

# 2022

LIAONING AIHAI TALC CO.

SUSTAINABLE DEVELOPMENT REPORT



LIAONING AIHAI TALC CO.  
Address: Mafeng Town, Haicheng City,  
Liaoning Province  
Zip Code: 114200  
Tel: (86) 412-3268999  
Fax: (86) 412-3269888

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## About This Report

### ■ Release Cycle

This is an annual report and the second Sustainable Development Report released by Liaoning Aihai Talc Co.

### ■ Timeframe

Between the date of January 1, 2022 to December 31, 2022, considering project continuity or significant impacts that will be applied retroactively or extended backwards.

### ■ Reporting Boundaries

The contents of this report are consistent with the business coverage area of Liaoning Aihai Talc Co. The company's CSR concepts, strategies and specific practices, as well as the status of corporate operations during the reporting period.

### ■ Basis of Preparation

This report has been prepared with reference to the Sustainable Development Reporting Standards (GRI STANDARDS 2021) issued by the Global Sustainability Standards Board (GSSB) and the United Nations Sustainable Development Goals (SDGs).

### ■ Data Description

The data disclosed in this report are from official documents and statistical data of the Company, and some data of previous years are different from the 2021 Sustainable Development Report due to differences in statistical caliber and method. The data disclosed in this report shall prevail over the data disclosed in this report if there are differences between some previous years' data. Unless otherwise stated, the weights and measures are in metric system and the currency units are in RMB.

### ■ Explanation of References

For ease of presentation and reading, Liaoning Aihai Talc Company Limited is referred to as "Aihai", "the Company" or "we" (unless the context otherwise specifies).

### ■ Access to the report

This report is published in electronic format only, and the electronic report can be downloaded from the website (<http://www.aihaitalc.com>). If you have any questions or suggestions about the contents of this report, please feel free to contact us by phone or writing.

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## Address by Strategic Committee

Liaoning Aihai Talc Co., Ltd, as a mining company that has been engaged in mining, raw ore and raw material processing for decades, is now engaging in operations and business activities on a global scale, which requires Aihai to look at its own development from a broader perspective and to position its social responsibility in a bigger picture.

When setting standards or requirements for operational activities, Aihai will fully consider the needs of all parties, and make long-term considerations amidst some short-term conflicts. It is not desirable to reap short-term benefits to the detriment of economic, environmental and social sustainability. The essence of sustainable development of the company is created based on the sustainable development of economy, environment and society. The sustainable development of economy, environment and society lays down the conditions and opportunities for the company's sustainable development.

In recent years, as Aihai's initiative on CSR has been continuously improving, the company has made great achievements in the field of sustainable development. These include the improvement and upgrading of mining technology, standardisation of mine construction, land reclamation and ecological restoration, tailings reuse and management, carbon emission control, zero discharge of industrial water and other areas. Secondly, we have invested significant funds to implement digital development, which has significantly improved the quality and efficiency of work, and largely reduced energy consumption and related resource consumption. Thirdly, the development of new technologies and processes has significantly increased the level of industrial utilisation of ores.

In June 2022, Aihai was graded at 59 points by EcoVadis, for its good social responsibility performance and awarded a Silver Medal. This achievement has earned the company a high level of customer appreciation in the international supply chain and laid a solid foundation for the company to expand to the global market and enhance its core competitiveness.

Today, Aihai has advanced into a new development stage and features a new development pattern. We are committed to the corporate vision of "building the world's leading and sustainable talc enterprise" and take solid actions to shape the new blueprint. For a long time, Aihai has rely on the regulations as guidelines, directed by the contemporary national construction goal, aspired by the industrial benchmark and integrated with the requirements of global development, in order to persist in sustainable development strategy. Aihai believes that practising CSR will enable the company to develop harmoniously with the government, society, employees, customers, shareholders and other related parties, and achieving win-win situation for all. This is in line with China's national conditions and the United Nations' sustainable development initiatives.



# About Us



# Company Profile

Liaoning Aihai Talc Co., Ltd. is located in Mafeng Town, Haicheng City, Liaoning Province, which is known as the "Hometown of Talc". It is a foreign-invested (non-wholly owned) limited liability company with a registered capital of 18 million US dollars. Its main business includes mining, ore dressing and talc powder processing. Aihai is the main participant and experimental base for the formulation of national standards of talc industry in China.

Since its establishment on August 18, 1996, Aihai has been adhering to the business philosophy of "limited resources but unlimited wisdom, harmonious development and shared success". The company has been making every effort to become the best talc supplier in the world based on scientific spirit and strategic thinking on sustainable development, as well as an excellent corporate culture.

Aihai has the world's best talc raw materials, with a known reserves of over 50 million tons. In 2022, the company has produced 168,000 tons of high-quality 325-5000 mesh talcum powder series products, which are mainly sold to more than 20 countries and regions in the world, such as Italy, Korea, Japan and Belgium. They were sold as Famous Chinese product brands. These talc products with great whiteness and good quality are widely used in paper-making, plastics, paints, coatings, rubber, ceramics, cables, medicine, cosmetics and many other fields.

Aihai possesses strong technical force, with advanced ultra-fine powder processing equipment imported from Europe and equipped with perfect testing and experimental equipment. In recent years, the company has continuously increased the investment in research and development and scientific research, by setting up a research and development center, employing domestic and foreign experts, scholars and other industry leaders. Aihai is committed to the development of high technology content, high value-added talc products and deep processing, scientific, rational and effective use of talc resources, to ensure the sustainable development of the enterprise, the technological force in the international and domestic advanced level. The company has won many awards such as National High-tech Enterprise, China Well-known Trademark, Model Mine for Mineral Resources Saving and Comprehensive Utilization of the Ministry of Land and Resources, Staff Education and Training Demonstration Site of All-China Federation of Trade Unions, and Provincial Enterprise Technology Center of Liaoning Province.

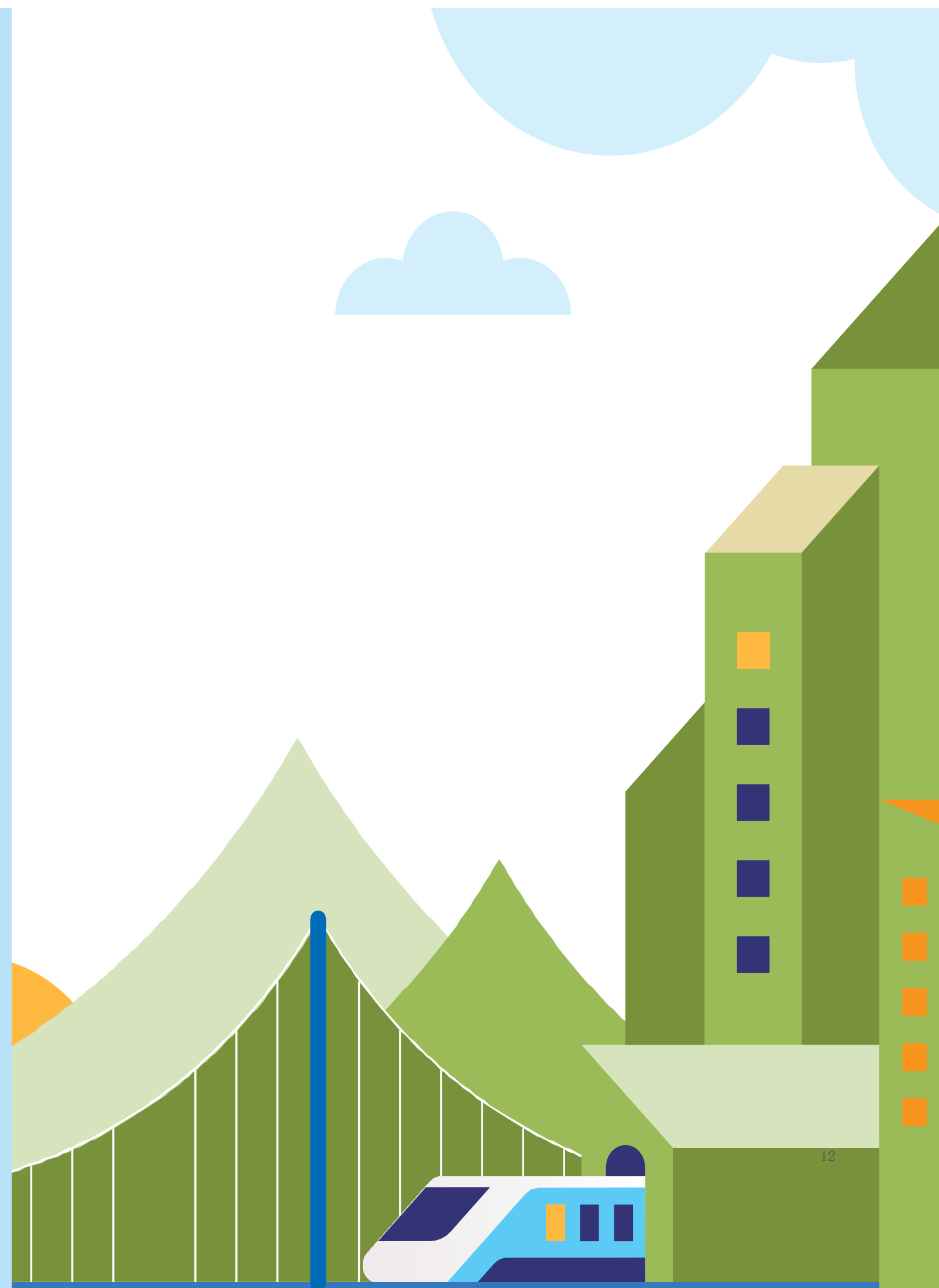
Aihai actively promotes the progress of enterprise management, pays close attention to management innovation, and carries out strict control from mining planning, ore dressing operation, powder processing, logistics management and after-sale technical service. While making full use of resources, the company puts green and environmental protection in the first place, and has passed the quality, environmental management and occupational health and safety management system certification in the industry, meanwhile, the company has passed the ISO/IEC17025 laboratory accreditation.

Relying on the valuable mineral resources, with the spirit and attitude of "science, truth-seeking and pragmatism", guided by the corporate culture of "honesty, responsibility and innovation", and with the sense of mission of being highly responsible for domestic and foreign customers, Aihai soars ahead with its head held high in becoming the eternal Aihai!

In 2020-2022, Aihai Talc will achieve stable growth in operating revenue.

There were no significant changes in the company's ownership, structure and key suppliers during the reporting period.

Basic financial information for the last three years				
Year	Operating revenue (billions of dollars)	Total profit (billions of dollars)	Net profit (billions of dollars)	Total taxes (billions of dollars)
2022	3.80	0.91	0.80	0.46
2021	3.38	0.80	0.70	0.45
2020	2.79	0.61	0.53	0.35



## Corporate Culture

### Corporate Vision

To become a world-leading and sustainable talc enterprise.

### Corporate Mission

To create value with a focus on "Topmost Service, Innovative Thinking, Safety Priority, and Excellent Quality" in rewarding our customers, employees, shareholders, and society.

### Corporate Core Value

Integrity, Responsibility, Innovation, Excellence

## Company Highlights of 2022

In March 2022, the Haicheng City Library-Aihai Voluntary Service shared base was officially opened. The company donated over 140,000 yuan to assist the library in purchasing bookshelves, reading tables and chairs, in addition of donating over a thousand books.



In March 2022, the company signed a contract for the procurement of an archive management system with Shenyang Ziguang Qiming Software Technology Co., Ltd. In May, the company successfully introduced the web version of the archive management system, making archive management more standardised and convenient.

In June 2022, Aihai was awarded the EcoVadis Silver Medal, ranking among the top 22% globally. This is a proof of Aihai's significant achievements in corporate social responsibility and sustainable development.



In July 2022, the company celebrated the 20th National Congress, the 101st anniversary of the Communist Party, and the 25th anniversary of Aihai's establishment. The company, in collaboration with the City Calligraphy Association and other organisations, organised calligraphy and painting exhibitions, employee essay competitions, and other celebratory activities.



In November 2022, the company was selected as a "2022 National Intellectual Property Advantage Enterprise," signifying the transformation of Aihai from a traditional manufacturing enterprise to a technology-oriented enterprise.



In December 2022, the company received the title of "Green Factory in the Non-Metallic Mineral Industry" from the China Non-Metallic Mineral Industry Association, making Aihai one of the 22 companies out of over 100,000 non-metallic mineral enterprises in China to receive this recognition.



In December 2022, the company joined the United Nations Global Compact and endorsed its belief that business practices rooted in universal principles contribute to making global markets more stable and inclusive, and help build a prosperous and flourishing society.





