-pronged approach", and in accordance with biodiversity and vegetation protection regulations, we double our efforts to restore the ecosystem. None of the Company's operating sites involve deforestation risks, operations during the construction and operation phases of the facility cross the national ecological protection red line, or have a serious impact on local biodiversity levels.

The coal mining subsidence areas resulting from the Company's operations are the primary disturbance factors to the surrounding ecological environment and biodiversity. The Company follows the principle of "government-leading, integration of local governments and enterprises, enterprise investment, and coordinated development", and abides by the Measures for the Implementation of the Regulation on Land Reclamation, the Shandong Province Special Planning for the Comprehensive Treatment of Coal Mining Subsidence (2019-2030), the Geological Environmental Protection and Land Reclamation Plan for Mines and other policies. We

actively explore and practice the coordinated development of coal resource development and ecological restoration and governance, solidly promoting the compensation and treatment of mining subsidence land based on the methods of "control at source, process monitoring and endpoint treatment".

In 2024, the Company undertook the task assigned by the authorities for the treatment of coal mining subsidence land, covering an area of 14,038.19 mu (1 mu = 666.67 m<sup>2</sup>), of which 15,649.19 mu were completed, with a task completion rate of over 110%. By the end of 2024, Yankuang Energy's operation had formed a total of 506.5 thousand mu of coal mining subsidence land and stabilised 312.5 thousand mu of coal mining subsidence areas<sup>6</sup>. Through commissioned treatment and self-treatment, the Company had completed the reclamation of 300.2 thousand mu of such areas, successfully accomplishing the treatment tasks assigned by the government. All coal mining subsidence areas in the regions where the projects are located have been or are being effectively managed. Additionally, based on completing stability consolidation and treatment, the Company actively supports local government departments in conducting ecological optimisation and management of coal mining subsidence areas, exploring the construction of nature reserves. These efforts aim to reduce the impact on the ecological environment and biodiversity.

### During mining



- Mine coal resources through the cut-and-fill method to reduce ground subsidence
- Regularly monitor the geological condition of mines to stay fully informed of the mines' geological environment

### After mining

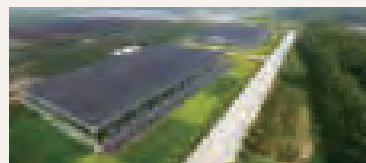


- Restore any subsidence land through ecological restoration project

### Case

#### Ecological restoration and agricultural transformation in coal mine subsidence area

Xinjulong Coal Mine has successfully transformed 18,000 mu of subsidence area into an ecological agriculture park, restored 7,500 mu of nurseries, planted 56 kinds of green agricultural products, and raised livestock and poultry such as Luxi green goats, Luhua chickens and Ma ducks. More than 40 kinds of fruits and vegetables produced by the park are sent to the staff restaurant, so that employees can effectively enjoy the benefits of ecological improvement.



<sup>6</sup> This year, the company improved the statistical caliber of coal mining subsidence land, included the ownership units in Luxi Mining and Xinjiang Energy Chemical.

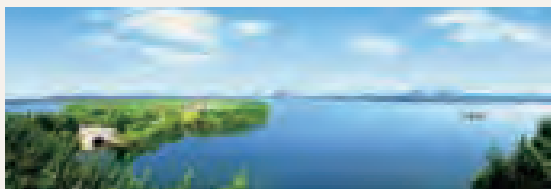


## Case

## A model for the restoration of coal mine subsidence areas

Taiping National Wetland Park is located within the coal field of Yankuang Energy's Baodian Coal Mine. Through ecological restoration, the park has been transformed into a typical new wetland formed by coal mining subsidence. The park provides a rich habitat and breeding space for animals and plants of different ecological niches through measures such as building an eco-friendly bird island, optimising the plant community, and releasing aquatic organisms. After the restoration, the wetland park has attracted a large number of rare birds, like the Reed Parrotbill known as the "bird pandas", and *Aythya baeri*, as well as *Podiceps cristatus*. The number of bird species has increased from 75 to 167, including 13 rare bird species under second class state protection and 7 internationally endangered bird species. In addition, the number of vascular plant species has also increased from less than 200 to 400.

The project of Taiping National Wetland Park has been included in the second batch of value creation cases of ecological products by the Ministry of Natural Resources. It has become a model project of ecological restoration of coal mining subsidence areas that integrates ecological protection, public science education, cultural display, sightseeing and tourism.



Taiping National Wetland Park

## Case

## Integrated farming of grass and livestock at subsidence area

Jinjitai Coal Mine supports the livestock projects of local government in the coal mining subsidence area. We promote sustainable and circular development of grass and livestock by setting up a lake sheep breeding project in the subsidence area. In this way, we promote a virtuous cycle of the ecosystem in the project area and improve its ability to withstand natural disasters. By developing large-scale farming, the project increases the use of organic fertilizers and reduces the use of chemical fertilizers, creating a favourable environment for the development of local green agriculture. This effectively promotes the sustainability of agriculture in the project area.

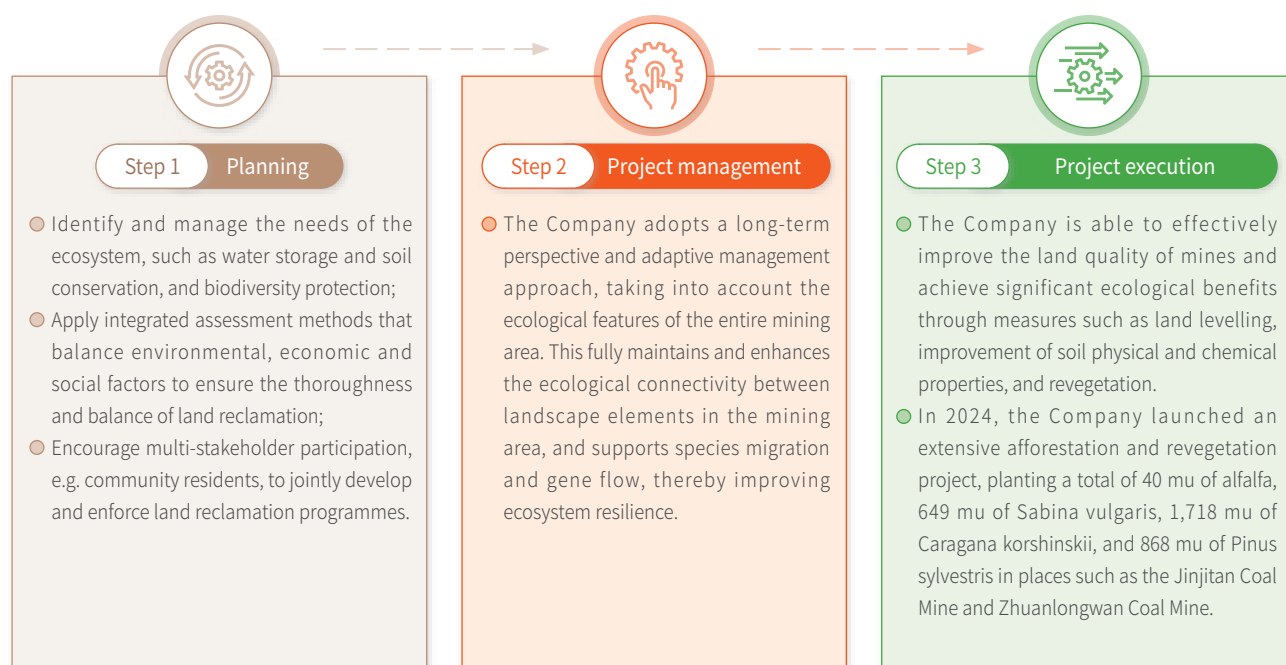


Integrated farming of grass and livestock near Jinjitai Coal Mine

## Biodiversity Assessment

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

We have fully incorporated the concept of landscape-scale environmental management and followed the principle of "reasonable planning and adaptation to local conditions" in the protection of the geological environment of the mine and land reclamation. In this way, we have comprehensively managed the land affected during the production process and created new artificial and natural green landscapes.



#### Case

##### Comprehensive Utilisation Project of Drained Water

In 2024, a total of more than 920 thousand m<sup>3</sup> of water was supplied outwards under the Comprehensive Utilisation Project of Drained Water at Zhuanlongwan Coal Mine. This makes water more accessible for the surrounding area and provides vital ecological support to the nearby natural environment, including:

Replenish the Xihonghaizi Ecological Wetland Reserve

Address the greening and dedusting needs of 4 surrounding highways

Provide industrial water for the adjacent industrial park, reducing withdrawal of fresh water

## Green mines

The Company adheres to the principle of coordination between mineral resources development and ecological and environmental protection, and strictly conducts environmental impact assessments before project construction. The Company does not mine in or near ecological function areas, nature reserves, scenic spots, forest parks. Pursuant to the Green Mine Construction Specification, the Company focuses on the goal of building a "green mine with recycled resources, minimum energy consumption, compliant pollution emission, clean

civilisation and low carbon" and explores the featured green mine construction model, to promote ecologically sustainable regional development and maximise economic, social and environmental benefits.

By the end of 2024, the Company had completed the construction of 17 green mines, including Nantun Coal Mine, Dongtan Coal Mine and Xinglongzhuang Coal Mine, etc.

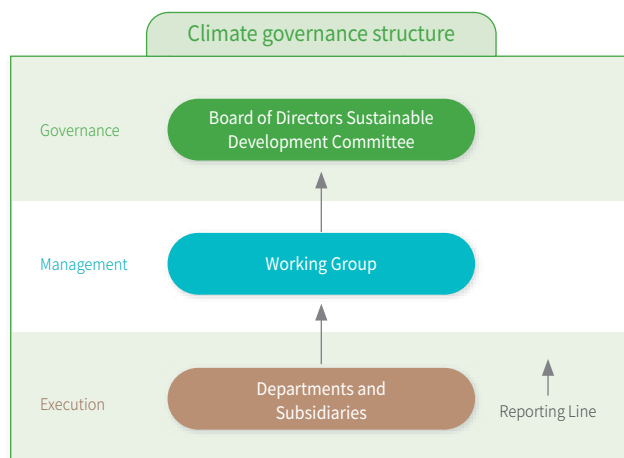
## Response to climate change

In active response to the national goal of "carbon peaking and carbon neutrality", as a leading energy enterprise in China, Yankuang Energy pays continuous attention to the impacts of climate changes on the Company. Specifically, we have established a governance structure, formulated response strategies, identified and assessed climate change risks and opportunities, and set and achieved performance goals.

### Governance

The Company's Board of Directors conducts comprehensive oversight of our ESG initiatives and performance, including climate change issues. The Company's Sustainable Development Committee is responsible for formulating and reviewing the Company's objectives and strategies related to climate change, assessing and supervising the management of impacts, risks, and opportunities related to climate change, the progress of climate-related objectives, and the execution of related work. The Committee holds at least one meeting per year for the debriefing from management on impacts, risks, and opportunities management related to climate change and to provide recommendations. In doing so, the Company can ensure the climate change response strategy consistent with our strategic development direction, regulatory requirements and stakeholder expectations.

For more detailed information, please refer to previous contents in Management of Sustainable Development and the Rules of the Sustainable Development Committee of the Board of Directors.



Management of the Company has formed a leading group to promote carbon reduction. This group is tasked with aligning our actions with the carbon reduction requirements of the coal industry, and action plans of

carbon peak and carbon neutrality of the provinces and cities where we operate, taking into account our business portfolio and the innovative carbon management technologies. They are responsible for the top-level design and execution of our action plans, as well as for evaluating their effectiveness. The Company has clearly defined the responsibilities and tasks in response to climate change of relevant departments and units at the executive level. These departments and units are required to break down the tasks in the action plan into specific work objectives and a task list, implement key work, and report on a quarterly basis to the leading group on the effectiveness of the action plan and the progress of the projects.

The Company engages external consultants specialising in climate-related matters to advise on the management of climate change-related risks and opportunities, and to conduct training sessions aimed at improving the capacity of the Sustainable Development Committee and management to monitor and handle climate-related tasks. These capabilities include:

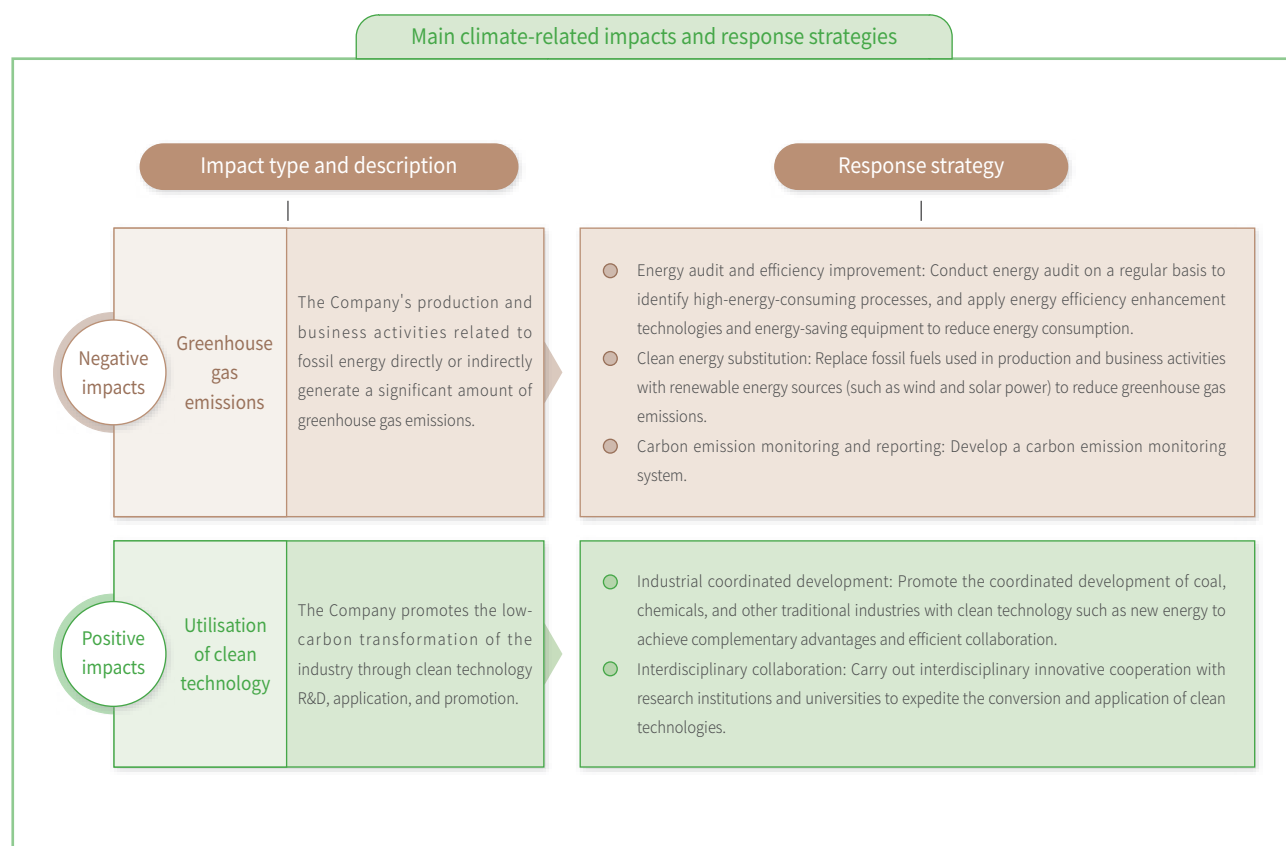
Category	Description
Risk assessment and management	Be able to gauge both physical and transition risks related to climate change, assess the impacts of climate change on the Company's business operations and external surroundings, and formulate a comprehensive risk and opportunity management plan.
Strategic planning and execution	Be able to formulate and implement, based on the Company's current business status and future plans, emission reduction targets, low-carbon technology development, energy efficiency improvement, and action plans to adapt to climate change, with expertise in carbon emission management and other specialised knowledge.
Communication and coordination	Be able to communicate with various levels within the Company and external stakeholders on climate issues, convey information, and ensure that action plans are under support and collaboration to jointly advance climate goals.

