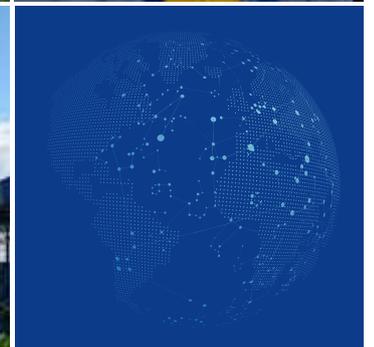


 2021

WCC Environmental Social Responsibility Report



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Introduction of the Report

● Reporting Cycle

This report is an annual report, and also the sixth report of West China Cement Limited since the first Social Responsibility Report was published in 2017.

● Time Frame

The Reporting Period is from 1 January 2021 to 31 December 2021 (hereinafter referred to as the "Reporting Period"), for certain contents, the relevant timeframe was moderately extended to that before 2021.

● Scope of the Report

The performance of West China Cement Limited and its affiliated companies in environmental and social responsibility.

● Data Explanation

The data used in this report are obtained from official documents and relevant statistics of the Company, the content of which has been reviewed by the management of the Company. The Board of Directors and all directors of the Company guarantee that the content of this report does not contain any false records, misleading statements or material omissions. Unless otherwise stated, all amounts in this report are expressed in RMB.

● Title Description

For convenience and readability, "West China Cement Limited and its subsidiaries" is also referred to in this report as "West China Cement", "the Company", "the Group" or "we". "Yaobai Special Cement Group Co., Ltd" and "West Holding Group Limited" are both indirect wholly-owned subsidiaries of the Company and are referred to in this report as "Yaobai Group" and "West Holding Group", respectively.

● Reference Basis

Environmental, Social and Governance Reporting Guide by the Stock Exchange of Hong Kong
Guidelines for the Preparation of Social Responsibility Report of Cement Enterprises(T/CCAS 002-2018) by China Cement Association
Social Responsibility (ISO 26000:2010) by the International Organization for Standardization
G4 Guidelines on Sustainability Reporting by Global Reporting Initiative
AA1000 Series of Standards by Social and Ethical Responsibilities Institute (UK)

● Introduction of the Report

This report is available as an electronic document in both Chinese and English. You can view the electronic version of this report on the websites of West China Cement, Yaobai Group or the Stock Exchange of Hong Kong at www.westchinacement.com, www.yaobo.com.cn or www.hkexnews.hk, respectively.

● Contact Information

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02 A Letter to Stakeholders

Distinguished stakeholders:

As the scorching summer comes and all things become verdant and exuberant, West China Cement's Environmental Social Responsibility Report for 2021 has arrived as scheduled. We are pleased to share with you our efforts, achievements and insights with respect to the environment and society over the past year.

2021 is the year when the world enters the post-pandemic era. Countries around the world jointly resist the three crises of energy, supply chain and inflation, in order to achieve economic bottoming out and sustainable recovery. It is also the year when the People's Republic of China builds a new development pattern, wins the battle against poverty, builds a moderately prosperous society as scheduled and achieves the first 100-year goal. This year, faced with the complicated situation where crises and opportunities coexisted, all employees of West China Cement were united amid risks and challenges and worked together to overcome difficulties. Every aspect of our work is progressing steadily with fruitful highlights and self-improving stories.

In 2021, we continued to promote the strategic goal of "consolidating the domestic market, expanding the international market and recreating a new Yaobai". The structure of West China Cement's headquarters was gradually completed and became more reasonable, the operations of Yaobai Group were tested and developed steadily, and the strategic layout of West Holding Group has taken shape after several adjustments, with the two wings – domestic and international markets - taking initial shape and in a well-positioned state to take off and fly high.

In 2021, we made every effort to facilitate project construction, cooperated with the general contractor and construction enterprises, and strictly controlled the progress and quality of the projects. The first intelligent 10,000-ton clinker cement production line of world-leading level in western China was completed and put into operation at the Tongchuan production base, laying a solid foundation for accelerated development in the future.

In 2021, we focused on the extension of the industrial chain around the main cement industry and achieved significant results. Three upstream aggregate lines were put into operation successively. One downstream hazardous waste disposal project, two commercial mixing stations and seven R&D and production bases for assembled buildings were put into operation one after another, achieving good economic and social benefits. The industry layout of West China Cement has been expanded rapidly and steadily, adding greater confidence and momentum for the sound development in the future.

In 2021, in response to various unfavorable factors such as the volatile pandemic and rising raw material prices, we vigorously carried forward the enterprise spirit of "pioneering and innovation", organized "innovation-driven" activities, scientifically demonstrated and implemented a series of technological renovations, and thoroughly promoted the refined management of production. The continuous operation of the rotary kiln reached a record high, and the integrated electricity and coal consumption of clinker were significantly reduced, which greatly reduced production costs and enhanced the market competitiveness of the products.

In 2021, we continued to uphold the development concept of "lucid waters and lush mountains are invaluable assets", earnestly implemented new environmental protection regulations and policies, continuously improved the environmental protection management system, continuously strengthened the control of water, gas, sound and solid pollutant emissions in production and operation activities, and successfully developed and applied technologies such as "infinite reduction-type low ammonia denitrification", achieving an overall reduction in total emissions of various pollutants and an excellent result of 100% emission compliance rate.

In 2021, we took the national strategic goal of "carbon neutrality and carbon peak" as our guide and promoted the construction of a resource-saving and environment-friendly enterprise. On the premise of ensuring the quality of cement, we continuously optimized the ratio of raw fuel materials, increased the use of alternative materials and new materials, continued to promote cement kiln co-disposal of solid waste and hazardous waste, and continued to increase the construction of green mines and green factories. The Group's control over energy consumption reached a new level, and two production bases in Shifeng and Xunyang were successfully selected as national "green factories".

In 2021, we have been adhering to the concept of "safety first, life first", implemented the idea of systematic safety management, continuously improved the safety production management system, organized safety education and training based on job characteristics, carried out in-depth safety hazard investigation and special treatment for weak links, focused on high-risk operations and key parts, etc., to strengthen the whole-process safety supervision, effectively enhancing the foundation of safety management. At the same time, the Company has proactively carried out prevention and control of occupational diseases and strictly implemented preventive and control measures for COVID-19, so as to safeguard the health of employees to the maximum extent.

In 2021, we firmly established a "people-oriented" development concept. In accordance with the idea of "adjusting structure, improving quality, increasing capacity and promoting efficiency", starting from the three dimensions of optimization, training and assessment, relying on the management training institute to organize professional training in a hierarchical and systematic manner, we carried out the joint school-enterprise education with Shaanxi Building Materials Industry School, restarted the assessment of technical trades, actively promoted vocational skills certification, and continuously improved the comprehensive quality of all employees, providing a strong manpower guarantee for the rapid development of the Company.

In 2021, we continued our "customer first" principle, strengthened our core competitiveness of "honest management and sincere service", took customer needs as our guide, fully launched our digital marketing system, significantly simplified business processes such as order placement, loading and logistics, provided "one-to-one" precise customer service, increased the frequency of on-site guidance by professional technicians, continuously improved the dynamic response mechanism for customer complaints, regularly carried out customer return visits and satisfaction surveys, continuously improved our service level to provide customers with an experience that exceeds expectations.

In 2021, we focused on the market situation where the prices of raw and combustible materials fluctuated drastically, committed ourselves to building long-term and stable cooperative relationships with understanding, mutual trust and a win-win mindset, improved the supplier management system covering the whole life cycle of access, cooperation, evaluation and withdrawal, increased the introduction of new channels and new partners, strictly controlled the quality standards and technical indicators of various materials and spare parts, continuously strengthened the efforts of integrity and self-discipline and anti-fraud, and strived to create a fair and just environment for mutually beneficial and win-win cooperation.

In 2021, we continued to integrate corporate development and social responsibility, actively cooperated with local governments in rural revitalization, flood relief and epidemic prevention and control, donated funds and materials to support local infrastructure construction, continued to increase efforts on poverty alleviation through education and made donations to schools, and assisted local communities in improving educational conditions and helping more children to complete their studies and pursue their dreams through various means such as setting up special scholarships and paying tribute to advanced educators.

Forging ahead, we strive to open up a new chapter. 2022 is a year for West China Cement to build on the past and usher in the future. All West China Cement employees will continue to promote high-quality green development with a more confident and high-spirited state of mind and more enthusiasm for work, actively promote the transformation and upgrading of the industry. We will make unremitting efforts to explore, innovate and develop, and strive for the grand vision of building a "world-class construction material enterprise!"

03 About West China Cement

Company Profile

West China Cement Limited (stock code: 2233.HK) is a large-scale group enterprise integrating cement, new building materials and industrial investment. It is the holding company of two groups, namely, Yaobai Group and West Holding Group. Headquartered in Xi'an, Shaanxi Province, Yaobai Group has more than 50 subsidiaries in Shaanxi, Xinjiang, Guizhou, Sichuan and other provinces/autonomous regions, while West Holding Group is headquartered in Addis Ababa, Ethiopia, with more than 20 subsidiaries in several countries in Africa. In 2021, the Company was ranked 23rd among the world's cement companies, 41st among China's top 500 building materials companies and 11th in China in terms of cement clinker production capacity. It is the largest building materials company in western China.

The Company's business involves cement manufacturing, chemical building materials, intelligent logistics, international trade and other fields. With a complete marketing network and sound after-sales service system, its products are widely used in key projects such as highways, railways, airports, bridges, tunnels, water conservancy facilities, oil wells, gas wells and other urban and rural construction markets in the local and surrounding areas.



Cultural Philosophy

Adhere to people-oriented principle with high-quality manufacturing, continuous innovation and first-class mindset;

Become stronger with self-independence, make every effort on exploration and innovation, and exceed ourselves relentlessly;

Make wealth for all, achieve win-win outcomes, represent life values and serve the society;

Carry out an honest operation, provide inexpensive good-quality products, serve people with utmost sincerity and take the lead in the industry.

Vision

To become a leading company in the cement industry with excellent performance, rapid growth and social responsibility.

Main Products

42.5 grade cement, 52.5 grade cement and special cements such as sulphate resistant cement, medium and low heat cement, road cement, oil well cement, nuclear power cement, ordinary sulphate aluminate cement and offshore sulphate aluminate, as well as building materials such as ordinary flat glass, coated glass and prefabricated houses.

Engineering Project Cases

Xi'an-Chengdu high-speed railway, Zhengzhou-Xi'an high-speed railway, Baoji-Hanzhong expressway, Xi'an metro, Longmen Yellow River Bridge, Qinling Zhongnanshan highway tunnel, Hanjiang River to Weihe River Sanhekou Water Conservancy Hub, China (Yanliang) Flight Test Institute, China National Petroleum Changqing Oilfield, Xi'an Xianyang International Airport Phase III, etc.



2019–2021 Key Operating Indicators

Economic indicators

Indicators	Unit	2019	2020	2021
Revenue	RMB' 000	7,247,389	7,131,052	8,002,791
Profit before tax	RMB' 000	2,243,801	1,847,456	2,083,591
Profit and total comprehensive income for the year	RMB' 000	1,849,529	1,579,410	1,871,582
Total assets	RMB' 000	14,579,813	18,906,232	26,648,351

Human resources indicators

Indicators	Unit	2019	2020	2021
Total number of employees	Person	5750	6213	7469
Social insurance coverage	%	Above 95	Above 96	100
Staff training coverage	%	100	100	100
Total female managers	Person	69	71	86
Number of R&D personnel	Person	31	33	30

Client and partner indicators

Indicators	Unit	2019	2020	2021
Customer complaint handling rate	%	100	100	100
Product qualification rate	%	100	100	100

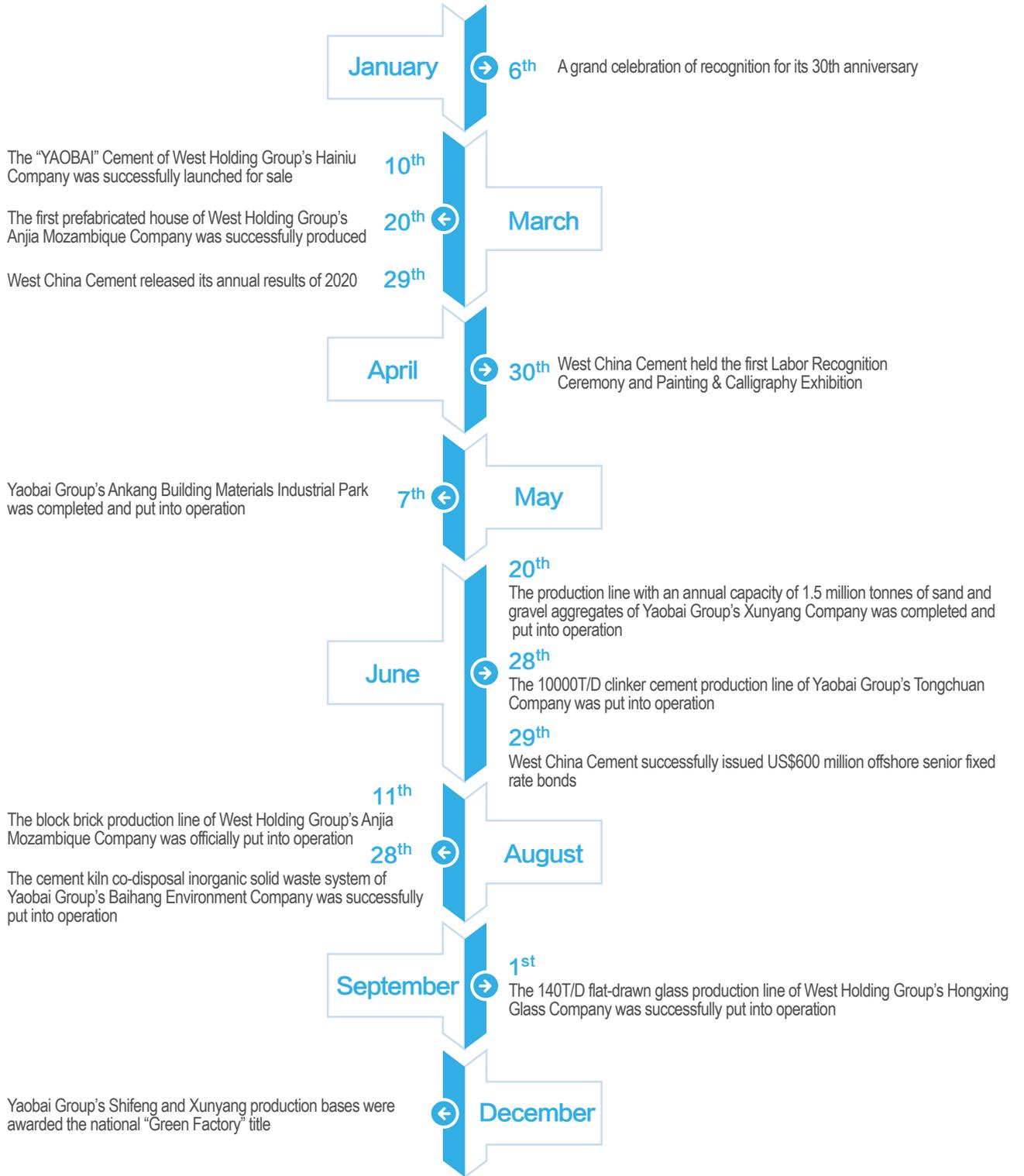
Safety indicators

Indicators	Unit	2019	2020	2021
Safety training coverage	%	100	100	100
Number of safety emergency drills	Times	268	234	203
Number of safety management personnel with certificates	Person	186	233	301

Environment indicators

Indicators	Unit	2019	2020	2021
Integrated energy consumption	Ten thousand tonnes	150.4	163.8	163.55
Packaging materials consumption	Tonnes	10230	8622	7905
Comprehensive energy consumption of comparable clinker	kgce / t	105.11	108.52	107.43

West China Cement in 2021

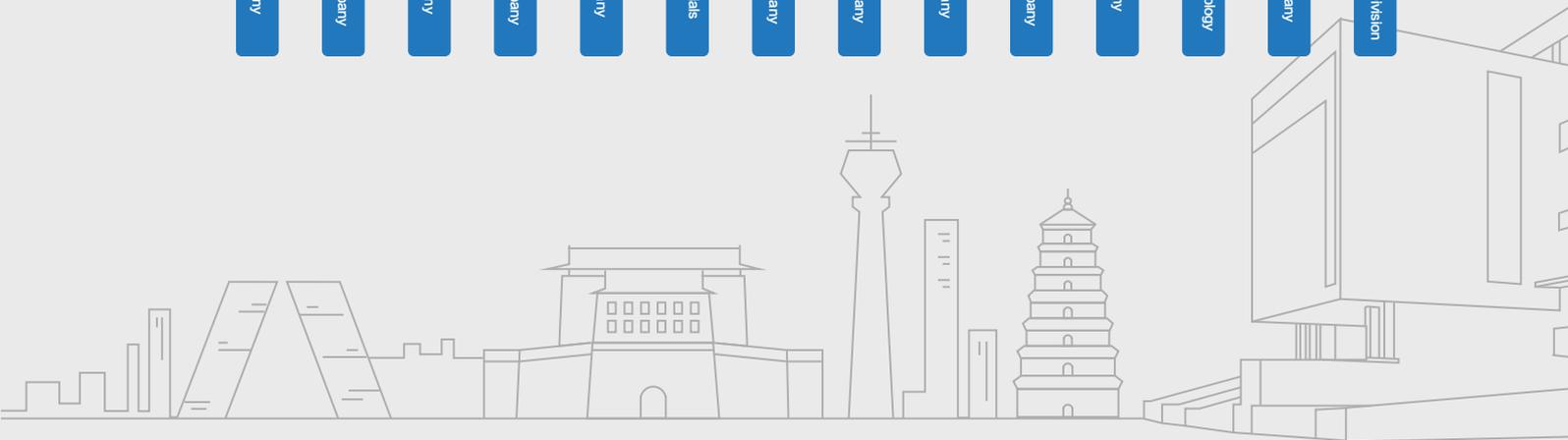
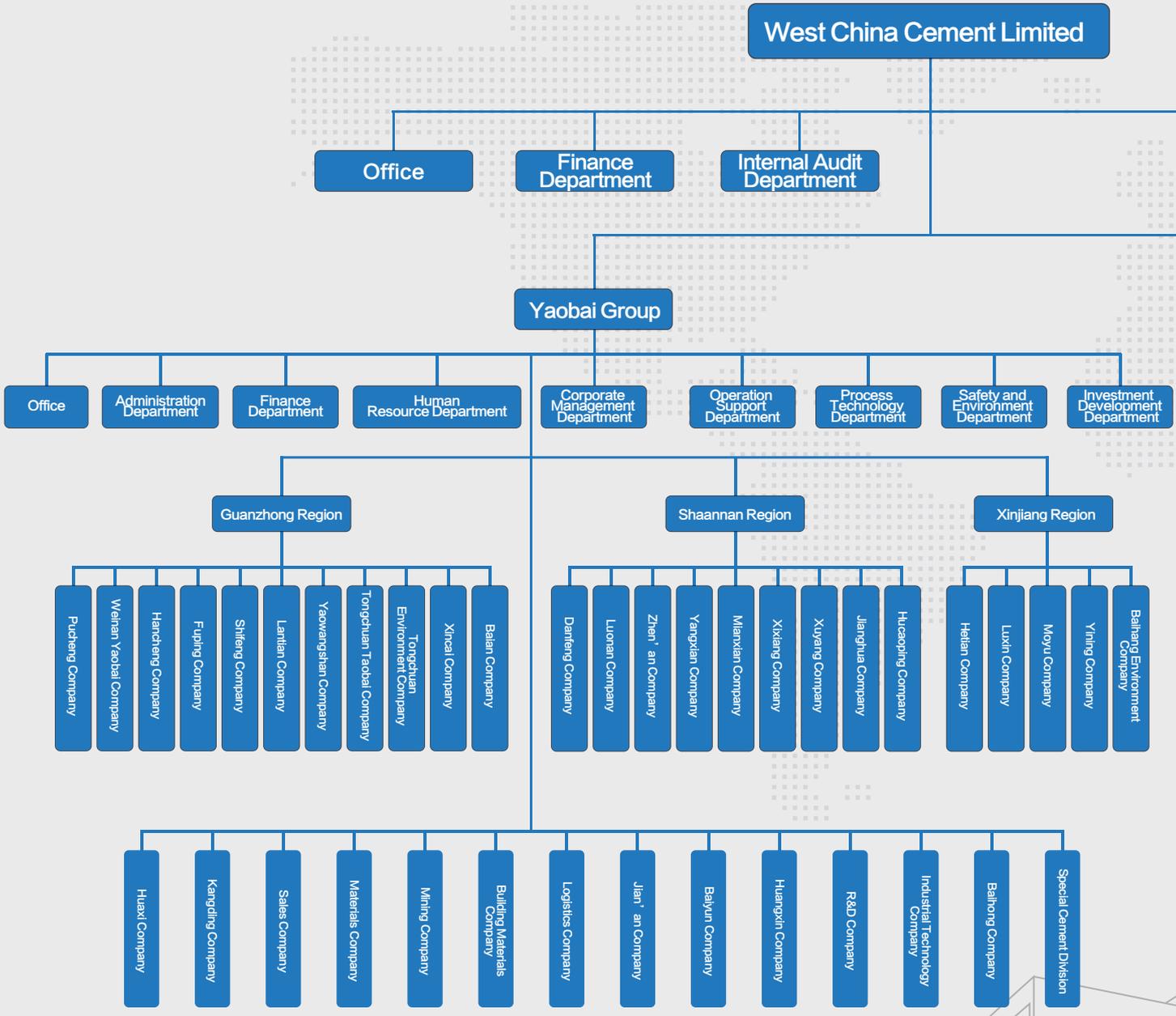