## Honors and Qualifications Received

Issuing Authorities	Certificate or Qualification Names	Issuance Dates
Anshan City Federation of Trade Unions Anshan City Safety Production Supervision and Management Bureau	Anshan City Ankang Cup Competition Winning Team	2018. 1
China National Accreditation Service for Conformity Assessment	Laboratory Accreditation Certificate	2018. 1. 3
Anshan City Federation of Industry and Commerce (Chamber of Commerce)	Advanced Member Enterprise for Flood Control and Disaster Relief in Anshan City (August 4 Incident)	2018. 2
China National Building Materials Association	Advanced Unit in the Development of Building Material Services	2018. 5
Liaoning Provincial Science and Technology Department, Provincial Taxation Bureau, and Provincial Land Tax Bureau	High-Tech Enterprise Certification (2009-2020)	2018. 7. 31
The Communist Party of China Anshan City Committee, Anshan City People's Government	Anshan City's Top 50 Private Enterprises in Tax Payment (Year 2018)	2018. 12
Liaoning Provincial Federation of Trade Unions	Liaoning Province Model Worker Innovation Studio	2019
Haicheng City Federation of Trade Unions	Haicheng City Federation of Trade Unions Worker Vocational Skills Training Base	2019. 9
National Factory Affairs Public Coordination Group	National Model for Open and Democratic Management in Factory Affairs (2020)	2020
Haicheng Red Cross Society	Donation Certificate (Fifty Thousand Yuan)	2020. 2
Liaoning Provincial Safety Production Association	Level 2 Standardization Certificate for Open-pit Mines	2021. 1. 30

## Honours and Qualifications Received

Issuing Authorities	Certificate or Qualification Names	Issuance Dates
Communist Party of China Haicheng City Committee Haicheng City People's Government	Haicheng City Top 20 Taxpaying Enterprises (Year 2020)	March 2021
Liaoning Provincial Emergency Management Department	Third Ore Mine Safety Production License	April 2021
Liaoning Provincial Emergency Management Department	Dayaogou Mining Area Safety Production License	2021. 4. 23
Liaoning Provincial Emergency Management Department	Second Ore Mine Safety Production License	2021. 4. 30
Liaoning Provincial Department of Natural Resources	Liaoning Province Green Mine	2021. 11
Liaoning Provincial Industry and Information Technology Commission	Liaoning Province Green Factory	2021. 12
Liaoning Provincial Industry and Information Technology Commission	Liaoning Province Specialized, Special, and New Enterprises and Products	2022. 5
International Hanwei Corporate Social Responsibility (CSR) Rating Organization	EcoVadis Silver Medal	2022. 6
National Intellectual Property Administration	National Intellectual Property Advantage Enterprise	2022. 10
China Non-Metallic Mineral Industry Association	Green Factory in the Non-Metallic Mineral Industry	2022. 12
Haicheng Red Cross Society	Donation Certificate (Thirty Thousand Yuan)	2022. 12



## Association Membership

Association Member Certificate or Qualification Names	Issuing Authorities	Issuance Dates
Vice Chairman Unit of the Modification Committee	China Plastic Processing Industry Association	2005
Production Experimental Base of the Modification Committee	China Plastic Processing Industry Association	2005
Appoint Committee Members to standardize products and products of non-national groups, including minerals, as Vice Director-General	National Standardization Committee for Non-Metallic Mineral Products and Products	2018. 5
Select Vice Chairman QI Huiying as the Vice Chairman of the Second Session of the Liaoning Non-National Gold Subsidiary Mining Industry Association.	Liaoning Non-Metallic Mining Industry Association	2018. 12

## Public Welfare and Charity

On the basis of achieving steady growth of enterprise economic benefits, Aihai Company has not forgotten to take social responsibility, care for employees and actively carry out various public welfare activities.

The company has contributed to road repairs in nearby rural areas, supported the renovation of drainage ditches in the community, purchased and installed fitness equipment in public areas, distributed essential goods like rice, noodles, and oil to the community residents, provided assistance and subsidies to the families of disadvantaged employees and community residents during the Chinese New Year, supported Wangshi Town Nursing Home, covered the electricity costs for community residents' water supply equipment, donated books to Haicheng Library, and assisted in providing reading room facilities.

In the year 2022, Aihai Company went further by not only exempting the electricity costs for the community's monthly water supply equipment but also conducting a series of social welfare activities. In the first half of 2022, during the COVID-19 pandemic, the company made several donations to Haihua Community, Pai Lou Town, Xi Mu Town, Maoqi Town, the Federation of Industry and Commerce, Haicheng Red Cross Society, totaling over 600,000 yuan. Furthermore, the company donated more than 1,000 party-building books to Haicheng Library and invested over 140,000 yuan to support the use of the first-floor reading room. In June, the Ma Feng Town government held a "Aihai Education Fund 2021-2022 Granting Ceremony," and the company contributed over 226,000 yuan to support educational facilities in Ma Feng Town-affiliated schools. At the beginning of 2023, the company visited and comforted the disadvantaged households in Haihua Community, providing welfare goods worth over 90,000 yuan to help residents have a peaceful Chinese New Year.



In the first half of 2022  
The accumulated donations reached

Over **6** hundred thousand yuan

Donated party-building books to  
Haicheng City Library

Over **1000** volumes

In June 2022, Aihai Company allocated  
funds to the Aihai Education Fund

Over **22.6** hundred thousand yuan

At the start of 2023, providing support and consolation to the  
economically challenged households in Haihua Community

Over **9** hundred thousand yuan

Category	No.	Reason	Beneficiary	Amount
Support for Talc Mine Primary School	1	Visiting talc mine Primary School teachers on Teacher's Day	Talc mine Primary School	8,545
Aihai Education Fund	2	Aihai Education Fund 2021-2022 Granting Ceremony	Ma Feng Central School in Ma Feng Town, Haicheng City	226,200
Support for Haishua Community	3	Visiting and providing welfare to community residents in need during the Chinese New Year	Community residents in need and community residents	92980
	4	Waiving the electricity charges for water usage by residents of Haishua Community	Residents' Committee of Haishua Community	28,608
Support for Epidemic Prevention and Control	5	Supporting Haishua Community in epidemic prevention and control	Residents' Committee of Haishua Community	10,000
	6	Supporting emergency supplies for villagers in Yangjiadian Village, Pai Lou Town during the epidemic	Villagers' Committee of Yangjiadian Village, Pai Lou Town, Haicheng City	36,480
	7	Donating to support epidemic prevention and control (Federation of Industry and Commerce)	Haicheng City Federation of Industry and Commerce	20,000
	8	Supporting Maoqi Town during the epidemic	People's Government of Maoqi Town, Haicheng City	200,000
	9	Supporting emergency supplies for villagers in Maeryu Village, Red Earth Ridge, Ximu Town during the epidemic	Maeryu Village, Ximu Town, Haicheng City	19,200
Support for Haicheng Library	10	Supporting Yangjiadian Village, Pai Lou Town during the epidemic	Yangjiadian Village, Pai Lou Town	15,000
	11	Donating to support the prevention and control of the new pneumonia epidemic	Haicheng City Red Cross Society	300,000
Support for Haicheng Library	12	Supporting the use of the first-floor reading room at Haicheng Library (1st batch)	Haicheng City Library	109,740
	13	Supporting the use of the first-floor reading room at Haicheng Library (2nd batch)	Haicheng City Library	31,043
	Total			1,097,696

As Aihai continues to grow and progress, it never forgets to give back to society, takes on responsibilities, and considers social responsibility as its own duty. Aihai will effectively strengthen and implement assistance activities, making a contribution to the national efforts in supporting those in need.

## Social Responsibility Management

In order to systematically advance the company's social responsibility management efforts, Aihai has established a Social Responsibility Management Committee primarily composed of executive directors. This committee is responsible for researching and establishing the company's strategic vision, principles, and policies related to corporate social responsibility. It identifies substantial social responsibility issues and conducts importance analyses. As the decision-making body, the Social Responsibility Management Committee is responsible for setting social responsibility objectives, planning, and approval. The committee establishes a Social Responsibility Advancement Group as the organizational layer, which is responsible for the implementation and promotion of the company's social responsibility initiatives.; Each department designates relevant personnel as contacts for social responsibility activities, serving as the executive layer. External coordination organizations handle external communication and related matters regarding the social responsibility system. Internal coordination organizations are responsible for collecting relevant data and implementing specific social responsibility activities across the various departments.

### Social Responsibility Management Framework



The company has a deep understanding of the close connection between social responsibility and sustainable development. In 2022, it elevated "sustainable development" to the strategic level within the "Aihai Progress 2025" strategy. Based on the company's strategic vision, key performance indicators for 2022 were set, including those related to health, safety, and the environment.

To ensure that social responsibility is firmly integrated into the company's practices, the company incorporated specialized training on "Social Responsibility and Human Rights" into its "2022 Aihai Company Training Plan" as part of the company-wide annual training. On March 8th, this training was conducted by professional instructors from SGS, providing specific guidance. In addition, the company also promoted and raised awareness of "Social Responsibility and Sustainable Development" in its 198th issue of "Aihai People" magazine. As a result, all employees, especially managers, now have a more comprehensive and systematic understanding of social responsibility. This lays a solid foundation in terms of awareness, principles, and capabilities for the company to actively practice social responsibility.





## 《艾海前进2025》与2022年企业KPI第三次修订

AIHAI FORWARD 2025 & YEAR 2022 CORPORATE KPI THIRD AMENDMENT



As the society advances, and progress, the company is also more and more aware of the importance of social responsibility and the concept of sustainable development to the enterprise, which refers to the development that meets the needs of the present generation without jeopardising the ability of future generations to meet their needs. The only way for a company to survive and develop in the long run is to always practice social responsibility. Therefore, the company has taken "social responsibility" as a corporate strategy and incorporated it into the company's 2025 strategic plan.

In order to raise employees' awareness of social responsibility and sustainable procurement, and to put sustainable development into practice. Therefore, the company plans to implement special training on social responsibility and sustainable procurement in the first half of 2023 to further promote the company's sustainable development and social responsibility practices.

## Stakeholder Communication

Aihai Company places a strong emphasis on communication with its stakeholders as a key element of its corporate social responsibility management. It highly values communication with stakeholders and has established diverse communication channels tailored to the specific characteristics of different stakeholders, ensuring that these channels remain open and effective. The company provides timely disclosure of policy updates, daily operations, developments, changes, special events, and the progress of its sustainable development initiatives to its stakeholders.

Furthermore, Aihai actively seeks and listens to the suggestions and feedback from various stakeholders. The company aims to understand the expectations and requirements of each stakeholder, and it proactively considers constructive suggestions and recommendations. Aihai collaborates with its stakeholders to jointly enhance the company's business management.

The company has identified key stakeholders based on the results of surveys and discussions conducted by the Strategic Committee. These stakeholders include the government, customers, shareholders, suppliers, employees, the environment, peers in the industry, media, non-governmental organizations, and the community.

Here are the main stakeholders identified, along with the methods of communication:

第三次修订 VERSION 3 : 更新 UPDATED @ 24/6/22

### 企业KPI CORPORATE-LEVEL KPI - CT3



编号 Code	战略重点 Strategic Thrust	目的 Objective	度量 Measures	2022 指标 2022 Target	2025 愿景 2025 Vision	修订/备注 Revision/Remarks	负责部门 Driver
CT3	更严格的健康安全与环境(HSE)的法规和政策 Stricter HSE Regulations & Policies	遵守政府所有的HSE法规和政策, 以HSE最佳实践引领行业 To comply with all government HSE regulations and policies, and lead the industry with HSE best practices	向省自然资源厅提交主矿山材料申请国家级绿色矿山的截止日期 Deadline for submitting main mine materials to the Provincial Department of Natural Resources to apply for the creation of a national-level green mine library	20/11/2022	矿区成为国家级绿色矿山 Mining Area as National-level Certified Green Mines <b>100%</b>		环境 HSE
			向鞍山市工业和信息化局提交材料申请国家级绿色工厂的截止日期 Deadline for submitting materials to the Anshan Municipal Bureau of Industry and Information Technology to apply for a national-level green factory	30/09/2022	建成国家级绿色工厂时间节点 Time node of building a national green factory <b>2025</b>		
			主要职业健康危害因素(粉尘、噪声、有害气体)防控有效率 Effective prevention and control of major occupational health hazards (dust, noise, harmful gases)	91%	企业社会责任提升程度 Enhanced corporate social responsibility <b>EcoVadis 金牌 Gold Medal</b>	其中控制有效率90% (粉尘80%), 防护有效率95% (噪声20%); 粉尘控制达标, 有害气体(每粒厂)??	
			2022年地质灾害治理与复垦面积 Land disaster management and reclamation area in 2022	100,000 sqm		1#矿: 拆除坑排岩216万m³ (新设备到位) 或排岩38万m³ (现有设备); 3#矿: 露天坑排岩80万m³左右; 5、7#矿: 地质灾害治理, 拉坡降段形成台阶和覆土要求	

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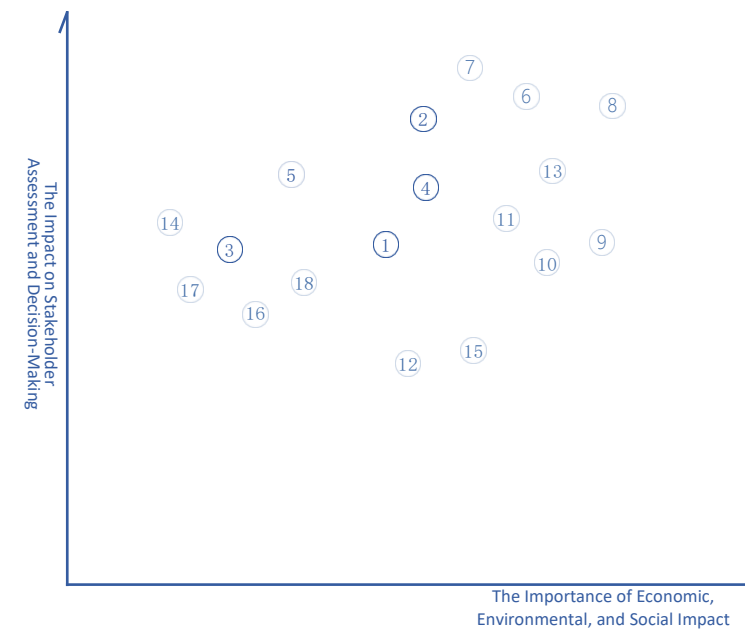






## Substantive Issue Analysis

In order to understand the concerns and expectations of stakeholders on various aspects of the sustainable development of Liaoning Aihai Talc Company Limited; to identify the substantive sustainable development issues of Liaoning Aihai Talc Company Limited at the current stage and the substantive content of the 2022 annual sustainability report; the Company has made reference to the organisation's expression of substantive issues in the 2021 sustainability report of Aihai, and conducted a stakeholder survey by means of scanning the QR code and distributing questionnaires. The Company conducted stakeholder research by scanning QR codes and distributing questionnaires, prioritised the Company's stakeholders and substantive issues, and combined with the discussions at the decision-making level of the Company's internal strategy committee meetings, drew a matrix of Liaoning Aihai Talc Company Limited's substantive issues using the importance of the Company's impact on the economy, the environment and the society as a horizontal coordinate, and using the assessment of and decision-making by stakeholders as a vertical coordinate, as shown in the figure below:



Following the principles for determining substantive issues  
The substantive issues in the sustainable development report of Liaoning Aihai Talc Co., Ltd. are as follows:

- | Economic Issues                       | Environmental Issues                        | Social Issues               |
|---------------------------------------|---------------------------------------------|-----------------------------|
| 1. Governance for Economic Well-being | 6. Efficient use of Environmental Resources | 12. Human Rights Protection |
| 2. Economic Contribution              | 7. Water resource Utilisation               | 13. Safety and health       |
| 3. Technological Innovation           | 8. Environmental Management                 | 14. Product safety          |
| 4. Quality Management                 | 9. Pollution Prevention and Control         | 15. Sustainable Procurement |
| 5. Win-win Partnerships               | 10. Ecological Protection                   | 16. Anti-corruption         |
|                                       | 11. Greenhouse Gas Emissions                | 17. Information Security    |
|                                       |                                             | 18. Employee Development    |

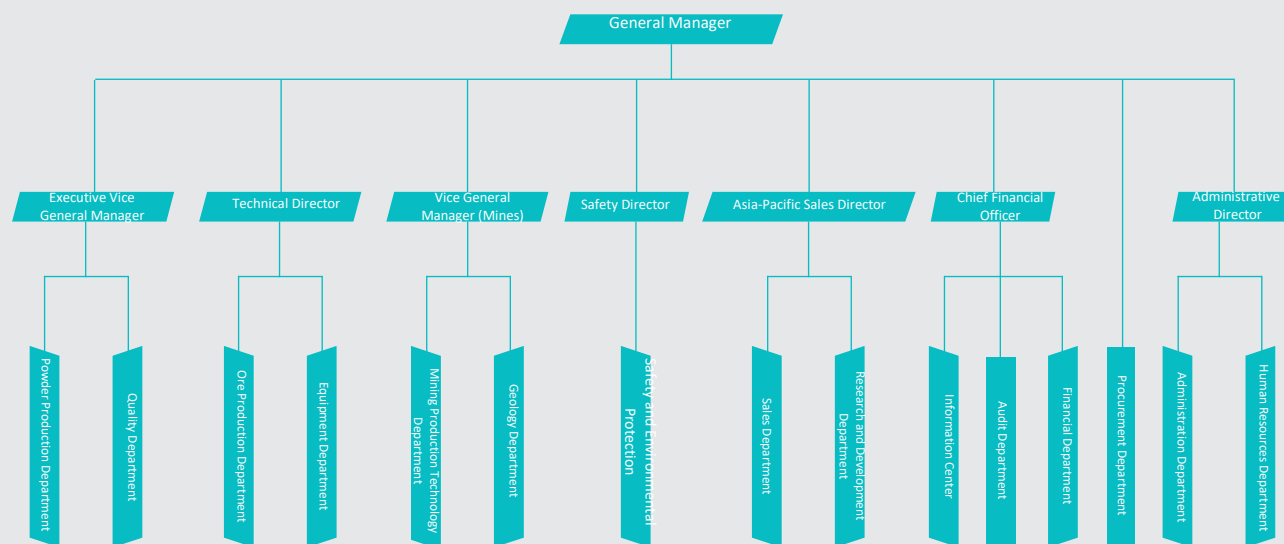


# Management Responsibility



## Standard Corporate Governance

Aihai Talc Organizational Chart



Liaoning Aihai Talc Co., Ltd. was established in 1996 by two shareholders who jointly invested in its formation. The highest governing body of the company is the shareholders' meeting, responsible for determining the company's operating policies and investment plans. The company's management team includes executive directors, supervisors, managers, and other key management positions, with candidates for these roles nominated and elected by the two shareholders during shareholder meetings.

The company's shareholders' meeting is responsible for reviewing and approving the company's annual financial budget, final accounts, profit distribution plans, and plans for covering losses. It also makes decisions regarding changes in the registered capital, mergers, divisions, dissolution, liquidation, or changes in the company's legal form, as well as other rights as specified in the company's articles of association. The shareholders' meeting is convened annually and presided over by the executive directors.

The shareholders' meeting must pass a resolution on important decisions, such as amending the company's articles of association, increasing or decreasing registered capital, merging, splitting, dissolving, or changing the company's legal form, with the approval of shareholders representing more than two-thirds of the voting rights. During the reporting period, there were no conflicts of interest between the company's shareholders and stakeholders.

The company does not have a board of supervisors but appoints one supervisor elected by the shareholders' meeting. Executive directors, managers, and the chief financial officer are not allowed to concurrently serve as supervisors. The supervisor's role includes supervising the actions of executive directors and senior management in performing their duties, proposing the dismissal of executive directors or senior management who violate laws, administrative regulations, the company's articles of association, or resolutions of the shareholders' meeting. When the actions of executive directors or senior management harm the company's interests, the supervisor can request correction. The supervisor can also propose convening an extraordinary shareholders' meeting, and if the executive directors fail to fulfill their responsibilities to convene and preside over shareholders' meetings, the supervisor can take on this role and present proposals at the shareholders' meeting. The supervisor has the right to attend shareholders' meetings.

During the reporting period, there were no significant changes in ownership, nature, or the supply chain of the company.

## Anti Corruption

### Anti-Corruption Management System

Anti-corruption and anti-bribery have always been our consistent principles. We fully understand that corruption can lead to improper resource allocation, undermine the fairness of government and community decision-making, disrupt equal opportunities, and harm the business environment. The company is committed to conducting business with integrity and in compliance with the law. We strongly oppose any improper behavior, including commercial bribery, with external stakeholders. The company maintains a "zero-tolerance" approach to rigorously address corruption and fraudulent activities. Employees found in violation of these principles will face severe penalties, including possible dismissal. The company places great emphasis on ongoing efforts to promote integrity and anti-corruption work and is dedicated to contributing to the fight against corruption. We work collaboratively with the business sector, government, and the community to achieve this objective.

We ensure the independence of our audit work and have established an internal supervision system that fosters collaboration between the supervision, audit, risk control, compliance, and legal departments. This system is responsible for enforcing discipline, conducting supervision, audits, and internal control assessments within the company. The company has established an audit department, which serves as the lead department for internal supervision work.

### Anti-corruption Management Policy

In accordance with relevant Chinese laws and regulations on anti-corruption, the company has established a series of internal regulations, including the "Internal Audit System," "Prohibition of External Official Activities," "Whistleblowing Management Measures," and "Clean and Diligent Interview Measures" to mitigate the risk of internal fraud and commercial bribery. Our anti-corruption management policy also extends to our suppliers and contractors. In all of our external contract templates, we have specific integrity clauses that require our suppliers and contractors to comply with our anti-corruption policy. We encourage our suppliers and contractors to monitor our employees, have the right to report any violations of the anti-corruption policy by our employees through our designated reporting channels, and require our suppliers and contractors to submit their internal anti-corruption policies for company record-keeping.

**Anti-corruption Risk Assessment**

We have established the "Risk and Opportunity Control Procedure" and developed a "Risk Database" through mechanisms involving risk identification, risk assessment, and risk mitigation. This continuous work allows us to enhance our risk management, internal control, and anti-fraud risk prevention system.

The company regularly reviews the anti-corruption compliance plan (at least annually) to meet new regulatory requirements and make necessary adjustments. During the reporting period, we conducted comprehensive inspections in five affiliated enterprises. We focused on critical business areas and key processes, including construction project management, material procurement, and compliance risk control for overseas projects. A total of 471 internal control audits and checks were conducted in these key areas, covering all our operational sites worldwide, including our subsidiaries in Europe, South Korea, and Malaysia. Each affiliated enterprise has established a basic internal control testing and assessment mechanism.

Throughout the reporting period, the company did not face any litigation or disputes resulting from corruption or bribery-related issues.

**Business Ethics Training**

We are committed to providing anti-corruption training to all employees, as well as to our suppliers and contractors. We employ various methods, including new employee orientation, classroom training, face-to-face integrity discussions, and the signing of the "Anti-Corruption Pledge," to deliver effective training to new employees, newly promoted managers, employees in key sensitive positions, management, and part-time staff, ensuring that all our employees and suppliers and contractors receive anti-corruption training.

In February 2022, following the official release of the revised "Anti-Corruption Pledge," we promptly conducted comprehensive business ethics guideline training for our suppliers. As of the end of December, all affiliated companies have signed the "Integrity Responsibility Agreement" and "Anti-Corruption Pledge" with their respective suppliers.

Aihai 2022 Business Ethics Training Performance

For Employees Training	Total training sessions	12
	Number of top executives	26
	Coverage rate of top executives	100%
	Number of middle-level employees	281
	Coverage rate of middle-level employees	100%
	Grassroots Employees (person-times)	62
	Coverage rate of grassroots employees	9%
For Supplier and Contractor Training	Number of sessions	31
	Number of personnel	70
	Coverage rate	69%

**Whistleblowing Mechanism and Whistleblower Protection**

We hope and actively encourage all employees, suppliers, contractors, or other stakeholders to report any incidents that may violate the principles of ethical business management and anti-corruption, including any form of bribery or corruption suspicions. During the reporting period, we established and published the "Whistleblowing Management Procedures" and made various reporting methods available. Anyone, including all employees, suppliers, contractors, or other stakeholders, can report various illegal or unethical activities through various legal channels.

To ensure the integrity and compliance of the company, we have established a dedicated reporting channel on the company's official website. Simultaneously, we have publicly disclosed multiple contact methods for reporting and appeals within the company, such as email, phone, and more, to provide an open channel for employees, suppliers, contractors, or other stakeholders to report and expose fraudulent activities.



In addition, we have established detailed "Whistleblowing Management Procedures" to provide a reporting channel for actions that violate the "Pledge of Integrity and Self-discipline." We also ensure the strict confidentiality of all received reports, guaranteeing that the whistleblower's identity and personal information are not disclosed and that the whistleblower's legal rights are protected in accordance with the law.

**Uphold a "zero-tolerance" approach to investigation and enforcement**

We maintain a "zero-tolerance" approach to rigorously address any violations of the "Prohibition on Foreign Official Activities" and the "Pledge of Integrity and Self-discipline." The company's supervisory bodies strictly adhere to legal and regulatory requirements for accepting and verifying reports, reporting investigation results to the management, and taking appropriate actions against misconduct following the necessary approval processes. These actions may include warning interviews, disciplinary actions, and, if needed, transferring cases to judicial authorities for legal proceedings. We continuously monitor reported concerns and internal findings, taking corrective measures to enhance our management processes.

During the reporting period, we did not receive any reports related to corruption.



## Fair Competition

Aihai strictly adheres to the laws and regulations of the People's Republic of China, including the Company Law and the Anti-Unfair Competition Law. We conduct legal education and awareness programs within the company to foster a healthy and transparent business environment and promote fair competition. The company upholds the principle of fair competition, respects every competitor, and considers excellent competitors as a driving force for innovation and improvement. We believe in winning in the market competition through advanced technology, innovative business models, and high-quality products and services.

During the reporting period, the company did not face any legal disputes related to unfair competition.

## Information Security

We establish the scope and classification of confidentiality with a scientific approach to ensure the protection of secrets while facilitating work. We maintain a fair and just attitude to safeguard Aihai's technical and business information.

Adherence to all company confidentiality policies.

Protection and preservation of all secrets of the company and its customers.

Continuous improvement of company confidentiality measures, employee education, and training to enhance confidentiality awareness. °

Aihai Company has established a comprehensive Information Security Management System and employs various strategies to ensure the security, stability, and normalcy of electronic data in the company's computer equipment, network equipment, information systems, and application platforms (ERP, Hui Lianyi, BPM, WMS, company website, email). This aims to standardize and protect the confidentiality, integrity, and authenticity of information during the transmission, exchange, storage, and backup processes.

The company's Information Centre is responsible for overseeing and managing the overall information security, including computer software and hardware security management, electronic data and file security management, and information system security management. New employees are required to undergo information security training and an examination and sign confidentiality agreements. The company uses a document encryption system to protect important documents and data. Employees are obligated to maintain the confidentiality of business and technical secrets and are prohibited from disclosing private information of the company and its customers.

To enhance employees' awareness of information security, the Administrative Department and Information Center jointly organize training on information security and privacy protection. The training covers topics such as purposes, scope, responsibilities, information security and privacy protection, prohibited behaviors, and protective measures. This training helps cultivate employees' information security awareness, reduce information security risks, and ensure the effective protection of the company's information assets.

During the reporting period, the company did not experience any incidents of internal or customer information leakage, disputes, or lawsuits.



## Protection of Intellectual Property

Aihai Company has always attached great importance to the protection of intellectual property and patent technology. The company has established the "Patent Application and Management System," which is dedicated to the development, application, renewal, transfer, evaluation, and management of patent technologies, ensuring the effective application and protection of the company's intellectual property.

Before initiating any product or technology development projects, the company's research and development department, along with relevant business units, conducts patent literature searches and analyses to avoid duplicate research and potential infringements. In the course of international trade activities, prior to the import of technology, complete equipment, critical equipment, and the import of raw materials not sold domestically, as well as the export of raw materials and products not sold in other countries and regions, the company's research and development department conducts patent searches to prevent the infringement of others' intellectual property. During the reporting period, the company did not face any disputes or legal issues related to intellectual property.

As of the end of 2022, the company holds 30 valid patents, comprising 12 invention patents, 17 utility model patents, and 1 design patent.

As of the end of 2022

The company currently has

30 valid patents  
Invention patents

12 Utility model patents

17 Design patent

1

# Partner Responsibility



Aihai adheres to an open and collaborative approach with business partners, exploring win-win models. We are committed to providing high-quality, safe products and services, and place great importance on protecting consumer rights. The company continually enhances its customer relationship management system, growing together with customers and meeting their needs. Aihai remains innovative, collaborating with various parties to create a sustainable development industry chain and maintain a healthy business ecosystem.

## Quality Management

Quality is the lifeline of a company. Aihai consistently adheres to the fundamental principle of "customer-centricity, continuously meeting customer needs" in quality management, and engages in continuous improvement in terms of quality, cycle, cost, service, and products. At the same time, Aihai always focuses on enhancing the capabilities of quality management personnel to ensure that the company operates at high-quality standards.

### Aihai Quality Policy

Through continuous efforts to improve quality, maintaining vitality with the best quality and highest efficiency, involving all staff in management, and comprehensively implementing improvements, the company aims to fulfill its commitment to customers:

Leverage resource advantages,  
advance modern technology;

Uphold honesty and integrity,  
enhance customer satisfaction;

Develop high-tech products,  
pursue excellent performance.