## Strategy

The coal industry, as a traditional energy pillar, faces unprecedented challenges in the context of climate change, such as carbon emission pressures, the impact of extreme weather, and market fluctuations caused by the transformation of the energy structure. Nevertheless, technological innovation and the development of clean energy also bring new opportunities to the coal industry. Under this macroeconomic situation, the Company needs to assess the impact of

its business on climate change, and identify the risks and opportunities posed by climate change, in order to achieve sustainable development and support the green and low-carbon transformation of the energy industry.

The main climate-related impacts we identified and strategies against them are as follows in the table.



The main climate-related risks and opportunities we identified and strategies against them are as follows in the table. To assess the Company's adaptability to climate change in the short, medium, and long term in terms of strategy and business model, the Company refers to the Shared Socioeconomic Pathways (SSP) scenarios and the Network for Greening the Financial System (NGFS) scenarios in the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6), supplemented by the Stated Policies Scenario (STEPS) and the Net Zero Emissions by 2050 (NZE2050) scenario of the International Energy Agency (IEA) .



### Main climate-related impacts and response strategies

Risk type and description			Risk exposure under different scenario assumptions						Response strategy
			Group of high-emission scenarios			Group of low-emission scenarios			
			2030	2050	2060	2030	2050	2060	
Transition risks	Policy risk (long term)	The government has formulated stricter policies and regulations to address climate change, while the "dual carbon" goals have led to tougher measures to limit greenhouse gas emissions and put more compliance requirements on enterprises' operations; In the gradually improved trading in China's carbon market, the price of carbon trading has increased, raising business operating costs.	Low	Low	Medium	Medium	High	High	Pay close attention to changes in policies and regulations, and respond to compliance requirements in a timely manner; Actively carry out actions to conserve energy and reduce emissions, and intensify the development of PV and other renewable energy sources; Be prepared for carbon market compliance.
	Technology risk (long term)	The energy-saving technological renovation develops rapidly, and the operating costs of high energy-consuming technologies increased.	Low	Medium	Medium	Medium	High	High	Develop and apply energy-saving technologies, and cooperate in scientific and technological innovation to reduce R&D costs.
	Business structure risk (long term)	Renewable energy technologies develop rapidly, and the demands for major coal products decline.	Low	Medium	High	Medium	High	High	Promote the optimal combination of coal, advanced and new chemical materials and new energy to apply the clean use of coal and provide clean energy products and services.
	Brand and reputation risk (long term)	Efforts to address climate change have not met the expectations of major stakeholders, including the capital market, which may have a negative impact on the brand and its reputation.	Low	Low	Low	Low	Low	Medium	Enhance the Company's sustainable development ability to actively respond to climate change; Improve the information disclosure to strengthen communication with stakeholders.
Physical risks	Acute risk (short term)	Increased frequency and severity of extreme weather events may damage factories, office buildings and equipment, disrupting production and operations.  Sudden natural disasters pose a threat to human safety and result in property losses.	Low	Low	Low	Low	Low	Low	Identify 16 major disaster management programmes, and formulate disaster prevention and emergency response plans to improve the dispatch command system; Improve typhoon and flood prevention facilities and strengthen the investigation of flood damage and other hidden dangers during the flood season; Purchase necessary business insurance.
	Chronic risk (long term)	The average temperature as well as sea level rises will result in higher operating costs and cause damage to equipment and facilities; Long-term drought may lead to water supply shortages, affecting business operations.	Low	Low	Low	Low	Low	Low	Climate-related risks should be fully considered when selecting sites in coastal, hot and high water supply risk areas.

## Main climate-related opportunities and response strategies

Opportunity type and description		Opportunity exposure under different scenario assumptions						Response strategy
		Group of high-emission scenarios			Group of low-emission scenarios			
		2030	2050	2060	2030	2050	2060	
Resource efficiency (long term)	More energy-efficient equipment, buildings and technologies are widely used.	Low	Low	Medium	Medium	High	High	Actively explore the application of new technologies, equipment and processes to increase resource efficiency and reduce energy costs; Identify and respond to supportive government policies and low-carbon projects; Strengthen low-carbon technology R&D to provide green and low-carbon energy.
Product and service (long term)	The R&D and application of green and low-carbon products are thriving.	Low	Low	Medium	Medium	High	High	
Market (long term)	The shift in consumer preferences has led to an increase in the demand for green market products and renewable energy services.	Low	Low	Medium	Medium	High	High	

Taking into account the climate-related risks and opportunities faced by the Company, and in conjunction with climate adaptability, the Company primarily aims to reduce operating costs and carbon emissions in the short term through energy-saving and emission-reduction measures and optimisation of production processes. In the medium term, we will increase our exploration of renewable energy projects, and strengthen technological R&D and innovation to further improve the efficiency of clean coal utilisation. In the long term, the Company will be committed to achieving a low-carbon transformation, exploring new business models and fields, and continuing to pay attention to the development trends of policies and technologies. We will adjust our strategic direction in a timely manner to address the long-term challenges brought about by climate change.

The above content constitutes forward-looking statements and does not constitute a guarantee, forecast, or prediction of future conditions. In this process, many uncertainties, including economic, regulatory, market, geopolitical, and climate patterns, have been taken into account by the Company. These uncertainties are subject to the limitations of data sources and evaluation methods, and can also be influenced by other unobserved uncertainties and subjective judgements.

## Risk management

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

The Company qualitatively and quantitatively determined the types of risks related to climate change, and developed a list of climate change risks and responding strategies and management plans accordingly based on the impact on sustainable development, risks and opportunities identification and assessment, priority ranking, and management processes of handling and monitoring. The Company will continuously monitor and evaluate the status of climate-related risk management.

Please refer to the contents in Risk Management and Materiality Assessment for details.

## Metrics and targets

Yankuang Energy actively responds to the national goals in advancing low-carbon development. Based on documents including the Working Guidance for Carbon Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy issued by the State Council and the Action Plan for Carbon Peaking before 2030, the Company incorporates "carbon peaking and carbon neutrality" into the overall business development to take actions, and timely review the progress of targets. In 2024, the Company has completed the acceptance of the Carbon Peaking and Carbon Neutrality Action Plan. We will steadily advance the work towards carbon peaking and carbon neutrality in accordance with the goals and pathways set out in the plan.

## Future target of carbon emission reduction



## Short-term target

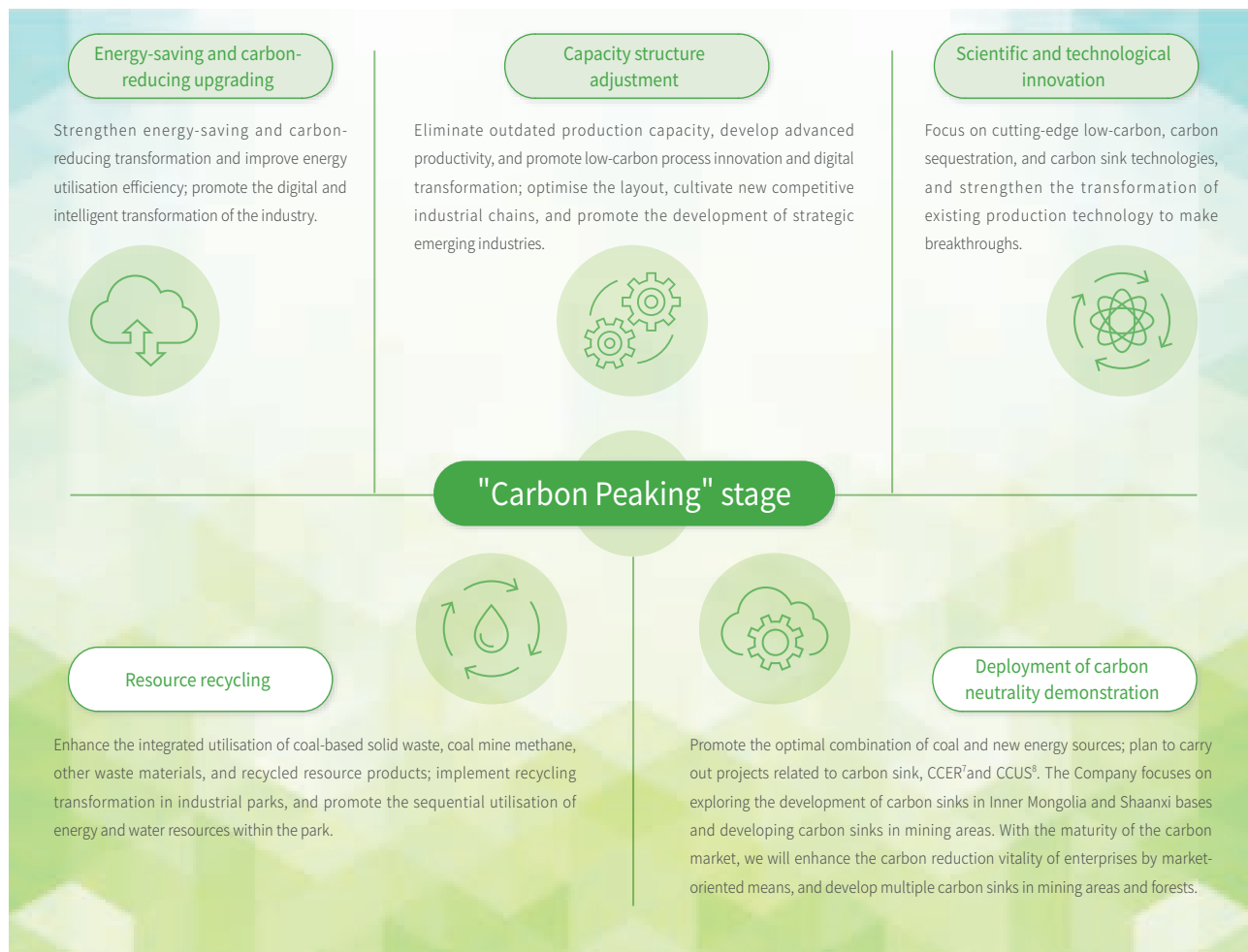
- By 2025, annual CO<sub>2</sub> emissions will be reduced by 700,000 tons through energy-saving and carbon reduction measures.

## Long-term target

- With 2020 as the baseline year, the share of clean energy utilisation is to be increased to over 10% by 2030.
- By 2060, the proportion of non-fossil energy consumption shall reach over 80%, the goal of carbon neutrality shall be successfully achieved, and fruitful achievements shall be made in promoting ecological progress.

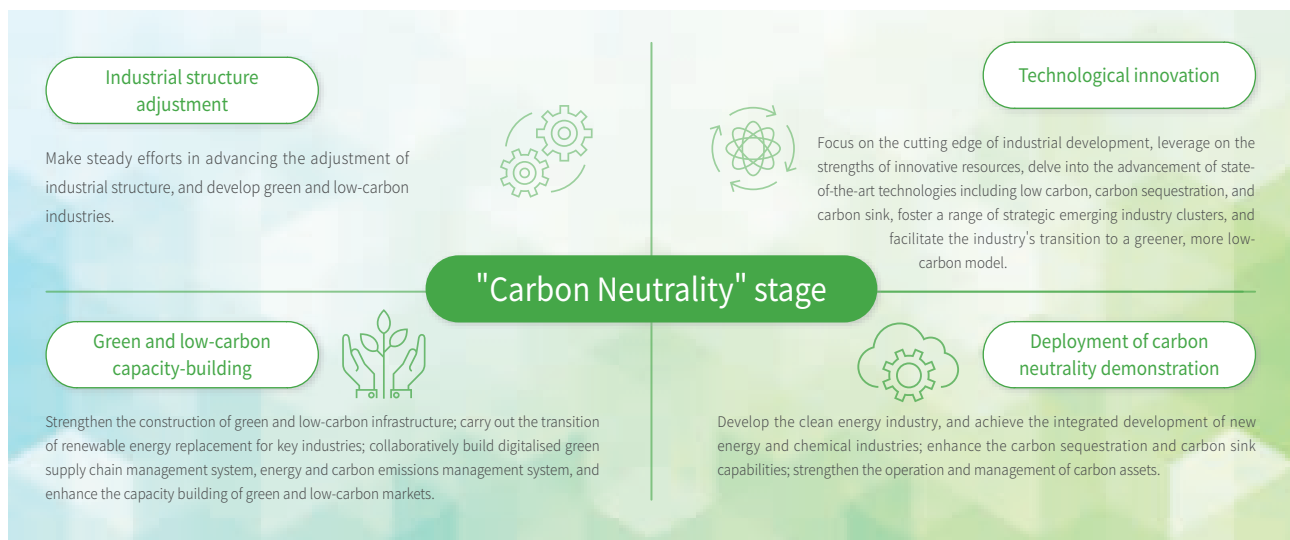
## Action path of dual-carbon strategy

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



<sup>7</sup> According to the Interim Measures for the Management of Voluntary Greenhouse Gas Emission Reduction Trading, the emission reduction participating in voluntary emission reduction shall be registered and filed by the competent national authorities in the national voluntary emission reduction trading register, and the registered emission reduction is called "China Certified Voluntary Emission reduction (CCER)", and can be traded in the registered trading institutions.