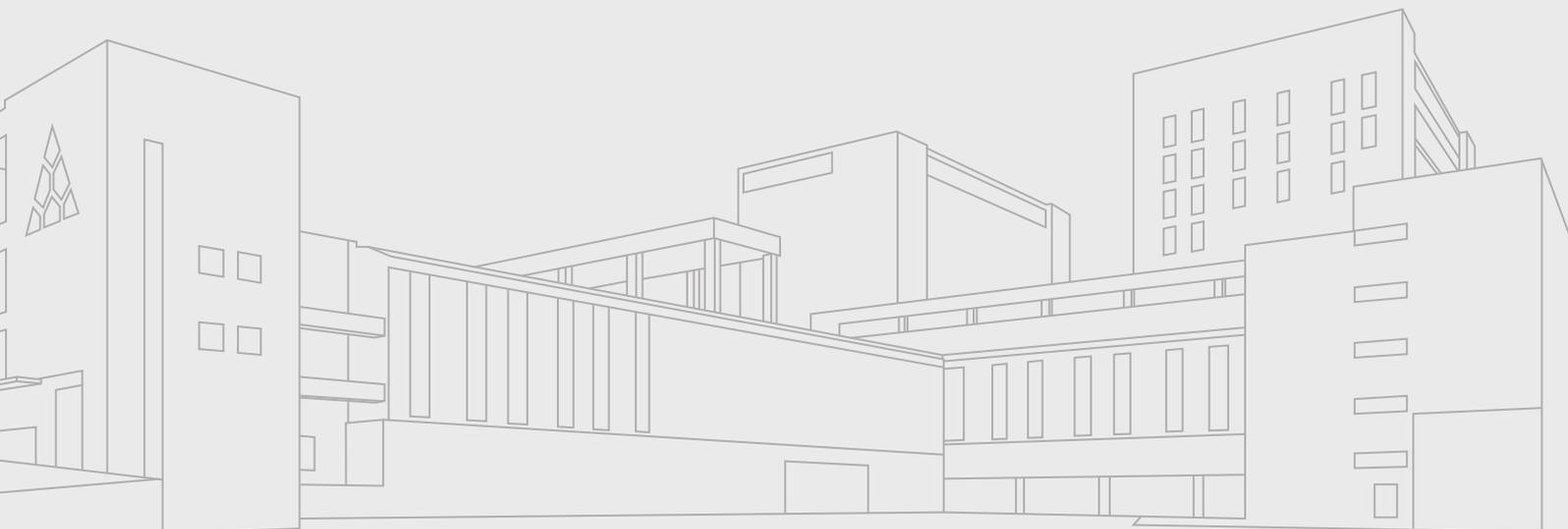
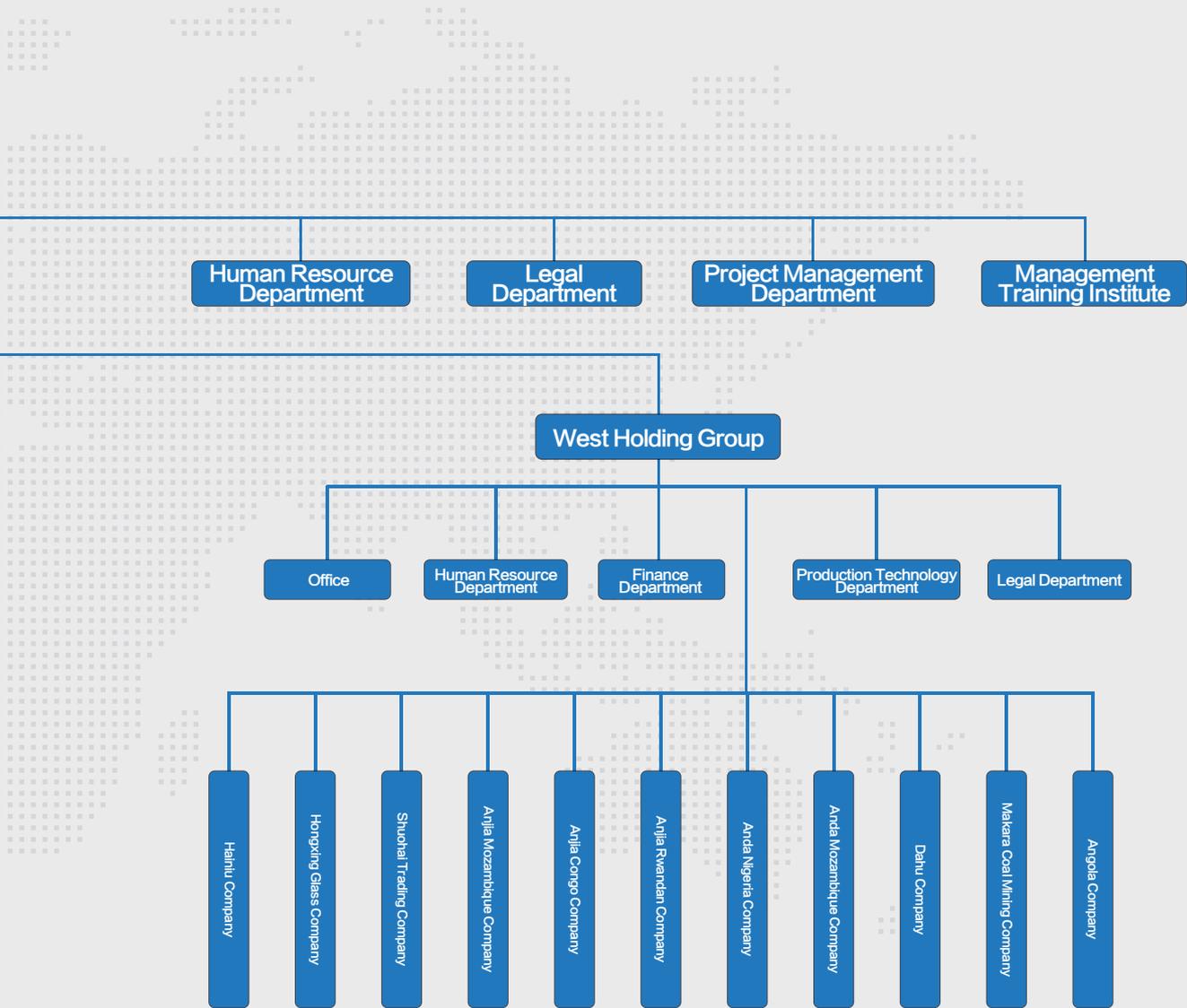
Annual Social Responsibility Honors





Organizational Structure





Management Team

Board of Directors of West China Cement	
Zhang Jimin	Executive Director, Chairman of the Board
Ma Weiping	Executive Director, CEO
Ma Chaoyang	Non-Executive Director
Fan Changhong	Non-Executive Director
Wang Jingqian	Non-Executive Director
Lee Kong Wai Conway	Independent Non-Executive Director
Zhu Dong	Independent Non-Executive Director
Tam King Ching Kenny	Independent Non-Executive Director

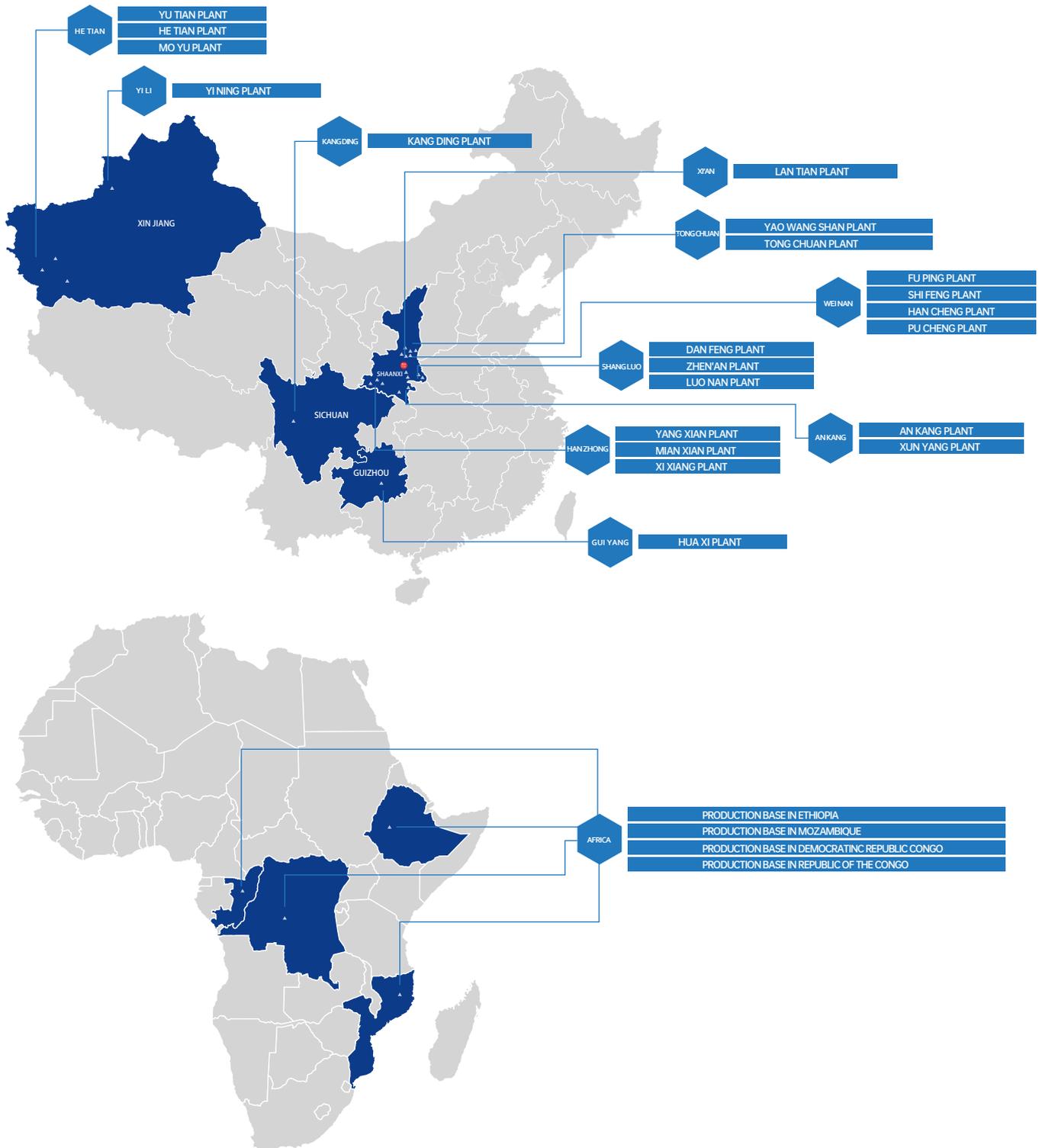
Contributions to Industrial Organizations

Organization Name	Position
World Cement Association	Founding Member
World Concrete and Cement Association	Member
Cement Sustainability Initiative	Member
China Cement Association	Vice President of the Council
China Building Materials Federation	Member
Shaanxi Cement Association	President of the Council
Shaanxi Building Materials Federation	President
Shaanxi Resources Comprehensive Utilization Association	Vice President
Shaanxi Enterprise Credit Association	Member
Shaanxi Emergency Management Council	Executive Director (Unit)
Shaanxi Energy Conservation and Emission Reduction Council	Director
Shaanxi Federation of Industry and Commerce	Member
Xi'an Association of Enterprise with Foreign Investment	Vice President (Unit)
3D Printing Branch, China Concrete & Cement-based Products Association	Vice President
Special Cement & Concrete Materials Branch, China Concrete & Cement-based Products Association	Rotating President

Business Layout

Relying on a complete railway and highway logistics network, we sell products mainly in Shaanxi, Guizhou, Xinjiang, Sichuan and Africa.

By the end of 2021, the Company had a total of 22 production bases, 24 new dry-process cement production lines, 15 commercial concrete production bases, 27 sets of commercial concrete production units, 7 prefabricated building manufacturing R&D centers, with a cement production capacity of 29 million tonnes, clinker production capacity of 20.6 million tonnes, aggregate production capacity of 15 million tonnes and concrete production capacity of 10 million cubic meters.



04 Responsibility Management

West China Cement firmly grasps the development opportunities of the times, accurately grasps the internal logic of reform and development, continuously improves the internal governance structure of the Company, strengthens the internal system construction, enhances the standards of corporate governance, promotes the Company's steady progress with more efficient organizational control and higher quality development, builds the Company into a modern enterprise with intensive management and quality and efficiency, and achieves stable and sustainable development.



Responsibility Governance

The Board, as the highest decision-making body for environmental, social and governance (ESG) management, is responsible for the formulation of the ESG management framework and strategy, ensuring that the Company has implemented an appropriate and effective ESG risk management and internal audit system, and reviewing and approving the Company's ESG reports. The ESG Working Committee reports to the Board and serves as the highest management and coordination body for the Company's environmental and social responsibility. It is responsible for implementing the Company's environmental and social responsibility strategic planning, formulating environmental and social responsibility policies and rules, establishing environmental and social responsibility management and implementation systems, and inspecting and monitoring the fulfillment of environmental and social responsibility.

The Group has established the ESG Working Committee which is headed by the senior management with involvement of middle management; the Working Office consists of the office under the secretary of the Board, representatives from all relevant departments and subsidiaries with significant influence on the Group's environmental, social and governance, and is mainly responsible for the implementation of the Committee's decisions and daily work; the working office appoints a liaison officer for environmental and social responsibility work, who is responsible for the delivery and communication of the Group's strategies and specific initiatives with ESG focus, as well as collecting data and providing feedback.

The ESG Working Committee

1. Leading and deployment of environmental and social responsibility work
2. Establishment of environmental and social responsibility management system
3. Review and approval of environmental and social responsibility plans
4. Review and approval and publication of environmental and social responsibility reports
5. Carry out significant environmental and social responsibility work

The ESG Working Office

1. Deployment of environmental and social responsibility work
2. Coordinate the establishment and implementation of environmental and social responsibility management system
3. Preparation of environmental and social responsibility work plans and schemes
4. Introduction of environmental and social responsibility work budgets and training schemes
5. Create an environmental and social responsibility column on the Group's official website
6. Preparation of environmental and social responsibility reports

The ESG Liaison Officer

1. Contribute to promoting the practices of environmental and social responsibility
2. Assist in the preparation of environmental and social responsibility reports
3. Data collection and feedback submission of the Group's environmental and social responsibility column materials

In 2021, we strictly implemented the requirements of industry competent authorities and industry associations for enterprises to fulfill their environmental and social responsibilities, gradually improved the environmental and social responsibility management system, explored and promoted environmental and social responsibility practices, actively conducted environmental and social responsibility research, released environmental and social responsibility reports, and took practical actions to enhance the Company's ability and level of fulfillment of responsibilities, so as to lay a solid responsibility management foundation for the Company to achieve sustainable development.

Responsibility Strategy

Upholding the corporate mission of "putting people first, casting high-quality products, innovating continuously, and surpassing first-class", West China Cement integrates environmental and social responsibility into its business operations and continuously promotes environmental and social responsibility from the perspectives of stakeholders, such as safety, environment, employees, customers, partners and communities, which includes solidifying plant safety management, improving environmental management, innovating energy saving and emission reduction renovation measures, implementing health management, promoting co-disposal projects, etc., to continuously promote the transformation and upgrading of China's cement industry with innovative spirit and pragmatic attitude, and strive to achieve the bright vision of a leading enterprise in the cement industry.

Framework

Environmental, Social and Governance Management Framework



Report Compilation

In order to effectively promote environmental and social responsibility and improve the quality of report compilation, the Company established the "Corporate Culture and Environmental and Social Responsibility Guidance Committee", with the Chairman of the Board and the Chief Executive Officer as the director and deputy director respectively, responsible for the leadership, promotion and decision-making of the Company's environmental and social responsibility strategic direction; the Company also established the "Environmental and Social Responsibility Report Preparation Committee", responsible for the preparation of annual social responsibility reports, laying a solid foundation for the Company's efforts in environmental and social responsibility.

Institutional System

West China Cement has started the compilation and revision of "Environmental and Social Responsibility Report Management Methodology of West China Cement" based on the Global Reporting Initiative's "Sustainability Reporting Guidelines (G4)", the "Environmental, Social and Governance Reporting Guidelines" of the Stock Exchange of Hong Kong and the "China Corporate Social Responsibility Reporting Guidelines (CASS-CSR4.0)" of the Chinese Academy of Social Sciences, and other domestic and international standards, to promote the Company's efforts in environmental and social responsibility towards a more systematic and standardized direction.

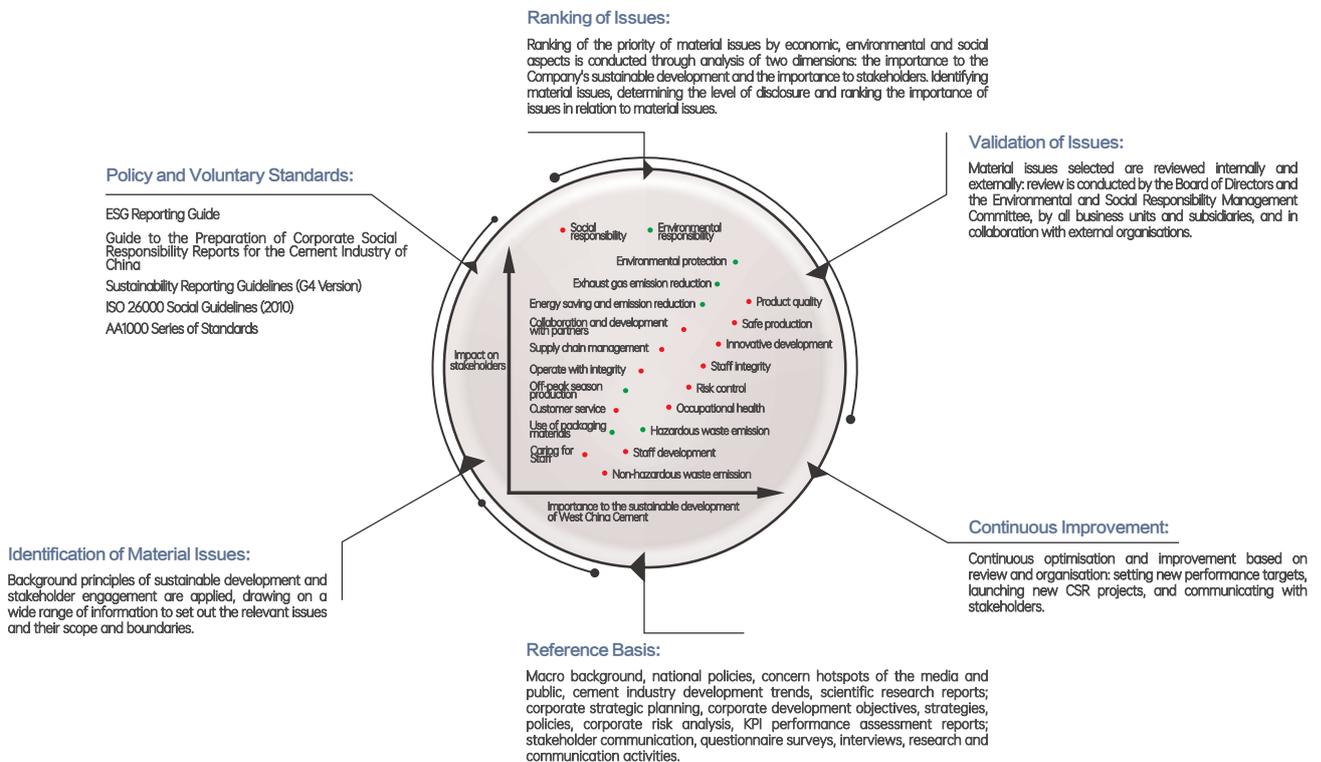
Responsible Participation

As a listed company in Hong Kong, West China Cement actively pays attention to the aspirations and expectations of its stakeholders and continues to explore effective ways to communicate with them. Through channels or means such as information reports, special reports, shareholders' meetings, site visits, public welfare activities, staff activities and the Company's website, West China Cement strictly, timely and accurately discloses information on the Company's performance and important activities, etc, and disseminates West China Cement's corporate philosophy and fulfilment of its responsibilities in a timely manner, so as to enhance stakeholders' understanding and support of the Company while incorporating reasonable opinions and suggestions from internal and external stakeholders, thus continuously improving its business operation and management practices and enhancing the Company's overall competitiveness.

Materiality Assessment

In order to further understand the expectations and needs of our stakeholders, we actively communicate with our stakeholders on the basis of analysis and research on the domestic and international development situation, national policies, industry conditions and our own characteristics. We have sorted out and identified environmental and social responsibility material issues that have a significant impact on the Company's sustainable development, both from the Company's and the stakeholders' perspectives, so as to provide a foundational basis for continuous improvement in environmental and social responsibility management practices and improve social communication. The following issues were identified as having a significant impact on the Group's sustainable development. These areas have been listed as key areas of concern for the Group's sustainable development.