To enhance the overall work quality and process maturity of all employees, achieve the company's strategic goals, and realize true comprehensive quality management, the company has undertaken the construction of a quality management system. It has obtained ISO 9001:2015 certification. From mining planning, ore processing, product processing, packaging, warehousing, transportation, to after-sales service, the company implements systematic management according to internationally recognized quality management methods. The company continuously improves the quality management system, strengthens full-process control, reinforces quality inspection mechanisms, and consistently enhances product quality to drive development.

The company integrates quality education and training into its quality management system, covering all personnel and processes related to quality within the company, with the aim of enhancing employee quality awareness. In 2022, to assist quality management personnel in mastering Six Sigma methods and tools at different stages, the company facilitated the conversion of knowledge into effective solutions for practical problems in future work. This approach ensures the elimination of defects before the formation of results, guaranteeing that process output closely approaches "zero defects." This strategy aims to avoid quality losses in all aspects due to defects and mistakes, thereby improving work quality and raising the level of quality management.

In addition, in 2022, the company utilized the Failure Mode and Effects Analysis (FMEA) tool and conducted Process FMEA analysis on the production process. It assessed the control level of process factors, studied the relationship between factor fluctuations and variations in the product's quality characteristics, conducted on-site process audits, analyzed deficiencies and issues in quality control activities, proposed improvement methods, strengthened the management of process quality control points, enhanced preventive control, and improved quality assurance capabilities.

While continuously improving its product quality, the company actively participates in the formulation of relevant national standards, driving the overall improvement of quality in the industry. The company has been involved in the drafting of the following six national standards:

1. 《Method for Whiteness Measurement of Building Materials and Non-metallic Mineral Products》 ( GB/T 5950-2008 ) ;
2. 《Talc》 ( GB/T 15341-2012 ) ;
3. 《Talcum Powder》 ( GB/T 15342-2012 ) ;
4. 《Chemical Analysis Method for Talc》 ( GB/T 15343-2012 ) ;
5. 《Physical Testing Method for Talc》 ( GB/T 15344-2012 ) ;
6. 《Ceramic Standard Whiteboard for Chromaticity and Luminance Measurement》 ( GB/T 9086-2007 ) 。

## Innovation and Research & Development

Aihai has consistently adhered to a development philosophy centered around technology, quality assurance, and talent as the core. The company continually increases its investment in the technology center. By attracting professional talents domestically and internationally, Aihai has established laboratories for paint, ceramics, papermaking, and comprehensive testing. This comprehensive control spans from geological exploration and mineral extraction to the selection of raw ore, formula design, and control of powder processing for talc products. Based on this foundation, the company aims to provide more professional services to its customers.

In order to better develop the enterprise and adapt to market demands, Aihai has planned a future research and development center, aiming to achieve innovation through independent research and development. The current R&D team has successfully conducted experiments on new products in the honeycomb ceramics field. Samples and pilot tests have been validated by customers and are currently in the mass verification stage. The R&D department has also assisted the company in introducing grading equipment, with expectations of achieving mass production of new products in the honeycomb ceramics field next year. The R&D team's collaboration with European partners IPF and EZD in the high lamellar index talc experiment has achieved positive results. Additionally, to meet market demands, the R&D department has successfully developed some talc masterbatch products, and these new masterbatch products are currently being supplied to customers in large quantities.

## Supplier Management

The company places a strong emphasis on communication and coordination with its suppliers, maintaining robust long-term collaborative relationships. It consistently refines its supply chain management processes, implementing stringent and targeted management of suppliers with purposefully formulated cooperation strategies. Supplier relationship management is considered a key element in achieving the company's sustainable development goals. In 2023, the company is establishing and implementing a sustainable procurement management system in accordance with the ISO 20400:2017 standard. The company has developed the "Sustainable Procurement Management Manual," "Sustainable Procurement Policy," and "Supplier Code of Conduct" to guide the management of social responsibility in procurement practices. To promote compliance with supplier social responsibility and advance the concept of sustainable procurement, the company prioritizes collaboration with suppliers demonstrating effective social responsibility management and/or exemplary environmental performance under equal conditions. Local suppliers are also given preference.

Adhering to principles of fair procurement and equal opportunity, the company enforces an admission mechanism for suppliers with legal personality (branch offices must be authorized by their superior legal entity), meeting supply capacity requirements, holding relevant certifications, maintaining sound financial status, possessing good reputation and business ethics, and taking on social responsibility. The admission process places particular emphasis on assessing supplier environmental and social responsibility performance. Only suppliers that pass the company's admission mechanism become qualified suppliers.

2022 Sustainable Procurement Performance		
Index	Year	Year 2022
Number of Suppliers	Unit	301
Number of Key Suppliers	Unit	23
Number of New Suppliers	Unit	15
Percentage of Suppliers that have undergone Corporate Social Responsibility (CSR) assessment (e.g., questionnaire)	%	1.30
Number of Target Suppliers that underwent on-site Corporate Social Responsibility audits	↑	4
Percentage of Key Suppliers that have signed the Supplier Code of Conduct	%	100
Percentage of Key Suppliers that have contracts containing clauses on environmental, labor, and human rights requirements	%	100
2022 Procurement Personnel Data		
Metrics	Year	Year 2022
Number of Procurement Officers	Person	6
Number of Procurement Officers who received Sustainable Procurement Training	Person	6
Percentage of Procurement Officers within all regions who have undergone Sustainable Procurement Training	%	100

The procurement department categorizes suppliers based on annual supply amounts. Suppliers reaching a supply amount of 1 million RMB are considered strategic partners. These suppliers mainly provide production materials such as packaging materials, pallets, and oils. Packaging material suppliers are primarily concentrated in the Jiangsu and Zhejiang regions, while pallet suppliers come mainly from Dalian and Shenyang. Domestic purchases are paid in Chinese Yuan, while foreign purchases are paid in Euros. Procurements within Liaoning Province account for 68% of the total.

In 2022, led by the Quality Department and with active participation from the Procurement Department, regular online reviews and audits of suppliers were conducted to assess their performance in terms of social responsibility. This ensured supplier compliance, reliability in quality, adherence to the company's procurement requirements, and provided guidance and training to assist suppliers in continuous improvement. These efforts aim to further enhance the overall efficiency and reliability of the entire supply chain.

Throughout the reporting period, the company did not receive any reports concerning severe incidents impacting the supply chain or violations of human rights events.

The percentage of procurement within Liaoning Province

68%

## Quality Services

Aihai strives for 100% customer satisfaction, adhering to the service concept of "customer first, creating value for customers." It consistently places the customer at the center, responding promptly and accurately, and is committed to providing superior service. The company focuses on safeguarding customer interests and uses customer satisfaction as a benchmark.

Customer Service Philosophy: Customer First, Creating Value for Customers

Customer Service Management System

The Sales Department is divided into the East China region, North China region, Customer Service Division, and Marketing Division, managing customer service from different perspectives. It primarily focuses on five aspects: "Product Quality and Performance," "Price and Settlement," "Delivery," "Technical Support," and "Communication," continuously aiming to enhance customer satisfaction and ensure improvement in these five service areas.

The company has established a scientifically sound "Customer and Related Party Complaint Handling Process" to address adverse feedback from customers and related parties. It promptly investigates and analyzes issues, provides customers with responses, and swiftly resolves encountered problems, thereby enhancing customer satisfaction, reducing complaint volumes, and ensuring effective resolution of customer concerns.

In 2022, updates and optimizations were made to the "Market Development Process" and the "Raw Material Sales and Delivery Process." Additionally, improvements were implemented in the survey methods under the "Customer Satisfaction Assessment Control Process."

To protect customers' legitimate rights and interests, the company employs advanced management methods, uses encrypted systems, and signs confidentiality agreements with customers to ensure the non-disclosure of customer information.

To better understand customer evaluations and feedback regarding products and services, the company conducts regular customer satisfaction surveys and follow-ups. These aim to understand customer expectations and requirements, analyze them, and continuously improve to meet customer needs. The company annually distributes customer satisfaction surveys to customers with sales records, assessing satisfaction from five dimensions: product quality and performance, price and settlement, delivery capabilities, technical support, and communication services. Through this feedback, the company consistently enhances product quality and services. The average satisfaction score in 2022 was 9.12.

Average Satisfaction Score  
in 2022  
**9.12**

Customer Satisfaction	Year 2022	9.12
	Year 2021	9.23

Note: The decrease in customer satisfaction is mainly due to a decline in scores related to pricing and delivery factors.

Reasons: The logistics were significantly impacted by pandemic control measures in 2022, leading to a considerable increase in logistics costs. Additionally, restricted vehicle movement due to permit reporting resulted in fewer vehicles in the market, causing limitations in product deliveries.

## Customer Training

Aihai Company provides post-delivery technical support to customers. They actively collect and respond promptly to customers' usage situations regarding the company's products. Timely training, consultations, on-site guidance, maintenance, and other services are offered. The company develops a customer visit plan for market expansion, organizes visits by the technical center and relevant units to users, provides technical services, understands customers' product usage needs, promotional applications, and assists users in problem-solving.

To improve the quality of customer service, the company places significant emphasis on employee training to enhance their professionalism and service skills.

In April 2022, a training session on "How to Conduct Effective Customer Visits" was conducted to enhance service quality for customers;

In July 2022, a training session on the "Five Strategies for Accounts Receivable Recovery" was conducted to facilitate effective communication with customers, coordinate good relationships with them, and ensure smooth business operations;

In December 2022, a training session on the "Three Steps to Serve Major Customers" was conducted to enhance service quality.

Additionally, the company provides Material Safety Data Sheets (MSDS) with its products and offers training and technical support to customers to address potential health impacts associated with the products.

# Employees' Rights



Employees are the foundation of enterprise development and the driving force behind sustainable, high-quality growth. Aihai Company highly values the protection of employees' rights and is committed to providing a humane working environment. It aims to create a diverse work atmosphere, encouraging interaction and collaboration among employees, striving to build a platform for employees to achieve their personal value and share in the fruits of development.



## Employment Situation

Aihai Company has always adhered to the principles of fairness and equity in employment, following the "Recruitment Management System" to conduct recruitment activities that ensure equal pay for equal work and avoid gender discrimination. They prioritize diversity in talent and provide employees with fair, open, and transparent employment opportunities. The company strictly prohibits the restriction of formal employee recruitment and employment based on factors such as gender, region, ethnicity, religious beliefs, or economic status. It emphasizes gender equality, firmly eliminating discrimination against women in employment. The company does not discriminate against people with disabilities and actively creates job opportunities for them.

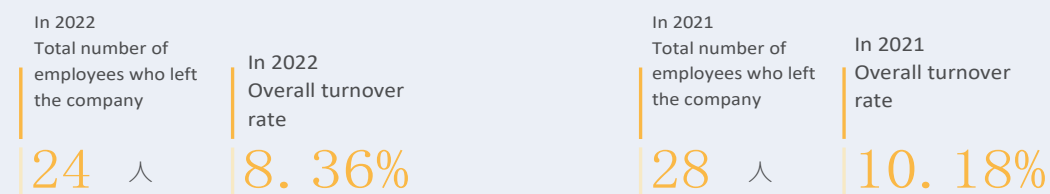


### Age structure

Age Intervals	Below 30 years		30-50 years		Above 50 years	
Year	2022	2021	2022	2021	2022	2021
No. of People	49	38	174	164	64	73
Ratio	17.07%	13.82%	60.63%	59.64%	22.3%	26.55%

### Educational structure

Education	Postgraduate and above		Bachelor's and Associate degrees		Below vocational school	
Year	2022	2021	2022	2021	2022	2021
No. of People	6	5	155	136	126	134
Ratio	2.1%	2.8%	54%	49.45%	43.9%	48.73%



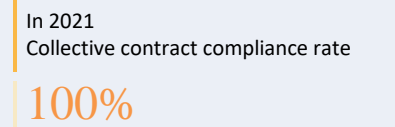
Note: Overall turnover rate = Total number of employees who left the company in that year / Total number of employees who were working in that year

## Democratic Management

In recent years, with the care and assistance of the Municipal Party Committee, Municipal Government, and higher-level trade union organizations, Ai Hai Company has been deeply implementing the "Liaoning Province Enterprise Democratic Management Regulations," "Enterprise Democratic Management Regulations," and the "Five-Year Plan for National Democratic Management Work (2019-2023)." This implementation has effectively safeguarded the legitimate rights and interests of employees and ensured the stability of the workforce, further promoting innovation and development in democratic management practices and various undertakings.

Ai Hai Company actively promotes democratic management and has established collective consultation and collective contract systems. Union representatives and the company sign collective contracts every three years, as well as special collective contracts for the protection of female workers' rights and labor safety and health. The company holds annual collective negotiations on wages and signs a "Wage Collective Negotiation Contract." Furthermore, the company has proposed incorporating quota negotiations into the wage collective negotiation content to ensure a fair and reasonable employee compensation system. During the reporting period, the company achieved a 100% performance rate in fulfilling collective contracts.

Additionally, the company consistently organizes at least one employee congress annually and has established a system for the public release of proposals from employee representatives and participation in decision-making. It extensively solicits opinions from employee representatives, reviews and approves annual goals, development plans, and employee proposal resolutions, truly ensuring democratic participation and supervision. This establishment fosters communication and coordination mechanisms where the company and employees collectively participate, leveraging the role of the enterprise's democratic management system as a "bridgehead" in corporate governance.



The company has formulated and issued the "Opinions on Open and Democratic Management of Factory Affairs", actively implementing open and democratic management of factory affairs. It has established a notice board where the company's development plans, annual business objectives, employee training plans, execution status of the "Collective Contract", financial work reports, employee behavior norms, and other open contents, systems, and operating procedures are explicitly outlined. This initiative ensures both top-down transparency and bottom-up feedback, with individuals at each level responsible and accountable. It forms a comprehensive management system, guaranteeing the smooth implementation of democratic management practices.



In terms of publicizing company affairs, the company employs various methods such as meetings, the "Aihai Ren" factory newspaper, notice boards, electronic screens, emails, and the company website for public disclosure. It has also established grassroots service teams within the labor union, distributing electronic cards containing contact information via email and corporate WeChat groups to employees. These service teams regularly visit grassroots levels to gather feedback and suggestions from employees. The labor union has set up grassroots service teams for union cadres, implementing responsibilities by areas, regularly providing feedback on employees' needs from the responsible units, promptly reporting and handling emergencies, and managing routine matters through discussions within the union committee.