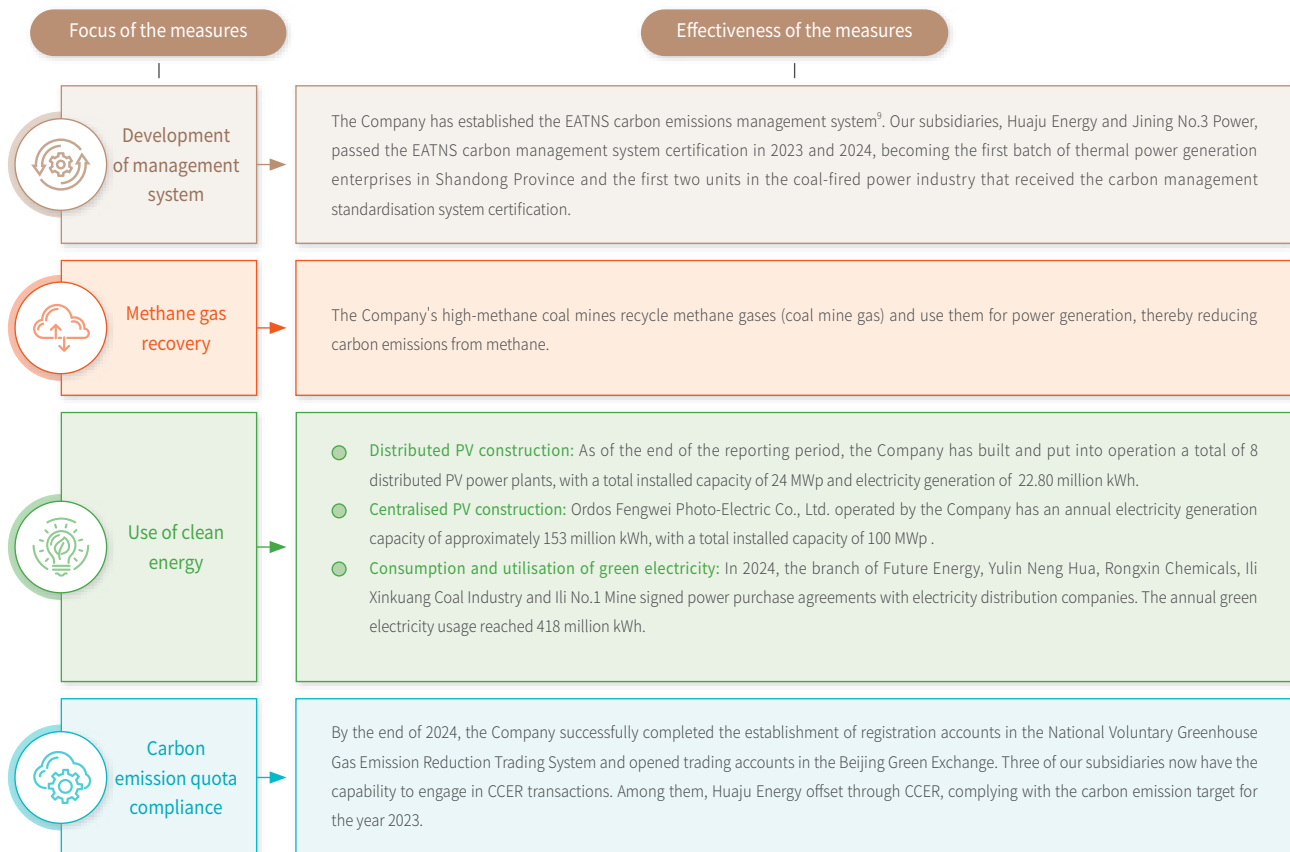
<sup>8</sup> Carbon Capture, Utilisation and Storage refers to the process of capturing carbon emissions in industrial production by various means and then storing or utilising it.



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

## Actions of dual-carbon strategy

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



<sup>9</sup> The EATNS Carbon Management System is established on a group standard led by the Shanghai Environment and Energy Exchange, titled the Requirements and Guidelines for the Carbon Management System.



Case

### Ecological restoration PV project

The Dongtan Coal Mine has launched an ecological restoration PV project on the coal mining subsidence land after reconstruction. The project realises "self-generation and self-use, surplus power to the grid".

- By linking water systems and landscape design, the area is transformed into a wetland ecosystem;
- Integrating a multi-dimensional development approach featuring "power generation on the panels, cultivation beneath the panels, and farming between the panels", the project involves planting drought-tolerant and alkali-resistant species such as *Populus simonii* and *Artemisia sphaerocephala* under the PV panels.
- Developing industries such as ecological agriculture and aquaculture has driven the local economic development, forming a virtuous cycle between ecology and economy.

The project generates over 12 million kWh of electricity annually, saving 4,915 tonnes of standard coal and reducing carbon emissions by 11,463 tonnes per year.

### Greenhouse gas management KPIs



Greenhouse gas emissions (Scope 1 & 2) (10,000 tCO <sub>2</sub> e)	2,280.57
Greenhouse gas emissions (Scope 1) (10,000 tCO <sub>2</sub> e)	1,837.38
Greenhouse gas emissions (Scope 2) (10,000 tCO <sub>2</sub> e)	443.19
Density of greenhouse gas emissions (10,000 tCO <sub>2</sub> e/billion RMB of operating income)	18.31





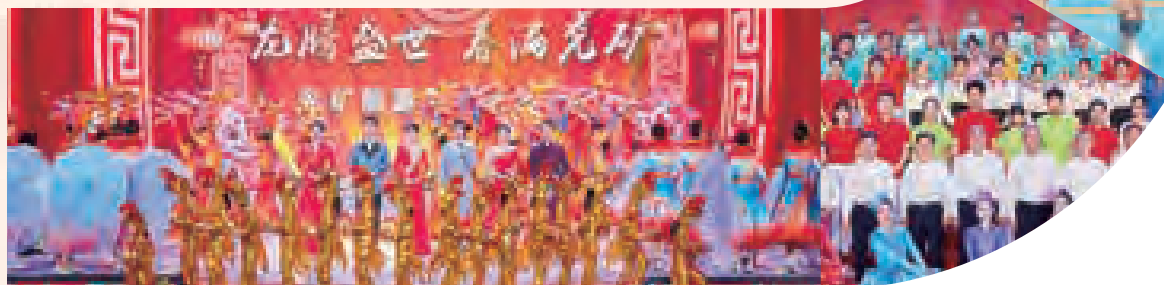
# 04 Care for Employees

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

Respond to ESG Material Issues	Employee rights and benefits, Employment development, Employee safety, Occupational health
Respond to HKEX ESG indexes	B1 Employment, B2 Health and Safety, B3 Development and Training, B4 Labour Standards
Respond to SSE ESG indexes	Employees, Due diligence
Respond to UN SDGs	<div><div>3GOOD HEALTH AND WELL-BEING</div><div>4QUALITY EDUCATION</div><div>5GENDER EQUALITY</div><div>8DECENT WORK AND ECONOMIC GROWTH</div><div>10REDUCED INEQUALITIES</div></div>

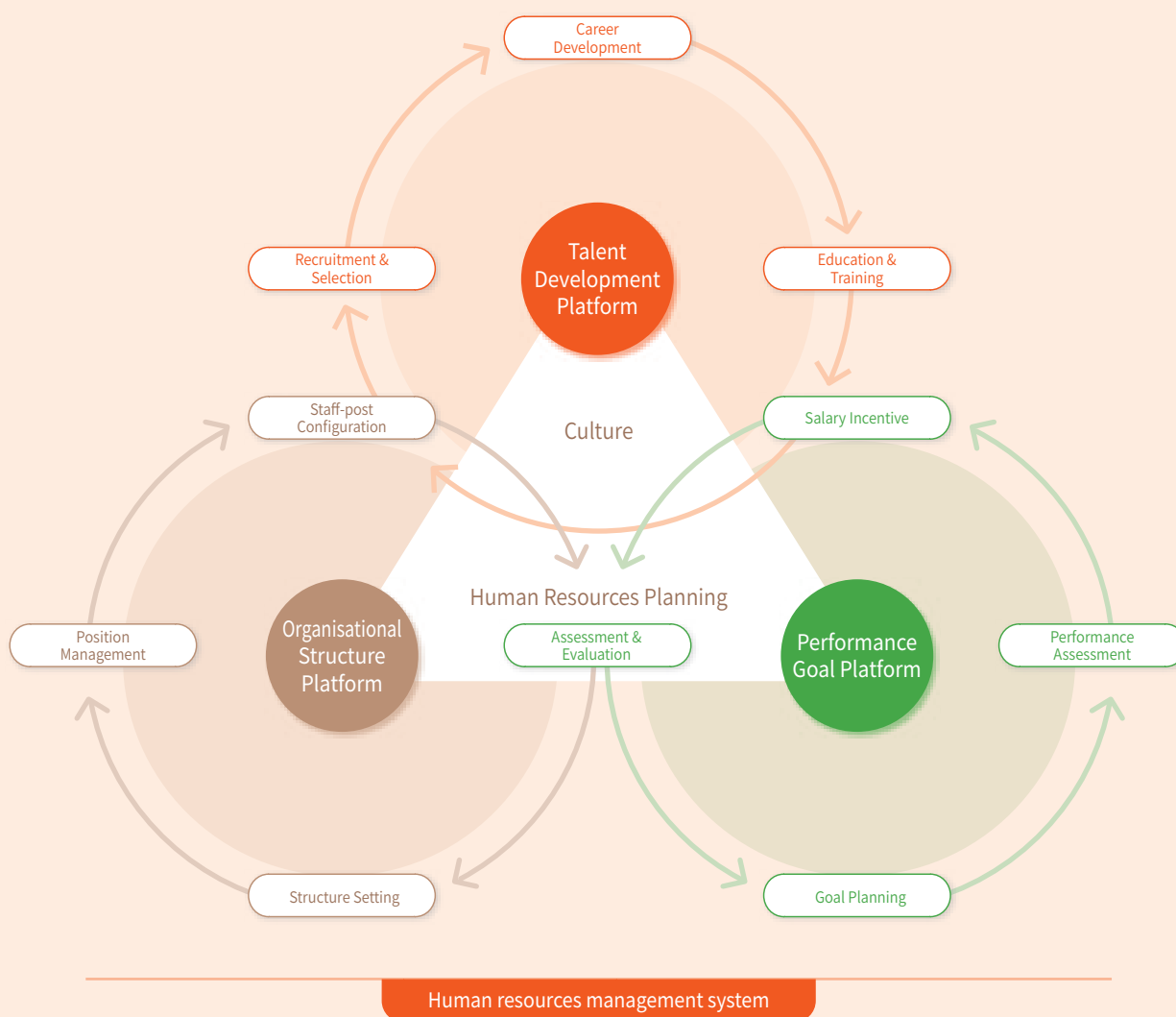


SOCIAL



## Employee rights and benefits

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



## Employment

### Talent recruitment

The Company addresses its staffing needs by recruiting top talent through campus hiring, regional recruitment, and internal resource reallocation. In 2024, we abided by Human Resource Management Rules, optimised the allocation of human resources, and accepted 663 university and college

graduates through the "Source Dynamism" project and other channels. The Company prioritises local employment by hiring local residents as much as possible in production and operation process to further boost local employment and economic development. In 2024, the local employment rate was 93.3%.

### Contract management

The Company strictly abides by the Labour Contract Law of the People's Republic of China and other relevant national laws and regulations, and, in accordance with the principle of equality and voluntariness and consensus, signs labour contracts with all employees, which specify employment terms, working hours, workplace, job type, rest, vacation, remuneration, and benefits. The labour contracts are submitted to local labour and employment authorities for review and record in a timely manner to ensure the legal validity. In 2024, the Company's labour contract signing rate was 100%. 100% of the labour employment records were filed, and 100% of employees signed the collective contract.

### Labour standards

The Company strictly abides by national labour-related laws and regulations, and organises the recruitment in a unified manner, to effectively avoid the potential labour risks of the independent recruitment by each subsidiary. During the recruitment, the Company strictly reviews qualifications, focusing on the verification of valid documents such as identity cards and household registers of applicants, so as to eliminate unlawful recruitment from the source. If child labour or forced labour is found, the Company will deal with it seriously according to relevant laws and regulations. In 2024, no unlawful recruitment was found within the Company.

### Anti-discrimination

The Company is committed to creating an open employment environment and offering equal job opportunities. In matters of employment, training, compensation, promotion, and daily conduct, the Company prohibits any form of discrimination based on gender, race, disability, age, religious belief, sexual orientation, nationality, or family status. In 2024, no discriminatory incident occurred in the Company.

## Protection of rights and interests

### Remuneration and performance

The Company continues to improve its remuneration system, strictly abides by the requirements of laws, regulations and normative documents, and formulates internal policies such as the Contractual Management Rules for Manager Tenure System, the Wage Distribution Guide and the 2024 Safety and Environmental Performance Assessment Scheme. The Company adopts flexible and diversified forms of distribution such as the piece-rate salary system, hourly wage system, and market-based assessment salary system, and promotes salary distribution towards key skill positions and high-level skilled talents. Our performance appraisal and compensation incentive policies cover all employees, including senior management, headquarters employees, management and technical personnel, and workers of headquarter and subsidiaries.

#### Senior management staff

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

#### Employees from functional departments

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

#### Management and technical personnel of subsidiary

Management and technical personnel of subsidiary are subject to the completion of departmental business operations as well as safety, environmental and other targets. Different position levels receive different rewards and annual remuneration amounts based on the evaluation results.

#### Workers of subsidiary

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

In 2024, the percentage of employees covered by the Company's performance incentives was 100%.

### Share-based incentives

The Company deepens the reform of the remuneration system and regulations like the Administration Measures for Equity Incentives of Listed Companies and the Trial Measures for Implementation of Equity Incentives in Domestic Listed Companies with State-Controlled Shareholdings that promote the share incentive plan targeted at employees at all levels including board directors, middle and senior management personnel and core leading members (including core technical, skill, and business personnel), among which some core skill personnel are skilled workers from the production frontline. Focusing more on core technical leading members, the plan enables fully mobilising the management team and cadres and strengthens the Company's market competitiveness and capabilities for sustainable development.

At the same time, in accordance with the 2021 Restricted A Share Incentive Scheme issued by the Company in 2022, the Company clarified this incentive scheme has lock-up periods of 24 months, 36 months and 48 months respectively from the date of registration completion. Annual performance evaluations are conducted during the lock-up periods, with achievement of the Company and individual performance targets as the condition for lifting the lock-up. The Company clearly stipulates relevant repurchase principles for restricted shares, stating that in the event of changes in the incentivised individual's circumstances (including but not limited to position changes, termination of labour relations with the Company, violations of laws or disciplines, damage to the Company's reputation, failure to meet the Company's or individual performance targets, etc.), the relevant restricted shares shall be repurchased and cancelled by the Company. As of February 2025, the performance

assessment results of 14 incentivised individuals did not meet the Company's requirements, and 27 incentivised individuals no longer met the incentive conditions due to job transfers and other reasons. The aforementioned 41 incentivised individuals had been granted but not yet vested restricted shares amounting to 238 million shares, which have been repurchased and cancelled.

### Welfare

The Company provides rich welfare protection for 100% employees, covering directors and supervisors, management, headquarters employees, management and technical personnel, and workers of headquarter and subsidiaries, to safeguard their rights and interests and ensure that 100% of our employee has the right to enjoy benefits such as welfare subsidies, living entitlement, employee activities, paid leave, and maternity support.