West China Cement's Matrix Analysis on Material Issues in Environmental and Social Responsibility Report in 2021



Stakeholder Communication

Stakeholder	Expectations and requirements	Communication method	Responsibility fulfillment actions
Government	<ul style="list-style-type: none"> Compliance with the law Pay taxes according to the law Promote local employment Promote the economic and social development of the area where it operates 	<ul style="list-style-type: none"> Regular reporting of work Relevant meetings Information reporting 	<ul style="list-style-type: none"> Strictly implement guidelines and policies Operate in compliance with the law Contribute to tax revenue Provide employment opportunities Promote local development
Shareholders and Investors	<ul style="list-style-type: none"> Honor credibility and keep promise Standardized operation Profit level 	<ul style="list-style-type: none"> General meeting Investor referral meeting Results presentation Company announcements Regular reporting 	<ul style="list-style-type: none"> Strict compliance with listed company standards Protection of rights and interests Establish diverse communication channels Standardize the dissemination of all information
Competent authorities in the industry	<ul style="list-style-type: none"> Participate in the development of industry standards Promote the healthy and sustainable development of the industry Promote the technological advancement and transformation and upgrading of the industry 	<ul style="list-style-type: none"> Regular work overview and performance reporting Relevant meetings Information reporting 	<ul style="list-style-type: none"> Stable operation Accept supervision Enhance technological innovation Promote industrial optimization Implement a new production model for the industry
Customer	<ul style="list-style-type: none"> Provide quality products Provide high quality services Protection of rights and interests 	<ul style="list-style-type: none"> Seek customer feedback Disclosure of relevant information 	<ul style="list-style-type: none"> Guarantee quality raw materials Technology innovation Customer service system development Customer satisfaction survey
Staff	<ul style="list-style-type: none"> Protect basic rights Facilitate capacity enhancement Broaden career development Sense of belonging and identity Share the achievement of corporate development 	<ul style="list-style-type: none"> Labour unions at all levels Staff congress Staff communication platform Disclosure of relevant information 	<ul style="list-style-type: none"> Protect the legal rights of staff Provide fair opportunities and platform for work, learning and advancement Career planning Realize personal values Create a happy environment
Supplier	<ul style="list-style-type: none"> Provide quality products and services Operate fairly Operate with integrity Fulfilling contracts on time Win-win cooperation 	<ul style="list-style-type: none"> Regular meetings Visits and exchanges Mutual visits among senior levels Contractual agreements Disclosure of relevant information 	<ul style="list-style-type: none"> Expand the field of cooperation Responsible purchasing Make procurement information public Promote recognition of ideas
Environment	<ul style="list-style-type: none"> Energy saving and emission reduction Resource conservation Ecological conservation and restoration 	<ul style="list-style-type: none"> Regular reporting on energy saving Emission reduction work Enhanced information disclosure 	<ul style="list-style-type: none"> Off-season production Waste recycling Restoration of mines Waste heat power generation
Community, Public and NGOs	<ul style="list-style-type: none"> Participate in community building Maintain social stability Provide employment opportunities Support public welfare and charity Support poor areas and disadvantaged groups 	<ul style="list-style-type: none"> The Company's official website Environmental and social responsibility reports Visits and exchanges Cooperation Public welfare activities Disclosure of relevant information 	<ul style="list-style-type: none"> Poverty alleviation and disaster relief Voluntary action Support for education Enhance the community environment

Compliance Management

The Group continues to improve the management system of corporate legal affairs by establishing a legal advisor system with unified leadership and hierarchical management. It conducts legal reviews on major corporate decisions, economic contracts, rules and regulations through various forms; in combination with the enterprise's actual situation, it provides special legal training from time to time on contract management, system compliance, labor and employment, bidding, and listing rules to ensure that compliance alarms are always effective.

Information Disclosure

To ensure that shareholders fully exercise their legal rights, West China Cement has set up an investor relations department dedicated to providing investors and market participants with advice and up-to-date information. Shareholders and investors may contact the Company by letter, telephone or email to make inquiries or to give feedbacks, in order to enhance the transparency of the Group and strengthen corporate governance. In addition, we publish important corporate information in a timely manner on the website of the Stock Exchange of Hong Kong and the official website of the Company so that all shareholders can be informed on an equal and timely basis; we also provide regular investor relations reports to our senior management.

In addition, the Company regularly participates in different events, including major investor conferences, two non-trade roadshows and other communication activities with investors and market participants to increase the opportunities for shareholders and investors to engage with the Company. The Company maintains contact with shareholders and other investors through various channels so that shareholders and other investors are aware of the Company's performance, strategy, prospects and the business environment in which the Company operates. We believe that shareholder value will be enhanced through consistent, stable, clear and efficient communication.

Anti-Bribery in Business Context

Corruption violates business ethics and tarnishes corporate image, which is not conducive to the building of a fair and competitive market environment. The Group maintains financial order in strict compliance with the Anti-Money Laundering Law of the People's Republic of China and conducts business activities in accordance with the relevant requirements of the Anti-Unfair Competition Law and the Interim Provisions on the Prohibition of Commercial Bribery. Adhering to a people-oriented approach, the Group continuously strengthens the education on professional ethics and integrity for its employees.

We take a firm stance on anti-corruption and anti-bribery issues, under which we resolutely correct all kinds of malpractices, punish corruption with zero tolerance, continuously enhance the ability of our cadre team to self-purification, self-improvement, self-reformation and self-enhancement, vigorously promote integrity education, implement the culture of compliance, continuously promote the "Four Remarks and Four Strengthening Code of Conduct", formulate the "Regulations on Management of Cadres' Integrity and Self-discipline" and "Measures on Management of Management Cadres' Disciplinary Actions", conduct "work style building activities" and anti-corruption training, organize the sign up of "Management Cadres' Commitment to Integrity and Self-discipline" by all management personnel to create an honest working atmosphere, and urge the management personnel at all levels to establish an exemplary role and lead by example through self-control and leading the team, so as to continuously enhance our quality and remain steadfast in our belief of respecting the law and regulations and utilizing power with integrity. In 2021, there were no litigation cases of corruption, bribery, extortion, fraud and money laundering in the Company.

05

Practicing Green “New” Development

West China Cement always adheres to the concept of green development, takes ecology, environmental protection, safety and resource efficiency as the main line of work, establishes a sound environmental management system, actively participates in the cause of energy conservation and emission reduction, devotes itself to building a resource-saving and environment-friendly green enterprise, and promotes the sustainable development of the cement industry.





Total investment in environmental protection

155 million CNY



Comprehensive utilization of industrial waste slag

5,788,600 tonnes

(For statistical purposes, industrial waste slag includes coal gangue, waste rock, desulphurized gypsum, fly ash, blast furnace slag, etc.)



Investment in technological transformation of energy saving and emission reduction

53.78 million CNY



Co-disposal volume of urban and rural domestic waste

83,800 tonnes



Implementing Environmental Protection Policies and Regulations, Strengthening Environmental Protection Management

West China Cement has always been guided by Xi Jinping's thought on ecological civilization, unwaveringly implemented the new development concept, adhered to the development path of ecological priority as well as green and low-carbon, strictly followed the Environmental Protection Law of the People's Republic of China in its production and operation activities, fully implemented the requirements of various environmental protection laws and regulations on water, gas, sound and solid waste, etc., strictly implemented the "three simultaneous" system for environmental protection in construction projects, and built an environmental management system with emission permits as the core. Before the actual discharge of pollutants occurs, the projects shall timely apply for and obtain the Pollutant Discharge Permit to be qualified for pollutant discharge.

During the operation of the project, we strictly followed the "one-permit" management model of emission permits, strengthened the requirements in the management of pollution production, operation of pollution control facilities and implementation of self-monitoring responsibilities, and continued to implement post-pollutant discharge permit management in accordance with the Regulations on the Administration of Emission Permits. In 2021, 21 subsidiaries of Yaobai Group obtained or re-obtained their Pollutant Discharge Permits, giving full play to the role of the Pollutant Discharge Permit as a carrier of the legal and regulatory requirements.

Environmental Responsibility Practice Case

At present, the constraints of resources and the environment on achieving global sustainable development are becoming more and more prominent, and "green manufacturing" is gradually becoming a global development trend. Yaobai Group has been creating green factories and green mines as an effective way and important starting point for transformation and upgrading. By the end of the Reporting Period, three production bases in Mianxian, Xunyang and Shifeng were included in the list of national "green factories".

National-level Green Factory Environmental Responsibility Practice Case (Xunyang Company)

In 2018, Xunyang Company officially commenced the construction of green factory, focusing on the implementation of projects related to coal saving, electricity saving, water saving, clean production, intelligent manufacturing and the development of circular economy, striving to become an industry benchmark in safety and environmental protection, energy consumption index, organizational efficiency, information technology, on-site management and green construction, etc. In early 2022, Xunyang Company successfully passed the green manufacturing review of the Ministry of Industry and Information Technology and was selected as a national-level "green factory".

In terms of system implementation, a green factory management body was set up to be responsible for the construction, implementation, assessment and rewarding of the green factory system and to establish a target responsibility system. We clarified the contents of the medium and long-term construction plan, and formulated annual green factory construction targets and implementation plans. Together with the environmental management system, quality management system, occupational health and safety management system and energy management system, we laid a solid institutional foundation for green factory construction, and provided regular education and training for staff on green manufacturing-related knowledge to enhance their awareness of green manufacturing.

In terms of supporting construction, Xunyang Company has a 4,000t/d clinker new dry process cement production line with a 7.5MW low temperature waste heat power station and a 7.8km long tubular belt conveyor, which is a belt corridor invested to connect the limestone quarry and production base in order to solve the problem of limestone transportation. The project started in May 2007, over seven mountain ranges and across the Han River and the Lingshui River. Based on the annual transport of 2 million tonnes of limestone, the belt conveyor transport project saves 1,850 tonnes of standard coal, 47,000 tonnes of carbon dioxide emissions and fees of RMB24 million per year compared to automobile transportation.

In terms of energy management, the Company has set up an energy management team and established an energy online monitoring system, with electricity and coal consumption being collected online and monitored in real time. It has also continuously improved the construction of energy management system and passed the certification of energy management system, quality management system, environmental management system and occupational health management system; established carbon emission management system, established and implemented carbon emission monitoring plan, carried out annual carbon emission accounting and verification for the plant, and passed the certification of low carbon products; established hazardous substance limit management system and passed the certification of hazardous substance limit in cement. Quality, energy, environmental protection and occupational health and safety systems have been developed at all levels to ensure that there are rules to follow from large processes to small operations, and to standardize the management of environmental protection so that all work is carried out in an orderly manner.

In terms of environmental protection emissions, we seriously implemented national environmental protection regulations, fully implemented the Company's environmental protection planning, conducted online monitoring of pollutant emissions, and established quality, environmental and safety policies to ensure the coordinated development of environmental protection and production and operation. Atmospheric pollutants are mainly dust, sulphur dioxide and nitrogen oxides, with small amounts of mercury and its compounds, ammonia (ammonia gas) and fluoride. SNCR flue gas denitrification facilities have been installed and NOx ultra-low emission technology transformation project has been added to keep NOx within 50mg. In addition, one set of online flue gas monitoring system at the kiln tail and one set of online particulate matter monitoring system at the kiln head has been installed to monitor the emission of NOx, SO2 and soot on their own. The kiln head and kiln tail are both equipped with high efficiency laminated bag-type dust collectors, which are more efficient, safer, more energy-saving and more environmentally-friendly.

In terms of solid waste disposal, Xunyang Company did not directly produce wastewater in the production process, mainly a small amount of discharge of indirect cooling water for equipment. The company adopted the process of conditioning tank + hydrolysis acidification + aerobic + sedimentation + clear water tank + RO reverse osmosis + disinfection in the pool to treat and recycle wastewater, which is used for production or road sprinkling and greening after treatment, achieving zero discharge. The solid waste generated included general solid waste, hazardous waste and domestic waste. The company classified and disposed of solid waste, and has established a hazardous waste ledger. General solid waste was recycled and utilized, with a recycling and comprehensive disposal rate of 100%.

In terms of environmental protection technology transformation, Xunyang Company actively promoted the application of various types of new technologies for environmental protection, energy saving and emission reduction, and reduced raw coal consumption through technological transformation of rotary kiln preheater system; improved the number of units produced per hour and reduced the unit power consumption through the technical transformation of the host equipment to explore the potential of the equipment, with a view to reducing energy consumption; the raw material grinding system was modified to reduce the air leakage in the mill, and the technical modification of the wind baffle plate of the mill was carried out to adjust the height of the retaining ring in time to ensure the high-speed operation of the raw material mill and reduce the electricity consumption; the technical modification of the roller press discharging device in the cement grinding system has improved the work efficiency of the roller press and given full play to the roller pressure effect of the roller press.

The efforts and achievements made by Xunyang Company in the process of constructing a green factory are a full reflection of West China Cement's active practice of the concept of ecological civilization and its efforts to fully promote the construction of green factories. Under the organization and leadership of West China Cement, its production bases have raised awareness and changed their mindset from passive to proactive, combined with their own situations, formulated green factory construction implementation plans, defined objectives and measures, conscientiously implemented relevant national laws and regulations, and fully promoted all green construction work. At the same time, the company also organised staff training, created a good atmosphere, increased the enthusiasm and initiative of the staff, achieved full participation of staff, and promoted the deep development of green factory construction.



Saving Energy and Resources

Total Resources, Energy Consumption and Indicators

West China Cement has established a comprehensive energy management system to provide data statistics on resource consumption generated in the production process, in order to accurately assess the operational performance of each production base and provide data support to optimize energy and resource utilization and further improve economic efficiency. In 2021, the key resources consumption of Yaobai Group is as follows: the consumption of mineral resources such as limestone, clay, iron ore, silica, natural gypsum (gypsum dihydrate + hard gypsum), sandstone and bauxite were approximately 19.34 million tonnes, 1.66 million tonnes, 270,000 tonnes, 22,000 tonnes, 380,000 tonnes, 180,000 tonnes and 120,000 tonnes respectively; the total comprehensive energy consumption was 1,635,500 tonnes of standard coal; the annual water recovery was 780,000 tonnes. The total annual consumption of raw coal of West Holding Group was 262,723 tonnes, the standard coal consumption per tonne of clinker was 102.89kg/t, the use of waste wood accounted for 21.89%, and the comprehensive electricity consumption per tonne of cement was 78.32kWh/t.

Energy efficiency target: the Company's energy consumption (clinker process) intensity (kg of standard coal/tonne of clinker) decreases by 5% by 2025.

Use of Alternative Primary Combustion Materials

West China Cement adheres to the principle of "harmonious development between human and nature", and all of its subsidiaries have continued to reduce production costs, while ensuring quality by using low-cost materials and optimising cement ratios. In the Shaanxi Guanzhong and Shannan regions, the Company promoted the treatment of municipal solid waste; in the Guanzhong and Shangluo regions, the Company promoted the use of gasified slag as an alternative fuel to reduce carbon emissions; and in the Huaxi and Shannan regions, the Company promoted trials of raw material batching with yellow phosphorus slag to improve clinker strength and reduce coal consumption. In the more industrially developed production bases, the Company promoted the treatment of industrial smelting slag, consuming a total of 5,135,200 tonnes of urban construction waste (waste bricks and tiles), various types of mining tailings (aluminium tailings, lead and zinc tailings, etc.) and industrial smelting slag (water quenched slag, barium slag, steel slag, copper slag, fluorine gypsum, phosphogypsum, etc.) in the two main sections of raw material calibration materials and cement mixes throughout the year, with an increase of 5.3% year-on-year. There is a large amount of waste wood and waste tyres in the region to which West Holding Group belongs. According to the actual situation of local materials, the Group's cement industry technology company completed the design and construction of alternative fuel calcination technological transformation, and through the continuous optimization and upgrading of the use process, it achieved a 25.35% replacement of the total coal consumption and reduced the clinker fuel cost by RMB8.33/t.

Yaobai Group identified Xunyang and Hancheng Company as the pilot companies to carry out the trial of adding mineralised materials to cement. Each company has carried out more than 30 small and large grinding tests, and after the verification of the strength increasing law of 3d-28d-60d-90d age, the workability of concrete, and the strength law of each age, the quality of cement products has stabilised and is under control and the normal use of downstream concrete is ensured by repeatedly adjusting the batch materials and optimizing the process parameters; the Group's technical staff provided on-site guidance to address the problems in the use of mineralised materials and made a full evaluation of the whole process; the use of mineralised materials in cement reduced cement clinker consumption by more than 5%, and the Group used more than 10,000 tonnes of mineralised materials in 2021.

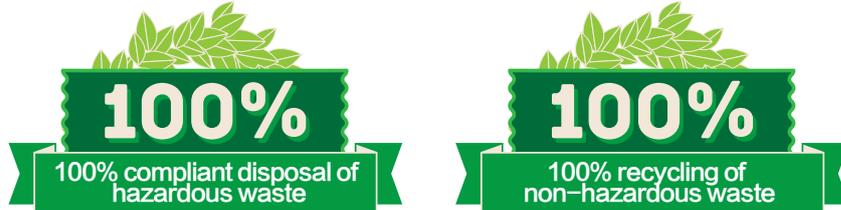
Comprehensive Use of Resources

In accordance with the national industrial development policy, the 14th Five-Year Plan for the comprehensive utilization of the "three wastes", local economic development and industrial development trend, as well as the basic requirements of the "three wastes" in the cement industry, the Group has actively responded to the national call for building a "two-typed" society and resolutely implemented the basic national policy of resource conservation and environmental protection, aimed at the efficient use and recycling of resources, applied the use policy of "reduce, reuse and resource" to all aspects of production and operation, strictly followed the requirements of advanced technology, low energy consumption, low pollution and investment control, and operated in an economic mode in the form of material circulation and energy flow in the natural ecological system, so as to maximize the economic value of the enterprise and at the same time leave the foundation of survival for future generations.

Waste Management

West China Cement strictly complied with the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and other relevant laws and regulations, and took strong measures to ensure that hazardous waste is disposed of in a 100% compliant, safe and effective manner. Relying on the new dry process cement production line, Yaobai Group built a cement kiln co-disposal solid waste project, and promoted urban solid waste and hazardous waste treatment in the Shaanxi Guanzhong, Shannan and Xinjiang Yili regions. The Fuping Company in the Guanzhong region increased the amount of hazardous waste disposal through process technology upgrading, disposing of more than 30,900 tonnes of hazardous waste, more than 13,500 tonnes of general solid waste and a total of more than 27,000 tonnes of inorganic cyanide and cyanide tailings in the year, and the Mianxian Company in the Shannan region took up the disposal of municipal sludge from the Hanzhong City Municipal Sewage Treatment Plant, disposing of more than 12,300 tonnes in the year. During the epidemic in 2021, Xinjiang Yili Yaobai started the kiln tail disc feeding system and kiln head backup system of the cement kiln co-disposal of industrial solid waste and hazardous waste project for the emergency disposal of medical waste and domestic waste during the epidemic, and renovated and improved the places that do not have the conditions for operation. Focusing on continuous operation of the rotary kiln, meeting environmental data emission standards and controlled clinker quality, the company overcame all difficulties and disposed of over 170 tonnes of medical waste in total.

Waste Management Targets:



Waste	2021
Total amount of hazardous waste generated (tonnes)	112.2
Hazardous waste generated per unit of operating revenue (tonnes of hazardous waste / RMB10,000)	0.00015
Total amount of non-hazardous waste generated (tonnes)	0
Non-hazardous waste generated per unit of operating revenue (tonnes of non-hazardous waste / RMB10,000)	0

Waste Heat Power Generation

West China Cement has equipped all cement clinker production sites with pure low temperature waste heat power generation systems to efficiently recover waste heat dissipated in the cement production process and convert it into electricity to feed back into the cement product production process, effectively reducing the loss of unused energy in the form of waste heat, significantly reducing coal consumption and the greenhouse effect, and achieving satisfying economic, social and environmental benefits. In 2021, the waste heat power generation facility generated 389 million kWh of electricity.

Water Resources Management

West China Cement has always promoted the concept of rational water use and water conservation by using water-saving appliances to reduce water wastage, and has continued to strengthen water resources management by emphasizing the rational use of water resources in the cement clinker production process, as well as strengthening the management of water resources assessment of its subsidiaries to strictly prohibit the wastage of water resources.

Water Resource Use	2021
Total water consumption (tonnes)	2,339,880
Water consumption intensity per unit of clinker (clinker process) (tonne of water consumption/tonne of clinker)	0.15
Water consumption intensity per unit of operating income (tonne of water consumption/million)	3.06

Water saving efficiency target: the Company's water resources (clinker process) use intensity (tonne of water consumption/tonne of clinker) decrease by 6% by 2025.

Use of Packaging Materials

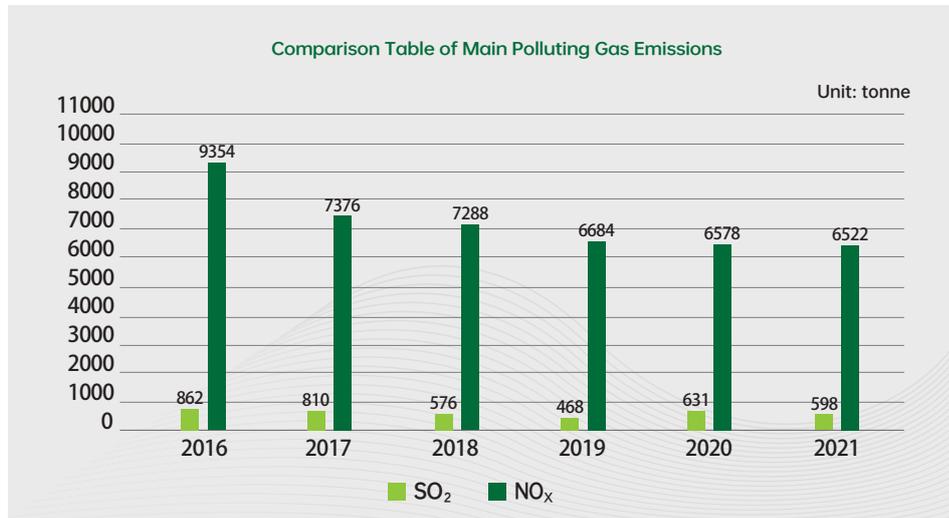
During the reporting period, the replacement of packaging materials further improved the work efficiency in terms of production process and intelligent production, fundamentally avoided stitching heads and paper edges from entering the cement concrete, ensured the construction quality while keeping the site environment clean, facilitated the recycling of the packaging bags after use, and met the requirements of the national environmental protection policy. During the filling and transportation process, ash spraying and material leakage were greatly reduced, which improved the environment of filling sites as well as loading and transportation, reduced the loss and waste of cement, and met the national energy-saving and environmental protection development requirements. In addition, by using plastic, old woven bags and other waste resources to produce valve mouth square bottom woven bags, we saved raw materials while achieving secondary recycling, which is conducive to saving resources, reducing environmental pollution, forging a low-carbon economy and generating extensive social benefits. In 2021, the consumption of packaging material reached 7,905 tonnes, down 7% from 2020.