In 2022, the company received a total of 21 reasonable suggestions from employees, including 8 related to canteen management, 3 concerning dormitory management, 5 on commuting vehicle management, 2 about procurement management, 1 each regarding maintenance management, training management, and compensation management. The relevant departments investigated and earnestly discussed the proposed suggestions. Out of these, 19 were accepted, and improvement measures were formulated and completed as scheduled. Two suggestions were not accepted.

To further gather employee feedback and reasonable suggestions, and to fully leverage collective intelligence, the company plans to conduct specialized surveys in production, technology, management, and other areas in 2023. Each suggestion will be assessed, and feasible ideas will be adopted to further enhance overall operational efficiency and quality.

**艾海公司工会干部服务基层员工联系卡**

服务事项：关爱员工，听取员工心声，了解员工身心健康及生活困难，做员工的贴心人。

工会主席：金玲 电话：13841202811

组号	工会委员	联系电话	服务单位
1	刘玉海	13942202577	一矿、二矿、采购部、销售部
	杨富艳	13942249940	
2	张东升	13841793050	三矿、露天矿、安环部、采矿生产技术部
	乔东安	15041164854	
3	金光	13464358339	五矿、行政部、审计部、信息中心
	潘红	15842058303	
4	霍刚	13804203788	选矿部、七矿、原料管理处
	万迎	13841267026	
5	姜丹	13942208611	粉体生产部、人力资源部、质量部
	史晓霞	13942275437	
6	李亚芳	15141269265	设备部、财务部、地质部、研发部
	张雨晴	18842006402	

## Safeguarding Rights and Interests

Aihai Corporation strictly adheres to labor laws such as the "Labor Law" and the "Labor Contract Law," regulating employment behaviors to build harmonious labor relationships. The company prioritizes labor registration in employee recruitment, fully implements labor contract systems, and ensures legitimate employment practices. Upon joining, employees sign labor contracts and contribute to social insurance (pension, unemployment, medical, maternity, work-related injury insurances, and housing provident fund). Additionally, the company covers employees with medical and supplementary work-related injury insurance. New employees also participate in group accident insurance, employer liability insurance, and safety production liability insurance.

The company strictly abides by national laws and regulations, respects internationally recognized social responsibility codes, and vehemently prohibits child labor and forced labor. Discrimination, harassment, and violation of the legitimate rights and interests of workers are strictly forbidden. Regular enterprise human rights investigations are conducted to assess risks related to child labor, forced labor, discrimination, harassment, and workplace violence. Adhering to the principle of remuneration based on work, the company practices equal pay for equal work between men and women, prohibiting any gender-based pay differences. Starting from 2021, human rights awareness training has been included in the employee training program, offering systematic training on human rights issues.

The company strictly adheres to an 8-hour workday and complies with national regulations concerning employee vacations, ensuring employees' legal rights to rest and take leave. A paid annual leave system is implemented where employees can enjoy corresponding annual leave based on their work tenure and prescribed vacation policies. For employees in their childbearing years, the company provides special leave arrangements such as maternity leave, paternity leave, and breastfeeding breaks to meet their needs in childbirth and childcare. Moreover, the company provides other types of leave like marriage leave and sick leave to eligible employees, allowing them to manage personal affairs or handle unforeseen circumstances.

The vacation status chart of employees at Aihai Company over the past three years

	2022	2021	2020
Total number of employees	287	275	253
Parental leave	Male	3	2
	Female	5	1
Returned during the reporting period	8	3	3
Remained in position after 12 months of return	8	3	3
Male	37.5%	66.67%	33.33%
Female	62.5%	33.33%	66.67%
Return rate	100%	100%	100%
Retention rate	100%	100%	100%

## Employee Training

To enhance the comprehensive skills and abilities of its employees, the company has established its own training system through years of experience. Aligned with the company's operational development goals, it has developed a comprehensive "Training Management System." In 2022, this system underwent revisions, incorporating training plans related to social responsibility aspects.

Annually, the Human Resources Department conducts surveys across departments to identify training needs. Based on the company's strategies and objectives, it scientifically formulates the annual training plan for Aihai Corporation. Following this plan as a guideline, the company solidly implements various training programs, covering employees in various positions within the company.

### Training content includes

- a · Training related to the technological and skill aspects required for the implementation of company strategic planning and operational plans ;
- b · Customer requirements ;
- c · Third-party certification requirements ;
- d · Should include the demands for new processes ;
- e · Relevant training for new employees, employees changing positions, and employees returning from leave exceeding one month (referred to as "long leave") ;
- f · Necessary training needs for employees and departments ;
- g · Development of key positions or talents ;
- h · Legal and regulatory requirements ;
- i · Contents related to social responsibility, including environmental, safety, occupational health, labor rights and human rights, sustainable procurement, business ethics, and other relevant laws, international standards, and company regulations.

In 2022, the company achieved satisfactory results in talent development for key positions and on-site technical skills assessments for skilled workers.

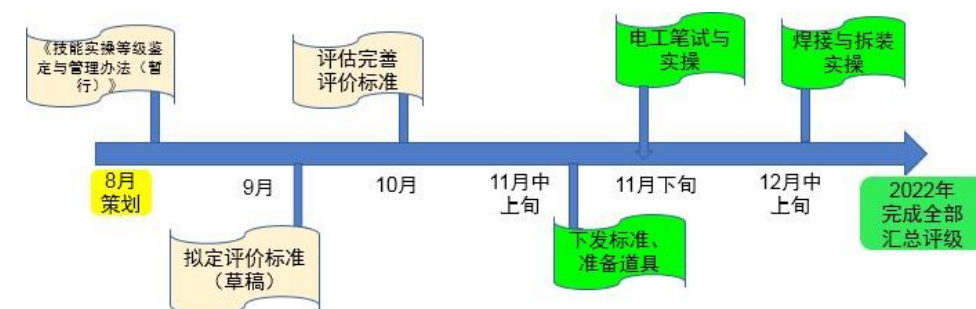
### Training for Key Positions

To effectively build a talent pool for key positions within the company, continuous efforts have been made in identifying and developing talent for these critical roles. The process involves initial selection, recommendation, evaluation based on set standards, HR department interviews, to identify individuals for development, subsequently engaging actively in focused talent development initiatives.

No.	Project	Improvement Measures
1	Talent Selection	Implement the AB role project, broaden the selection channels, and identify key positions and talents in urgent need of development through this program
2	Adjustment of Dominant General Ability Training Leaders	General abilities (such as fundamental product knowledge, production processes and techniques, QMS, communication skills, etc.) are led by the Human Resources Department, organized uniformly, and evaluated for training effectiveness.
3	Establishment and Improvement of Teaching Materials Library	Increase centralized internal training, on-site visits, etc., as well as various evaluation methods such as written tests, summaries, debates, practical exercises, etc.
4	Establishment and Improvement of Teaching Materials Library	Established teaching materials libraries for production processes such as "Communication Skills," "Execution," "Basic Product Knowledge," "Mining/Mineral Processing/Powder Processing," "6S," "Quality Management System," etc.
5	Establishment of Excellent Internal Trainer Pool	For trainers who have conducted courses, evaluate their acceptance through feedback from students and HR.
6	Monthly Summary Communication Meetings	A. Share successes and areas for improvement. B. Better understand the learning situation of each student through their summaries.
7	Training Incentives	Increase training evaluations and provide training subsidies based on evaluation results to improve training enthusiasm and effectiveness.

### On-Site Technician Skill Practical Assessment

In order to create a technical team for on-site maintenance and repair that possesses both educational qualifications and capabilities, the Human Resources Department, in collaboration with the Equipment Department, initiated the first implementation of the 'Skill Practical Assessment' in 2022. This assessment lasted for 5 months and involved a total of 52 technical personnel (25 electrical, 27 maintenance). Through this activity, it sparked enthusiasm among employees for self-directed learning, providing them with opportunities to learn and showcase their skills, thus fostering a positive learning and working environment. At the conclusion of the activity, a total of 29 individuals achieved excellent grades, accounting for 55.77%.



The number of individuals who achieved excellent grades in the 2022 Skill Practical Assessment

**29** people

**55.77%**





Welding skills assessment before and after learning



Technical assessment for electrical written test and practical application



Technical assessment for dismantling



Technical assessment for assembling

In addition to establishing an internal training plan, the company fully utilizes online platforms, establishing its own network academy. This network academy offers over 3000 courses, regularly updated, covering various general and specialized subjects. Employees can choose courses that suit their needs and career development, not only enhancing professional skills but also broadening their knowledge and continuously improving their overall capabilities.

Aihai's Employee Training Performance in the Past Three Years

Year	No. of Employees	No. of Training Sessions	Training Hours	Average Training Hours per Person	Training Coverage Rate
2020	253	46	2880.5	11.39	100%
2021	275	39	5486	19.95	100%
2022	287	47	5983	20.84	100%



Summary Meeting

Training performance of Ai Hai employees over the past three years

Year 2022 Training Statistics	Segmented by Gender		Segmented by Category			
	Gender / Male	Gender / Female	Production	Technical	Management	Middle to Senior Level Management
Number of People	228	59	152	66	42	27
Percentage	79.44%	20.56%	52.96%	23%	14.63%	9.41%
Training Time	4780	1203	3302	1216	995	470
Average Training Hours per Person /H	20.96	20.39	21.72	18.42	23.69	17.41

## Career Development Pathway

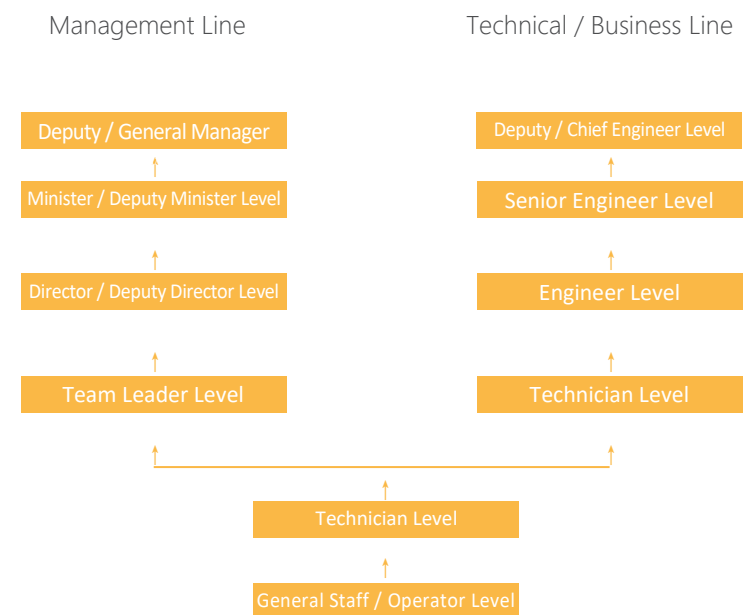
Aihai Company emphasizes the selection and retention of talents, striving for accurate personnel placement. The company adheres to the principle of integrity and capability, selecting individuals based on character and competence. Those lacking in character despite their abilities are eliminated, while employees demonstrating outstanding character and performance are promptly identified. Suitable positions and development opportunities are provided to them, allowing them to fully leverage their talents. The company emphasizes appropriate talent deployment, promptly adjusting personnel configurations to ensure that each employee can contribute their maximum value in positions that suit them best.

The company provides every employee with fair opportunities for competitive advancement. It endeavors to break the traditional hierarchy based on seniority and enhances the credibility of personnel selection and utilization through performance assessments. The company adheres to a performance-based talent selection strategy, promoting a culture of 'promoting the capable, accommodating the average, and demoting the incompetent,' thereby creating a favorable channel and atmosphere for the managerial team's promotion ladder.

In accordance with the 'Aihai Advancement 2025' goal planning and the current situation, the company formulates annual business objectives and key performance indicators (KPIs) for departments, subsequently decomposing these departmental KPIs to various positions based on employees' responsibilities. Performance assessments occur monthly, quarterly, and annually. Additionally, at the beginning of each year, the company evaluates each employee's performance from the previous year. The specifics of these performance assessments, including their content and methods, may vary based on individual employee positions.

Adhering to the principle of 'matching the right people to the right positions,' the company has established a 'dual-channel' for employee career development. This is achieved through the dynamic management of position transfers and promotions, fully tapping into and utilizing employees' strengths, stimulating their work enthusiasm and creativity, thereby creating a new scenario for enterprise development and employee career planning.

### Career Development Dual Channel





## Employee Care

Aihai Company highly values employee care, striving to create a favorable work environment and offer welfare benefits for its employees. It actively attends to employees' needs by addressing practical issues and providing assistance whenever required. To prevent minor injuries or cope with mild illnesses such as colds or stomach upsets that may occur during work hours, the company equips various departments and units with medical kits. Moreover, it regularly distributes various commonly used and emergency medications each year for unforeseen needs. In efforts to further enhance the cohesion among female employees, encourage their dedication in their roles, and promote the spirit of confident, resilient, innovative, and enterprising modern women, the company meticulously plans a series of activities for International Women's Day. These activities extend festive wishes to all female employees. Simultaneously, the company cares for the physical well-being of its female employees by organizing a health check-up event during the International Women's Day period. To improve employees' sense of belonging, as the Mid-Autumn Festival approaches, as an expression of gratitude for the diligent efforts of all employees, the company meticulously prepares Mid-Autumn Festival gifts for the entire staff, allowing everyone to experience the warmth and care provided by Aihai Company. Additionally, during the scorching summer season each year, the company distributes summer supplies and food to employees, offering them a sense of coolness, ensuring that all staff genuinely feel the company's care and support.

### Case 1 Caring at the Grassroots: Sending Coolness in Midsummer



August 1, 2022

As the summer season intensifies, the temperature keeps rising. To effectively maintain the physical well-being of the staff during the high-temperature period and improve their living and working conditions, ensuring the safety and health of employees in the production process and the normal operation of the company's work, the company's labor union, concerned about the employees, launched the "Caring for Employees, Sending Coolness in Midsummer" activity on the frontline. They distributed summer care packages containing items to prevent heatstroke and cooling towels to frontline workers.