### Democratic rights

Yankuang Energy attaches importance to the protection of employees' democratic rights, strictly implements a string of policies and documents to safeguard employees' rights and interests, such as the Rules for the Implementation of the Employee Representative Assembly Regulations,

the Employee Representative Patrol Policy, the Employee Directors and Employee Supervisors Policy, the Collective Contract, the Wage Special Collective Contract, the Labour Safety and Health Special Collective Contract, and the Special Collective Contract for the Protection of Female Employee's Rights and Interests.

The Company regularly reports to the Employee Representative Assembly on the protection of employees' rights and interests, and handles labour disputes and controversies in a timely manner. The Company collects employees' opinions and suggestions through multiple channels such as the Employee Representative Assembly, the complaint and request handling office, the committee for the mediation of labour disputes among employees, and democratic discussion meeting and WeChat official account, so that it can guide and encourage employees to express their demands. Moreover, we safeguard employees' rights to be informed of, express opinions on, participate in, negotiate and supervise the matters concerning their own interests, such as wages and income, welfare benefits, labour safety and health, and social security welfare, promoting democratic decision-making of the Company. In 2024, the Company held the Employee Representative Assembly, where the representatives fully discussed topics including corporate operation, production safety, innovative development and democratic management. Moreover, reports on wage distribution and the performance of collective contracts were deliberated and approved at the meeting.

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

#### Female employees' rights and interests

The Company abides by the Law on Protection of Women's Rights and Interests, the Measures for Labour Protection of Female Employees in Shandong Province and other related laws and regulations, and signs with female employees the Special Collective Contract for the Protection of Female Employee's Special Rights and Interests, effectively safeguarding the working environment and the rights and interests of female employees during pregnancy, maternity leave, etc. In addition, we have incorporated career development, remuneration packages, maternity protection, and assistance to employees in balancing work and family responsibilities into the terms of special collective contracts for female employees.

#### Human rights protection

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

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



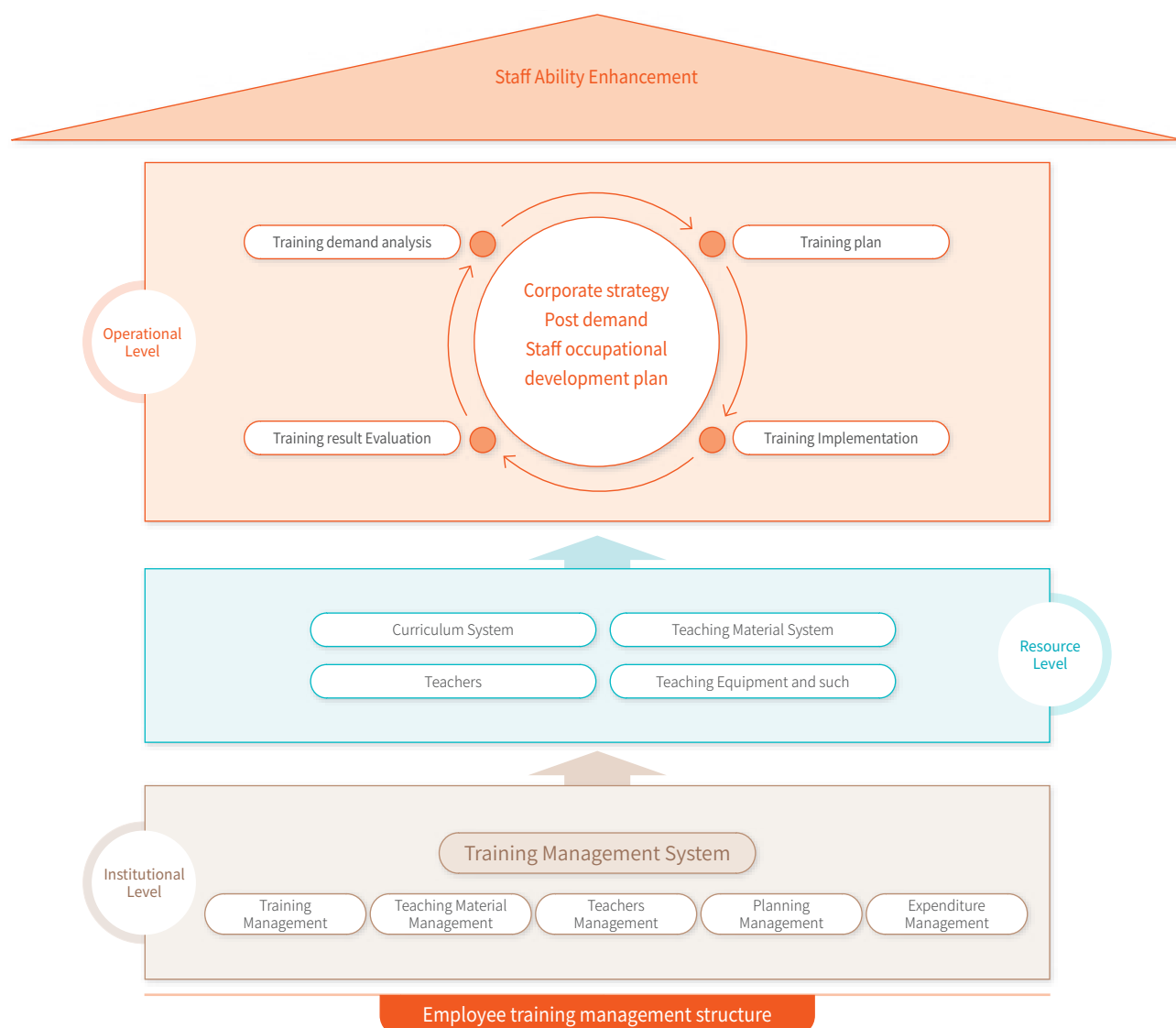
Female Staff Wellness Activity

## Employee development

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

## Employee training

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





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

In 2024, Yankuang Energy gave full play to the core role of education and training in passing on corporate culture, empowering workforce and extracting knowledge as assets, with various forms taken by over 200 thousand employees, including trainings on management, safety, technics, skills, job transition, etc. The employee education costs exceeded RMB 100 million. All subsidiaries of the Company conducted training via online platforms such as Shandong Energy E-learning and organised examinations for over 300,000 times.

#### Proportion of employees trained

100%

#### Average training hours of employees

44.67 hours

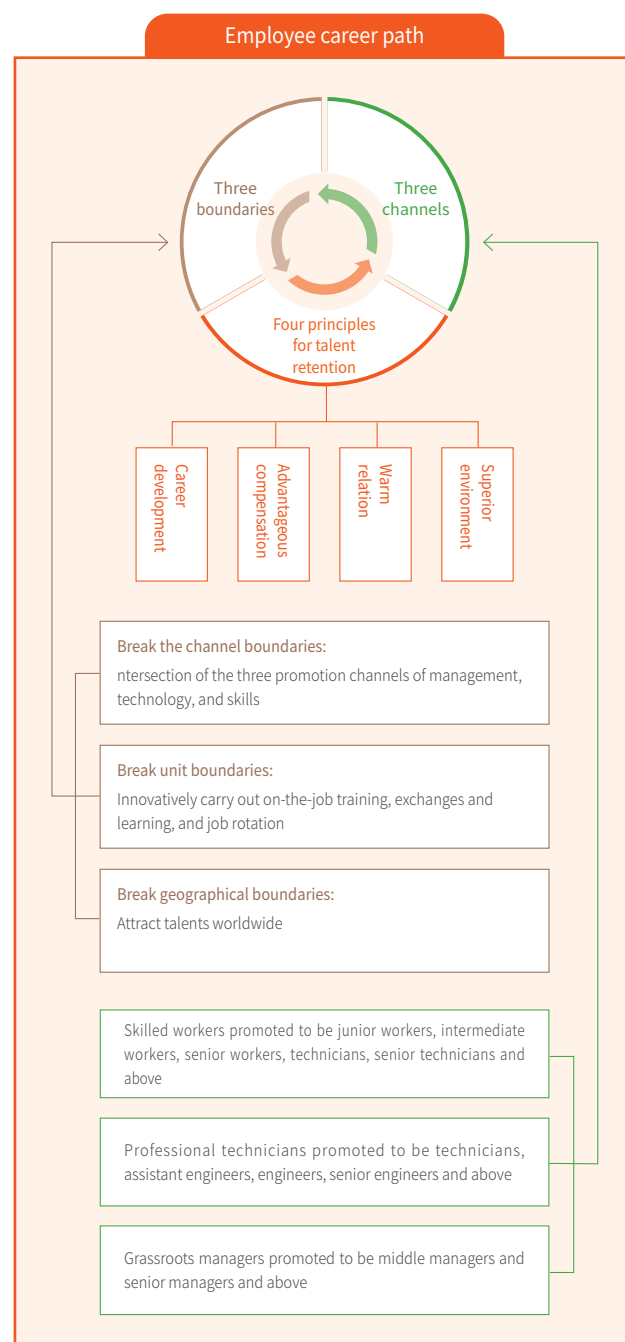


All Staff Job Skills Competition of Yankuang Energy

## Employee promotion

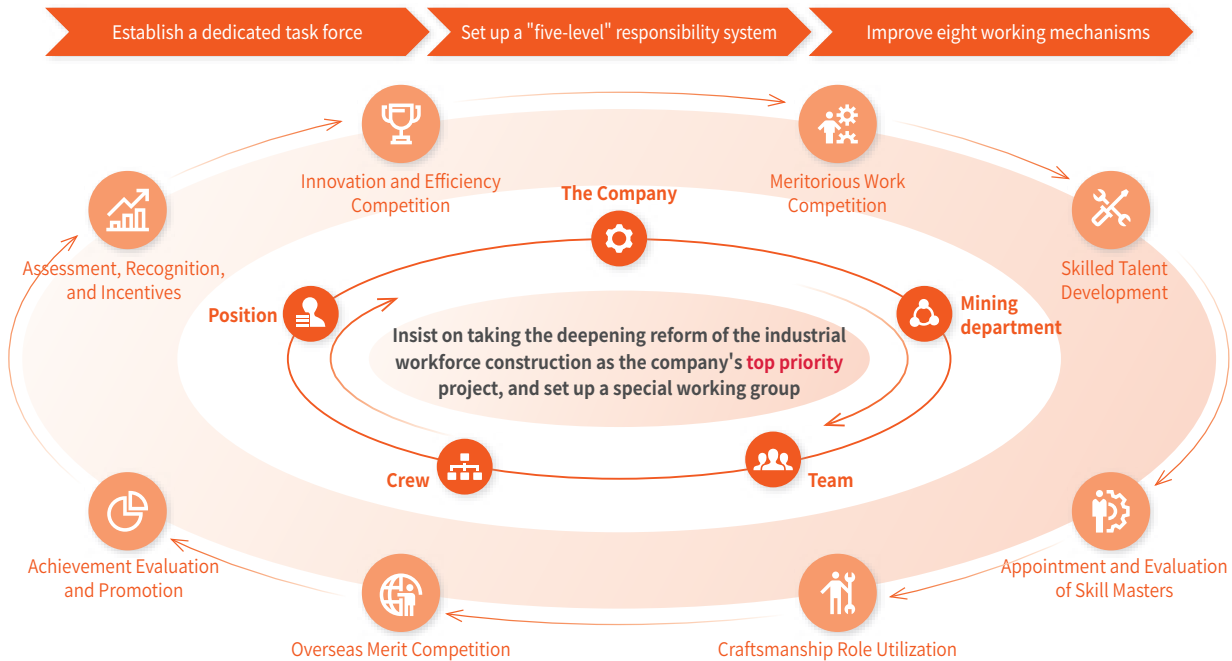
The Company adheres to a dual-pronged talent strategy that combines external recruitment with internal cultivation, refined three promotion channels based on management, technology, and skills, and further improved the selection system for young cadre. For the internal vacancies of management and technical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

Centred around its development strategy and industrial layout, the Company has built talent pools at senior, intermediate, and junior levels for different professions such as engineering technology and human resources, and has improved the measures for the management and assessment of talent pools. The Company has innovatively carried out post-exchange training between functional departments of headquarters and grassroots subsidiaries, enriched employees' job experience, improved their comprehensive quality and cultivated a group of industry-leading talents mastering various specialised skills.



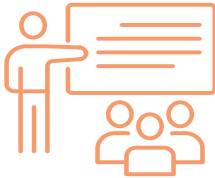
## Further advance the reform of the construction of the industrial workforce

Yankuang Energy is earnestly implementing the important arrangements of the Central Committee of the Communist Party and the State Council regarding the deepening reform of the construction of the industrial workforce. It is committed to top-level design, focusing on innovation among all employees, and concentrating efforts on talent cultivation, to comprehensively develop a knowledgeable, skilled, and innovative industrial workforce.



### Continuously strengthen organizational leadership

- Adhere to making the deepening reform of the industrial workforce construction a top priority project for the company's leadership, establish a dedicated task force;
- set up a "five-level" responsibility system from the company to the individual positions;
- improve eight working mechanisms including innovation and efficiency competitions, and skilled talent development.



### Effectively safeguard the rights and interests of employees

- Convened the third fifth session of the company's trade union representative assembly, established and improved the trade union labor law supervision committee and the team of labor law supervisors, standardized the signing and strict fulfillment of the company's "collective contract", etc., ensuring that the rate of enterprise collective consultation system establishment is 100%;
- Improved the "four-level grid-based" mass safety work system, carried out 20 mutual inspections, and 424 centralized hidden danger inspections;
- A total of more than 12 million yuan was invested in carrying out more than 1,300 sessions of the "Four Seasons Constant Temperature Safety Instructions" series of activities, involving more than 67,000 employees.

### Empowering employees for growth and development

- Established and improved a skill talent training system, including the "new eight-level" vocational skill grading system for skill talents and the skill master rating system. A total of 204 skill masters have been selected, including 6 chief skill masters;
- The establishment of the Yankuang Energy "Craftsmen College" has been named and designated by the China Energy Chemical Geological Union, the Provincial Energy Union, and the Shandong Energy Group Union;
- Annually organize the selection of participants for provincial and national skill competitions, achieving excellent results.

### Motivate employees to achieve outstanding accomplishments and build a career

- Formed a "Model Worker and Craftsman Lecture Group", established 10 "Model Worker and Craftsman Lecture Halls", and shared stories of model workers and growth experiences with employees, imparting experience and methods. Organized model workers and craftsmen to conduct skill classes and other "enterprise assistance" activities in overseas units;
- Formulated a management method for the creation, selection, and dynamic assessment of workshops, named and designated 10 model worker (high-skill talent) innovation studios, 57 worker (high-skill talent) innovation studios, 6 women's innovation studios, and 5 youth innovation studios, and recognized and rewarded 232 employee innovation achievements with a total of 3.78 million yuan in rewards;
- Focusing on the transformation of outcomes into practical applications, the company held its first Model Worker (Craftsman) Forum and All-Employee Innovation and Efficiency Achievement Exhibition. It also hosted the national coal industry's "Model Workers and Craftsmen Assist Enterprises, Enter Campuses" and the "Academician · Craftsman Forum" activities.