Emissions Control

Total Emissions and Indicators

West China Cement has always taken meeting the standard discharge of pollutants as the bottom line, adhered to the total emission permit control system, continuously strengthened the integrated management of pollutants, and strictly managed and controlled the three main indicators of SO₂, NO_x and particulate matter at the main discharge ports during the cement production and manufacturing process. We have incorporated waste gas emissions management into the Company's long-term business strategic objectives and set strong emission reduction targets. Continuous strengthening of environmental technology transformation and innovation, technical exchanges with research institutes and renowned environmental protection companies, and the solid promotion of pollutant management were seen in 2021. The cumulative emissions of particulate matter, SO₂ and NO_x for the year were 631.32t, 597.73t and 6522.43t respectively, and the actual emissions of pollutants from all subsidiaries met the total pollutant control targets.

Comparison Table of Main Polluting Gas Emissions



SO₂ emissions: 2016-2021 (tonne) = 862, 810, 576, 468, 631, 598

NO_x emissions: 2016-2021 (tonne) = 9354, 7376, 7288, 6684, 6578, 6522

Yaobai Group actively carried out research on denitrification technology development and completed the denitrification technology transformation with Fuping and Shifeng Company as the pilot companies, and achieved remarkable results in terms of NO_x emissions. The emission concentration is much lower than the pollutant emission limit standard, and can now be steadily controlled to within 50mg/m³. The annual NO_x emission per tonne of clinker has dropped by 5.99% year-on-year, which has significantly eased the regional environmental carrying space.

“3060” Action Plan

In order to thoroughly implement the major strategic decisions of the CPC Central Committee and the State Council on carbon peaking and carbon neutrality, and to deal with the relationship between development and emission reduction, the whole and the local, the short term and the medium and long term, the Group insists on integration and co-ordination, and does a good job in carbon peaking in a strong, orderly and effective manner. In the short term, the Group will focus on the construction of carbon emission system, standardise the low-level calorific value assay of fuel coal, improve the raw material entry assay statistics, strengthen carbon element testing, standardise the calibration of measuring instruments and testing equipment, and prepare for matters related to the preliminary stage of carbon market trading; in the medium term, the Group will strengthen the comprehensive utilisation of bulk solid waste, improve the comprehensive development and utilisation level and comprehensive utilisation rate of mineral resources, and focus on coal gangue, fly ash, tailings, co-associated ores, smelting slag and industrial by-product gypsum and other bulk solid waste, so as to achieve large dosage, large-scale and high-value utilization, reasonably reduce clinker usage per unit in cement and cement plant emissions, accelerate the construction of green factories and certification of green building materials products, and strengthen the research and application of low-carbon products; at a later stage, we will promote energy-saving technology and equipment, and actively explore carbon capture, carbon storage and carbon utilization technologies, so as to lay a solid foundation for the Group's carbon asset management and carbon peaking and carbon neutrality target.

Green Mine Construction and Mine Restoration

The Group has always adhered to the principle of "treating while mining", strictly fulfilled the main responsibility of mine restoration and treatment, strictly complied with the requirements of mineral resources laws and regulations, strived to realize the intensive use of mineral resources, scientific development methods, standardized enterprise management, environmentally friendly production processes and ecological mine environment, and built a mine development model in which resources, environment and social benefits are coordinated. It has established a long-term mechanism for the construction of green mines throughout the Group, and has carried out green mine construction throughout the whole process of planning, design, construction and operation. At present, two enterprises of the Group have been selected for the list of provincial green mines creation pool, and three have been assessed by third-party companies to meet the green mine declaration requirements. In terms of ecological restoration and treatment, the Group has actively carried out mine geological environmental protection and land reclamation work. While completing the annual restoration and treatment tasks, the Group has achieved the annual targets of 100% comprehensive resource utilization rate, 100% recovery rate and "zero stripping" from mining mountains. In terms of monitoring the ecological environment of mines, the Group unified the annual monitoring plan for mines and systematically implemented the monitoring of geological environmental protection and land reclamation.

Frontier Technology Research and Achievements in Energy Saving and Emission Reduction

In the future, ultra-low emission and carbon trading in the cement industry are inevitable. The Group currently has completed the ultra-low emission transformation of two companies through early deployment, and plans to add two more companies for ultra-low emission transformation in 2022, and the proposed new production lines will all be built in accordance with ultra-low emission requirements. At the same time, a third-party professional organization will be commissioned to carry out the construction and management of the carbon emission system, with Tongchuan Company as the pilot company.

The main investment directions of the Group's future energy saving and emission reduction are:

- ★ Upgrading and renewal of particulate matter, sulphur dioxide and nitrogen oxide treatment equipment. Especially for the cement industry when the raw material sulphur content is on the high side, the process characteristics of the new dry process production line cannot ensure that sulphur dioxide meets the ultra-low emission requirements, and for the sulphur dioxide emission concentration, we will consider the construction of dry desulphurization, semi-dry desulphurization and wet desulphurization with larger investment;
- ★ Gradual replacement of Class I energy-efficient equipment or energy-efficient equipment;
- ★ Investing in the layout of solar power generation, increasing the amount of waste heat generation and reducing purchased electricity;
- ★ Green plant construction;
- ★ Carbon asset management.

Responding to Climate Change

West China Cement is actively responding to climate change by implementing relevant policy requirements such as the Measures for the Administration of Carbon Emission Trading (Trial) and Guidance on Coordinating and Strengthening Efforts to Address Climate Change and Ecological Protection, exploring the identification of climate change risks and opportunities, and formulating strategic initiatives to address climate change on the basis of existing work. In the future, the Company will continue to assess and review potential business risks and opportunities surrounding the issue of climate change, manage carbon emissions trading and carbon assets, and plan ahead to continuously improve West China Cement's efforts to address climate change.

Climate Change Risks

Number	Risk Category	Risk Description	Countermeasures
1	Transformation risk: Policies and laws	The government's carbon emission related policies, laws and regulations will become stricter, and the construction of a national carbon emission trading market is being actively promoted.	<ul style="list-style-type: none"> Plan to study and formulate medium and long-term plans for reducing carbon emissions, and continue to make improvements. Plan to reduce greenhouse gas emissions by upgrading processes and reducing energy consumption, and to conduct technology research and development in alternative clinker, alternative fuels, carbon dioxide capture and low-carbon products. Actively prepare for the unification of the national carbon market for cement in the future.
2	Physical risk: Extreme weather	Extreme weather (heavy rain, snow, flooding, high temperatures, severe cold, etc.)	<ul style="list-style-type: none"> Strengthen risk analysis, organise and implement surveys for hidden danger in key areas, enhance the co-ordination of disaster prevention and control, formulate emergency plans and organise regular disaster safety drills to increase employees' awareness of prevention and resilience. Purchase insurance to protect personal injury and property damage caused by various disasters and accidents. Continue to develop multiple procurement channels and keep abreast of the power supply and coal supply situation in the operation area to ensure supply. According to the weather, arrange for goods to leave the factory, stop shipping in case of extreme weather, transfer employees in transit depots safely, fix loading and unloading equipment, and inform customers and transport companies in advance to arrange for vehicles reasonably; assist shop customers in storing and transferring goods.

Climate Change Opportunities

Number	Opportunity Category	Opportunity Description	Strategic initiatives
1	Policies and laws	<p>The government is actively promoting the construction of green factories and green mines, and the environmental requirements for the cement industry are gradually rising.</p> <p>The government is actively promoting the construction of a national carbon emissions trading market.</p>	<p>Continuously promote energy conservation and emission reduction, enhance production and operational efficiency, promote comprehensive use of resources, reduce operating costs in the long run and further consolidate competitive advantages in the industry.</p> <p>Actively follow up on the latest national policies, carry out carbon asset management in a timely manner, and make use of market-based means to help preserve and increase the value of the enterprise's carbon assets.</p>
2	Products and services	As the government promotes green buildings, customer demand for low carbon cement and green building materials products and services will rise.	Plan to develop low carbon cement and high carbon absorption concrete technologies. Supply reliable and stable green building materials according to customers' individual needs. Continue to promote low carbon product certification for cement and clinker products.
3	Market	The government has promoted the development of green buildings, with national and local governments successively launching various policies to support the development of prefabricated buildings and encourage the resourceful use of construction waste to improve the urban environment.	Compared with the cast-in-place housing construction method, prefabricated housing has environmental advantages such as material saving and energy saving, and is conducive to improving building quality and construction efficiency. The Company actively promotes the development of prefabricated construction projects. It also continues to carry out cement kiln co-disposal to dispose of solid waste such as construction waste and promote the green development of the industry.

Green Culture Construction

Garden-style Factory Construction

With the increasing emphasis on environmental protection by the state in recent years, it is the responsibility of large enterprises to actively fulfill their environmental and social responsibilities. In this regard, West China Cement has always practiced the heavy mission of a listed company, continuously strengthening the environmental improvement work of its factories, being responsible for the environment, realising green development, low-carbon development and circular development, focusing on environmental protection and promoting ecological civilisation.

The primary task in building a garden-style factory is to change the traditional factory environment and increase vegetation coverage. In 2018, with the overall green design concept of "factory in sight, garden in mind", Yaobai Group formulated the Implementation Plan for the Construction of a Garden-style Factory of Yaobai Group and made detailed arrangements for the overall work throughout the year. A garden-style factory construction leading group, headed by the Chairman of the Board of Directors and with the general manager of each subsidiary as deputy head, was established to carry out the garden-style factory construction work in accordance with the Group's arrangements and deployment.

Factory Landscaping and Beautification

According to the principle of "matching species with the site" in landscaping, we paid attention to the suitability and diversity of plant species, hired professional gardening teams, organized experts to carry out overall planning and design of plant greening, increased capital investment, optimized the configuration of garden plants adapted to the site climate and local conditions, with no loess and gaps exposed. Trees, shrubs, grasses and flowers were planted to complement each other and the average green plant coverage rate of each production unit reached 20%.

Factory Image Improvement

A unified and standardized corporate visual image design plan was formulated for advertising, slogans, exterior colours of building facilities (colours of railings, cement silo, etc.), form and content of signage, and other items. The old office facilities of enterprises established more than five years ago were repaired and renovated, while for those that could not be repaired and renovated, new purchases were made as scheduled to ensure that the office environment and external image were significantly improved.



Logistical Facilities Upgrade

In 2019, Yaobai Group launched a star-rated dormitory construction programme, with focus on star-rated dormitory evaluation, and by drawing on the room management and catering management experience of Xinbai Company, its subsidiary, the Group improved its dormitories' supporting facilities and gave them a new look. A total of 17 company dormitories were included in the evaluation and 17 were awarded star-rated dormitories, achieving a 100% compliance rate, which greatly enhanced staff satisfaction.

Odour and Noise Control Improvement

Along the path of "technological transformation and environmental protection upgrading", energy conservation, environmental protection and green development are the key elements of enterprise transformation and upgrading. With the introduction of new energy-saving technologies, new equipment and new processes, we have started comprehensive and systematically integrated environmental management, and carried out energy-saving technological transformation of production processes involving circular economy and environmental management, so as to further enhance the green development of factories and truly make them a pleasant environment for birds to sing and flowers to blossom.

The construction of garden-style factories not only plays a role in removing dust, reducing noise, purifying air and beautifying the environment, but also maximises the greening and beautifying effect of plants. The process of building garden-style factories has not only improved the environmental benefits and the ecological environment of the factory, but also created better internal and external conditions for the transformation of the old and new dynamic energy into high-quality development. By constantly improving site management, carrying out production and operation activities with tidying, rectifying, cleaning, cleansing and literacy as contents, and creating a garden-style factory that contains a garden, a forest and a workshop, the image of the enterprise will be enhanced while improving the production and living environment of employees, and achieving interactive development of ecological greening and economic benefits.

To date, the production subsidiaries of Yaobai Group have all become garden-style factories, with Mianxian Company, Xunyang Company and Shifeng Company being named Shaanxi Province Green Factory and National Green Factory.

Green Honors in 2021



06 Consolidating “New” Foundation of Safety

Safe production is the foundation of ensuring stable and high-quality operation. As a responsible and committed corporate, West China Cement adheres to integrate corporate development and safety responsibility as one, firmly implementing safe production and improving the safety management level.



Investment in safe production

2479
million CNY



Safety training

6733
person/time



Pandemic Prevention and Control

Since the outbreak of the COVID-19 pandemic, we strictly implement local pandemic prevention and control requirements in accordance with pandemic situations in the operation country. Through establishing an emergency leading team of the pandemic prevention and control with the company leaders as the core, deepening the implementation of subject responsibilities, setting a sound pandemic prevention and control and emergency management system, we strictly implement enclosed management, comprehensive disinfection and targeted education, organize production and operation scientifically and orderly while guaranteeing pandemic prevention and control, with the determination to win the battle of pandemic prevention and control.

We strictly insist on the pandemic prevention and control principle of "internal prevention and external control", carry out strict disinfection work every day, conduct temperature measurement and disinfection measures to incoming personnel, vehicles and item packages, effectively guaranteeing the physical and mental health of all employees and ensuring the orderly implementation of production and operation works.

At the end of 2021, Xi'an City, where the head office of Yaobai Group is located, had an outbreak of the COVID-19 pandemic. Yaobai Group actively responded to the deployment of pandemic prevention and control work in Shaanxi Province and Xi'an City, established the leading group of pandemic prevention and control work as quickly as possible, solidly implementing responsibilities and taking accurate measures. On the basis of making efforts on regular pandemic prevention and control, we organized factories in each region to produce orderly, focusing on both pandemic prevention and production and operation.



Safety Production and Management System

With the safety production guideline of "safety first, prevention-oriented, comprehensive management, all employee participation" and the method of consolidating safety management responsibilities of all levels, West China Cement established the safety production management system of the whole process of "standardizing the system management, standardizing the safety training, and standardizing the production process", and continued to improve the ability of safety management and emergency treatment. The Group always adheres to the safety development concept of "regarding people and lives as the uttermost priority", carefully implements and enforces laws and regulations such as the Production Safety Law of the People's Republic of China and the Safety Production Provisions of Shaanxi Province, and work deployment of the emergency management department, solidly carries out annual key work tasks such as safety standardization, double prevention mechanism, safety special remediation and 100-Day Breakthroughs, etc. During the Reporting Period, there were no work-related fatalities due to production safety, or incidents of the Company suspending production for rectification or worse caused by contractors, achieving the target of decline in both number of safety incidents and economic loss.

Indicator	2019	2020	2021
Number of work-related fatalities /person	0	0	0
Rate of work-related fatalities /%	0	0	0
Loss of work days due to work-related injuries/days	1664	1129	981

Guarantee on Occupational Health

West China Cement always regards the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases as the starting and landing point of the management work of occupational health, strictly implements the "three simultaneous" work requirements of the occupational disease protection facilities, equips workers with labor protection products in accordance with the national standard, actively implements occupational hazardous element report, prevention education and training of occupational diseases, regularly conducts occupational hygiene inspection, evaluation and check-ups on personnel in contact with occupational hazardous element, and distributes labor protection products, continuously improving the occupation health protection and working environment of workers, solidly guaranteeing life and health safety of all employees.

Work Environment Safety

Management of employee safety

West China Cement always treats prevention of safety incidents and law risks as the management target, and improving on-site safety protection facilities and preventing unsafe behaviors as the core of safety management. The Group invests a total of approximately RMB24,790,000 on safety production annually, and gradually achieves a dynamic management model for all directions and the whole process through a series of actions such as safety training education, safety accountability, risk management by level, potential hazard investigation and management.

Safety management of third parties

West China Cement regards safety management of contractors as a key management target, conducts leveled approval of contractors' entry business, strictly implements the subject responsibility of corporations treating the prevention of incidents of outsourced operation as the starting and landing point of the safety management work of contractors. We created the "Notes on Safety upon Entering the Factory" cartoon, strictly focused on the implementation of measures of safety management and control, continued to implement deeply the safety special rectification work on contractors, refined the safety management mechanism of contractors, conducted strict inspection on qualification, personnel certificate, insurance and risk deposits on 165 contractors, who can only enter the factory upon approval. We also made prompt reports and evaluations of the contractors' behaviors in violation of regulations, and made public demonstrations of the results in the operation region. In 2021, there was a total of 81 contractors evaluated by the Group, with the accumulated penalties of RMB73,900.

Safe and Standardized Construction

West China Cement firmly adheres to the target of "green, safety, efficient", and treats "coordinated management, targeted strategies" as the guidance, comprehensively carries out standardization and green construction work based on reality, effectively preventing the occurrence of incidents and continuously improving the corporate fundamental safety management level. During the Reporting Period, a total of 15 subsidiaries are rated as second-grade safety standard corporates, while 4 mines are rated as second-grade standard mines.

Safety Education and Training

West China Cement has always viewed "inadequate training is a major potential safety hazard" as the guiding concept for safety training and education. It consolidated the safety production responsibilities of management cadres, enhanced the skills of safety management personnel, strengthened the education on must-know knowledge and skills of grassroots employees, making full use of the online examination platform to conduct 45 online and on-site safety training sessions, with a cumulative total of 9,400 participants, with training validation achieved with immediate answers and corrections. In addition, West China Cement organised two periods of post training activities, with a total of 42 participants, and organised quarterly training on double prevention knowledge for all production units under the Group at the same time, with a total of 6,733 participants in 138 training sessions. 6 new safety engineers were added to the Group, and a total of 19 safety engineers were registered.

Safety Honors

The Group is always devoted to building a benchmark enterprise for safety management in the industry. Lantian Company, a subsidiary of the Group, was honored as the "national demonstration enterprise for safety culture construction", and Huaxi Company was named as the "demonstration enterprise for special safety rectification in Guiyang City"; Hetian Company and Luxin Company were named as the "municipal advanced enterprise of safe production" and "annual excellent enterprise for safe production at a county level" respectively. Lantian, Xunyang, and Hengzhong Company were honored with the titles of "provincial excellent organization of occupational health" and "municipal healthy enterprise", etc.

Safety Achievements

Investment on safe production for the whole year: RMB **24.79** million

Safety trainings organized by the Group: **45** times with over **9400** participants

On-site safety trainings conducted by subsidiaries: **138** times with **6733** participants

Evaluation of safety qualification of suppliers: **165** suppliers with **81** evaluated

Rated as second-grade safety standardized enterprise: **15** companies

Rated as second-grade standardized mine: **3** mines

Additional registered safety engineers: **6** people

Lantian Company was honored as the "national demonstration enterprise for safety culture construction"

07 Producing High-quality New Products

West China Cement adheres to the principle of "Customer first", attaches importance to product quality management, establishes a sound product management system, and is devoted to product R&D and the concept of innovation while committed to producing products with best quality for customers. Meanwhile, the Group adheres to the core value of "operating with honesty", guarantees the rights and interests of customers and consumers, continuously improves the customer service quality, customer experience and satisfaction.



Quality Guarantee

Enhancing Quality Management

West China Cement strictly abides by the Product Quality Law of the People's Republic of China and related laws and regulations at countries/regions where each subsidiary is located. In accordance with the national standard for products and the quality standards of the country where the subsidiaries are located, we refined the internal Quality Management System and Production Process Management System, covering raw material, process control, product shipment and after-sales, ensuring all regions to organize the production activities in strict compliance with various standards. With the vision of "only sold products can be called commodities, we provide comprehensive technology support for customers" and the annual quality management target of "enhancing the brand building and improving product quality", the subsidiaries established quality management teams with the general manager as the leader, focused on implementing management of production site, calibration of measuring equipment, quality standard comparison, comparative products analysis, optimization of the mixing solution, inspection of verified data, etc., optimizing product standards and enhancing competitiveness. Through eliminating the ones ranked last, unqualified quality management personnel were moved out of the quality management team, while thoughtful and executive personnel with quality management mindsets and experience are appointed at key positions of quality management, ensuring the quality management process to be controllable. As of the end of the Reporting Period, all cement production enterprises of West China Cement have passed the Quality Management System (ISO9001) certificate, and there were not any product quality incidents during the years.

Product Recall

West China Cement establishes the management standard for quality incidents, makes judgement about the incidents according to the standard, and formulates the solution for treatment of unqualified products, the compensation standards, the recall mechanism and treatment procedures, etc. When the delivery of unqualified products are discovered and verified, or when serious quality problems occurs during the use of products, we immediately inform relative customers to stop using or separates the batch of products according to the standard, organize the recall of the unused products, identifies and compensates customer's loss, organizes the investigation and analysis of the quality incident, and formulates rectification measures and responsibility report, ensuring the rectification effect. During the Reporting Period, there were no recalls of sold or delivered products of the Company due to safety and health reasons.

Quality Control of Raw Materials and Fuel

In 2021, West China Cement regards "producing products that satisfies customers, creating values for customers" as the vision in terms of quality management, and takes "stable grouping, stable intensity, and stable performance" as the overall quality management target for the whole year. We continue to stabilize product quality, improve product performance, advance the gateway for product quality control, conduct research and evaluation on raw material and fuel for suppliers, ensure the average quality of incoming material, enhance all homogenizing chains in the field, introduce the concept of homogenizing indicators, and evaluate the stability of the quality during the process. We firmly implement the idea of "concepts are generated from practices" in terms of quality management measures, while each production base insists that every process quality management indicator is verified and optimized through the small mill experiment, characteristic verification tests of various materials are conducted every quarter, the best ratio of various materials are determined through orthogonal experiment, ensuring the stable quality of products. With the joint efforts of all quality management personnel, we effectively improved the product performance and enhanced customer satisfaction.