### Case 2 Ai Hai's First Badminton Tournament



August 2022

Ai Hai Company's inaugural Feather 8-Ball Monthly Tournament kicked off with enthusiastic participation from employees across departments. This event featured many highlights, including vibrant sports attire, a formal sports venue, and professional referees. These elements significantly enhanced the event, pushing it closer to professional standards.

### Case 3 The production and living environment of frontline employees



The company is actively committed to improving the working and living conditions of its employees, especially in terms of environmental hygiene. Positive steps have been taken, such as constructing new shower rooms and completely renovating the restrooms, to provide more comfortable, convenient, and cleaner facilities for employee use.

To better meet the needs of employees, the company has specifically established changing rooms and rest areas, offering comfortable spaces for employees to relax and change clothes.

### Caring for Employees in Need

The company genuinely cares for every employee facing difficulties. As the Spring Festival approached in 2022, as a token of appreciation and care for the diligent efforts of the employees, the company specially prepared Spring Festival welfare items. On the afternoon of January 18, 2022, under the active organization of the administrative department, all employees of the company received the Spring Festival welfare gifts. On the 21st, the company's labor union once again played a role by providing consolation funds and practical items such as rice, flour, cooking oil, and noodles to over 80 employees facing hardships.



# Security Responsibility

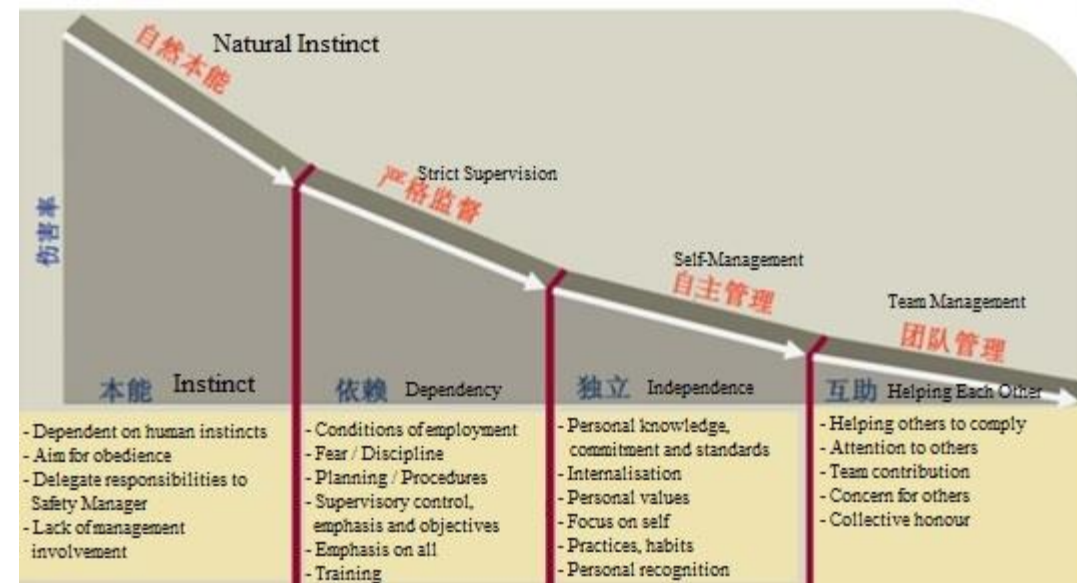




# Occupational Health and Safety Management System

Safety and occupational health are the core values of Aihai; nothing is more important than our safety and health! Aihai firmly believes: all injuries and occupational diseases can be avoided.

Aihai is committed to constructing a 'zero-accident' safety culture. Safety culture refers to safety concepts, awareness, and behaviors guided by these principles. It includes safety views, behaviors, systems, processes, and equipment.



The construction of Aihai's safety culture is primarily based on the DSS Bradley Curve model. This model explains that the maturity of organizational culture is the sum of individual and company core values, attitudes, perceptions, capabilities, and behavioral patterns. The model visually reveals an inverse relationship between safety culture and accident rates, as well as correlations with other key indicators such as risk expectations, productivity, quality, and profitability. It comprehensively summarizes the thoughts and behavioral characteristics of organizations and individuals at each stage of development.

From the safety culture curve, it is clear that achieving the safety goals of "zero harm, zero accidents" requires enhancing and changing people's cognition, capabilities, and awareness. Therefore, Aihai's safety improvement plan includes the enhancement of safety concepts, awareness, management, technology, means, and ultimately, the manifestation of improved safety outcomes.

Safety responsibility is paramount. Aihai has always adhered to the principle of "life first, safety first," implemented the main responsibility for safe production, ensured the investment in safety production costs, rigorously focused on the construction of the safety management system, strengthened safety emergency management, enhanced the safety awareness of all employees, and built a strong safety assurance network. For 9 consecutive years, the company has had no personal injuries or accidents, and there have been no violations of safety production laws and regulations, nor any penalties imposed by safety supervision and management departments.

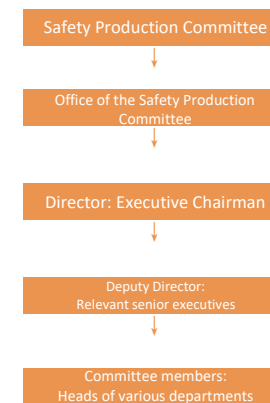
Aihai's Safety Expenditure in the Past Three Years			
Year	2020	2021	2022
Total Safety and Environmental Protection Expenses (in 10,000 RMB)	710.31	1035.96	1235.69
Safety Production Investment Expenses (in 10,000 RMB)	508.7	895.71	982.92
Environmental Protection Investment Expenses (in 10,000 RMB)	201.61	140.25	252.77

In December 26, 2013, Aihai Company obtained the OHSAS 18001 certification. In 2018, the company transitioned to ISO 45001 for Occupational Health and Safety Management System certification. Additionally, in 2021, the company obtained a Level 2 Standardization Certificate for open-pit mining, and in 2022, it acquired Level 2 Safety Standardization Certificates for the secondary and tertiary ore mines, as well as the large kiln excavation area. The occupational health and safety management operates according to ISO 45001 and safety standardization practices.

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The company has consistently prioritized and implemented the responsibility for safety at the forefront. It established a sound system of safety production management regulations and assessment mechanisms. Based on the safety production responsibility system, the company has established and improved safety production management systems at all levels, clearly defining the responsibilities of the company's leadership team members, and strictly enforcing various safety production management systems. The company has signed "Safety Production Responsibility Agreements" with management cadres and "Safety Production Commitment Agreements" with all employees. Individual safety responsibilities and obligations are detailed in job descriptions, responsibility lists, "Safety Production Responsibility Agreements," and "Safety Production Commitment Agreements," forming part of the performance appraisal system. The company has formulated and refined "Safety Production Control Procedures," clarifying the safety responsibilities of each department, and established scientific safety production management processes and procedures.



To ensure the smooth implementation of safety production work in line with the company's operational development needs and the provisions of the "Safety Production Law," the company established a Safety Production Committee through the deliberation and decision-making of the company's general manager's office meeting. Both management and employees are represented in the committee, overseeing comprehensive management of the company's safety production work.

The Safety Commission has always adhered to the principle of "safety first, prevention-oriented, comprehensive governance," considering workplace safety as a top priority. It actively supervises the implementation of various departments' compliance with laws and regulations such as the "Work Safety Law," "Mine Safety Law," "Labor Law," as well as local safety regulations and policies. The Commission convenes monthly safety-themed meetings to discuss and study existing problems in the work environment, formulate solutions, and allocate safety tasks. The Safety and Environmental Protection Department serves as the direct executing body of the Safety Commission, responsible for all its work, and holds the authority to address unsafe behaviors. It ensures the implementation of safety management institutions and personnel within production units and is responsible for organizing emergency response management work.

The company has established a risk grading and control system to ensure the comprehensive identification of safety production risks at various stages of the mine. It organizes specialized personnel to categorize safety production risks into four levels: Level Four (blue) denotes general risks, Level Three (yellow) represents higher risks, Level Two (orange) signifies high risks, and Level One (red) indicates the highest risks. The company conducts comprehensive risk identification for each position and work area, assesses the level of safety risks, formulates control measures, determines control levels, and familiarizes all employees with safety production risks and corresponding control measures through announcements and training. The company has also created position risk notification signs, displayed them at various positions, to remind employees to pay attention to position-specific risks and their corresponding control methods.

The process of identifying, assessing hazards, and controlling related risks is an essential condition in achieving zero harm in risk management. The company mandates that employees undergo risk management training before engaging in any operations. They should understand the fundamental principles of hazard identification, assessment, and control, as well as how to handle risks during the operation process. Routine work must follow Standard Operating Procedures (SOP). In cases where there are no standard procedures, employees organize using the "Take 5" approach. For non-routine or high-risk tasks, employees are required to conduct a Job Safety Analysis (JSA) beforehand. For highly hazardous tasks, a special permit system is implemented, requiring employees to obtain the necessary permits or certifications.

The company has implemented a series of measures to manage hazards and conduct risk assessments to ensure workplace safety. Experienced guides meticulously review hazards, guide risk assessments, and cover all relevant job functions. The company actively develops and utilizes skilled internal and external guides to achieve a higher level of risk guidance. Whenever there are modifications to the workplace or equipment, the company assesses relevant risks based on risk management procedures and modification management procedures.

The company has developed a Hazard Source Management Plan, which is formulated based on potential factors within mining and production that could lead to injuries or fatalities. According to the risk management procedures, this plan describes the management of hazard sources, establishes a list of risks, implements risk grading and control, and prioritizes the handling of high-level risks.

The purpose of risk control is to reduce the likelihood of risks, decrease their severity, and ultimately minimize risks to the greatest extent possible. Everyone bears the responsibility of implementing emergency control measures effectively. In the event of identifying hazardous situations, individuals should promptly report to their higher-level supervisors. These supervisors should actively engage with other relevant personnel (including senior management and maintenance staff) to discuss and find effective risk control methods, subsequently taking appropriate actions.

The company actively employs a combination of scheduled and unscheduled methods for hazard inspections. It conducts analyses and evaluations of identified hazards, determines their levels, and registers and documents these hazards. This ensures accurate recording of hazard information. Upon confirming a hazard, the company immediately implements effective control and preventive measures to minimize potential risks. Considering the nature of safety production, the company utilizes various approaches for hazard inspections, including comprehensive inspections, specific inspections, seasonal checks, holiday inspections, and routine checks. Additionally, based on different management authorizations, hazard inspections are further subdivided into daily internal departmental checks, routine inspections by the safety department, cross-departmental joint inspections, and periodic inspections by the Safety Commission. This ensures that every level of the organization participates in hazard inspections.

After the determination of hazard inspection results, the company will promptly issue a "Hazard Rectification Notice" and deliver it to the relevant departments. Simultaneously, the company will collaborate with these departments, jointly devising detailed hazard control plans for timely hazard mitigation. For identified safety hazards, the company will, based on the principles of elimination, substitution, reduction, engineering controls, administrative management, and the use of safety protection equipment grades, formulate appropriate rectification measures. These measures will be strictly implemented in a scientific and rational manner to ensure the effectiveness of the rectification work. Moreover, the company will ensure responsibilities, fund allocation, assignment of responsible persons, implementation of rectification measures, and timely tracking of the completion of rectification, forming a closed-loop for hazard rectification.

During the implementation process of occupational health and safety methods, the company actively encourages employee participation. This aims to raise employees' awareness of occupational health and safety issues, enhancing their personal safety consciousness, gradually integrating the culture of occupational health and safety into their daily lives.

Employee participation encompasses aspects such as risk assessment, incident analysis, and self-assessment. Risk assessment involves discussing encountered issues, identifying exposed hazardous factors, understanding why certain operations should be performed in specific ways, and defining the most appropriate preventive and protective measures. Through these activities, employees can enhance their knowledge, comprehend risks associated with their profession, and apply preventive measures more effectively.

Employees' involvement in accident analysis processes helps identify specific accident details, pinpoint the root causes of accidents, and clarify appropriate corrective measures. This assists employees in better understanding the importance of conducting safety analyses, promoting timely feedback on risks, hazardous situations, and better application of implemented measures. Through self-assessment, it facilitates employees in inspecting workplace compliance, increasing inspection frequency, enhancing safety responsibilities towards oneself and colleagues, and ensuring the effective application of relevant procedures.

When there are changes in the work environment, it's important for the management to engage in discussions with employees. This is done to assess whether the environmental changes might trigger new risks or create new hazards. This approach aids in appropriately predicting risks during the modification or design stage, ensuring the establishment of suitable risk prevention measures right from the outset of operations.

Furthermore, the company has established suggestion boxes to collect employees' feedback and encourages them to propose improvement suggestions. This facilitates finding more suitable solutions, better compliance with preventive measures, and increases employee engagement. Additionally, the company highly values employee opinions, treats them with care, carefully analyzes and decides on implementing suggestions. Employees are informed about whether their suggestions have been adopted after the decision-making process. Upon implementing adopted suggestions, employees actively participate to ensure the effective implementation of these recommendations.

Occupational health is a crucial component of safety management, and Aihai Company consistently prioritizes the occupational health and safety of its employees. It adheres to a policy that emphasizes prevention as the primary approach while combining prevention with treatment. The company diligently implements national laws and regulations regarding the prevention and control of occupational diseases. It has formulated and refined documents such as the "Occupational Health and Safety Management Manual" and disseminated operational guidelines for occupational health and safety management. The company has established a comprehensive system of documents related to occupational disease prevention and control, continually improving production conditions and working environments. This effort aims to prevent and protect workers from the health impacts and hazards caused by occupational hazards, promoting and ensuring the physical and mental well-being of workers in their professional activities.

During the process of establishing new projects, the company strictly complies with relevant occupational health laws and regulations. It implements the "three simultaneousness" approach for occupational health, conducts pre-assessments and acceptance assessments for occupational health, and conducts monthly internal checks on occupational health hazards during the production phase. Additionally, it conducts annual third-party workplace occupational disease hazard factor assessments and conducts an occupational disease hazard status assessment every three years. In 2022, the third-party occupational disease hazard factor assessments met the required standards.