### Awards related to the deepening of the reform of the construction of the industrial worker team

Yankuang Energy's initiative to transform "blue-collar" workers into "gold-collar" professionals was selected as a key innovative work case by the provincial trade union for 2024. The company's experience in deepening industrial reform has been widely covered by national media outlets such as the Workers' Daily.

The company's progress in industrial reform has been praised by the Joint Meeting of the New Era Industrial Workforce Construction Reform in Shandong Province.

Yankuang Energy and Lunan Chemical were honored as outstanding organizing units in the 2024 Shandong Province Workers' Summer "Three Inspections and Three Preventions" Safety Production Competition.

The company currently has over 100 senior skilled talents including "Great Nation Craftsmen," "National Technical Experts," "National Coal Industry Skill Masters," "Qilu Great Craftsmen," and experts who enjoy special government allowances from the State Council.

Employee Ding Pinzheng won first place in the equipment technician event at the International Mine Rescue Technology Competition in Colombia.

The company has won four special awards in the National Coal Industry Vocational Skills Competition, with employee Bo Kexian winning the gold medal for the monorail crane driver event.

Technical expert Xie Cuihong was awarded the National May 1st Labor Medal, and three employees, Guo Jinling, Qin Qin, and Qin Yue, were honored with the title of "Qilu Craftsman."

Over 100 of the company's achievements have been recognized by the China Coal Industry Association and other organizations.

Yankuang Energy Craftsman Academy has been designated as a national construction site for the energy, chemical, geological system craftsman academy (first batch).

The company has established one national skill master studio, 24 provincial and ministerial innovation studios, and Shandong Province technician workstations. All 12 innovation studios that participated in the assessment passed the provincial labor model and craftsman talent innovation studio evaluation in 2024, and five units were awarded the title of Shandong Province All-Employee Innovation Enterprise.

## Care for employees

### Cultural and sports activities

The Company organises diverse online and offline cultural and sports activities, so as to satisfy employees' spiritual needs and enhance their comprehensive competence and group cohesiveness. Offline activities include a variety of competitions such as table tennis, badminton and cooking. Online events consist of photography and painting exhibitions, chess and cards competitions, online reading notes sharing.



Spring Festival Gala



Table Tennis Match

### Care and compassion

The Company always cares for what employees think and want, and constantly carries out caring activities such as consolation to employees, "Golden Autumn Student Aid", "Aid for People in Need", "Surrogate Support for the Elderly", "Loving Mothers", and "Learning from Lei Feng". In 2024, the Company intensified its efforts in employee assistance, visiting 499 families of employees in need, 247 students in need, and offering assistance funds and scholarships of more than RMB 1.7 million. In addition, the Company provided funds of RMB 2.1 million to employees with serious illnesses and deceased employees' family members who are lack of sustinment and financial support, totalling 85 persons.



Yankuang Energy CEO Wang JiuHong visit underprivileged employee's children

## Employee safety

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

## Production Safety

The Production Safety Committee is the Company's highest governing body for safety management, chaired by the CEO. It is responsible for deploying and supervising the Company's production safety work, including establishing the safety management system, formulating and monitoring the implementation of safety work plans, staffing safety management

personnel, formulating and implementing emergency response plans, and making major decisions on safety investment, accountability, assessment, and incentives. The Company has production safety management bodies, such as the Safety Supervision Department and the Dispatch Control Centre, responsible for safety management, dispatch, emergency response and related tasks.

### Target progress in 2024



In 2024, no major accident has occurred.

### Future production safety target



#### Long-term target

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



Water Accident Emergency Drill

## Dual prevention mechanism

The Company has formulated the Management Policy for the Dual Prevention Mechanism of Classified Safety Risk Control and Hidden Hazard Detection and Control, and revised the Regulations on Safety Management of Dangerous Operations and the Regulations on Safety Management of Temporary Construction Operations. The Company identifies and assesses various major risks, reassesses 86 types of dangerous operations in 11 professional fields and their risk levels, and establishes control and emergency plans, to realise the organic integration of risk classification management and hidden danger investigation and management. In 2024, the Company promoted the use of a mobile APP to help employees conduct risk assessments before work and when entering hazardous areas for operations, thereby enhancing the efficiency and convenience of operational risk assessment. The Company conducts monthly and quarterly inspections of safety risk identification and hazard investigation and rectification efforts in each unit. After the risks and hazards have been addressed, a comprehensive assessment and acceptance of the rectification effects is carried out to achieve closed-loop management.

## Safety emergency management

The Company has put in place policies such as the Emergency Plan for Production Safety Accidents and the Management Measures for Emergency Response, improved the emergency work system, built a comprehensive emergency rescue team, and ensured reasonable, sufficient and disposable on-site equipment and supplies. For the underground coal silo, the Company has formulated the Regulations on Safety Management of Coal Silos in Mines, which sets out detailed requirements for the daily

management of coal silos, emergency response measures and other aspects, to prevent coal silo fire and other accidents from the beginning. The Company regularly organises emergency practice drills for situations such as disastrous weather, fire and mine water accidents, and carries out practical assessments and operational quality tests to enhance emergency management capacity. In 2024, the Company carried out over 1,000 emergency drills for various scenarios with 27,000 participants.

## Safety supervision assessment

The Company has optimised policies such as the Management Rules for Grid Management of Production Safety and the Security Assessment Implementation Approach to strengthen safety assessment and supervision. The Company has established 13 professional assessment teams, adopts measures such as on-site inspection, communication, reverse inspection and backtracking, and keeps implementing the "1+1+N<sup>10</sup>" inspection mechanism to carry out comprehensive safety inspection and assessment. Rectification within the specified time limit shall be implemented by the relevant responsible department for any problems identified in the inspection. During the year, the Company completed 15 safety inspections and comprehensive evaluations, 15 unannounced night inspections and 12 rock burst prevention inspections.

In 2024, the Company incorporated production units and direct subsidiaries for production safety in the scope of assessment and developed differentiated assessment standards. The Company also conducted safety performance assessment and production safety innovation and efficiency reward for management and functional departments of the headquarter.

## Management of contractors

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

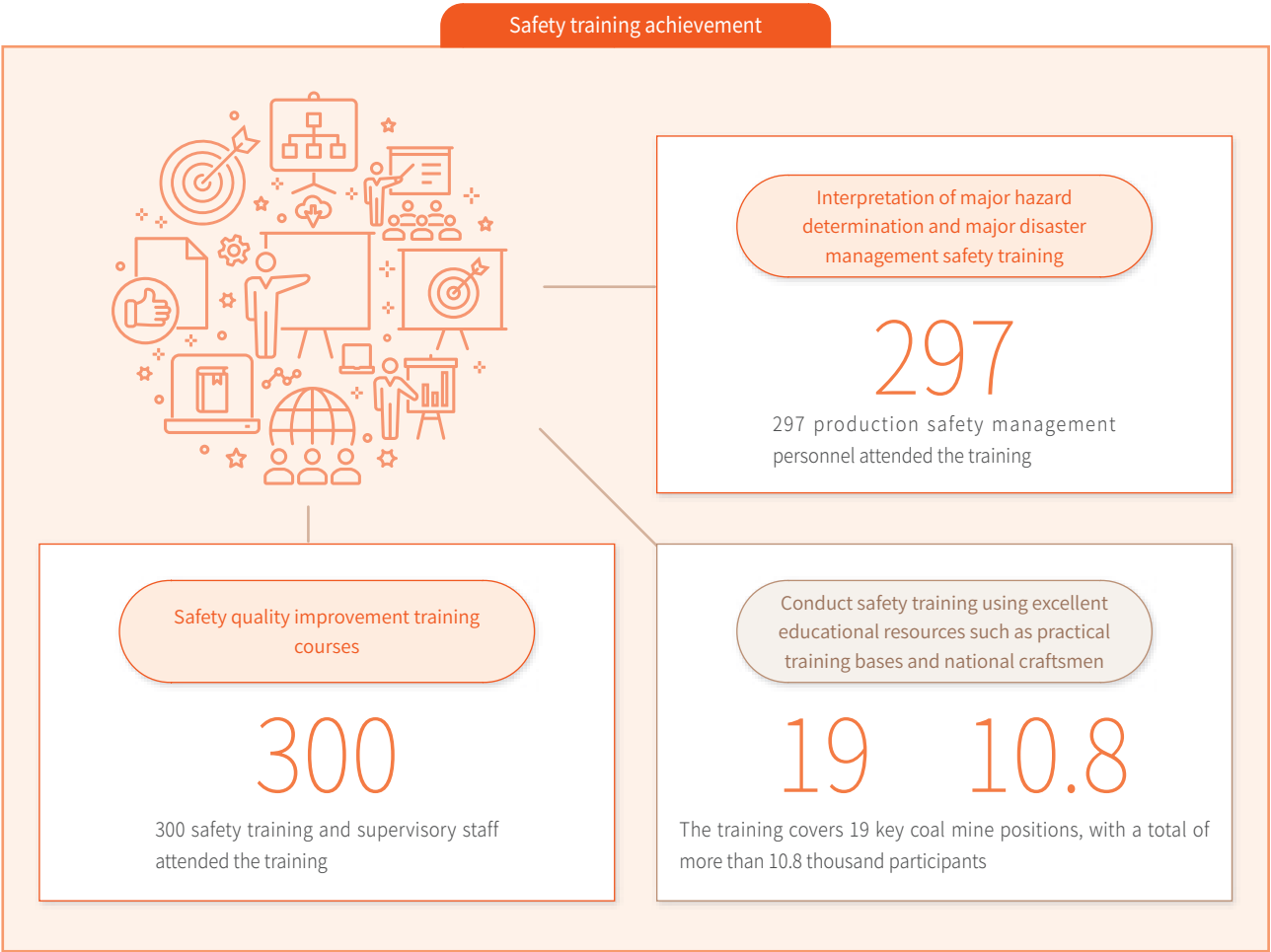


Yangcun Coal Mine fire emergency drill

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

# Safety training

The Company has enhanced safety training at all levels, and developed the Safety Training Management Policy and the annual safety training plan. The Company gives multi-channel and high-quality trainings to effectively improve production safety and management capabilities of personnel at all levels and contractors. In 2024, the Company completed safety training for "personnel in charge of the three posts<sup>11</sup>", underground team leaders, and general practitioners. The participation rate, training passing rate and certificated employment rate all reached 100%.



Production safety knowledge education and training in Dongtan Coal Mine



Safety Training

11 The three posts mean the main principals of production and business units, safety management personnel and special operation personnel.

## Occupational health

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

### Target progress in 2024

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

### Future occupational health target

#### Long-term target

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

### Case

#### Coal mine improves the work environment by applying the "long pressing and short pumping" ventilation dedusting technology

Zhaolou Coal Mine applies the "long pressing and short pumping" ventilation dedusting technology to achieve an air dust removal efficiency of over 99%. This effectively reduces the dust generated during cutting by face tunnelling equipment, with the weighted concentration of dust in the rock tunnel excavation being less than 1 mg/m<sup>3</sup>. As a result, the work environment has been improved and the risk of employees contracting occupational diseases has been mitigated.

The Company has conducted measures such as notifications of occupational disease hazards, set-up of warning signs, daily monitoring, regular reporting, and other protective measures. The Company has also carried out relevant assessment, formulated the Workers' Occupational Health Surveillance and File Management System, set up a "dual prevention" system of occupational disease hazards, and established employee electronic surveillance files based on the principle of "one file for one person". The Company insists on declaring occupational disease hazards, and actively organises occupational health examinations and health rehabilitation for underground employees. In addition, the Company has entrusted qualified technical service agencies to identify occupational disease hazards at least once a year and assess the current occupational disease hazards at least once every three years. The Company tests the effectiveness of prevention and control of occupational disease hazards through comprehensive, targeted, regular and random checks. In 2024, the occupational health examinations and screening covered all employees, and there was no incidence of occupational disease at the Company.



Lunan Chemicals occupational health publicity event

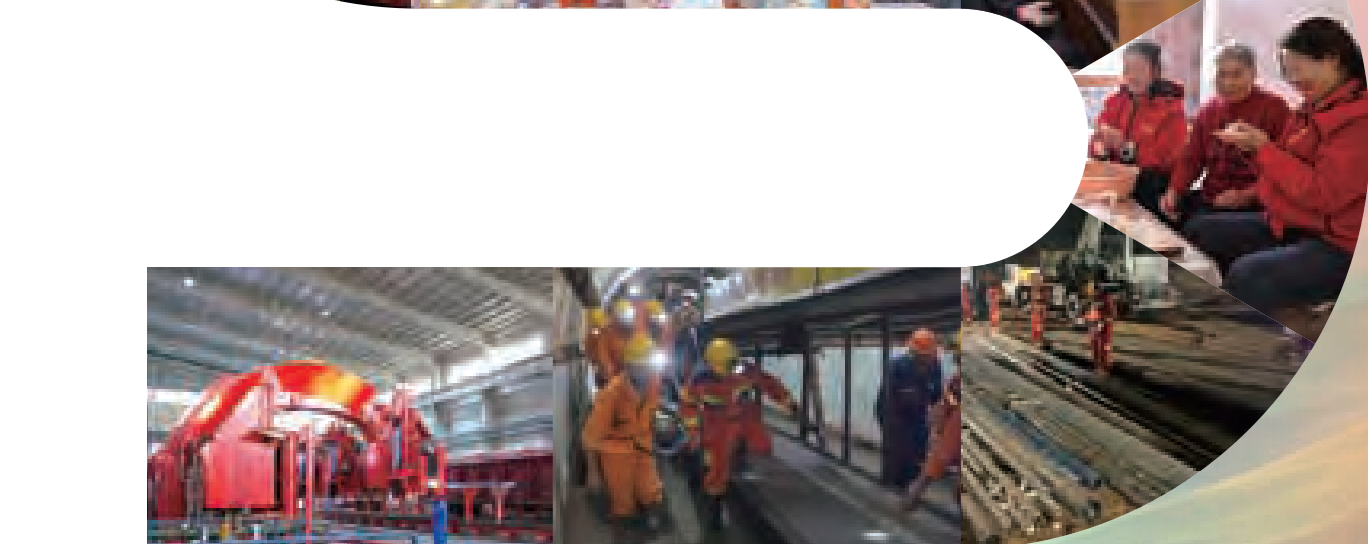


Zhuanlongwan Coal Mine occupational health event





SOCIAL







# 05 Social Responsibility

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

Respond to ESG Material Issues	Care for Community, Rural Revitalisation, Energy Supply Security, Emergency Relief
Respond to HKEX ESG indexes	B8 Community Investment
Respond to SSE ESG indexes	Rural revitalisation, Contribution to society
Respond to UN SDGs	<div> <div>1 NO POVERTY</div> <div>2 ZERO HUNGER</div> <div>4 QUALITY EDUCATION</div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div>17 PARTNERSHIPS FOR THE GOALS</div> </div>

## Rural revitalisation

The Company actively responds to the national strategic deployment of rural revitalisation, upholds social responsibility and mission. The Company deepens cooperation between local governments and enterprises, and develops distinctive industries according to local conditions to drive local development, and consolidate and expand the results of poverty alleviation through organisational revitalisation, industrial revitalisation, cultural revitalisation and ecological revitalisation.