Improvement of Product Performance

According to the using habits of customers in the regions where the subsidiaries are located, and in combination of the local market condition for activated admixture, we successfully developed grinding aids with a large proportion of limestone together with various research institutions in the PRC, solving the problems of product coagulation time, water requirement, and preliminary intensity not adapting to market demands. Through measures such as reducing the water requirement of clinker, reasonable mixture of clinkers, adjustment of operating parameters of the grinder process, seeking the optimal correspondent value of fineness and specific surface area, optimizing the selection of admixture, the subsidiaries promoted the performance of cement greatly. The 28d intensity of clinker of Yaobai Group increased 2.3Mpa as compared to last year, while the standard thickness of cement decreased by 0.4% as compared to the same period last year, with the customer satisfaction in commercial concrete and key project market improving significantly.

Shifeng Company of Yaobai Group attained concrete materials from the Jingkun reconstruction and extension project, and carried out 6 mixing experiments with the cooperation of Bai'an Company, increasing the performance of P·O 52.5 significantly; through promoting the calcination ability of rotary kiln, increasing the amount of liquid phase by adjustment of the percentage of clinker, and refining the process operations, Tongchuan Company decreased water requirement by 1.0%, stabilized 28d intensity at above 55MPa, with the lowest water requirement of P·O 42.5 cement to be below 25.0%. Huaxi Company used yellow phosphorus slag as an ingredient for raw materials, optimizing the percentage of clinker, improving the calcination ability of kiln and promoting the 28d intensity of clinkers by 2.9MPa. Yining Company optimized the grate cooler air, enabling clinkers to quench as fast as possible, and increasing the intensity to above 64MPa. Yaowangshan Company and Lantian Company optimized the operation, expanded the distribution of cement particles, adjusted the type and percentage of admixture, rationalizing the SO₃ controlling indicators, and decreasing the water requirement of P·O 42.5 commercial cement to below 27.0%.

Laboratory Construction

For years, West China Cement continued promoting the construction of standardized laboratories, strengthened different kinds of trainings, enhanced investment on the hardware facilities of inspection equipment and upgraded and renewed the inspection methods carried out random checks of the laboratory's work quality at a high frequency, improved the management of hardware equipment, inspection environment, and inspection personnel's ability to varying degrees in various laboratories, and played a positive role in promoting the brand building of the Group. All the subsidiaries successfully passed the onsite evaluation of the industry standardized laboratory, among which the seven units of Yaobai Group, namely Xixiang, Xunyang, Danfeng, Yaowangshan, Luonan, Yangxian, Mianxian and Lantian, were awarded as the "Excellent Standardized Laboratory". In 2021, the qualified rate of external comparison verification was 100%; 21 subsidiaries of the Group were all shortlisted in the 18th national evaluation and comparison of cement quality indicators of the "Tongcan Cup Award"; three members were honored with the title of "Technique Pioneer for the Building Material System of Mechanical Metallurgy of Shaanxi Province" in the 2021 professional skills competition of cement inspector of the "Jinyu Jidong Cup Award" of the building material industry in Shaanxi province; Tongchuan Yaowangshan Ecological Cement Co., Ltd. participated in the "comparison of evaluation of physical properties of oil-well cement mortar" organized by the oil-well cement and additive quality inspection and evaluation center of the petroleum industry with the result of "satisfied", winning an award for the Company in the cement industry and demonstrating the excellence of the technical personnel of the Group.



High-Quality Services

Guaranteeing Customers' Rights and Interests

West China Cement adheres to the concept of "honest operation" and is devoted to creating a business atmosphere with fair, open and equal trades. The Company attaches importance to the consumers' rights and interests, provides a transparent consumption environment for the consumers through means of publication of price information, etc., carries out trainings to sales personnel regularly, enhances the professionalism of employees, and forbids adverse events such as compulsory selling, etc.

The Group has put in place a unified management system on cement marketing for all its subsidiaries, and on this basis creates a unified customer service system. The sales head office performs responsibilities of unified marketing management and customer service of the Group, being responsible for the sales service and daily management of cement products and providing standardized service for customers before, during and after sales, as well as ensuring various marketing activities are carried out normally. Each sales customer service center is responsible for carrying out specific selling service work to the cement customers at the operation site, as well as service works to the customers such as cement delivery, settlement, receipts, reconciliation, etc.

Each unit draws the networked tree map of the channels of the unit according to regional market conditions respectively, covering all end customers, with the channel level maintained within three levels, keeping the sales channel flat, in order to grasp market information timely and accurately, and enhance the management of agents. We adhere to the market visits of "horizontal and vertical coverage", giving every village and every household access to the channels, provide professional customer service with targeted strategies for every household, organize professional technology personnel to visit customers regularly, help them to solve difficult problems during production, to reduce the operation cost of customers. Meanwhile, through measures such as committing to the delivery time and encouraging customer supervision, we increase the delivery efficiency of products, ensure normal supply, and reduce the time costs of customers.

We provide customized services with the customers' demand as the direction, establish the service awareness of treating customers' demand as the direction, accurately analyze customers' demand, and customize service for customers effectively. The Group divides customers into civilian customers, commercial customers and key project customers, and adopts different service model and sales mode targeted at different customers. We also carries out the spot to spot and one on one visit model, making in-depth visits to the field, in order to understand the customers' needs, communicate with customers in details, formulate effective solutions in accordance with their demands as well as seek their opinions and suggestions, make appropriate adjustments and help customers to solve the problems in a timely manner; meanwhile, we adopt the monthly award and annual award policy, to stimulate customers' desire to purchase which is of mutual benefit and truly achieves the win-win situation for the Company and customers.

To protect customers' rights and interests and avoid various risks of customers, the Company especially formulated notes to customers, making sure every customer understands the business operation process, cautions and relevant benefits. To ensure the safety of funds, customers can remit the payment directly to the designated bank accounts of the Group's subsidiaries when making payment, individual customers should bring ID card (and authorization letter/introduction letter signed by the unit if the individual is making payment for the unit) to use the POS machine to make the transaction or to go through payment procedures in the finance department. All business between customers and the Group cannot be entrusted to relevant business personnel of the Company. The pick-up price of pre-payment and sales in cash are executed at the price listed on the window of the service center of the Company's various customers. The company ensures that the username of the invoice is consistent with the name for the payment, while ensuring that cargo pick-up and receipt are in the same month, to facilitate customer financial reconciliation.



Customer Data Protection

The Group incorporates customer data protection into our comprehensive risk management system and continues to establish robust customer data protection systems, mechanisms, and procedures. Each customer service center takes the lead in managing customer data protection, clarifying responsibilities of the attribution and use of information, and strictly follows the principle of "the one in charge takes on full responsibility", implementing an accountability system in which the responsible person and duties are clearly assigned. We refine working measures and procedures and continue to enhance the implementation of the accountability system of customer data protection. Meanwhile, information security training is conducted regularly through briefings and weekly meetings to continuously improve the education on customer data protection awareness of all sales representatives. Customers' security awareness level is also improved through mutual communication, constantly emphasizing on the optimization of service processes and customer education after the occurrence of data leakage.

We respect customers' right of privacy, and ensure and protect the confidentiality and safety of customer information. First, we strictly abide by the rules and regulations of the Company, promote the information security awareness of employees, and strengthen the concept of rule of law. We enhance the awareness of confidentiality and ensure that customer records, complaints, information, etc., shall be kept confidential and shall not be disclosed at will, nor shall relevant information be added, deleted or disclosed at will.

The Group owns a large customer information system and establishes a multi-dimensional customer information control system to better maintain strict confidentiality of customer information, which is regularly upgraded to enhance its reliability and security. We formulate customer service management systems respectively according to the product classification and business characteristics of each segment. To satisfy the different needs of different types of customers, the Company builds connections with every type of customers respectively with a view to strengthening communication and understanding customer needs. On this basis, we provide targeted and personalized services to our customers.

Customer Service Management

To better serve our customers, the Group launched a digital marketing customer online ordering system that mainly includes functions such as online ordering for customers, self-services for drivers on collecting and distributing cards, self-service on printing receipts, self-service quantitative loading of bulk cement, and the interface between ERP freight forwarding and logistics platform. Customers can handle businesses by themselves through the APP, which reduces their time spent on travelling.

Meanwhile, to better provide high-quality and comprehensive services to our customers, the Group is committed to improving the quality and brand awareness of all of our personnel, promoting brand value through measures such as long-term training and education on quality awareness, assessment of quality and performance, and improving business skills of technicians and sales representatives.

Customer Satisfaction Survey

Based on the actual work conditions, every major sector of the Group understands customers' satisfaction with products and services of the Company through ways such as disseminating customer satisfaction questionnaires and paying customer visits to widely collect comments and suggestions of our customers. We objectively and effectively report customer feedbacks in a timely manner, and our customer satisfaction rate has reached 100%.

Follow up on Customer Complaints

The Group compiles and summarizes information such as customer interviews, customer complaint handling details, and company and competitive product sampling on a monthly basis to categorize and manage customer complaints. We focus on tracking fluctuations in product indicators, quality issues of packaging bags, customer's demands for and suggestions to product production and shipment, etc. We formulate rectification plans based on customer feedbacks and continue to follow up on the progress of rectification to promote product and service improvement. During the Reporting Period, the Group received a total of 16 complaints from customers regarding services and products, with a complaint handling rate of 100%.

Technical Services

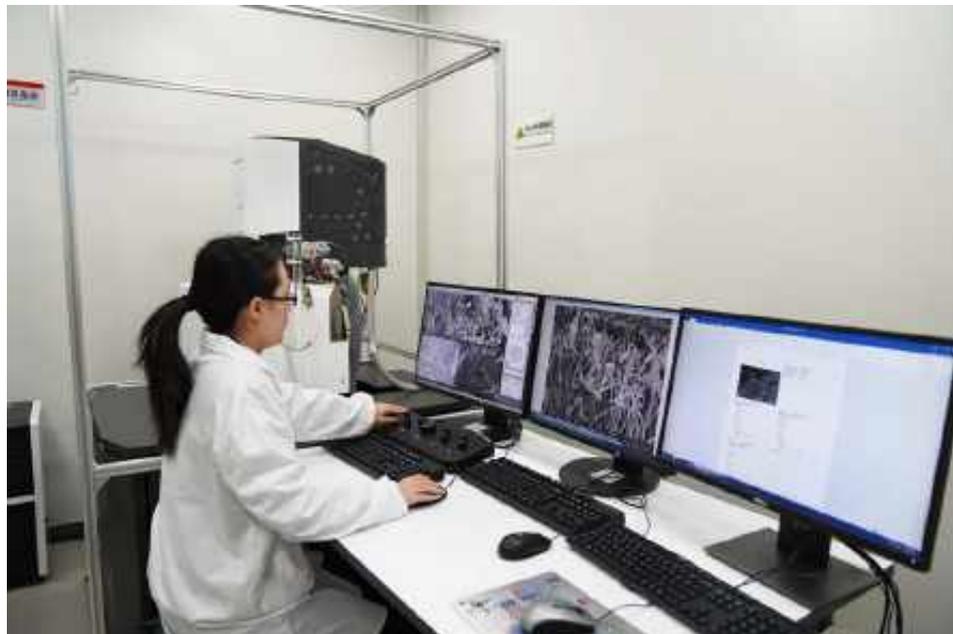
Throughout the year, the Group takes market demand as its guide and provides differentiated product solutions according to different customer demands on product quality, offering customized and worry-free solutions for different customers.

We inspect the quality and performance of cement through double and random sampling at the production base level and the sales market level as well as code-crossing mutual inspection. We also make monthly visits to key projects and commercial concrete markets, pay quarterly full-coverage visits to ordinary markets, and from time to time arrange monthly telephone interviews by engineers according to sales information and return records of our customers to understand customer demand and the real condition of products. We establish a mechanism of long-term sample exchange and production site visits with customers to eliminate errors in product testing results caused by differences in testing conditions and methods. During season changing periods, we print out notes on the use of products, instructions on the use of new products, and formulate a recommended ratio with maneuverability for general customers to facilitate customers' correct use of our products.

Throughout the year, we made more than 2,100 customer visits, provided more than 720 special technical services, and assisted customers in solving problems encountered while using products of the Group for more than 200 times. There were no customer complaints due to inadequate technical services throughout the year.

In response to the various problems in the uses of cement raised by users, the Group takes the lead in organizing multiple visits by various companies to construction sites to solve problems, and fully meets the needs of users through continuous testing of the production line and by reviewing users' verification of the results.

The cement of Xunyang Company mixed with fluorine gypsum solved the problem of the postponement of cement paste for Ankang users; Kangding Company used hard gypsum with desulfurated gypsum and made adjustments with concrete accelerator to meet Sichuan-Tibet Railway's requirements for shotcrete; and by measures such as modifying the clinker ratio and the cement grinding index, Zhen'an Company satisfied the special construction requirements of Xianyang Airport customer with concrete pavements in compliance with the civil aviation index.





08 Pursuing “New” Development of Innovative Technology

Innovation is the most important drive to lead development. Focusing on innovation is focusing on development; thriving for innovation is thriving for the future. West China Cement insists on innovation-driven development and is committed to building an innovative corporate, consistently placing technology innovation at a prominent strategic position, continuously strengthening innovative abilities, and taking the initiative on transformation and development, thus enabling the corporate to get an advantageous position in the market competition and motivating the corporate to progress continuously.



Technology Innovation

Innovation Results

As a listed corporate mainly focused on cement production, achieving transformation and upgrade is a top priority as well as the foundation of development. The Group adheres to promoting innovation-driven development and transformation and upgrade, further improving the revolution and innovation, creating a good atmosphere of working hard with integrity, forming a good situation of due diligence and united strength, accelerating the corporate's transformation during development, and promoting the development quality and economy effect during transformation. Through establishing the innovation awareness of all employees, the Group faces the market and implements technology innovation in practical terms, attaches importance to the construction of a technology innovation team, establishes a talent motivation mechanism, accelerates the transformation of results in the combination of tackling problems, and relies on technology innovation to realize development with content.

To effectively promote technology innovation, the Group regards technology innovation as an important corporate development strategy, creating a good atmosphere of caring for technology innovation from the top-down. We conducted strategic cooperation with renowned universities in the PRC, continuously introduced talents with high performance, and organized multiple parties to cooperate and tackle problems together. In 2021, through participating in "technology innovation reward" selection activities and press conference for QC results on national and provincial levels, the Group guided all employees to carry out self-innovation in fields of production, technique, equipment, and quality; the Group adopted the technology innovation mode with corporate as the main body, market as the direction, and the combination of production, study and research, determined on technology research tackling projects and attracted introduced advanced technology in combination with our own characteristics, continuously promoting the high-quality and steady development of the corporate. Meanwhile, we established sound talent incentive mechanisms, promoted the original drive for technology innovation, boldly employed young talents for important technology positions, exercised the technology team through research and tackling, and established incentive measures such as technology innovation award to motivate initiative and creativity of technology talents.

Innovation-Driven Case Project

Optimization and Improvement Project of Pure Silicon Grinding Balls

Through the optimization of technique parameter improvement after the forging transformation of grinding balls, and in combination with V selection technique improvement and retrofitting and mixing equipment, improving the pure silicon powder production time by 30t/h from 135t/h before the technology innovation to above 165t/h, while electricity consumption decreased by approximately 3.5kwh/t from 42kwh/t to 38.5kwh/t, effectively reducing the production costs and energy consumption, leading the Group's high-quality and innovative development to progress continuously.

Research and Development of New Products

Focusing on the market demand and industry outlook, the Group continues to implement research and development on new products and new technology and responds to requirements of the national "dual-carbon" target mission in combination with the industry development direction of the "14th Five-Year Plan", followed the trend of market development and demand closely, carried out themed research involving R&D directions of cementitious material such as special cement, concrete material, mortar material, admixture material, and reclaimed material of solid waste, etc. The Group carried out a series of projects on oil and gas well-cementing material R&D, Ultra-High Performance Concrete technology research, wall thin mortar binder, research on the physical characteristics and microscopic mechanism of Sulphoaluminate cement for marine project, R&D on plugging agent for mines, stone protection agent, research on the anti-adsorbent agent for concrete, shotcrete accelerator, product optimization for Pycarboxylate Serplasticizer, R&D on the 6C type of Pycarboxylate Serplasticizer, stimulator for ultra-fine fly ash, slag Portland cement, research on key technologies of self-care and protection of aeolian sand road base, high iron belite Sulphoaluminate cement, microcement for art decoration, R&D on chromium reduction agent for cement, which have all achieved expected results.

Standard Participation and Patent Acquisition

West China Cement attaches great importance to the protection of intellectual property rights. Through effective implementation of the Group's Intellectual Property Management System, the Company has continued to promote our internal patent applications and innovation work by the law. During the Reporting Period, 31 patents were applied for, and a total of 8 patents were granted, among which 4 were invention patents, and 4 were utility model patents. We participated in the formulation of 2 national standards: Sulphoaluminate Cement for Marine Rapid Construction (GB/T 39712-2020) and Methods for Detecting Heavy Metals in Sludge and Contaminated Soil for Cement Kiln Coprocessing; participated in the formulation of 16 industry/group standards; and formulated 13 enterprise standards by ourselves.

Innovation Management

Innovation-Driven Activities

The Group advocates a culture of innovation. We vigorously carry forward the enterprise spirit "Pioneer and Innovate. Surpass Oneself" and continue to create an innovative atmosphere. In 2020, we started to carry out innovation-driven activities throughout the Group, aiming at "establishing an innovation-driven philosophy, stimulating the energy and potential of innovation, and comprehensively promoting the innovation development of all works". Our subsidiaries actively sought innovation ideas, set up task forces, formulated promotion plans for innovation projects, and enthusiastically submitted project applications. In total, 38 company-level innovations were submitted and confirmed; 164 mass-level innovations were recorded; and 233 suggestions and strategies were made and developed by our entire personnel. Meanwhile, the Central Shaanxi region convened a themed conference on the innovation of talent management, and the Southern Shaanxi region successfully held the second innovation-driven competition. During the Reporting Period, the Group commended outstanding innovation-driven projects with a view to gradually improving the innovation awareness and ability of our leaders and employees.

Honors for Innovation



August 2021

Received 2 second-class awards and 3 third-class awards of the "Technical Innovation Award" from the Shaanxi Building Material Committee.



September 2021

The longitudinal transportation research topic "Key Technology of Microstructure Optimization and Durability Improvement of Aeolian Sand Road Foundation based on Self-Maintenance Technology", which was jointly applied with Chang'an University and Yulin Highway Administration, was selected as one of the 2021 transportation research projects by the Shaanxi Provincial Transportation Department.



October 2021

Awarded the title of "Advanced Enterprise in Technology Innovation for Comprehensive Utilization of Pulverized Fuel Ash" jointly by the Shuozhou Municipal People's Government of Shanxi, the Department of Industry and Information Technology of Shanxi Province, and the Institute of Technical Information for Building Material Industry.

Transformation, Upgrading, and Structural Adjustment

Transformation, upgrading, and structural adjustment are difficult tasks West China Cement must deal with to achieve long-term development. In 2021, the Company continued to strengthen business expansion and made steady progress in the development of various businesses within the new business format. Our ability to withstand market risks significantly improved, and our strategic layout of structural adjustment, transformation and upgrading obtained positive outcomes in the current phase.

Special Cement

The Group is committed to becoming the enterprise with the most comprehensive kinds of special cement in northwest China. We have independently developed more than 10 special cement and cement-based new products that embody innovative significance and economic benefits, such as 3D printing construction materials, calcium aluminate powder, oil well cement for methane hydrate extraction and decorative concrete. These include decorative dry-mixed mortar for large areas of interior and exterior decoration, e.g. the blinding layer of wall tiles and floor tiles; sulphoaluminate cement product series that is suitable for complex and changing construction environments and can satisfy different market demands; P.HSR high sulfate resistant cement for key projects such as the Jing River grand bridge; medium and low heat Portland cement for major water conservancy projects, e.g. the project of drawing Han River to supply Wei River in Shaanxi Province (the Sanhekou Dam and the Huangjinxia Dam), the Baihe hydropower station of Han River, the Xunyang hydropower station and the Dongzhuang Reservoir; marine construction cement product series for projects such as land reclamation, the construction of artificial islands, reefs, harbors, dams, cross-sea bridges, submarine tunnels, and sites at the north and south polar.

Deployment of Commercial Concrete Aggregates

After extensive market research, the Group has comprehensively promoted the layout of stations and accelerated construction works in accordance with scientific layout and standardized management. We built 2 commercial concrete stations in Yutian and Pucheng and 5 prefabricated building production bases in Ankang and Moyu, preemptively implementing the layout in various regions. By the end of the Reporting Period, 12 commercial concrete stations with a capacity of 10 million square meters have been built.



Expansion of Prefabricated Buildings

Driven by the vigorous national policy of advocating the development of prefabricated buildings to promote the adjustment and upgrading of the industrial structure, West China Cement, one of the crucial business segments in the strategic layout of Yaobai Building Material, actively promotes the product development of prefabricated housing and components in response to the market trend and our advantage in concrete production. Our main business is the development and production of prefabricated housing, PC components and supporting components. We plan to establish 7 production bases for prefabricated buildings and have successfully completed the planning and layout of the prefabricated segment with a 163,000 square meter production capacity of prefabricated buildings.