## Occupational Health and Safety Training

The company has implemented strict functional zoning in the factory area, including production zones, auxiliary production areas, and non-production zones, each with clearly defined functions. Within the factory premises, the company has reasonably arranged zoning for areas prone to high temperatures, dust, intense vibrations, and loud noises. For positions exposed to dust-related occupational hazards, the company has taken effective measures, such as installing pulse-jet bag filters, wet operations, and dust suppression methods. Simultaneously, individual protective masks are provided to employees to minimize the impact of dust exposure. Regarding equipment procurement, priority is given to selecting machinery with low vibration and noise levels. Measures like isolation and the addition of soundproofing are applied to equipment that may produce intense vibrations and high noise levels. Protective gear such as earplugs is distributed to protect employees' hearing health. For areas generating harmful gases, the company has installed purification devices, fume hoods, and ventilators. Additionally, individual protective masks are provided to ensure employee safety.

The company provides occupational health training for workers before they start their jobs and conducts regular occupational health training during their employment periods every year. It offers employees personal protective equipment that complies with national standards, timely issuing labor protection supplies, and providing guidance and supervision to ensure their proper use.

The company conducts pre-employment, on-the-job, and pre-departure occupational health examinations for employees exposed to occupational hazards. It establishes workers' occupational health surveillance records, covers the costs of occupational health examinations, and truthfully informs employees of the examination results.

In the company's 2022 occupational health examinations, no cases of occupational diseases were detected.

There were no incidents causing lost work hours in the company in 2022.

The company has established medical "green channels" with local Mafeng Hospital, Haicheng Orthopedic Hospital, and Haicheng Central Hospital. In case of accidental injuries, minor injuries receive nearby medical treatment. In the event of major accidents, patients are taken to Haicheng Orthopedic Hospital or Haicheng Central Hospital to ensure efficient and smooth medical care for the injured.

The company is committed to refining its safety education and training system and strictly adheres to the "three-level education and training" system to ensure that employees possess adequate safety awareness and coping abilities at work, thus minimizing accident risks and safeguarding employee health and safety. The three-tier safety education comprises company-level, workshop-level, and team-level. At the company level, safety education training is part of induction education, focusing mainly on overall company safety management, regulations, safety risk identification, safety production goals, and related aspects. Workshop-level safety education training organized by workshops emphasizes safety risk identification for specific job positions, control measures, accident cases, job responsibilities, operational skills, and first aid methods. Team-level safety education training, managed by team leaders, technicians, or safety officers, addresses specific team work situations, focusing on training for job-specific safety operating procedures, work connections, risk analysis and control, accident cases, among others. Moreover, the company employs a mentorship training model where new employees need to learn under experienced mentors during their internship. They can start working independently only after passing safety regulations and skills examinations. The company conducts annual retraining of no less than 20 study hours. Before the introduction of new processes, technologies, materials, or equipment, specialized safety education and training are provided to relevant operational personnel. Additionally, employees in specialized operational positions undergo specific training from qualified institutions. Only those who pass the training and obtain special operation certificates are allowed to work in these roles, with a 100% certified personnel rate. Through these training initiatives, employees' safety awareness and emergency response capabilities have been significantly enhanced.

The company regularly conducts occupational health training for employees to help them grasp basic knowledge of occupational disease prevention and treatment, enhancing their abilities in preventing and handling occupational hazards.

On February 23, 2022, to further improve the mining safety production management level and ensure the comprehensive involvement of all staff in the safety production responsibility system, the Safety and Environmental Protection Department organized a special training seminar for all company-level team leaders and above, totaling 158 participants.

Certified personnel rate for specialized positions

100%

Aihai's Environmental Health and Safety Training Data in the Past Three Years										
No.	Training Topic	2020 Annual Re-Education			2021 Annual Re-Education			2022 Annual Re-Education		
		Hours/Person	No. of Participants	Coverage Rate	Hours/Person	No. of Participants	Coverage Rate	Hours/Person	No. of Participants	Coverage Rate
1	Safety Training	100	253	100%	106	275	100%	100	287	100%
2	Occupational Health	16	253	100%	16	275	100%	8	287	100%
3	Environmental Protection Training	16	253	100%	16	275	100%	8	287	100%

Note: Environmental Health and Safety Training includes daily pre-job safety education.

## Emergency Management Mechanism

Aihai Company regards safeguarding the lives and physical health of its employees and minimizing casualties and hazards caused by accidents as the starting point and focus of its emergency work. Following national emergency management requirements and considering the operational characteristics of the company, it has formulated the "Comprehensive Emergency Plan for Production Safety Accidents." It has also developed specific emergency plans such as "Special Emergency Plan for Key Job Positions" and "On-Site Handling Plans" for key operational positions and specific risks. The formulation of these plans follows risk assessments and emergency resource investigations, ensuring emergency facilities, equipment, and materials are equipped according to approved production safety accident emergency plans. Regular inspections, maintenance, and upkeep are conducted to ensure their integrity and reliability. All emergency plans are regularly updated, expert-reviewed, and then filed with government emergency management departments.

The company has established an emergency rescue team consisting of 33 members. In 2011, it was honored with a provincial-level mining rescue team qualification certificate. In 2018, it achieved a Level Three rescue team qualification in accordance with the quality standardization requirements of the Liaoning Provincial Mining Rescue Team. The rescue team includes seven engineering and technical personnel with bachelor's degrees or above, two registered safety engineers, as well as professionals in support, electromechanical, transportation, security, and other fields. Regular emergency rescue drills are conducted in collaboration with various units, government firefighting, and emergency departments. In 2018, participation in flood relief efforts in Xiuyan earned the company recognition as an advanced member enterprise.

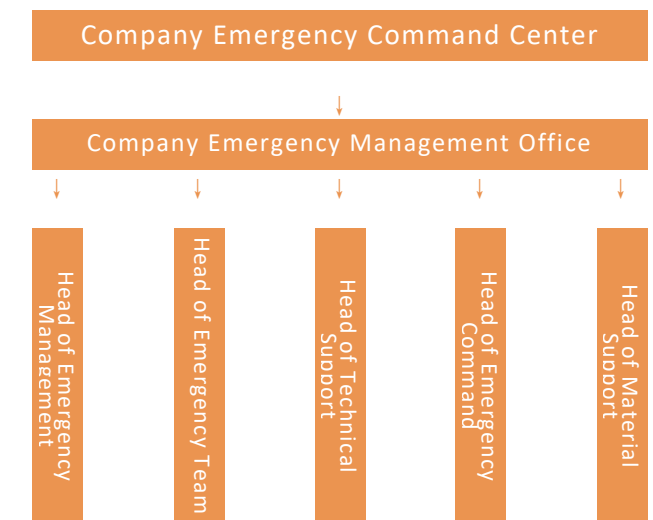


In 2022, the company organized specialized production safety accident emergency drills, such as earthquakes, fires, roof collapses, gas poisoning, and suffocation, according to operational and seasonal characteristics. These drills were planned and conducted, followed by an assessment of their effectiveness. Based on the evaluation results, the company revised and improved emergency plans to enhance emergency management practices.



The company implements the emergency management principles of 24-hour standby readiness, comprehensive coordination, and dynamic management. Various relevant functional departments and grassroots units, under the company's leadership, carry out emergency response and handling tasks according to their respective responsibilities.

The company adheres to the principle of "relying on science and complying with laws and regulations," relying on technology and adopting advanced techniques to continuously improve and enhance emergency rescue equipment, facilities, and means. This aims to elevate emergency response techniques and proficiency, following relevant regulations and norms in emergency management.



Ai Hai Emergency Organizational Structure



# Environmental Responsibility



## Green Management

Aihai Company, as a resource-based mining enterprise, has always adhered to the business philosophy of "limited resources, infinite wisdom, harmonious development, and shared success." Throughout its production and operation processes, the company is guided by technology, aiming to scientifically, effectively, and reasonably exploit and utilize talc resources. Simultaneously, it strengthens innovative management by implementing rigorous control measures at various stages, including mining planning, ore beneficiation, powder processing, logistics management, and after-sales technical services.

## Green Operations

Saving energy and ensuring its efficient utilization are important goals for Aihai Company. As a resource-based mining enterprise, Aihai is deeply aware of the scarcity of energy resources and their impact on the environment. Therefore, the company consistently emphasizes and implements resource conservation as a crucial task in its production and operations.

In order to achieve the company's sustainable development strategy, save energy, reduce production costs, and fulfill social responsibilities, the company has systematically reviewed energy management work according to GB/T 23331-2020, ISO 50001:2018 "Energy Management System Requirements," and RB/T 121-2016 certification requirements for energy management systems in the building materials industry (excluding cement, glass, ceramics). The aim is to summarize past energy management experiences, establish, implement, maintain, and improve a scientific, standardized, and informatized energy management system. The company has developed an "Energy Management Manual" to ensure continuous improvement of the company's energy performance and energy management system, ultimately achieving the strategic goal of sustainable development. During the reporting period, the company has obtained ISO 50001:2018 Energy Management System certification.



Aihai Company has always considered conservation as a fundamental principle of action. To effectively promote energy conservation work, the company encourages active participation in energy-saving and consumption-reducing publicity campaigns among its employees. It aims to create a positive atmosphere where "everyone speaks about saving, everything involves saving, and every moment embodies saving." Additionally, the company promotes a rationalization proposal system combined with economic incentives, establishing corresponding reward and penalty mechanisms to ensure continuous improvement and effective implementation of energy-saving measures.

## Energy Saving and Consumption Reduction

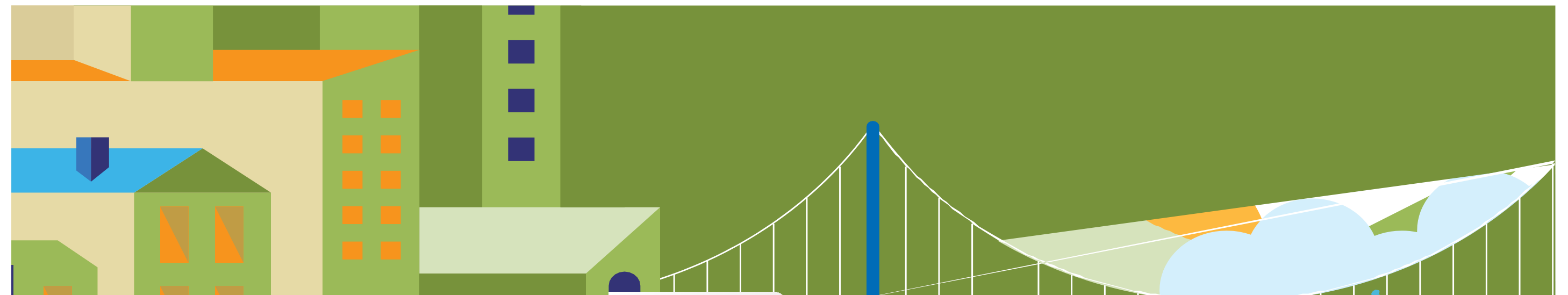
Air Source Heat Pump



Since 2004, the company has been using a 2-ton coal-fired pressurized boiler for heating during winter. As of now, it has been in use for 15 years, surpassing its designated lifespan. Starting from 2012, the equipment has been experiencing frequent breakdowns, resulting in accumulated maintenance costs of approximately 120,000 yuan. Additionally, in recent years, with the nation's increasing emphasis on ecological environments, the government has successively introduced mandatory policies on energy conservation and environmental protection. In 2016, Liaoning Province issued several control documents regarding industrial coal-fired boilers and implemented the integration of coal-fired boilers of 10 tons and below throughout the province. The transformation of coal-fired boilers has become an inevitable trend.

After 2017, with the advancement of environmental protection and energy-saving policies nationwide, various regions have successively implemented the "coal-to-electricity" policy. Traditional coal-fired heating, which not only consumes energy but also pollutes the environment, will eventually be replaced by clean energy sources.

In 2019, due to strengthened environmental requirements in the Haicheng area, the company proposed a more energy-efficient and environmentally friendly electric heating plan. They suggested phasing out the existing coal-fired heating equipment and opting for "air source heat pump" equipment for heating. Compared to coal-fired heating, replacing coal with air source heat pumps for heating in 2022 would reduce pollutant emissions, save resource consumption, and lower heating costs to approximately 130,000 to 150,000 yuan per year.



Water conservation management

The company places significant importance on the utilization and management of water resources. It implements various measures such as establishing a water usage system, equipping energy-saving devices, installing water meters, and enhancing routine maintenance and supervision to achieve water conservation. The specific actions are as follows:

Factory area dust control



1. Using water-saving faucets and installing water measurement devices.
2. Formulating water usage and conservation regulations.
3. Conducting regular inspections for leakages in the water supply network.
4. Altering drinking water methods.
5. Controlling the overflow in the cooling water system of the central air conditioning system.
6. Constructing water storage and settling tanks for environmentally friendly dust suppression water use.
7. Installing online monitoring equipment.

Community dust control



School dust control



In 2022, following the latest policies from the National Ministry of Water Resources, regions have refined water usage regulations. Additionally, the water from mining enterprise mines is now within the scope of regulation. Consequently, in 2022, Ai Hai Company reprocessed water usage permits for various mining areas. As of now, Ai Hai Company holds a total of 9 water extraction permits (based on water usage zones) with 17 extraction points. Each extraction point is equipped with water usage measuring devices. The company regularly assigns personnel to measure and analyze water usage at each point monthly, thereafter reporting the water consumption to the municipal water resources regulatory department.

The total water usage for Ai Hai Company in 2022 amounted to 179,141 cubic meters. Ai Hai Company has 5 mining areas utilizing underground mining, discharging water from the mines. The water discharged to the surface from the mines is utilized by Ai Hai Company for greening and dust suppression in mining and excavation areas. In 2022, Ai Hai Company collected 150,000 cubic meters of water from mine discharge, utilizing 27,000 cubic meters for irrigation purposes and 85,000 cubic meters for dust suppression. (Mine discharge refers to surface and groundwater flowing into mines through various channels during their construction and production process. To ensure the safety of the mines and personnel, it is necessary to promptly discharge the water from the mines.)