### Organisational revitalisation

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

### Industrial revitalisation

The Company promotes the village-enterprise construction programmes and promotes the sales of agricultural products from paired regions through "purchase instead of donation", "procurement instead of assistance" and many other ways. In 2024, Yingpanhao Coal Mine supported the "Common Prosperity Villages, Shared Communities" initiative in Wushen Banner, Ordos City, Inner Mongolia, by purchasing local agricultural and livestock products (including beef, mutton, vegetables, etc.) valued at RMB 2.48 million.

### Cultural revitalisation

The company takes full advantage of the local cultural resources, and assists the work of rural cultural construction by sponsoring the Lantern Festival Fireworks Show and other public cultural activities. In 2024, Tianchi Energy collaborated with local enterprises to jointly undertake several projects in Heshun County, including the New Town Lighting Project, the Government Plaza Light Show and the Lantern Festival Fireworks Show, contributing to the local cultural development.

### Ecological revitalisation

With great concerns about the natural environment and living conditions of rural residents, the Company actively promotes the ecological conservation in rural areas by participating in afforestation. Since 2020, Jinjitan Coal Mine has invested more than RMB 140 million. The investments aim to boost the greening project of Yulin City as an "ecologically liveable city and a forest city" and promote the ecological protection. At the same time, the company actively promotes restoration project in Yuyang District, and works hand in hand with local residents to create a better life.



Rural revitalisation

## Energy supply security

The Company adopts multiple measures to ensure energy supply, optimise the production organisation, adjust the production structure and sales layout, promote intelligent coal mining, and stabilise the task of supply. The Company actively communicates with all parties and achieves a safe and stable supply through prioritizing the coal shipment to power plants with heavy heating tasks, high coal consumption and low inventory. We enhance transportation coordination and control, optimise dispatch strategies, and ensure the efficient and orderly delivery of energy. In 2024, the Company supplied a total of 28.94 million tonnes, and the rate of coal delivery in Shandong Province was 100%. At the same time, the Company actively assisted the resident governments with heating coal to protect local residents' winter heating and electricity consumption and support local economic development.

The Company actively responds to national policies, accelerates the construction of coal storage and distribution bases, and takes advantage of port transportation to build an important energy transit station and improve energy security capacity. In 2024, the capacity of coal reserve was 5.70 million tonnes.



Railway transportation



Waterway transportation



Highway transportation

## Care for community

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

## Community relationship

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

During the relocation around the coal mine, the Company strictly complies with policies and regulations such as the Management Measures for Village Relocation in Mining Area and the Compensation and Resettlement Measures for Village Relocation in Mining Area. With the common goal of "safeguarding the legitimate rights and interests of villagers relocated for new projects and mine production", we uphold the principles of "free, prior and informed consent (FPIC)" and "people-oriented stance, equal consultation, transparent procedure, site-specific and resource-saving approach", and insist on the equal importance of livelihood protection and resource development. We fully respect the will of the relocated villagers to safeguard the legitimate rights and interests of the people in the project site

and the surrounding areas.

The Company works with the local government and affects communities to develop a relocation plan. We fully consider the living needs of the relocated villagers and the surrounding public facilities, and optimise the planning and design, to ensure that the relocated residents can enjoy abundant public service resources as much as possible. The relocation plan will be publicised in the communities to be relocated for no less than 30 days to widely solicit residents' opinions. The relocation plan will be adjusted according to residents' feedback.

During the implementation phase of the relocation, the Company performs the democratic decision-making procedures, signs the letter of intent on resettlement with the relocated residents, and ensures proper resettlement and adequate compensation for them.

The Company is committed to advancing the sustainable development of the local society and economy through reclamation projects. The Company revises the Mine Geological Environment Protection and Land Reclamation Plan every five years to ensure that the reclamation projects will help increase the income of nearby farmers and improve the production and quality of life of local people. When preparing the plan, we conduct on-site investigations in the affected areas around the reclamation project, visit relevant local government departments, industrial zone landlords and residents, and hold media publicity meetings to widely solicit public suggestions to improve the plan. The Company also organises a public representative group consisting of local residents and representatives of villages to participate in the implementation of the plan, and supervises the reclamation work performed in strict accordance with the plan. These efforts safeguard the long-term interests of the public in the local community.

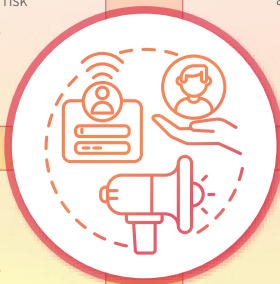
### The Company conducts community impact assessments and encourages public participation

In the pre-project stage, the Company, in cooperation with local government agencies, conducts social stability risk surveys on safety, compensation and other matters, identifies and lists risk points, evaluates the degree of risk impact, and consults with villagers through seminars and other means.

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

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

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



## Volunteer services

The Company's volunteers carry out warm-hearted activities on streets, in communities and in families, with themes covering fire

Dongtan Coal Mine held a voluntary blood donation activity, with a total of 122 employees engaged and over 40,000 ml blood donated.

Tianchi Energy engaged a professional cleaning company to dredge the river, and install grating nets in the river to prevent garbage accumulation and improve the living environment.

Baodian Coal Mine set up a support group called "Loving Mothers", carrying out the "Six Caring Actions"<sup>12</sup> to bring warmth and companionship to children in difficult circumstances, helping them grow up healthy and happy.

Volunteers from Jining No.3 Coal Mine provided voluntary haircuts, health clinics and health counselling to the elderly in the local community.

safety, green action, volunteer, community services, health care to deliver our care for the residents in the community.

The Company offers various charitable services. For example, establishing a civil public welfare rescue organisation to provide road rescue services for the public; cooperating with hospitals to conduct free clinical treatment in communities, providing psychological service and training; setting up assistance and relief funds for people with difficult circumstances, covering medical assistance for major illnesses, education, and relief for difficulties; organizing community volunteer activities such as visiting elderly residents and orphaned children, and helping community residents remove snow and ice.

### Social contribution of the year

Total investment in public welfare projects and external donations		RMB 58,001,800
Total investment in poverty alleviation and rural revitalisation projects		RMB 10,478,000
Social contribution per share	China Accounting Standards	RMB 7.17 per share
	International Financial Reporting Standards	RMB 7.14 per share



Volunteer in adjacent counties and countryside

<sup>12</sup> Meet a wish of the child, guide the child to read a good book, write a loving letter to the child, talk to the child at least once every half month, accompany the child face-to-face once a month, once a year a special greeting (giving gifts, cooking for the child, etc.).



Jining No.3 Coal Mine Community Care Activity



Baodian Coal Mine "Loving Mothers" Activity



Nantun Coal Mine Youth Volunteer Blood Donation Activity Donations for the year



Care childless elderly



## Emergency relief

After years of practice and accumulation, Yankuang Energy has established and formed a set of response system for emergency assistance, helping carry out emergency rescue and practice training. The Company regularly undertakes training tasks such as the full-time and part-time ambulance team qualification skills training and the coal mine team leader's emergency response ability training in Shandong Province. In addition, the company's education and training work has achieved new breakthroughs across regions and industries.

Table Emergency capacity improvement training

Name of emergency response ability training	Participation in the training
Part-time rescue team training	12 training sessions, with over 1,300 participants
Coal mine team leader's emergency response ability training	20 training sessions, with over 2,200 participants
Non-coal mine full-time rescue team training	Over 200 participants

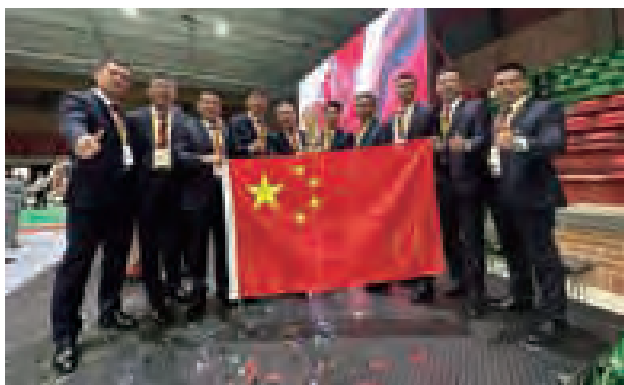
During the reporting period, the Company participated in a total of 183 various emergency rescue drills, involving 1,774 people, and supervised and improved over 460 drawbacks. Through these strong initiatives, the Company has ensured continuous and safe production in mines. In 2024, the Company participated in the 13th International Mine Rescue Competition, won "First Place in Group Theory" and its employee claimed the "Champion in Equipment Technician" title, setting the best performance ever by the China Mine Rescue Team in overseas competitions. Furthermore, the employee earned a gold medal in the Equipment Technician event, which was fully affirmed and praised by the Ministry of Emergency Management of the People's Republic of China and the Production Safety Emergency Rescue Centre.

In the face of emergencies, the Company has stepped forward to complete the rescue and relief tasks excellently. In 2024, the Company participated in disaster relief and emergency rescue, and successfully completed rescue

missions such as roof fall accident of Linyi Lanling Penghui Mining, and water accumulation in the underpass of Chongwen Avenue in Jining Hi-Tech Zone.



Coal Mine Accident Rescue



13th International Mine Rescue Competition



Coal Mine accident rescue scene



## Key Performance Indicator

Manage Performance Indicators		Unit	2024	2023	2022
No.	Operation Performance				
1	Total assets	RMB 100 million	3,563.50	3,523.59	3,755.04
2	Total borrowings	RMB 100 million	1,107.96	1,001.88	867.22
3	Sales income	RMB 100 million	1,245.34	1,327.43	1,768.12
4	Equity attributable to shareholders of the Company	RMB 100 million	586.10	554.59	856.11
5	Net profit attributable to shareholders of the Company	RMB 100 million	140.56	192.22	332.28
6	Return on net assets	%	23.98	34.66	38.81
7	Earnings per share	RMB	1.42	1.97	3.41
No.	Yield				
1	Saleable coal output	1,000 tonnes	142,493	132,107	131,306
2	Methanol output	1,000 tonnes	4,105	4,016	3,789
3	Chemical Products output	1,000 tonnes	8,702	8,587	7,880
4	Power generation output	10,000 KWh	812,048	840,351	837,252
No.	Anti-corruption campaigns				
1	Number of concluded corruption lawsuits	case	0	0	0
2	Number of concluded cases of unfair competition lawsuits or significant administrative penalties	case	0	-	-
3	anti-corruption training sessions	session	2	2	2
4	Percentage of directors attending anti-corruption training	%	100	100	100
5	Percentage of staff attending anti-corruption training	%	100	100	100
6	Percentage of suppliers accepting anti-corruption policies	%	100	100	100
No.	Quality control				
1	Corporate credit rating	grade	AAA	AAA	AAA
No.	Innovation				
1	Number of management innovation achievements	-	162	108	73
2	Research fund	RMB 100 million	27.35	29.07	21.17
3	Number of scientific and technological achievements	-	123	77	83
4	Number of achievements under certification	-	53	41	31
5	Number of achievements up to world's leading level	-	41	30	20
6	Number of provincial and ministerial technical innovation awards	-	62	48	29
7	Number of patents applied	-	555	411	288
8	Number of patents approved	-	499	276	262
No.	Product and service				
1	Number of valid complaints	times	8	2	3
2	Complaint settlement rate	%	100	100	100
No.	Supply chain management				
1	Number of suppliers by geographical region	Number of suppliers in Shandong	-	1,574	630
		Number of suppliers in other parts of China	-	1,895	751
		Number of overseas suppliers (including Hong Kong, Macao, and Taiwan)	-	15	13
2	Percentage of suppliers implementing suppliers' management policies	%	100	100	100
3	Contract fulfilment rate	%	100	100	100



Environmental Performance Indicators			Unit	2024	2023	2022
No.	Climate Change					
1	Total greenhouse gas emissions	Total greenhouse gas emissions <sup>(1)</sup> (scope 1 & 2)	10,000 tCO <sub>2</sub> e	2,280.57	2,209.51	1,630.47
		Greenhouse gas emissions (scope 1)	10,000 tCO <sub>2</sub> e	1,837.38	1,755.74	1,363.30
		Greenhouse gas emissions (scope 2)	10,000 tCO <sub>2</sub> e	443.19	453.76	267.17
2	Density of greenhouse gas emissions		10,000 tCO <sub>2</sub> e/billion RMB of sales income	18.31	16.64	9.22
No.	Emission Management <sup>(2)</sup>					
1	SO <sub>2</sub> emissions		tonne	735.02	930.11	751.48
2	NO <sub>x</sub> emissions		tonne	9,122.43	8,850.39	7,767.29
3	VOCs emissions		tonne	962.62	729.83	108.36
4	Smoke and dust emissions		tonne	125.29	185.13	117.62
5	COD emissions		tonne	779.73	820.71	645.82
6	Ammonia nitrogen emissions		tonne	19.31	25.72	28.86
7	Hazardous waste disposed		10,000 tonnes	8.33	8.58	8.57
8	Density of hazardous waste		10,000 tonnes/billion RMB of sales income	0.07	0.06	0.05
9	Disposal rate of hazardous waste in compliance		%	100	100	100
10	General solid waste generated		10,000 tonnes	1,675.84	1,352.00	917.73
11	Density of general solid waste		10,000 tonnes/billion RMB of sales income	13.46	10.19	5.19
12	Wastewater discharged		10,000 m <sup>3</sup>	5,299.88	6,347.33	5,567.77
13	Wastewater by disposal	Wastewater discharged to surface water	10,000 m <sup>3</sup>	5,022.42	6,080.86	2,772.06
		Wastewater discharged to groundwater	10,000 m <sup>3</sup>	0	0	0
		Wastewater discharged to third party	10,000 m <sup>3</sup>	277.46	266.47	2,795.70
No.	Resource Management					
1	Recycled water volume		1 million m <sup>3</sup>	3,897.69	4,118.05	3,455.34
2	Total water consumption		1 million m <sup>3</sup>	174.39	169.87	175.73
3	Water consumption by source	Surface water consumption	1 million m <sup>3</sup>	80.44	69.51	79.10
		Groundwater consumption	1 million m <sup>3</sup>	83.92	94.14	54.60
		Municipal water consumption	1 million m <sup>3</sup>	2.63	2.65	1.79
		Third party water consumption	1 million m <sup>3</sup>	7.40	3.71	6.95
4	Percentage of alternative water sources		%	87.42	88.45	* <sup>(3)</sup>
5	Density of water consumption		1 million m <sup>3</sup> /billion RMB of sales income	1.40	1.28	0.99
6	Comprehensive energy consumption		10,000 tonnes coal equivalent	1,384.21	1,463.41	1,145.62
			1 million kWh	112,688.49	119,136.36	93,264.85
7	Energy consumption by category	Coal consumption	10,000 tonnes	680.35	651.68	481.03
		Coal slurry consumption	10,000 tonnes	165.15	166.40	169.37
		Gasoline consumption	tonne	225.42	278.70	126.68
		Diesel consumption	tonne	278,919.77	267,555.44	231,017.09
		Power consumption	1 million kWh	6,621.81	6,201.39	3,694.17
		Natural gas consumption	10,000 m <sup>3</sup>	10.42	95.75	55.62
		Outsourced steam consumption	GJ	553,688.69	740,123.54	425,156.67
8	Density of comprehensive energy consumption		1 million kWh/billion RMB of sales income	904.88	897.50	527.48