Relying on the existing cement project layout of the West Holding Group in the African region, we set up a production line of prefabricated integrated building products, mainly targeting the construction of social housing with less than 5 stories, e.g., civil buildings, temporary housing for engineering projects, government-guaranteed buildings, or social housing. Through technology development and innovation, we create an independent and competitive modular system of prefabricated buildings radiating out from the primary financial city center of the host country. The relocation company in Mozambique produced 75 prefabricated houses, obtained the national level 4 construction enterprise qualification, and actively developed its regional customers, achieving the goal of 105 sets of intended orders in total for the FFH T0 project, Muslim schools in Maputo, and the nursing home project. The relocation company in the DRC continues to accelerate construction projects and improve its product industry, laying the groundwork for its subsequent development.

Development on Aggregates

Yaobai Group actively explored development opportunities for aggregate business in the regions in which it operates, fully leveraging the synergy advantage of cement, concrete, aggregate and prefabricated building business, promoting the development of corporate integration, further consolidating the core competitive strength of the company. In 2021, we established and delivered three aggregate projects, making a total of 8 aggregate projects for the Group. The planned annual production capacity is approximately 15 million tonnes, further fulfilling the aggregate resources restoration.

Financial Services

The financing and renting company under Yaobai Group adhered to the market positioning of developing the "building material industry chain financing" business, relying on the two licenses of financial leasing and microfinance; we focused closely on the main business of cement, developed financial products that adapt to customers' needs, prioritized on developing businesses such as building material industry chain financing and mortgage loan, promoting real economy and actively supporting the development of middle and small corporates. In 2021, the Company actively responded to national calls and took measures such as reducing interest, declining and waiving default interest, reappointing repayment deadlines, etc., for clients influenced by the pandemic to help clients pass the difficult period of operation, thus obtaining the approval of clients.

Intelligent Logistics

The logistics platform management of Yaobai Group is becoming more sophisticated. The use of big data, cloud calculation, blockchain and other technologies to build platforms with function sectors is becoming more established, such as intelligent coordination, safety supervision, and back market of cars, forming a modern and comprehensive logistics service system based on the northwest part of China and radiating nationwide. Through integrating data on the three major platforms on the Internet and APP mobile end, the company continues to develop in a standard, innovative, green, open and sharing direction, achieving the integration of logistics flow, information flow, asset flow and talents flow. The platforms currently have 22,000 registered vehicles and 21,000 registered drivers, with a total amount of 35 million tonnes of delivery and 1.09 million orders completed. Since its establishment in 2017, the Group obtained a certificate for AAAA grade logistics corporate, internet cargo transportation operation, and the award of national advanced corporate in fighting against the pandemic in the logistics industry, contributing to promoting the construction of the standard system in the Northwest logistics industry.

Leveraging current China-Hong Kong intelligent logistics platforms in the PRC, we will develop an international logistics business in Africa for land, lake and sea transportation based on the overseas development strategy. Mozambique logistics company has carried a total of 565,900 tonnes of cargo for the year, with a total of 60 transportation routes developed, realizing an 86.36% of operation rate of 110 self-operated transportation vehicles. The Anda logistics company in Congo-Kinshasa started to put vehicles into service in August, with a total of 72 vehicles put into service throughout the year and a total of 35,200 tonnes of delivered cargo, representing 60% of vehicle operation rate and achieving a profit of approximately RMB1.5 million. The delivery for two companies provided an effective guarantee for the logistics transportation in Mozambique and Congo-Kinshasa.



Plastic Production

The production technique of the square-bottomed valve pocket introduced by Yaobai Group does not need sewing in the production process, which not only reduces production procedures but also saves sewing threads and kraft paper edges, fundamentally preventing sewing threads and paper edges from entering cement concrete, guaranteeing the construction quality and keeping the site environment clean, which benefits the recycling of used package bags, and is in compliance with the national policy requirements of protecting forest resources and ecological environment.

The valve pockets adopted the leading international technology of micropore punching with extremely small pore size and relatively high pore density, with the pore size and density adjustable according to the emission situation of canes, mitigating the problem of too much pocket intensity loss due to punching. By greatly reducing the occurrence of dust spray and material leakage in the process of filling and transportation, we improved the environment for on-site filling and loading transportation, as well as reduced the loss and waste of cement. By utilizing waste materials such as plastic and old woven bags to produce square-bottomed valve woven bags, we not only saved raw materials but also enabled secondary recycling, which contributed to conserving resources, reducing environmental pollution, and forging a low-carbon economy, generating broad social benefits.



Deployment of the Glass Industry

The 140t/d glaverbel glass production line of Hongxing Glass Company of Xikong Group was successfully ignited on September 1, representing that the strategic development of Xikong Group in Africa has entered into a new stage, which created a new source of profit growth for the Group, as well as set a good foundation for follow-up production of high-end and high-quality products, while changing the historical situation of no glass production lines in the six Central African countries.

Gypsum Board Business

Leveraging the production technology of gypsum products in the PRC and resource advantages in Africa, we proactively developed the gypsum board business. The Company invested and constructed a gypsum board production line with an annual production of 2X30 million m^2 in the Economic Development Zone, Catumbela City, Benguela Province, Republic of Angola. The first phase of the gypsum board production line, with an annual production of 30 million m^2 , has already started construction in June 2021, and is expected to be completed and put into operation in July 2022.

The production line adopts advanced international technologies, with the technique equipment reaching the world-leading level, mainly producing various types of gypsum board and supporting keel, powder for construction, original gypsum stone, etc. As the first large modern gypsum board production line in Angola, its construction will end the history of importing gypsum boards in Angola, as well as provide gypsum products with high quality and low price for more African countries by virtue of the advantage of convenient transportation with Twin Ocean Railroad and the Port of Lobito.

09

Exploring Intelligent “New” Manufacturing

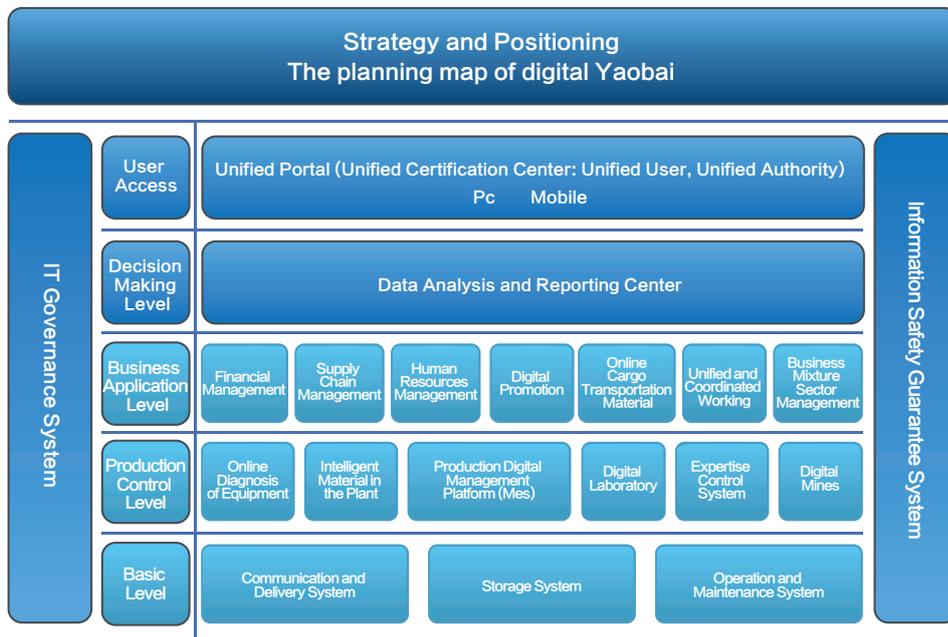
On the route of digital and intelligent development, West China Cement actively responds to the national policy, insists on self-innovation, explores intelligent manufacturing, vigorously practices digital transformation, takes good advantage of development opportunities of the time, and is committed to promoting the digital and intelligent transformation and upgrade of the whole Group. We made a full demonstration based on preliminary intelligent explorations, finding a digital and intelligent development route with Company characteristics through practices.

Construction on Informatization

In 2021, based on the overall plan of the Group, we focused on streamlining and improving the Group's digital production management platform, completing the implementation of two major function modules, i.e., the production management and control platform and the equipment delivery and management platform. Through these platforms, the isolated islands of the production and equipment management information of the Group and its subsidiaries are connected, enabling the Group to control real-time production situations of subsidiaries, supervise the equipment operating conditions of subsidiaries, achieve horizontal benchmarking and ranking, realize real-time warning of various faults, and optimize emergency troubleshooting to planned operation and maintenance management.

Meanwhile, the Group also prioritized the intelligent construction of Tongchuan Yaobai's 10,000 tonnes production line, which not only achieved leading production techniques around the globe, but also achieved industry leadership in intelligence, accumulating precious experience for the industry's intelligent explorations and playing a leading benchmark role in the northwest region.

We also made tremendous progress on the intelligent renovation of single plants through the construction of projects such as the production digital management and control platform, the renovation and upgrade of the big screen in the central control room, intelligent online diagnosis of equipment, image intelligent identification, etc., enabling production management to no longer be restricted from geographical location, as well as real-time visual monitoring of the production condition, equipment status, energy consumption, and safety and environmental protection, thus solidly helping various production units improve efficiency, reduce energy consumption, minimize safety risks, and implement social responsibilities.



Intelligent Exploration

Digital Management and Control System

On the basis of completing self-development on the single plant MES system and equipment online diagnosis system application, we smoothed the data passage, constructed a supporting platform for the Group's production management informatization, built the infrastructure for the digital factory construction and intelligent corporate construction of the Group and its subsidiaries. We also completed research and development on various basic modules such as real-time monitoring, production management, energy management, safety and environmental management, equipment management, etc., among which the production management module was on trial operation in Central Shaanxi and Southern Shaanxi, and the energy management and the safety and environmental management modules already operated officially; the whole project has conducted relevant training in various subsidiaries such as Fuping, Shifeng, Danfeng, Xunyang, etc., with good operating conditions. The stable operation of the modules marks that the supporting system of the Group's production and operation is already established. The successful development of the system makes the core business management system of the Company to be autonomous and controllable while gradually forming the Company's independent intellectual property products and core competitiveness.



Expert Control System

On the basis of adding an online raw material analyzer, Danfeng Company carried out trail spot application of the automatic control of the firing completion stage of the expert control system, which has achieved automatic control of the temperature at the kiln preheater, automatic control of wind pressure of the grate cooler, automatic control of the temperature of the coal mill, and automatic control of NOX of the denitrification system, demonstrating sound effects, including coal consumption: automatic control reduces 1.9Kg/T of Clinker compared to manual control, lowering relative standard coal consumption by 1.46%; Ammonia consumption: automatic control reduces 0.36Kg/T of Clinker compared to manual control, lowering relative ammonia consumption by 14.2%; Electricity generation: automatic control increases 357.46 degrees for each class compared to manual control, raising relative electricity generation by 1%.

Data Middle Platform

Based on the overall level of the Group, we conducted unified planning of core data of the whole Group from the business perspective, established the data middle platform, formed the data resources catalog, regulated data standards, extracted relevant data resource models, and used the language of data to restore the business model of the corporate through deduplicating, summarizing and streamlining data models. We constructed the six major abilities of the Group: planning and governance of data resources, acquiring and restoring data resources, data sharing and coordination, exploration and analysis of business values, construction and governance of data services, and measuring and operation of data services, setting a good foundation for realizing a data-driven intelligent corporate.

Online Cargo Transportation Platform

Innovative logistics operation model promoted intelligent and high-efficiency development of traditional road logistics transportation, solving the problems of "small, disseminated, messy, poor" in the traditional logistics industry, enhancing the organization efficiency and reducing transaction costs, enabling cargo owners with cars to choose and drivers with cargo to transport, mitigating the long-existing industry difficulties, thus having broad application value and market value.

Aggregate (or Clinker) Self-Loading

We installed multi-line radar, single-line radar and contact radar to automatically identify carriage volume, tie-bar position and vehicle parking position, etc., instructing the driver for self-shifting and loading through equipment such as on-site voice, LED screen and traffic light, achieving self-loading by the driver.

Yangxian Company's Intelligent Case Project

In the context of "structure adjustment and transformation and upgrade", the Group selected Yangxian Company to carry out intelligent trial spot construction work in order to guide the production units to continuously implement digital and intelligent transformation and upgrade of the industry and enhance the comprehensive competitiveness of the corporate. The project consists of the construction and application of 5 major intelligent systems, including digital promotion, digital production control platform, equipment intelligent supervision system, parametric optimization system, and intelligent image identification, with an actual investment of over RMB 3 million.

Since the implementation and operation of the project, all business systems have demonstrated excellent management performance and economic effect, optimizing and deducting 34 staff through intelligent renovation and position optimization. With the help of the intelligent project, the continuous operating days of the rotary kiln of Yangxian Company in 2021 set the best record since the establishment of the plant.

In June, the Group organized and held the summary meeting of the intelligent project of Yangxian Company, specified the overall frame and implementation idea of commencing equipment for online supervision of the phase two project by Yangxian Company, and determined the direction of further exploring the 1.0 version of optimized data selection and research on reduction of energy consumption. Meanwhile, it also marks the beginning of the intelligent innovation and upgrade of various production lines of the Group, representing another firm step forward in the intelligent transformation and upgrade of the Group, which set a good foundation for supporting "Carbon peaking and Carbon Neutralization" and green and intelligent development.

Data Safety Construction

The Group continues to attach great importance to information network safety, making sure all kinds of data are applied and preserved in a safe environment. Through the internet firewall of the Group, we kept real-time upgrades on the virus protection storage, increasing the data operation speed and safety; developed application programs with free servers as the storage site; gradually moved the Group's externally stored data safely to the Group's servers; and discussed the data safe construction model with excellent cooperative partners such as Cloudsky, Yonyou, Oracle, Huawei, Sangfor Technologies Inc., Hillstone Networks, etc., enhancing the Company's data safety construction level. On the foundation of existing safety equipment, we carried out further management of online behaviors, blocking access to risky websites, conducted innovation and revolution of the Group's operation and maintenance guarantee system, and collected certain weak links of management to the Group for central management of the expertise. In addition, we actively cooperated with the internet safety team throughout the year, carried out multiple safety scans of various applications of the Group, and proactively optimized problems and loopholes found, ensuring that all systems were operating stably and safely.

10 Stimulating “New” Energy of Talents

As a responsible listed company, West China Cement is always devoted to caring for and treating employees friendly in various aspects such as livelihood, emotion and growth, creating a safe and healthy work environment for employees, building a platform that enables value achievement, and sharing the development results of the corporate with employees. We endeavor to strengthen our relationships with cooperative partners, hold hands with partners to implement social responsibilities together and continue to contribute deeply to charity and public welfare in combination with the Company's own business characteristics and advantages, building a more harmonious and better society with practical actions.



Total number of employees
7,469



Coverage of employees trained
100%



Number and Structure of Employees

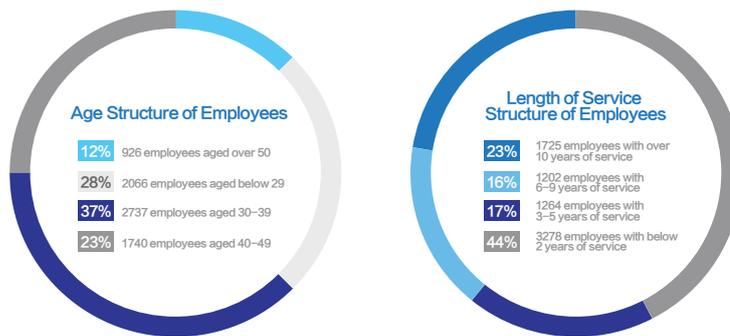
Our work on talent management focuses closely on the Company's strategy, adhering to the talent management method of "get rid of the stale and take in the fresh", concentrating on the three links of cultivating, attracting and utilizing talents while adopting the dual talent cultivating and introducing the system of internal selection and external recruitment. We attach great importance to managing the employee structure, promoting the upgrade from labor resource management to human resource management, thus optimizing the employee structure gradually.

Age Structure of Employees

As of the end of the Reporting Period, the number of West China Cement's employees aged over 50 was 926, representing 12% of the total number; the number of employees aged 40-49 was 1740, representing 23% of the total number; the number of employees aged 30-39 was 2737, representing 37% of the total number; and the number of employees aged below 29 was 2066, representing 28% of the total number.

Length of Service Structure of Employees

As of the end of the Reporting Period, the number of West China Cement's employees with a length of service of over 10 years was 1725, representing 23% of the total number; the number of employees with a length of service of 6-9 years was 1202, representing 16% of the total number; the number of employees with a length of service of 3-5 years was 1264, representing 17% of the total number; and the number of employees with a length of service of below 2 years was 3278, representing 44% of the total number.

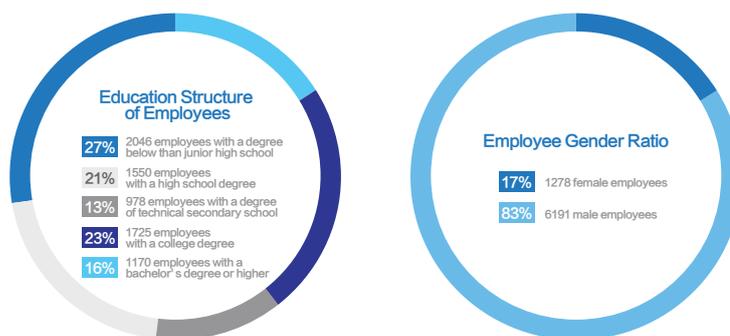


Education Structure of Employees

As of the end of the Reporting Period, the number of West China Cement's employees with a bachelor's degree or higher was 1170, representing 16% of the total number; the number of employees with a college degree was 1725, representing 23% of the total number; the number of employees with a degree of technical secondary school was 978, representing 13% of the total number; the number of employees with a high school degree was 1550, representing 21% of the total number; and the number of employees with a degree below than junior high school was 2046, representing 27% of the total number.

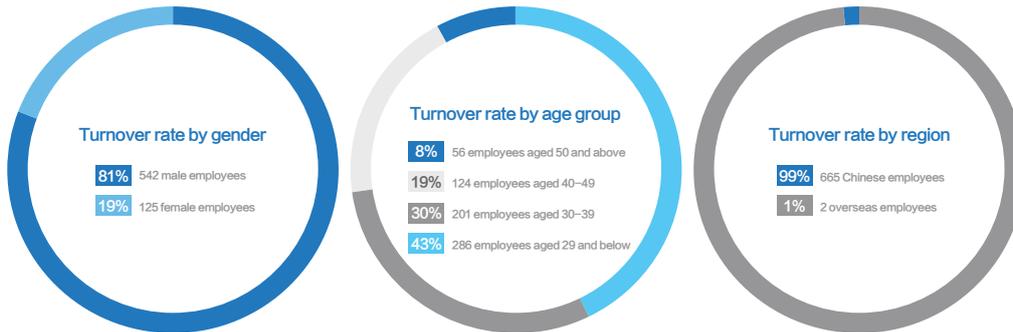
Employee Gender Ratio

As of the end of the Reporting Period, West China Cement had 1,278 female employees, representing 17% of the total number, and 6,191 male employees, representing 83% of the total number.



Employee Turnover

During the Reporting Period, the senior management team and employees of West China Cement remained relatively stable, while there were 1,247 new employees and 667 resigned employees, with an employee turnover rate of 7.19%.



Employment with Equality

West China Cement strictly abides by laws and policies on talent recruitment on the operation sites, including but not limited to Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China, and Employment Promotion Law of the People's Republic of China. Adhering to the principle of people-oriented and fair competition, we established a sound and regulated recruitment and management system. Through diversified channels of recruitment such as campus recruitment, online recruitment and community recruitment, we established high-quality talent teams; through resume talent inventory search and interview invitation by telephone, time and links of recruitment were saved and recruitment efficiency was improved. Since the start of the recruitment process, we posted a total of 220 positions by posting recruitment information on the internet, with 3,543 resumes collected and received, 1,990 people interviewed, and 1,247 people employed through recruitment.

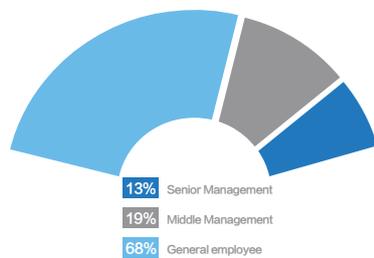
We comprehensively expanded the channels of acquiring talents, implemented the introduction of mature talents mainly by society recruitment, carried out the employment mechanism of "promoting the capable ones, replacing the mediocre, dismissing the incapable", placing suitable people at suitable positions, boldly employing young people who are capable, courageous and familiar with international rules, arranging a batch of excellent talents of society on key management and technology positions, breaking through and expanding the growth and promotion passage for domestic and overseas personnel, cultivating an excellent and international team with Chinese and overseas talents.

West China Cement adheres to the principle of employment with equality, actively creates a diversified and tolerating work environment, prohibits employment discrimination, respects employees with different nationalities, genders, ages, education, ethnicities, religions, and cultural backgrounds, and treats them fairly, providing equal employment opportunities for employees. Meanwhile, West China Cement strictly complies with the Law of the People's Republic of China on the Protection of Minors and related laws and regulations of countries where our overseas projects are located, prohibiting the usage of child labor and forced labor, while strict employment review system is established to conduct regular reviews of the employment process and hiring information, ensuring employment compliance and legality. Once a non-compliance is found, we will contact relating departments to report it timely and cancel the contract at the same time. During the reviewed Reporting Period, there was no usage of child labor and forced labor in West China Cement.