Social Performance Indicators			Unit	2024	2023	2022
No.	Health and Safety					
1	Number of work-related deaths due to major accident		person	0	0	0
2	Rate of work-related deaths due to major accident		%	0	0	0
3	Lost work time due to work-related injury		days	840	1,155	840
4	Employee safety training coverage		person-times	43,968	40,307	24,570
No.	Health					
1	Number of occupational-disease incidence		person	0	0	0
2	Percentage of occupational-disease incidence		%	0	0	0
3	Screening rate of occupational diseases		%	100	100	100
No.	Employment					
1	Total headcount		person	77,957	79,242	64,279
2	Total headcount by gender	Total number of male employees	person	63,073	63,627	49,259
		Total number of female employees	person	14,884	15,615	15,020
3	Total headcount by age	Total number of employees aged 30 and below	person	6,938	5,839	4,963
		Total number of employees aged between 31 and 40	person	22,721	24,839	19,596
		Total number of employees aged between 41 and 50	person	31,381	31,681	25,671
		Total number of employees aged 51 and above	person	16,917	16,902	14,049
4	Total headcount by geographical region	Total number of employees in Shandong	person	60,486	62,188	50,040
		Total number of employees in other parts of China	person	13,722	13,525	11,764
		Total number of employees in foreign countries and regions	person	3,749	3,529	2,475
5	Total headcount by employment type	Total number of full-time employees	person	77,897	73,242	64,279
		Total number of part-time employees	person	60	0	0
6	Total headcount by category	Total number of sales staffs	person	796	747	535
		Total number of technical staff	person	5,747	6,543	4,322
		Total number of production staff	person	44,108	43,470	38,911
		Total number of administrative staff	person	4,800	4,482	3,624
		Total number of supportive staff	person	21,648	22,944	16,149
		Total number of financial staff	person	858	1,056	738
		Total number of senior management	person	10	12	11
		Total number of mid-level management	person	861	1,009	632
		Total number of first-line management	person	13,653	13,375	9,185
		Total number of employees and workers	person	63,433	64,846	54,451
7	Total headcount by academic qualification	Total number of employees with middle school degree and below	person	14,244	37,008	14,771
		Total number of employees with high school degree	person	25,607	26,279	20,534
		Total number of employees with junior college degree and above	person	38,106	15,955	28,974
8	Employees by Ethnicity <sup>(4)</sup>	Han	person	72,924	*	*
		Hui	person	752	*	*
		Mongolian	person	96	*	*
		Manchu	person	97	*	*
		Miao	person	16	*	*
		Tujia	person	12	*	*
		Yi	person	7	*	*
		Zhuang	person	8	*	*
		Bouyei	person	9	*	*
		Other Ethnicities	person	287	*	*

Social Performance Indicators			Unit	2024	2023	2022
9	Voluntary turnover rate of employees		%	0.94	1.10	1.00
10	Voluntary turnover rate by gender	Voluntary turnover rate of male employees	%	0.95	1.14	1.04
		Voluntary turnover rate of female employees	%	0.88	0.92	0.87
11	Voluntary turnover rate by age	Voluntary turnover rate of employees aged 30 and below	%	3.29	6.01	2.72
		Voluntary turnover rate of employees aged between 31 and 40	%	0.80	1.25	0.78
		Voluntary turnover rate of employees aged between 41 and 50	%	0.37	0.65	0.81
		Voluntary turnover rate of employees aged 51 and above	%	1.23	0	1.03
12	Voluntary turnover rate by geographical region	Voluntary turnover rate of employees in Shandong	%	0.24	0.57	0.51
		Voluntary turnover rate of employees in other parts of China	%	1.79	1.42	0.94
		Voluntary turnover rate of employees in foreign countries and regions	%	9.10	9.12	11.15
No.	Employment Development					
1	Proportion of trainees		%	100	1000	74.92
2	Proportion of trainees by gender	Proportion of male trainees	%	100	1000	76.85
		Proportion of female trainees	%	100	100	68.43
3	Proportion of trainees by category	Proportion of trainees as senior management	%	100	1000	100
		Proportion of trainees as mid-level management	%	100	100	69.62
		Proportion of trainees as first-line management	%	100	100	71.48
		Proportion of trainees as employees and workers	%	100	100	75.51
4	Per capita training time		hours	44.67	36.01	41.37
5	Per capita training time by gender	Per capita training time of male employees	hours	48.24	38.38	42.92
		Per capita training time of female employees	hours	29.55	26.35	36.19
6	Per capita training time by category	Per capita training time of senior management	hours	46.00	56.00	54.00
		Per capita training time of mid-level management	hours	58.28	65.74	42.78
		Per capita training time of first-line management	hours	41.71	34.33	41.72
		Per capita training time of employees and workers	hours	45.13	35.89	41.27
No.	Social Investment					
1	Total investment in public welfare projects and external donations		RMB 10 thousand	5,800.18	5,049	9,358.62
2	Total investment in poverty alleviation and rural revitalisation projects		RMB 10 thousand	1,047.80	11,799.42	7,833.76
3	Tax paid		RMB 100 million	220.05	313.47	226.02
4	Cash dividend		RMB per share	0.77	1.49	4.30
5	Total cash dividend		RMB 100 million	77.31	115.07	213.34
6	Social contribution per share	China Accounting Standards	RMB per share	7.17	11.20	16.62
		International Financial Reporting Standards	RMB per share	7.14	8.15	16.52

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

## Honors & Awards in 2024

	Awards	Awarders
1	CSI 300 Index, SSE 180 Index	Shanghai Stock Exchange, Shenzhen Stock Exchange
2	ASX 200 Index	Australian Securities Exchange
3	MSCI China Index	MSCI
4	No. 23 of China's Top 100 Listed Companies	Warton Economic Institute
5	No. 44 of China's Top 500 Enterprises	Fortune
6	No. 204 of Warton 500 Global	Organizing Committee of Top 100 Chinese Listed Companies Summit Forum
7	"Benchmark" (the highest rating) in the 2023 Annual Special Assessment of the "Double Hundred Enterprises" Reform by the SASAC	SASAC
8	Coal mining industry AAA credit rating company	China National Coal Association
9	Best Practice Case for Board Management	China Association for Public Companies
10	CDP Climate Change Questionnaire Rating C CDP Water Security Questionnaire Rating B-	CDP
11	ESG Rating BB	MSCI
12	ESG Rating A	Huazheng Index
13	ESG Rating A-	SynTao Green Finance
14	ESG Rating A	Wind Information
15	Top 100 ESG Golden Bull Award	China Securities Journal
16	Golden Dawn ESG Awards of Best Ecological Diversity Protection	China Securities Journal
17	the Outstanding Sustainable Development Case	China Association for Public Companies
18	First Prize for National Enterprise Management Modernization Innovation Achievements	Judging committee of National Enterprise Management Modernization Innovation Results
19	Second Prize for State Scientific and Technological Progress Award	State Council
20	Gold Award at the 49th International Convention on Quality Control Circles	International Convention on Quality Control Circles (ICQCC)
21	May 1 Labor Medal in Shandong	Shandong Provincial People's Government

## Looking Forward to 2025

In 2025, China is set to conclude the "14th Five-Year Plan" and initiate the strategic planning for the "15th Five-Year Plan", marking a pivotal year for Shandong to advance and lead. This is also a crucial year for Yankuang Energy to achieve high-quality development. The company is committed to faithfully implementing the spirit of the Third Plenary Session of the 20th CPC Central Committee, conscientiously implements the spirit of the Third Plenary Session of the 20th CPC Central Committee. With the "Three Major Campaigns" and "Eight New Projects" as our strategic focus, we clarify our "Annual Economic Targets". We are dedicated to bolstering the "Five Major Industries" and creating "six benchmarks", comprehensively extending our industrial chain, enhancing our value chain, and strengthening our brand. This approach ensures the successful conclusion of the "14th Five-Year Plan", lays a solid foundation for the "15th Five-Year Plan", and make our brand "Yankuang" shine on the world.

**Clarify our "Annual Economic Targets"**. The company has established and clarified its economic targets for the year to promote high-quality development and ensure the smooth achievement of various operational goals in 2025. These targets cover key indicators such as coal production, chemical product output, electricity generation, revenue, total profit, and the full cost of domestically commercial coal. The company will spare no effort to ensure the successful completion of all targets, helping to elevate its development to new heights.

**Bolster the "Five Major Industries"**. The company adheres to industrial

optimization and upgrading as its core strategy, seizing the opportunities brought about by the carbon peak and carbon neutrality strategy. It focuses on cultivating and enhancing new-quality productive forces, strengthening and optimizing its five major industries i.e., mining, high-end chemicals & new materials, high-end equipment manufacturing, smart logistics, and new energy. Our goal is to accelerate the realization of green, low-carbon, and high-quality development and achieve a new leap in its industry status.

**Create "six benchmarks"**. The company is committed to fulfilling its responsibilities and becoming a benchmark across in six key areas, namely, safety and production, development quality and efficiency, lean management, SOE reform, corporate governance, and SOE party building. With a strong sense of responsibility and mission, the company views the pursuit of benchmark status as a crucial task for the present and the future.

Looking ahead, Yankuang Energy will remain firm in confidence, prioritize practical work, overcome any difficulties that come our way, and strive to make progress. The company is determined to win the decisive battle for the conclusion of the "14th Five-Year Plan", meticulously plan the development blueprint for the "15th Five-Year Plan", and strive to create a new situation for high - quality development to accelerate the construction of an internationally first - class, sustainable clean energy leading demonstration enterprise.



ESG KPIs Index		
Content		Page
<b>Statement of the Board of Directors</b>		
A disclosure of the board's oversight of ESG issues A disclosure of the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses) A disclosure that how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.		4
<b>Reporting Principles</b>		
Materiality: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.		Report Overview
Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.		Report Overview
Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison		Report Overview
<b>Reporting Boundary</b>		
A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.		Report Overview
<b>A. Environmental</b>		
<b>A1 Emissions</b>		
	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NO <sub>x</sub> , SO <sub>x</sub> , and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	34-37
A1.1	The types of emissions and respective emissions data.	75
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	75
A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	75
A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	75
A1.5	Description of emissions target(s) set and steps taken to achieve them.	34-37
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	34-37
<b>A2 Use of Resources</b>		
	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	40-41
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (KWh in '000s) and intensity (e.g. per unit of production volume, per facility).	75
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	75
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	38-39
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	See Note 2
A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	See Note 3
<b>A3 The Environment and Natural Resources</b>		
	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	42-44
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	42-44

	Content	Page
<b>A4 Climate Change</b>		
	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	45-51
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	45-51
<b>B. Social</b>		
<b>B1 Employment and Labour Practices</b>		
	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	54-57
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	76
B1.2	Employee turnover rate by gender, age group and geographical region.	76
<b>B2 Health and Safety</b>		
	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	62-65
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	76
B2.2	Lost days due to work injury.	76
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	62-65
<b>B3 Development and Training</b>		
	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	58-61
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	77
B3.2	The average training hours completed per employee by gender and employee category.	77
<b>B4 Labour Standards</b>		
	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	54-57
B4.1	Description of measures to review employment practices to avoid child and forced labour.	54-57
B4.2	Description of steps taken to eliminate such practices when discovered.	54-57
<b>B5 Supply Chain Management</b>		
	General Disclosure Policies on managing environmental and social risks of the supply chain.	30
B5.1	Number of suppliers by geographical region.	74
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	30-31
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	30-31
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	30-31
<b>B6 Product Responsibility</b>		
	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	26-28

### ESG KPIs Index

Content		Page
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	28
B6.2	Number of products and service related complaints received and how they are dealt with.	28
B6.3	Description of practices relating to observing and protecting intellectual property rights.	24-25
B6.4	Description of quality assurance process and recall procedures.	26-27
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	29
<b>B7 Anti-corruption</b>		
	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	20
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	74
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	20-21
B7.3	Description of anti-corruption training provided to directors and staff.	21
<b>B8 Community Investment</b>		
	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	68-73
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	68-73
B8.2	Resources contributed (e.g. money or time) to the focus area.	68-73

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

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

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

##### Chapter VIII Social ResponsibilityStandardised Operation

Article Number		Page	Article Number		Page
8.1		22-73	8.9		34-51
8.2		20-27	8.10		34-51
8.3		20-21, 34-51, 54-61, 68-73	8.11		34-37
8.4		74-77	8.12		34-37
8.5		4	8.13		26-28, 62-65
8.6	1.	26-28, 34-37, 54-65, 68-73	8.14	1.	54-57
	2.	4, 6-7		2.	62-65
	3.	Not applicable		3.	58-65
8.7		54-57		4.	54-65
8.8		30-31,34-51	8.15		24-25



## Index of Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies

### Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)

No.	Page
<b>General Provisions</b>	
Article 1	/
Article 2	/
Article 3	/
Article 4	/
Article 5	/
Article 6	/
Article 7	/
Article 8	/
Article 9	/
Article 10	/
<b>Disclosure Framework for Sustainability Information</b>	
Article 11	/
Article 12	4-9, 14-16, 18-19
Article 13	7-9,18-19
Article 14	7-9,18-19
Article 15	18-19
Article 16	18-19
Article 17	18-19
Article 18	6-9, 18-19
Article 19	35, 38, 40, 48-49
<b>Environmental Disclosure</b>	
<b>Climate Response</b>	
Article 20	45-51
Article 21	7-9, 18-19, 45-51
Article 22	7-9, 18-19, 45-51
Article 23	7-9, 18-19, 45-51
Article 24	75
Article 25	75
Article 26	77
Article 27	45-51
Article 28	45-51
<b>Pollution Control and Ecosystem Protection</b>	
Article 29	34-37
Article 30	34-37
Article 31	75
Article 32	42-44
Article 33	34-37
<b>Resource Utilization and Circular Economy</b>	
Article 34	38-41