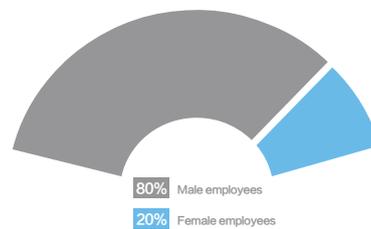
Employee Training

As the training and research platform of the corporate, the management and training school of West China Cement mainly provides services on corporate development strategy, accelerating the training of talent echelon and enhancing organizational performance. It integrates internal and external training resources, guides and manages training works of various companies, promoting the level of corporate operation and management. As of the end of the Reporting Period, Yaobai Group carried out a total of 85 training, with a total of 762 training hours and 1,809 personnel trained. Xikong Group carried out a total of 36 training, with a total of 157 training hours and 1,085 personnel trained. The total number of people on the online study platform was 2,466, with 427 courses delivered, and the online time per capita was 51.76 hours, with a total of 74,307 logins and 30 logins per capita. To achieve the international strategy of the Group, enhance the construction of an overseas talent team, and create a versatile overseas talent team, We carried out 32 training on "English Improvement of International Talents" in the PRC and helped 380 management staff to improve their abilities of English expressions. We also fully explored internal training resources, organized training of internal training instructors, selected excellent personnel for various positions, extracted position management and technical experience, with tutors available for the whole process to tutor and monitor, eventually cultivating 43 internal training instructors and developing 43 courses.

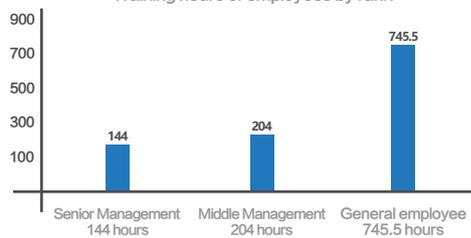
Percentage of employees trained



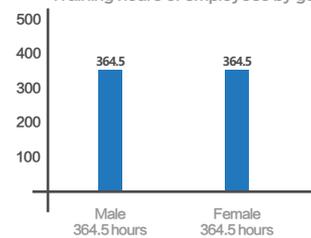
Percentage of employees trained by gender



Training hours of employees by rank



Training hours of employees by gender



Protecting Employees' Rights and Interests

The Group strictly complies with relevant laws and regulations on labor and social benefits and pay for all employees' pension, unemployment, work injury, medical, maternity insurance and housing fund fees in sufficient amount subject to the law. We attach great importance to employees' physical and mental health, establish a sound management system on attendance and leave, and strictly implement the paid vacation regulations, ensuring employees' legal rights. Meanwhile, we always attach importance to and protect the rights and interests of female employees, providing guarantees for female employees to get sick leave, personal leave, marriage leave, maternity leave, paid annual leave and various statutory holidays reasonably. During the Reporting Period, the social insurance coverage of employees of West China Cement was 100%, with the annual expenses for social insurance and the provident fund being RMB 92,748,100.

Protecting Human Rights

West China Cement strictly complies with relevant laws and regulations on labor protection and labor contract in PRC and other countries of operations, adheres to the principle of employment with equality, and opposes all discriminations actions based on differences in gender, age, region, education, religion, nationality, ethnicity, sexual orientation, disabled or not, etc. We oppose the use of child labor and forced labor, working overtime, harassment and abuse, solidly protecting legal rights and benefits of Chinese and overseas employees, ensuring fair treatment of employees in terms of recruitment, labor, remuneration, training, promotion, compensation, and vacations, etc.

Remuneration and Benefits

We establish a sound and comprehensive remuneration and benefits system, build the remuneration management system with the position value as the foundation and performance contribution and personal ability as a reference, enhance the market competitiveness of core positions remuneration gradually, sharing corporate operational benefits with employees, in order to attract and retain excellent talents and personnel in core positions. Meanwhile, the Company continues to optimize various benefit treatments of employees, paying the five social insurance and one housing fund for employees promptly, providing heatstroke prevention and cooling items, check-ups and various holiday benefits and gifts, enhancing employee care and improving employee protection. At the same time, the monthly operation performance bonus and annual operation performance bonus are established in the remuneration system and implemented in a combination of the performance evaluation, effectively exercising the positive incentive effect of remuneration, enhancing employees motivation and stability, and strengthening employees sense of identity and belonging to the corporate. During the Reporting Period, the expenses of West China Cement on remuneration and benefits amounted to a total of RMB 776,830.



Democratic Management

We continue to refine the communication coordination mechanism and channels, actively promote democratic management, regulate and distribute the Communication and Coordination of Management regulations of West China Cement, smooth the communication channels, and clarify communication responsibilities. In accordance with the requirements of the labor contract laws of the PRC and other countries of operation, we followed the principle of fairness, equality and consensus to sign the labor contracts with all Chinese and overseas employees, clarifying the rights and obligations of both employers and employees. We continue to improve the communication mechanism, smooth the feedback channels for employee comments, establish a hotline and mailbox for complaint reporting, collect employees' opinions and demands through questionnaires, employee meetings and a collaborative office platform, as well as consult employees at all levels when formulating systems and policies related to their vital interests, constantly making corrections and improving management level.

Employee Care

West China Cement pays attention to creating a relaxing, delightful and harmonious work environment and organizational atmosphere, and fulfills employees' cultural life through collective activities that benefit employees' physical and emotional health, such as holiday celebration activities, sports activities, calligraphy, painting and photography competitions, and fun games, etc., promoting the integration of Chinese and overseas employees, and enhancing the cohesion and solidarity of the employee team.

Care for Women

West China Cement pays attention to and protects the rights and benefits of Chinese and overseas female employees, implementing the leave provisions for female employees during pregnancy, childbirth and breastfeeding, providing equal occupational development opportunities, as well as ensuring female employees are entitled to non-differentiated remuneration and benefit treatment. The Company provides personalized benefits for female employees such as holding cultural activities such as women's image in the workplace and seminars on women's health, flower arrangement and make-ups, etc. We also carry out the celebration activity for the international women's day, enhancing the sense of belonging, happiness and achievement of female employees during the corporate development.

Supporting Employees in Need

We actively engage in supporting and greeting employees in need, contributing to improving employees' lives. The Company provides employment positions for personnel at the operation locations, carries out skills training and helps them to alleviate poverty through employment; the Company regularly visits and greets employees in difficulty and their families, delivering holiday greetings and blessings, getting to know the actual difficulties and needs of employees, caring for and following up their life improvements, thus implementing the social responsibilities of the corporate. We vigorously carry out the spirit of mutual help and friendship, resolving major crises experienced by individual employees and their families with the strength of the Group. The "Employee Mutual Fund" was established in September 2018 and has operated for three years up to now, helping the cadres and employees to solve their problems and soothe their concerns. During the Reporting Period, a total of RMB 863,300 of employee mutual funds was distributed, helping 78 employees out of difficult situations consecutively, which enhanced the concept and awareness of unity and mutual help among employees. The Group pays regular visits to greet employees in difficulty and their families and delivers greetings and blessings during holidays to understand their actual difficulties and needs and care and follow up on their life improvements.



Improve the Living Conditions of Employees

We are always devoted to improving employees' living conditions and promoting employees' sense of happiness and belonging. We were committed to improving the dining and dormitory conditions of employees before the construction of the projects. Operating companies such as Hainiu Company, Hongxing Glass Company, Dahu Company, etc., and constructing projects have complete employee dormitories and canteen facilities, equipped with Chinese and local chefs, fulfilling all kinds of taste desires with all fees for food and accommodation waived.

Since 2019, we have implemented the scheme for star-rated canteens and dormitories, prioritizing the evaluation of the construction of star-rated dormitories and star-rated canteens. Leveraging the room management and food and beverage management experience of Xinbai Company, its subsidiary, we improved the supporting facilities in the dormitory and dining environment of the canteen, resulting in a refreshing look of dormitories and canteens. As of the end of the Reporting Period, 20 company canteens of the Group were included in the evaluation, all of which were awarded with star-rated canteens, representing a qualified rate of 100%; while 17 company dormitories were included in the evaluation, all of which were awarded with star-rated dormitories, representing a qualified rate of 100%, greatly enhancing the employee satisfaction and happiness indicators.



Ethical Behaviors

West China Cement always attaches importance to the construction of ethical style and ethical behaviors regulation of all employees, clearly establishes the fundamental guide for all employees' thoughts and actions through practices of focusing on ethical style and regulating ethical behaviors, and continuously carries out the construction of the "Four Principles and Four Enhancements" style, playing a key role in stabilizing minds, uniting the strength, and adjusting the direction. In the face of new challenges in 2021, we strengthened the confidence and determination of all employees to rise above the challenges, while the responsibility awareness, service awareness and overall awareness of all employees were significantly improved through the major style rectification activity.

Style Inspection

Working style is the fundamental guarantee of the healthy development of the corporate. We hold firm positions on the issues of employees' styles, are determined to rectify all kinds of unhealthy styles, place penalties with a zero-tolerance attitude, continuously enhance the employees' abilities of self-integrity, self-refinement, self-renovation, and self-improvement, vigorously promote the compliance culture, and adhering to the style standard of "Four Principles and Four Enhancements". We regulate the management provisions on employees' integrity and self-discipline, organize all management to sign the commitment letter of management on integrity and self-discipline, create an incorruptible work atmosphere, supervise management personnel of all levels to set themselves as standards, impose top-down influences, control themselves and lead the teams well, continuously enhance personal qualities and strengthen beliefs, achieving respect to the laws and rules and using power with integrity. During the Reporting Period, comprehensive supervising work was conducted on 37 units of the Group, and 9 supervision reports were delivered by major regions suggesting existing style problems of the management in terms of work discipline, work implementation, work efficiency, responsibility, etc., which were all effectively rectified.

Internal Whistle Blowing

During the Reporting Period, we optimized internal whistle blowing channels, expanding the scope of basic information. Through means of an anti-corruption board, whistle blowing mailbox and compliant hotline, etc., a total of 8 whistle blowing leads were received, with 3 verified reported issues and 4 relevant investigation reports filed, which demonstrated the effectiveness of whist blowing to protect the Company's benefits.

Corporate Culture Building

Since its establishment, Yaobai Group has gone through 30 years of hardships, during which it has thrived under the diligence, frugality, and tenacity of all staff, condensing a unique culture in the process. At the beginning of 2021, Yaobai Group held a grand commendation meeting for the 30th anniversary of its establishment and awarded 155 employees with 20 years of service with bonuses of three categories: RMB 100,000, RMB 50,000 and RMB 30,000. The Group also planned featured films of characteristics such as "the Reason for Perseverance", "Waiting from a Thousand Miles Away", and "the Distant Attachment", etc. On the eve of the International Worker's Day (May Day) West China Cement organized the first labor model awarding meeting and calligraphy, painting and photography display activity, awarding 26 employees of the Group with the title of "labor model", fully activating employee's sense of ownership and love for the corporate, to genuinely embed the corporate culture of Yaobai and implement it in practice, further enhancing employees' sense of identity and belonging to the corporate.



11

Taking up “New” Responsibilities for the Public

The support of our partners is integral to every step of growth of West China Cement. Adhering to the vision of “becoming a leading enterprise in the cement industry”, the Group attaches great importance to communication and cooperation with partners such as the government, suppliers, clients and academic research institutes, etc., integrates advantageous resources of multiple parties and constructs strategic sharing platform, exploring opportunities and leveraging impact, to facilitate the healthy and sustainable operation of industry chains and drive the development and progress of the industry. As a responsible and committed corporate, West China Cement insists on integrating corporate development with social responsibility performance while developing continuously. Capitalizing on the Company’s business characteristics and strengths, we make specific efforts on the fields of rural environmental management, poverty alleviation and assisting those in need, caring for future talents, etc., to construct a more harmonious and better society with practical actions.

Cooperation with the Government

West China Cement actively conducts communication and cooperation with the local government with the new development concept of "innovative, green, open, sharing" as the guideline. Through "government-enterprise pairing" and the construction of local industrial parks, local government leaders have made over 100 in-depth visits to various subsidiaries to provide research and guidance to their work on-site, promoting the harmonious relationship between government and corporate, integrating local mineral resources and empowering the development of local industries. In 2021, the Group organized the subsidiaries to proactively support local governments for combating the pandemic, took an active role in rural vitalization, and engaged in fighting against the flood disaster and post-disaster reconstruction in southern Shaanxi, with an aggregated donation amount of funds and materials such as cement and building materials of over RMB 6 million, fully demonstrating its corporate social responsibility and gaining unanimous praise from government of all levels and the public.

Cooperation with Distributors

West China Cement always adheres to the concept of "co-developing", regarding every distributor as an internal member of the Company, and empowering them in multiple aspects such as product knowledge, marketing strategy and daily management. With a market-oriented approach, we adapt to market changes together with distributors, promptly adjust marketing strategies, and join hands to build a win-win cooperation, establishing long-term and friendly, open and honest cooperation with distributors in terms of sales of cement and sales of new materials over the years.



Cooperation with Suppliers and Pleasant Procurement

West China Cement is devoted to building a procurement management system with high efficiency. Through measures such as revising the procurement management system, training and promotion to all procurement personnel, spot check and rectification of audit compliance, business procedure optimization or procurement information management system, decentralization of managing functions, the three-tier control of procurement at headquarters, regions and bases was comprehensively enhanced.

We established the supplier management system covering the whole life cycle of access, cooperation, evaluation and withdrawal, managed suppliers in real-time through the supplier evaluation system, regulated to make priority procurement to excellent suppliers subject to target costs, promptly provided feedbacks on issues for rectification to rectifying suppliers with corresponding support, while inspecting the rectification results within prescribed timeframe and removing unqualified suppliers from the pool of qualified suppliers. We implemented the management requirements of "strict management, vigorous execution and high efficient", and set requirements for suppliers and cooperative partners in terms of compliance with regulations, environmental protection, operation with integrity and quality assurance, etc. Taking long-term interests of both parties as a starting point, with more communications and solving suppliers' difficulties, we can achieve mutual benefit and win-win situation, making suppliers to be allies of the Company.

Number of Suppliers by Region



Open and Fair Competition

Through measures such as strict inspections of suppliers' associate relations, eliminating behaviors of bid rigging and colluded bidding, West China Cement thrives to build a fair and just competing environment and promote healthy competition among suppliers. Various procurement requirements of the Company are open to all suppliers through the self-developed "Youyun Cloud" system (a supplier relations management system), and the scope of publication is expanded through channels such as external websites and WeChat. As at the end of the Reporting Period, the number of qualified suppliers registered online has exceeded 1000. Through building an electronic procurement cloud platform, the centralized procurement business can be electronically supervised online in compliance with the relevant requirements of State-owned Assets Supervision and Administration Commission on tendering and bidding, building an "open, just and honest" business environment.

Green and Safe Procurement

West China Cement integrated the requirements of green and safe development as well as environmental and social responsibility into the selection of suppliers, requiring suppliers to sign the Safety and Environmental Protection Agreement, develop and utilize new materials and new technologies for energy conservation and environmental protection. We strongly advocated green procurement, promoted to use local industrial waste residue in replacement of resource-based raw materials, reduced industrial pollution while expanding local procurement, facilitated development of local transportation and other businesses, creating a new employment environment for neighbouring residents and achieving mutual development.

Procurement with Integrity and in Compliance with Regulations

West China Cement strictly follows the compliance of procurement, and requires procurement personnel to learn lessons and adheres to integrity and self-discipline, through measures such as holding alerting educational conferences, sharing typical cases in violation of regulations and rules. We have multiple public procurement complaint and reporting channels to enhance the integrity supervision; require all procurement personnel to sign the Integrity and Self-discipline Commitment Letter, implement the Notes for Procurement Personnel of West China Cement to Contact Suppliers. While raising the integrity awareness of procurement personnel, we also require all suppliers to show strict compliance, and put suppliers with dishonest behaviors and other non-compliance in the blacklist database.



Cooperation with Contractors

When cooperating with contractors, West China Cement always adheres to the principle of equality, voluntariness, fairness, honesty, trustworthiness and mutual benefit for both parties. We build safety management system for contractors, establish safety inspection teams, conduct monthly on-site inspections from time to time, promptly rectify problems found in the construction of projects, clarify liability for breach of contract during construction period in contracting agreement, and introduce incentive mechanisms during the construction period. Project contractors and related parties must strictly abide by the Group's management policies on safe production and occupational health. Project contractors are required to enter into a safe production and occupational health agreement with the Group before proceeding into on-site construction operations, which clarifies respective managing responsibilities, while on-site operation personnel must receive safety educational training of the Group and are only allowed to enter the site to operate when they pass the training. Various safety management departments of the Group are responsible for conducting safety inspections of on-site operations of project contractors, imposing penalties for behaviors in violation of regulations, and requiring constructors to rectify.

In 2021, we conducted in-depth cooperation with 15 contractors such as Sinoma (Suzhou) Construction Co., Ltd., Tianjin National Materials Project Research Center Co., Ltd., China New Building Materials Design and Research Institute Co., Ltd.

Poverty Alleviation Through Education and Charitable Events

Improving People's Living Conditions

West China Cement always remembers to be grateful, integrating corporate development with environmental and social responsibilities friendliness between government and corporation, friendliness between villages and corporation, and sustainable development. We actively cooperated with local government to conduct various rural vitalization works, supported various infrastructure constructions in local counties, townships and villages, improved community infrastructure by means of donating cement products, helping surrounding towns to build bridges and roads, renovating old houses, repairing school dormitories, and conducting sanitary remediation activities, etc., building a healthy, stable and harmonious community environment, solidly improving the living condition of villagers and enhancing their living qualities, in order to promote rural vitalization.

Concentrating Efforts on Poverty Alleviation

West China Cement adheres to contributing to guarantee and improve people's livelihood while focusing on corporate development. As at the end of the Reporting Period, expenses of various donations amounted to a total of RMB 6,812,000. On the basis of poverty alleviation through education, the Company also actively carries out activities on caring for the elderly in need, donating to over 100 elderlies in local villages and towns where the production plants are located, with the donation amount reaching over RMB2,000. During important festivals, subsidiaries of the Group would proactively conduct works on poverty alleviation based on the actual local conditions, comforting families in need in surrounding areas of the plant and offering necessities such as rice, flour and oil.



Promoting the Development of Education

2021 marks the third year after the formal operation of Shaanxi Yaobai Education Foundation. We always implement our aim of helping student in need, regard funding students from poor families as an important part in targeted poverty alleviation through education, make early deployments and arrangements, carry out caring activities for helping students in need on multiple aspects and from multiple angles, with the total donation amounting to RMB1,216,000, benefiting over 300 students. In March 2021, we entered into an agreement with Southwest Petroleum University, to set up a specialized scholarship funded by the Foundation with RMB100,000 per year, in purpose of helping excellent university students from underprivileged families to complete their education.

In 2021, the Foundation entered into a joint education agreement with the Pucheng County government, promising to fund RMB3 million from the revenue of the Foundation every year to establish the Yaobai Education Foundation, in purpose of promoting the development of basic education of Pucheng County, fully demonstrating the long-term support to poverty alleviation through education by Yaobai Foundation. As at the end of the Reporting Period, the Education Foundation has spent RMB3,383,000 to support the education business of Pucheng. On the occasion of the 37th national Teacher's day, board members of the Foundation paid warming visits to over 240 key teachers and staff, distributed donations of RMB522,000, and gave awards to 83 excellent teachers and staff for advanced education workers, advanced teachers, moral pioneers for teachers, etc., in September 2021. Meanwhile, to further improve the education environment and enhance the construction of campus culture, the Foundation donated RMB1.5 million for the construction of campus culture of alliance schools to bring the standard of teaching and learning in the alliance schools to a higher level.



Contributing to Fighting against the Flood Disaster

In August 2021, southern Shaanxi continued to suffer from heavy rainfall weathers, resulting in flooding disasters in many places. After the occurrence of disasters, the Foundation actively responded to the call of the Party and the Nation, took quick actions to contact caring companies, and published promotions in various forms, making contributions to fighting against the disasters. On 24 September 2021, the Foundation donated RMB100,000 to the Civil Affairs Bureau of Zhen'an county for the post-disaster reconstruction and livelihood protection work of Zhen'an county. Meanwhile, the Foundation actively coordinated the subsidiaries under the Yaobai Group to donate 1,240 tonnes of cement worth of RMB496,000 to Lantian, Zhen'an, Luonan and Mianxian which was more heavily affected by the disaster, fully leveraging the Foundation's role as a bridge.



12 Future Outlook

Looking forward to the future, under the background of China's accelerated construction of a new development pattern centered on major domestic circulation and mutually promoted by domestic and international dual-circulation, as well as the increasingly strict environmental protection policies, the cement industry will usher in new challenges and opportunities. West China Cement will take the initiative to seize the opportunity of international development, seek business opportunities, continuously and steadily improve the three capabilities of "lowest system cost, leading regional market position and innovation-driven development", further improve the operation quality and efficiency, strengthen channel construction and brand promotion, strengthen research and development of new products, new technologies and new materials, and accelerate the development of informatization, digitization and intelligence. At the same time, the Company will actively undertake social responsibility, accelerate the transformation and innovation pace, explore opportunities for industry chain extension, promote the co-disposal of cement kilns, promote the development of aggregate and prefabricated building business, continue to seek strategic cooperation with domestic and foreign leading enterprises, while responding to the national call of industry structure adjustment and upgrade with focus on the development direction of high-end, intelligent and green manufacturing. We will actively integrate upstream and downstream resources of the industry chain, and fully promote the corporate to advance from a single traditional manufacturing corporation to an international corporate group combining production and finance, with reference to the vision of becoming a leading enterprise in the industry with outstanding business performance, rapid growth and sufficient social responsibilities, and work together to help the cement industry achieve higher-quality sustainable development.

13 Report Evaluation

The Social Responsibility Report Review Committee of West China Cement Limited (the "Review Committee") evaluates the 2021 Environmental Social Responsibility Report of West China Cement Limited (hereinafter referred to as the Report). This evaluation is based on the requirements of T/CCAS 003 Verification Standard 2018 (hereinafter referred to as "T/CCAS 003-2018").