No.	Page
Article 35	40-41, 45-51
Article 36	40-41
Article 37	34-37, 42-44
<b>Social Disclosure</b>	
<b>Rural Revitalization and Social Contributions</b>	
Article 38	68-73
Article 39	68
Article 40	68-73, 77
<b>Innovation-Driven Development and Ethics of Science and Technology</b>	
Article 41	24-25
Article 42	24-25
Article 43	After evaluation, this issue is neither financially significant nor impactfully significant.
<b>Suppliers and Clients</b>	
Article 44	30-31
Article 45	30-31
Article 46	30-31
Article 47	26-28
Article 48	26-28
<b>Employees</b>	
Article 49	54-65
Article 50	54-65
<b>Corporate Governance Information Related to Sustainable Development Disclosure</b>	
<b>Sustainability-Related Governance Mechanisms</b>	
Article 51	4, 5-9, 14-16
Article 52	5-9, 18-19, 30-31, 57
Article 53	5-9, 14-16
<b>Commercial Behaviors</b>	
Article 54	20-21
Article 55	20-21, 74
Article 56	20-21, 26, 30, 74
<b>Supplementary Provisions and Interpretation</b>	
Article 57	/
Article 58	/
Article 59	/
Article 60	/
Article 61	/
Article 62	/
Article 63	/

For detailed information on the guidelines, please refer to the official website of Shanghai Stock Exchange

### Index for GRI Standards

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

GRI STANDARD	DISCLOSURE		LOCATION
GRI 2: General Disclosures 2021			
The organisation and its reporting practices	2-1	Organisational details	Report Overview
	2-2	Entities included in the organisation’s sustainability reporting	Report Overview
	2-3	Reporting period, frequency and contact point	Report Overview
	2-4	Restatements of information	Report Overview
	2-5	External assurance	-
Activities and workers	2-6	2-6 Activities, value chain and other business relationships	30-31
	2-7	Employees	54-65
	2-8	Workers who are not employees	20-21, 65
Governance	2-9	Governance structure and composition	4, 5-9
	2-10	Nomination and selection of the highest governance body	6, 14-15
	2-11	Chair of the highest governance body	-
	2-12	Role of the highest governance body in overseeing the management of impacts	4, 14-15
	2-13	Delegation of responsibility for managing impacts	4, 6
	2-14	Role of the highest governance body in sustainability reporting	4, 6
	2-15	Conflicts of interest	-
	2-16	Communication of critical concerns	7-9
	2-17	Collective knowledge of the highest governance body	-
	2-18	Evaluation of the performance of the highest governance body	-
	2-19	Remuneration policies	6, 55
	2-20	Process to determine remuneration	6, 55
	2-21	Annual total compensation ratio	-
Strategy, policies and practices	2-22	Statement on sustainable development strategy	5-9
	2-23	Policy commitments	20-21, 54-57
	2-24	Embedding policy commitments	20-21
	2-25	Processes to remediate negative impacts	26-28, 54-57
	2-26	Mechanisms for seeking advice and raising concerns	5-9, 26-28, 54-57
	2-27	Compliance with laws and regulations	20-21, 26-28, 34, 54
	2-28	Membership associations	-
Stakeholder engagement	2-29	Approach to stakeholder engagement	5-9
	2-30	Collective bargaining agreements	56

GRI STANDARD		DISCLOSURE	LOCATION
GRI 3: Material Topics 2021			
Materiality assessment	3-1	Process to determine material topics	5-9
	3-2	List of material topics	5-9

Contents of Disclosed Items			Location
GRI 201: Economic Performance	3-3 Management of material topics	Management approach for economic performance	24-31
	Topic-specific disclosures	201-1 Direct economic value generated and distributed	74, 77
		201-2 Financial implications and other risks and opportunities due to climate change	47
		201-3 Defined benefit plan obligations and other retirement plans	55-57, 61
		201-4 Financial assistance received from government	-
GRI 202: Market Presence	3-3 Management of material topics	Management approach for market presence	-
	Topic-specific disclosures	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	-
		202-2 Proportion of senior management hired from the local community	-
GRI 203: Indirect Economic Impacts	3-3 Management of material topics	Management approach for indirect economic impacts	-
	Topic-specific disclosures	203-1 Infrastructure investments and services supported	68-72
		203-2 Significant indirect economic impacts	-
GRI 204: Procurement Practices	3-3 Management of material topics	Management approach for procurement practices	30-31
	Topic-specific disclosures	204-1 Proportion of spending on local suppliers	-
GRI 205: Anti-corruption	3-3 Management of material topics	Management approach for anti-corruption	20-21
	Topic-specific disclosures	205-1 Operations assessed for risks related to corruption	-
		205-2 Communication and training about anti-corruption policies and procedures	20-21
		205-3 Confirmed incidents of corruption and actions taken	20-21
GRI 206: Anti-competitive Behaviour	3-3 Management of material topics	Management approach for anti-competitive behaviour	20-21
	Topic-specific disclosures	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	-
GRI 207: Tax 2019	3-3 Management of material topics	Management approach for Tax	-
	Topic-specific disclosures	207-1 Approach to tax	-
		207-2 Tax governance, control, and risk management	-
		207-3 Stakeholder engagement and management of concerns related to tax	-
		207-4 Country-by-country reporting	-
GRI 301: Materials	3-3 Management of material topics	Management approach for materials	-
	Topic-specific disclosures	301-1 Materials used by weight or volume	-
		301-2 Recycled input materials used	-
		301-3 Reclaimed products and their packaging materials	-
GRI 302: Energy	3-3 Management of material topics	Management approach for energy	38-39
	Topic-specific disclosures	302-1 Energy consumption within the organisation	39, 75
		302-2 Energy consumption outside of the organisation	-
		302-3 Energy intensity	38-39, 75
		302-4 Reduction of energy consumption	38-39
		302-5 Reductions in energy requirements of products and services	38-39
GRI 303: Water Resources	3-3 Management of material topics	303-1 Interactions with water as a shared resource	40-41
	Topic-specific disclosures	303-2 Management of water discharge-related impacts	40
		303-3 Water withdrawal	40, 75
		303-4 Water discharge	35, 75
		303-5 Water consumption	40-41, 75
GRI 304: Biodiversity	3-3 Management of material topics	Management approach for biodiversity	42-44
	Topic-specific disclosures	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-
		304-2 Significant impacts of activities, products, and services on biodiversity	42-43
		304-3 Habitats protected or restored	43
		304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	-

# Index for GRI Standards

Contents of Disclosed Items			Location
GRI 305: Emissions	3-3 Management of material topics	Management approach for emissions	34-37
	Topic-specific disclosures	305-1 Direct (Scope 1) GHG emissions	51, 75
		305-2 Energy indirect (Scope 2) GHG emissions	51, 75
		305-3 Other indirect (Scope 3) GHG emissions	-
		305-4 GHG emissions intensity	34, 36, 75
		305-5 Reduction of GHG emissions	-
		305-6 Emissions of ozone-depleting substances (ODS)	-
		305-7 Nitrogen oxides (NO <sub>x</sub> ), sulphur oxides (SO <sub>x</sub> ), and other significant air emissions	34, 36, 75
GRI 306: Effluents and Waste	3-3 Management of material topics	Management approach for effluents and waste	34-37, 75
	Topic-specific disclosures	306-1 Water discharge by quality and destination	35, 75
		306-2 Waste by type and disposal method	35, 75
		306-3 Significant spills	-
		306-4 Transport of hazardous waste	36
		306-5 Water bodies affected by water discharges and/or runoff	-
GRI 307: Environmental Compliance	3-3 Management of material topics	Management approach for environmental compliance	34, 36
	Topic-specific disclosures	307-1 Non-compliance with environmental laws and regulations	34
GRI 308: Supplier Environmental Assessment	3-3 Management of material topics	Management approach for supplier environmental assessment	30-31
	Topic-specific disclosures	308-1 New suppliers that were screened using environmental criteria	30
		308-2 Negative environmental impacts in the supply chain and actions taken	-
GRI 401: Employment	3-3 Management of material topics	Management approach for employment	54-55
	Topic-specific disclosures	401-1 New employee hires and employee turnover	55, 76
		401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	56, 61
		401-3 Parental leave	56
GRI 402: Labour/Management Relations	3-3 Management of material topics	Management approach for labour/management relations	54-56
	Topic-specific disclosures	402-1 Minimum notice periods regarding operational changes	-
GRI 403: Occupational Health and Safety	3-3 Management of material topics	Management approach for occupational health and safety	62-65
	Topic-specific disclosures	403-1 Occupational health and safety management system	65
		403-2 Hazard identification, risk assessment, and incident investigation Disclosure	65
		403-3 Occupational health services	65
		403-4 Worker participation, consultation, and communication on	65
		403-5 Worker training on occupational health and safety Disclosure	64
		403-6 Promotion of worker health	64-65
		403-7 Prevention and mitigation of occupational health and safety	65
		403-8 Workers covered by an occupational health and safety	62, 65
		403-9 Work-related injuries Disclosure	62, 76
		403-10 Work-related ill health	65
GRI 404: Training and Education	3-3 Management of material topics	Management approach for training and education	58-61, 63
	Topic-specific disclosures	404-1 Average hours of training per year per employee	59, 77
		404-2 Programmes for upgrading employee skills and transition assistance programmes	58-61
		404-3 Percentage of employees receiving regular performance and career development reviews	59
GRI 405: Diversity and Equal Opportunity	3-3 Management of material topics	Management approach for diversity and equal opportunity	14, 55
	Topic-specific disclosures	405-1 Diversity of governance bodies and employees	14, 55
		405-2 Ratio of basic salary and remuneration of women to men	-
GRI 406: Anti-discrimination	3-3 Management of material topics	Management approach for anti-discrimination	55
	Topic-specific disclosures	406-1 Incidents of discrimination and corrective actions taken	-
GRI 407: Freedom of Association and Collective Bargaining	3-3 Management of material topics	Management approach for freedom of association and collective bargaining	57
	Topic-specific disclosures	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-

Contents of Disclosed Items			Location
GRI 408: Child Labour	3-3 Management of material topics	Management approach for child labour	55
	Topic-specific disclosures	408-1 Operations and suppliers at significant risk for incidents of child labour	-
GRI 409 Forced or Compulsory Labour	3-3 Management of material topics	Management approach for forced or compulsory labour	55
	Topic-specific disclosures	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	-
GRI 410: Security Practices	3-3 Management of material topics	Management approach for security practices	-
	Topic-specific disclosures	410-1 Security personnel trained in human rights policies or procedures	-
GRI 411: Rights of Indigenous Peoples	3-3 Management of material topics	Management approach for the rights of indigenous peoples	70
	Topic-specific disclosures	411-1 Incidents of violations involving rights of indigenous peoples	-
GRI 413: Local Communities	3-3 Management of material topics	Management approach for local communities	70
	Topic-specific disclosures	413-1 Operations with local community engagement, impact assessments, and development programs	68-72
		413-2 Operations with significant actual and potential negative impacts on local communities	-
GRI 415: Public Policy	3-3 Management of material topics	Management approach for public policy	-
	Topic-specific disclosures	415-1 Political contributions	-
GRI 416: Customer Health and Safety	3-3 Management of material topics	Management approach for customer health and safety	26-29
	Topic-specific disclosures	416-1 Assessment of the health and safety impacts of product and service categories	26-29
		416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	-
GRI 417: Marketing and Labelling	3-3 Management of material topics	Management approach for marketing and labelling	24-29
	Topic-specific disclosures	417-1 Requirements for product and service information and labelling	24-29
		417-2 Incidents of non-compliance concerning product and service information and labelling	-
		417-3 Incidents of non-compliance concerning marketing communications	-
GRI 418: Customer Privacy	3-3 Management of material topics	Management approach for customer privacy	29
	Topic-specific disclosures	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	-

# Index for ISO26000: Social Responsibility Guideline (2010)

Core subject: Organisational governance	Page
Core subject: Organisational governance	
Core subject: Human rights	
Issue 1: Due diligence	30-31, 57
Issue 2: Human rights risk situations	30-31, 57
Issue 3: Avoidance of complicity	57
Issue 4: Resolving grievances	56-57
Issue 5: Discrimination and vulnerable groups	55, 57
Issue 6: Civil and political rights	-
Issue 7: Economic, social and cultural rights	54-57
Issue 8: Fundamental principles and rights at work	54-57
Core subject: Labour practices	
Issue 1: Employment and employment relationships	54-57
Issue 2: Conditions of work and social protection	54-57
Issue 3: Social dialogue	54-57
Issue 4: Health and safety at work	62-65
Issue 5: Human development and training in the workplace	58-61
Core subject: The environment	
Issue 1: Prevention of pollution	34-37
Issue 2: Sustainable resource use	34-51
Issue 3: Climate change mitigation and adaptation	45-51
Issue 4: Protection of the environment, biodiversity and restoration of natural habitats	34-51
Core subject: Fair operating practices	
Issue 1: Anti-corruption	20-21
Issue 2: Responsible political involvement	-
Issue 3: Fair competition	20-21, 26-28, 30-31
Issue 4: Promoting social responsibility in the value chain	20-21, 26-28, 30-31, 65
Issue 5: Respect for property rights	24-25
Core subject: Consumer issues	
Issue 1: Fair marketing, factual and unbiased information and fair contractual practices	26-28
Issue 2: Protecting consumers' health and safety	26-28
Issue 3: Sustainable consumption	-
Issue 4: Consumer service, support, and complaint and dispute resolution	26-28
Issue 5: Consumer data protection and privacy	29
Issue 6: Access to essential services	-
Issue 7: Education and awareness	-
Core subject: Community involvement and development	
Issue 1: Community involvement	68-73
Issue 2: Education and culture	68-73
Issue 3: Employment creation and skills development	68-73
Issue 4: Technology development and access	68-73
Issue 5: Wealth and income creation	68-73
Issue 6: Health	68-73
Issue 7: Social investment	68-73

Definition	
Acronym	Full name
Yankuang Energy, the Company, we	Yankuang Energy Group Company Limited
Shandong Energy	Shandong Energy Group Co., Ltd.
Yulin Neng Hua	Yanzhou Coal Yulin Neng Hua Company Limited
Heze Neng Hua	Yanmei Heze Neng Hua Company Limited
Huaju Energy	Shandong Huaju Energy Company Limited
Ordos Company	Yankuang Energy (Ordos) Company Limited
Haosheng Company	Inner Mongolia Haosheng Coal Mining Company Limited
Donghua Heavy Industry	Yankuang Donghua Heavy Industry Company Limited
Inner Mongolia Mining	Inner Mongolia Mining (Group) Co., Ltd.
Future Energy	Shaanxi Future Energy Chemicals Co. Ltd
Lunan Chemicals	Yankuang Lunan Chemicals Co., Ltd.
Yancoal Australia	Yancoal Australia Limited
Jining III Coal Mine	Jining No.3 Coal Mine
Jining II Coal Mine	Jining No.2 Coal Mine
Zhuanlongwan Coal Mine	Ordos Zhuanlongwan Coal Mining Co., Ltd.
Tianchi Energy	Shanxi Heshun Tianchi Energy Company Limited
Xinjiang Neng Hua	Yankuang Xinjiang Neng Hua Company Limited
Luxi Mining	Shandong Energy Group Luxi Mining Company Limited
Yingpanhao Coal Mine	Ordos Yingpanhao Coal Co., Ltd.
Rongxin Chemicals	Inner Mongolia Rongxin Chemicals Co., Ltd.



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