West China Cement Limited is responsible for data collection, analysis, summary and information leakage in the Report. When the Review Committee performs this work, all evaluations shall be carried out according to the terms agreed by both parties. The stakeholders of West China Cement Limited are the expected readers of this evaluation. The evaluation process is based on the data provided by West China Cement Limited on the premise of completeness and credibility.

Evaluation Methodology

The evaluation process is planned and implemented in strict accordance with T/CCAS 003-2018.

The Report is evaluated according to the following principles:

Inclusiveness, substantiveness and responsiveness specified in T/CCAS 003-2018;

Have inspected and reviewed documents, data and other information provided by West China Cement Limited to the Panel;

Conduct a sample evaluation of the implementation mechanism of environmental and social responsibility management described in the Report;

Sample and verify the production, collection and management process of qualitative, and quantitative data disclosed in the Report.

Scope and Limitations of the Evaluation

The scope of work for the evaluation includes:

- ◆ Economic, social and environmental data of West China Cement Limited disclosed in the Report from January to December 2021;
- ◆ No external stakeholders were interviewed;
- ◆ The evaluation is carried out according to the principles of T/CCAS 003-2018 and the requirements of performance information review (Type 1), and the audit depth is moderate;
- ◆ Core indicators of GR13.2 were disclosed in the Report;
- ◆ Financial data in the Report were not verified;
- ◆ The evaluation was completed by the Review Committee in the second quarter of 2021.

Conclusion

The Review Committee believes that the description of the implementation of the environmental and social responsibility policy of West China Cement Limited in 2021 Environmental Social Responsibility Report is accurate and objective, and no systematic or substantive misrepresentation is found. The Review Committee evaluates the Report using the principles of T/CCAS003-2018.

T/CCAS 003–2018 Principles

Inclusiveness: Good.

The Report comprehensively considers the expectations of important stakeholders such as the government, shareholders and investors, industry authorities, customers, supplier, employees, partners, environment and communities, and identifies the main issues of responsibility fulfillment concerned by internal and external stakeholders through systematic communication.

Substantiveness: Good.

Through the analysis of substantive issues, the Report establishes the substantive matrix of social responsibility issues, defines the substantive issues of sustainable development of the Company, discloses the internal management mechanism and performance standards of West China Cement Limited on how to implement these issues, and shows these key sustainable development performance information in a transparent form.

Responsiveness: Good.

The Report presents the core values, missions, environmental and social responsibility concepts, sustainable development strategies and performance indicators of West China Cement Limited, and demonstrates the performance of the Company in the process of achieving sustainable development goals with the annual data and detailed textual description of 2021, and responds to the main core issues of sustainable development of enterprises concerned by the society and the specific performance issues concerned by internal and external stakeholders.

What to Improve

More clearly disclose the screening methods and processes of substantive issues in the Report in accordance with GRI4.0 guidelines;

More openly set up the Report in accordance with the GRI4.0 Guidelines to disclose the measures taken and the performance achieved by the Company in scientific and technological innovation, achievement transformation, and the introduction and application of new technologies;

More comprehensively describe measures and performance in addressing excess cement capacity;

Improve the communication and feedback mechanism between the Company and stakeholders, actively listen to and respond to the demands of all parties, and improve the participation of stakeholders.

Members of the Review Committee

Zhang Jimin,	Ma Weiping					
Wang Rui,	Wang Fayin,	Chu Yufeng,	Chen Kexiu,	Li Yongji,	Liu Jianjun,	Lian jie,
Wang Jiujun,	Liu Xiaojun,	Bai Mingke,				
Lei Yong'an,	Yang Junqi,	Xu Linzhou,	Wang Feng,	Qu Shuanhu,	Cao Hongxi,	
Yao Yanping,	Zhang Wuhui,	Zhang Peng,	Niu Qingxiang,	Tong Xin,	Ma Ning,	
Li Xianjun,	Ma Gang,	Mao Hongqiang,	Li Yansong,	Liu Yonggang,	Zhao Xiao,	He yi

14 Appendices

Appendix I Name List of Companies of Yaobai Group

Abbreviated name of the company	Full name of the company
Yaobai Group	Yaobai Special Cement Group Co., Ltd
Pucheng Company	Pucheng Yaobai Special Cement Co., Ltd
Weinan Yaobai Company	Weinan Pucheng Yaobai Cement Co., Ltd
Hancheng Company	Hancheng Yaobai Yangshanzhuang Cement Co., Ltd
Fuping Company	Shaanxi Fuping Cement Co., Ltd
Shifeng Company	Shaanxi Shifeng Cement Co., Ltd
Lantian Company	Xi'an Lantian Yaobai Cement Co., Ltd
Yaowangshan Company	Tongchuan Yaowangshan Ecological Cement Co., Ltd
Tongchuan Company	Tongchuan Yaobai Special Cement Co., Ltd
Tongchuan Environmental Technology Company	Tongchuan Baihang Environmental Technology Co., Ltd
New Materials Company	Shaanxi Yaobai New Materials Technology Co., Ltd
Baian Company	Shaanxi Bai'an Admixture Co., Ltd
Danfeng Company	Shangluo Yaobai Longqiao Cement Co., Ltd
Zhen'an Company	Shangluo Yaobai Xiushan Cement Co., Ltd
Xunyang Company	Anakng Yaobai Cement Co., Ltd
Jianghua Company	Ankang Yaobai Jianghua Cement Co., Ltd
Yangxian Company	Hanzhong Yaobai Cement Co., Ltd
Mianxian Company	Hanzhong Mianxian Yaobai Cement Co., Ltd
Xixiang Company	Hanzhong Xixiang Yaobai Cement Co., Ltd
Hucaoping Company	Shangnan Hucaoping Mining Development Co., Ltd
Luxin Company	Hetian Luxin Building Materials Co., Ltd
Hetian Company	Hetian Yaobai Cement Co., Ltd
Moyu Company	Moyu Yaobai Cement Co., Ltd
Yining Company	Yili Yaobai Cement Co., Ltd
Yili Environemntal Company	Xinjiang Baihang Environmental Technoogy Co., Ltd
Huaxi Company	Guizhou Linshan Cement Co., Ltd
Kangding Company	Kangding Paomashan Cement Co., Ltd
Yaobai Building Materials Head office	Shaanxi Yaobai Energy-saving and Environmental Building Materials Co., Ltd
Materials Company	Xi'an Yaobai Materials Co., Ltd
Logistics Company	Xi'an Kong Wisdom Logistics Co., Ltd
Mine Company	Shaanxi Fuda Mine Engineering Co., Ltd
Construction and Installation Company	Xi'an Baitong Construction and Installation Engineering Co., Ltd
R&D Company	Yaobai Special Cement Technology R&D Co., Ltd
Testing Company	Shaanxi Jiandaxin Engineering Testing Co., Ltd
Guangxin Company	Guangxin International Financial Leasing Co., Ltd
Baiyun Company	Xi'an Baiyun Intelligence Data Technology Co., Ltd
Baihong Company	Shaanxi Baihong Ouli Plastic Products Co., Ltd
Industrial Technology Company	Shaanxi Yaobai Cement Industrial Technology Co., Ltd
Xinbai Company	Xi'an Xinbai Commercial Operation & Management Co., Ltd
Human Resource Company	Shaanxi Baiyuan Shengtong Human Resource Co., Ltd
Baicheng Real Estate Company	Ankang Baicheng Real Estate Co., Ltd

Appendix II Name List of Companies of Xikong Group

Abbreviated name of the company	Full name of the company
West Holding Group	West Holding Group Co., Ltd
Hainiu Company	Mozambique Hainiu Cement Co., Ltd
Hongxing Glass Company	Congo-Brazzaville Hongxing Glass Co., Ltd
Shuohai Trading Company	Shuohai (Xi'an) International Trading Co., Ltd
Anjia Mozambique Company	Anjia Building (Mozambique) Co., Ltd
Anjia Congo-Kinshasa Company	Anjia Prefabricated Building (Congo-Kinshasa) Co., Ltd
Anjia Rwanda Company	Anjia Prefabricated Building Rwanda Co., Ltd
Anjia Nigeria Company	Anjia Prefabricated Building Nigeria Co., Ltd
Anda Mozambique Company	Anda International Logistics (Mozambique) Co., Ltd
Dahu Company	Dahu Cement Co., Ltd
Makala Coal Company	Makala Coal Co., Ltd
Angola Company	SLN-Benguela Cement and Clinker Production Plant Co., Ltd

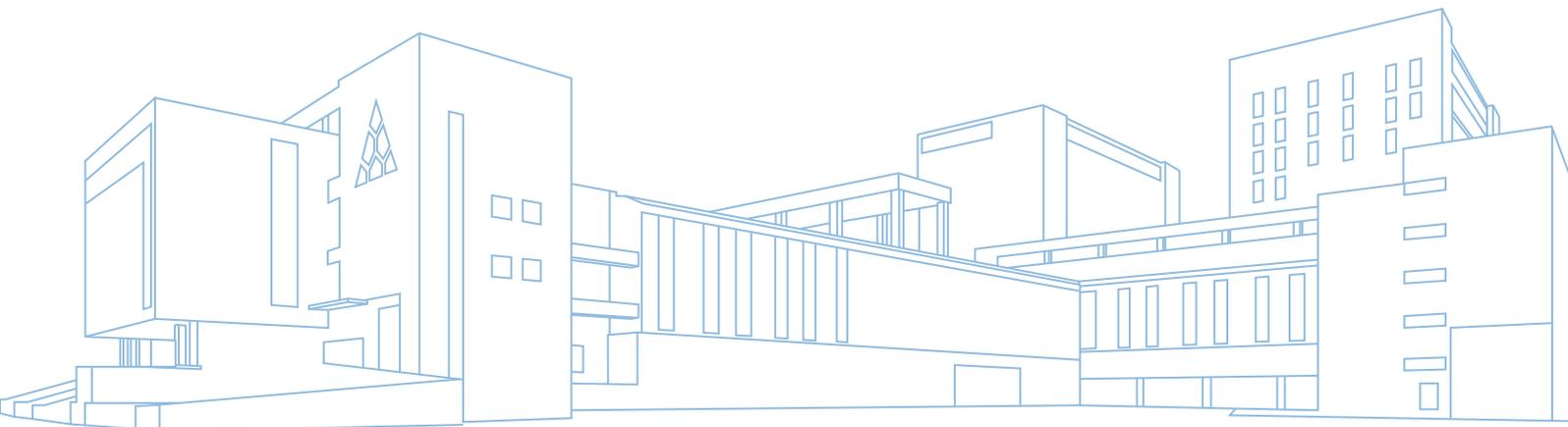


Appendix III Environmental, Social and Governance Reporting Guide of the Stock Exchange

Subject Areas, Aspects, General Disclosures and KPIs	Chapter in the Report																					
A. Environmental																						
Aspect A1: Emissions	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%; background-color: #d9d9d9;">General Disclosure Information on:</td> <td style="background-color: #d9d9d9;">(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.</td> <td style="background-color: #d9d9d9;">Practicing Green "New" Development</td> </tr> <tr> <td style="background-color: #d9d9d9;">KPI A1.1</td> <td style="background-color: #d9d9d9;">The types of emissions and respective emissions data.</td> <td style="background-color: #d9d9d9;">Practicing Green "New" Development - Emissions Control</td> </tr> <tr> <td style="background-color: #d9d9d9;">KPI A1.2</td> <td style="background-color: #d9d9d9;">Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</td> <td style="background-color: #d9d9d9;">Practicing Green "New" Development - Saving Energy and Resources</td> </tr> <tr> <td style="background-color: #d9d9d9;">KPI A1.3</td> <td style="background-color: #d9d9d9;">Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</td> <td style="background-color: #d9d9d9;">Practicing Green "New" Development - Saving Energy and Resources</td> </tr> <tr> <td style="background-color: #d9d9d9;">KPI A1.4</td> <td style="background-color: #d9d9d9;">Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</td> <td style="background-color: #d9d9d9;">Practicing Green "New" Development - Emissions Control</td> </tr> <tr> <td style="background-color: #d9d9d9;">KPI A1.5</td> <td style="background-color: #d9d9d9;">Description of emission target (s) set and steps taken to achieve them.</td> <td style="background-color: #d9d9d9;">Practicing Green "New" Development - Saving Energy and Resources</td> </tr> <tr> <td style="background-color: #d9d9d9;">KPI A1.6</td> <td style="background-color: #d9d9d9;">Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target (s) set and steps taken to achieve them.</td> <td style="background-color: #d9d9d9;">Practicing Green "New" Development - Saving Energy and Resources</td> </tr> </table>	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.	Practicing Green "New" Development	KPI A1.1	The types of emissions and respective emissions data.	Practicing Green "New" Development - Emissions Control	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Practicing Green "New" Development - Saving Energy and Resources	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Practicing Green "New" Development - Saving Energy and Resources	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Practicing Green "New" Development - Emissions Control	KPI A1.5	Description of emission target (s) set and steps taken to achieve them.	Practicing Green "New" Development - Saving Energy and Resources	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target (s) set and steps taken to achieve them.	Practicing Green "New" Development - Saving Energy and Resources
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Aspect A2: Use of Resources	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%; background-color: #d9d9d9;">General Disclosure</td> <td style="background-color: #d9d9d9;">Policies on the efficient use of resources, including energy, water and other raw materials.</td> <td style="background-color: #d9d9d9;">Practicing Green "New" Development - Emissions Control</td> </tr> <tr> <td style="background-color: #d9d9d9;">KPI A2.1</td> <td style="background-color: #d9d9d9;">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).</td> <td style="background-color: #d9d9d9;">Practicing Green "New" Development - Saving Energy and Resources</td> </tr> <tr> <td style="background-color: #d9d9d9;">KPI A2.2</td> <td style="background-color: #d9d9d9;">Water consumption in total and intensity (e.g. per unit of production volume, per facility).</td> <td style="background-color: #d9d9d9;">Practicing Green "New" Development - Saving Energy and Resources</td> </tr> <tr> <td style="background-color: #d9d9d9;">KPI A2.3</td> <td style="background-color: #d9d9d9;">Description of energy use efficiency target (s) set and steps taken to achieve them.</td> <td style="background-color: #d9d9d9;">Practicing Green "New" Development - Emissions Control</td> </tr> <tr> <td style="background-color: #d9d9d9;">KPI A2.4</td> <td style="background-color: #d9d9d9;">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.</td> <td style="background-color: #d9d9d9;">Practicing Green "New" Development - Saving Energy and Resources</td> </tr> <tr> <td style="background-color: #d9d9d9;">KPI A2.5</td> <td style="background-color: #d9d9d9;">Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.</td> <td style="background-color: #d9d9d9;">Practicing Green "New" Development - Saving Energy and Resources</td> </tr> </table>	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Practicing Green "New" Development - Emissions Control	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Practicing Green "New" Development - Saving Energy and Resources	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Practicing Green "New" Development - Saving Energy and Resources	KPI A2.3	Description of energy use efficiency target (s) set and steps taken to achieve them.	Practicing Green "New" Development - Emissions Control	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target (s) set and steps taken to achieve them.	Practicing Green "New" Development - Saving Energy and Resources	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Practicing Green "New" Development - Saving Energy and Resources			
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Aspect A3: The Environment and Natural Resources	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%; background-color: #d9d9d9;">General Disclosure</td> <td style="background-color: #d9d9d9;">Policies on minimising the issuer's significant impacts on the environment and natural resources.</td> <td style="background-color: #d9d9d9;">Practicing Green "New" Development - Responding to Climate Change</td> </tr> <tr> <td style="background-color: #d9d9d9;">KPI A3.1</td> <td style="background-color: #d9d9d9;">Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.</td> <td style="background-color: #d9d9d9;">Practicing Green "New" Development - Responding to Climate Change</td> </tr> </table>	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Practicing Green "New" Development - Responding to Climate Change	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Practicing Green "New" Development - Responding to Climate Change															
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Aspect A4: Climate Change	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%; background-color: #d9d9d9;">General Disclosure</td> <td style="background-color: #d9d9d9;">Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.</td> <td style="background-color: #d9d9d9;">Practicing Green "New" Development - Responding to Climate Change</td> </tr> <tr> <td style="background-color: #d9d9d9;">KPI A4.1</td> <td style="background-color: #d9d9d9;">Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.</td> <td style="background-color: #d9d9d9;">Practicing Green "New" Development - Responding to Climate Change</td> </tr> </table>	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Practicing Green "New" Development - Responding to Climate Change	KPI 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.	Practicing Green "New" Development - Responding to Climate Change															
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Subject Areas, Aspects, General Disclosures and KPIs			Chapter in the Report
B. Social			
Aspect B1: Employment	General Disclosure Information on:	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Stimulating "New" Energy of Talents
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Stimulating "New" Energy of Talents - Number and Structure of Employees
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Stimulating "New" Energy of Talents - Number and Structure of Employees
Aspect B2: Health and Safety	General Disclosure Information on:	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Stimulating "New" Energy of Talents
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Consolidating "New" Foundation of Safety - Safety Production and Management System
	KPI B2.2	Lost days due to work injury.	Consolidating "New" Foundation of Safety - Safety Production and Management System
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Consolidating "New" Foundation of Safety - Guarantee on Occupational Health
Aspect B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Stimulating "New" Energy of Talents - Employee Training
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Stimulating "New" Energy of Talents - Employee Training
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Stimulating "New" Energy of Talents - Employee Training
Aspect B4: Labour Standards	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.	Stimulating "New" Energy of Talents
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Stimulating "New" Energy of Talents - Protecting Employees' Rights and Interests
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Stimulating "New" Energy of Talents - Ethical Behaviors
Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Taking up "New" Responsibilities for the Public
	KPI B5.1	Number of suppliers by geographical region.	Taking up "New" Responsibilities for the Public - Cooperation with Suppliers and Pleasant Procurement
	KPI B5.2	Description of practices relating to engaging suppliers, the number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Taking up "New" Responsibilities for the Public - Cooperation with Suppliers and Pleasant Procurement
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Taking up "New" Responsibilities for the Public - Cooperation with Suppliers and Pleasant Procurement
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Taking up "New" Responsibilities for the Public - Cooperation with Suppliers and Pleasant Procurement

Subject Areas, Aspects, General Disclosures and KPIs			Chapter in the Report
B. Social			
Aspect B6: Product Responsibility	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.	Producing High-quality "New" Products
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Producing High-quality "New" Products - Quality Guarantee
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Producing High-quality "New" Products - Quality Guarantee
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Pursuing "New" Development of Innovative Technology - Technology Innovation
	KPI B6.4	Description of quality assurance process and recall procedures.	Producing High-quality "New" Products - Quality Guarantee
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Producing High-quality "New" Products - High-quality Services
Aspect B7: Anti-corruption	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.	Responsibility Management
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Responsibility Management - Anti-Bribery in Business Context
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Stimulating "New" Energy of Talents - Ethical Behaviors
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Responsibility Management - Anti-Bribery in Business Context
Aspect B8: Community Investment	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.	"Taking up "New" Responsibilities for the Public
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	"Taking up "New" Responsibilities for the Public - Poverty Alleviation Through Education and Charitable Events
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	"Taking up "New" Responsibilities for the Public - Poverty Alleviation Through Education and Charitable Events



15 Readers' Comments and Feedback Forms

Dear Readers,
Greetings!

Thank you for reading the 2021 Environmental and Social Responsibility Report of West China Cement Limited. We sincerely look forward to your evaluation of the environmental and social responsibility work of West China Cement Limited and this environmental and social responsibility report. Your opinions and suggestions will help us to continuously promote environmental and social responsibility management and practice, as well as to improve the disclosure level of environmental and social responsibility information. You can fill in the following content and feedback to us through mail or email. Thank you very much!

West China Cement Limited
July 2022

Contact Us

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Your evaluation of the report: (Please tick “√” at the corresponding place)

Which stakeholder do you belong to?

- Employee Client Government Public Partner
 Public Welfare Organization Others

Your overall evaluation of this report:

- | | | | | | | | | | | |
|------------------------|--------------------------|-----------|--------------------------|------|--------------------------|---------|--------------------------|------|--------------------------|-----------|
| 1. Report Content | <input type="checkbox"/> | Very Good | <input type="checkbox"/> | Good | <input type="checkbox"/> | General | <input type="checkbox"/> | Poor | <input type="checkbox"/> | Very Poor |
| 2. Information Quality | <input type="checkbox"/> | Very Good | <input type="checkbox"/> | Good | <input type="checkbox"/> | General | <input type="checkbox"/> | Poor | <input type="checkbox"/> | Very Poor |
| 3. Textual Expression | <input type="checkbox"/> | Very Good | <input type="checkbox"/> | Good | <input type="checkbox"/> | General | <input type="checkbox"/> | Poor | <input type="checkbox"/> | Very Poor |
| 4. Design and Layout | <input type="checkbox"/> | Very Good | <input type="checkbox"/> | Good | <input type="checkbox"/> | General | <input type="checkbox"/> | Poor | <input type="checkbox"/> | Very Poor |
| 5. Overall Evaluation | <input type="checkbox"/> | Very Good | <input type="checkbox"/> | Good | <input type="checkbox"/> | General | <input type="checkbox"/> | Poor | <input type="checkbox"/> | Very Poor |

Your evaluation of the significant economic, social, and environmental impacts of West China Cement embodied in the Report is:

- Very Good Good General Poor

Have you obtained the information you wish to know in the Report:

- Yes No

Do you think the content arrangement and layout design of the Report are easy to read:

- Yes No

Open-ended Questions:

Your comments and suggestions on the work of the environmental and social responsibility of West China Cement:

What else do you want to know through the Environmental and Social Responsibility Report of West China Cement?



This report is made of renewable environmental protection paper.



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