Summary table of the energy and water resource usage for the past three years, along with the total water extraction permits

Year	Output (in 10,000 RMB)	Energy (Electricity/Water/Diesel)	Consumption	Water Extraction Permit (10,000 m³)
2020	27164	Electricity (kWh)	54889164	10
		Water (m³)	14031	
		Diesel (tons)	652.828	
2021	32160	Electricity (kWh)	67344156	11.9
		Water (m³)	15301	
		Diesel (tons)	822.644	
2022	37009	Electricity (kWh)	71883504	34.59
		Water (m³)	179141	
		Diesel (tons)	899.375	

Note: 1. The difference between output and operating income: 1) Different definitions: Operating income refers to revenue obtained by enterprises from the sale of goods and services provided. Output represents the total value of industrial final products produced by the enterprise within a certain period and the total value of labor activities provided. 2) Different calculation methods: Aihai Company's calculation method for output was, according to the regulations of the Statistics Bureau, based on income until the year 2020 and gradually transitioned to the current calculation method. The provided data aligns with the historical statistical bureau declaration data. 2. The main reason for the discrepancy in diesel data is primarily due to conversions between tons and liters causing variations.

Summary Table of Total Energy Consumption Performance

Year	Total Energy Consumption ( MWh )	Total Energy Consumption ( GJ )
2020	62633.34	225480.01
2021	77102.77	277569.97
2022	82552.34	297188.42

Note: Energy consumption calculations refer to Appendix A of "GB/T 2589-2020 General Principles for Comprehensive Energy Consumption Calculation."

Carbon emissions

As one of the leading enterprises in Haicheng City, Ai Hai Company has taken a series of measures to implement the national strategy of "carbon neutrality and peak carbon" while setting an example to promote a new image of "low-carbon, energy-efficient, and environmentally friendly" practices.

In response to the national call for energy conservation and environmental protection, the company has constructed an environmentally intelligent three-dimensional warehouse. This warehouse is connected to the raw material area and production workshops through multiple conveyor belt corridors. This initiative effectively reduces the environmental and atmospheric pollution caused by dust generated during product transportation. It not only improves the ecological environment in and around the factory area but also decreases the probability of producing defective products. Furthermore, the utilization of "conveyor belt corridors" reduces fuel expenses associated with vehicle usage during goods transportation and minimizes exhaust emissions from trucks.





### Carbon emissions

To align with the national development strategy of "carbon neutrality and peak carbon," as well as to promote energy conservation, emissions reduction, environmental protection, and improve the company's electricity structure to create economic benefits, the company has entered into a cooperative intention with Liaoning Xuzexia New Energy Company. The plan is to establish the Ai Hai Company Integrated Renewable Energy Project within the Ai Hai factory area. Presently, the project has completed its feasibility study, and discussions and assessments for project site selection and engineering construction are underway.



Greenhouse Gas Emission Performance Data Overview Table

Year	Range 1 (tCO2e)	Range 2(tCO2e)
2020	2053.22	33487.88
2021	2587.32	41086.67
2022	2828.65	41764.32

(The accounting is based on the following: National Standards GB/T 32150 "General Principles for Accounting and Reporting of Greenhouse Gas Emissions in Industrial Enterprises," GB/T 32151 "Requirements for Accounting and Reporting of Greenhouse Gas Emissions," and the Ministry of Ecology and Environment's "Notice on Key Tasks Related to the Management of Corporate Greenhouse Gas Emission Reports for the Year 2022.")

### Green office

In the era of a low-carbon economy, major industries worldwide are seeking to adapt to energy-efficient, environmentally friendly, and efficient management practices. As a responsible enterprise, Aihai deeply understands the significance of environmental protection and sustainable development. It actively responds to the trends of the times by continuously refining internal management regulations, advocating for and promoting energy conservation, consumption reduction, and the concept of green office practices. To conserve energy and provide employees with a comfortable working environment, ensuring rational utilization of company resources and enhancing work efficiency, the company has established a series of regulations such as the "Air Conditioning Management Regulations," "Company Photocopier Management Regulations," "Office Facility Management Regulations," "Consumable Office Supplies Management Regulations," and "Official Vehicle Management Regulations." These regulations specify that the summer air conditioning temperature should not be set lower than 26 degrees Celsius, and the indoor temperature in winter should not exceed 22 degrees Celsius. Additionally, when the air conditioning is in use, doors and windows should remain closed, and ventilation fans should be turned off to effectively maintain stable indoor temperatures.

Employees are expected to use photocopier consumables, such as paper and ink cartridges, reasonably to avoid wastage. Furthermore, guidelines are in place for the appropriate use of printers, copiers, water heaters, paper shredders

When electrical devices such as computers are not in use, they should be turned off to reduce energy consumption. The company encourages the maximization of natural light when it's abundant to minimize reliance on artificial lighting. Additionally, each office is required to designate at least one person responsible for managing daylighting and lighting systems to ensure lights are turned off in unoccupied rooms. All lighting fixtures have been replaced with energy-efficient bulbs to effectively control power consumption. Employees are advised to power off computers and appliances when not in use to minimize energy waste. Cleaning staff conduct regular inspections to address any issues such as leaks or malfunctions to maintain environmental cleanliness and safety. The security department conducts daily end-of-day patrols to turn off lights and disconnect power to ensure effective energy use.

The company actively promotes the concept of water conservation. To reduce water usage effectively and foster water-saving consciousness, water-saving devices have been installed in living water areas. Automatic sensing and partial automatic shutoff systems have been installed in restrooms to control water usage effectively. The entire facility is gradually transitioning to electronic remote monitoring water meters (flow meters) for real-time monitoring of water usage, with the administrative department conducting monthly statistical analyses. Employees are encouraged to use water sparingly by minimizing faucet flow and ensuring faucets are turned off after use to prevent continuous or leaking water.

Implementing systems such as SAP/BPM/HuiLianYi helps the company replace traditional paper processes, significantly reducing paper consumption. The company adheres to double-sided printing principles to avoid wastage of ordinary documents, except for crucial files. Online systems monitor office supplies' demand and inventory levels, enhancing procurement efficiency, reducing expenditure, and encouraging employees to use personal cups to minimize disposable paper cup usage. The company implements a unified maintenance and reuse strategy for office supplies and equipment to maximize resource conservation. In terms of official vehicle management, carpooling or using public transportation is encouraged to avoid empty trips and save energy. Switching to internet telephony, enterprise WeChat, and web conferences effectively reduces the company's communication costs.



Automatic sensing spraying tool



Water purifier



Electronic remote monitoring water meter

Ai Hai Company's Green Office Performance			
Specific Location	2022 Electricity (kWh)	2021 Electricity (kWh)	2022 vs. 2021 Electricity Change (kWh)
Offices	78511	82880	-4369
Air Source Heat Pumps	733295	574128	159167
Security Office/Post	17600	12252	5348
University Dormitories	14764	8994	5770
Circulation Pumps (Office Building)	60866	50970	9896
Streetlights	19206	18827	379
Restaurant	50956	52313	-1357
Cellar	0	9047	-9047
Sewage Treatment Equipment	4921	18682.2	-13761.2
Mining Equipment (Mechanical Group)	22502	19496	3006
Energy	4230	6640	-2410
Stereoscopic Library Scale	15115	15433	-318
Company Gas Station	4855	7654.4	-2799.4
Maintenance Team Changing Room	0	14300	-14300
West Station Library Scale	12856	14012.4	-1156.4
Stereoscopic Warehouse	94692	96524	-1832
Quality Department	21095	27066	-5971
Explosives Warehouse	53990	51152	2838
Total	1209454	1080371	129083

### Pollution Prevention and Control

Aihai has formulated relevant system documents such as Air Pollution Prevention and Control Management Procedures, Water Pollution Prevention and Control Management Procedures, Solid Waste Disposal Management Procedures, Chemical Hazardous Substances Management and Emergency Response Procedures, Pollution Prevention and Management Procedures, Environmental Factors Identification and Risk Evaluation Procedures, etc. We carry out the daily management of environmental protection in accordance with the above documents, such as hiring the third-party qualified organisations to carry out For example, the company hires a third party qualified organisation to carry out the testing of wastewater, waste gas and noise pollutant emissions, and carries out internal monthly monitoring of dust and noise data. Aihai Company has formulated "Air Pollution Prevention and Control Management Procedures", established and improved the emergency response mechanism for heavily polluted weather, improved the prevention and response ability, timely and effective response to heavily polluted weather, and minimised the hazards caused by heavily polluted weather.

The company set up an environmental protection team, mainly responsible for adjusting production capacity appropriately according to the air pollution situation, reducing pollutant emissions; to ensure that the plant sprinkler dust suppression, road dust control measures in place, and the inspection of environmental protection facilities to strengthen the supervision of the enterprise. The company set up a heavy pollution weather emergency response team, responsible for in accordance with the heavy pollution weather emergency response programme, arrangements for enterprises to reduce production, shut down production, dealing with enterprises in the heavy pollution warning period other problems. The company organised the preparation of the "Emergency Response Plan for Environmental Emergencies", and the expert review passed to the Haicheng City Bureau of Ecology and Environment for the record, at the same time, the company's emergency response team received the heavy pollution weather warning information, enter the state of readiness for early warning, and make all the emergency preparations; the heavy pollution weather emergency response team received the information of lifting of the heavy pollution weather warning, and released the lifting of the information to the production workshops in time, and the production tasks were arranged and arranged by each group by each layer.

Aihai Company connects the water used in light election production to the flotation pipe network centrally and centralises the treatment, so that the water resources can be fully recycled, and carries out the renovation of the drainage system of the plant, and installs additional environmental protection facilities such as the purification of domestic sewage, which not only reduces the amount of fresh water consumption, but also reduces the amount of sewage discharged.

The company through refined operation, clean production, solid waste reprocessing and reuse, from the management, technology, multi-angle attack, general waste data based on the production of actual raw materials used and consumed, mainly for the maintenance of waste parts, dust collector dust collection, living rubbish, dust collector dust collection transferred back to the powder process re-processing; maintenance of waste parts are regularly sold out, reuse; living rubbish (recyclable) all recycling, All domestic waste (recyclable) is recycled, sold and reused, and domestic waste (non-recyclable) is regularly transported to the designated sanitation department for centralised treatment; at the same time, the company strongly promotes the comprehensive utilisation of general waste and hazardous waste of value, and has signed a disposal agreement with an organisation that has the qualification and treatment capacity to significantly reduce the amount of waste stocked in the interim. Strictly in accordance with the working principle of "minimisation, resourcing and harmlessness", the mine earnestly implements the laws and regulations on the prevention and control of general waste pollution, constantly improves the management means and facilities, and records information on the types and quantities of solid wastes, so as to realise the traceability and enquiry of solid wastes. Because of the geological disaster caused by the history and mining method, the surface collapse pits in the mining area, stripping waste rock has been fully utilised to backfill, so there is no statistics of waste rock for general waste.

Hazardous waste, which is currently temporarily stored in the hazardous waste depot, will be transferred and disposed of in accordance with the prescribed procedures and formalities when it accumulates to the specified quantity.

General Waste Data			
Indicator	Unit	2022	2021
Total General Waste Generated (including non-hazardous waste)	Tons	12	108.7
Surface Collected Dust and Debris	Tons	3.2	55.7
Packaging Waste	Tons	/	32.9
Equipment Maintenance Waste	Tons	8.8	20.1
Total General Waste Disposed	Tons	8.8	53
Comprehensive Utilization Rate	%	73	48.8

Hazardous Waste Data			
Indicator	Unit	2022	2021
Total Hazardous Waste	L	102	120
Used Equipment Oil	L	100	102
Chemical Laboratory Reagents	L	2	18

**Note:**

- ① In 2022, production processes were optimized, and dust-sealed facilities were enhanced, significantly reducing ground-level dust ;
- ② Equipment maintenance waste components are recyclable and regularly outsourced for disposal ;
- ③ The unit for used equipment oil is liters per year. As per the disposal agreement, approximately 1100 liters can be transferred for disposal.

By continuously optimising blasting technology, optimising the location of blasting holes, strictly controlling the form of charging and controlling the sequence of detonation, the company has reduced the shedding of surrounding rocks, lowered the depletion rate of ore from 15% to 9%, and increased the recovery rate of ore from 80% to 85%. By controlling the separation and mining technology of raw ore, shovelling and loading in layers, removing the upper cover layer of the triangular ore body, and timely sending it to the laboratory for inspection and testing, we can reduce the ore inclusions in the miscellaneous rocks and increase the recovery rate of the ore. Actively explore the market, sell the stripped waste rock, and use it for road bedding or construction aggregate after crushing and screening, so as to reduce the stockpiling of waste rock in the discharge yard.

### Aihai's application and treatment of waste rock from current mining is as follows

- 1 \ Waste rocks generated from various mining areas are temporarily stored in enclosed warehouses and sold periodically ;
- 2 \ Used as fill material in old areas and old workings in underground mines ;
- 3 \ Utilized in engineering projects such as filling for coastal areas and roadbed materials ;
- 4 \ Employed in geological disaster management, extensively used in filling subsidence sinkholes, occupying a significant proportion ;
- 5 \ Used as raw material purification in flotation processes, eventually using the final tailings for filling in old areas ;
- 6 \ The next step involves promoting technological improvements in underground mining, gradually achieving filling during extraction °



## Green Packaging

The packaging of Aihai's products is mainly made of polypropylene resin-based container bags, biodegradable and recyclable paper bags and cost-effective recyclable pallets. The combination of these packaging materials not only simplifies packaging, reduces costs, makes packaging reliable and reduces losses, but is also easy to mechanise, saves manpower, enables high-level palletising and improves space utilisation. Container bags and plastic pallets can be reused when used in the company, the pallets used in the warehouse, from wooden pallets replaced by plastic pallets, the bottom of the use of plastic pallets to pay, not only moisture-proof, but also to achieve recycling and reuse, the container bags can be used repeatedly for 3 times, and after that you can do the take-away recycling process.

The main departments of the company's internal turnover and use of container bags are "flotation plant" and "masterbatch plant", and the annual output of these two plants in 2022 will increase compared with 2021.

### Usage of container bags in the last two years

	Total Production (Tons)	No. of Container Bags Used (pieces)	Quantity Reused and Saved (pieces)	Annual Production of Flotation Plant	Annual Production of Master Granules Plant
2021	196211.165	146100	2065	10554.47	2581.3
2022	202700.145	162739	10545	11573.874	5106.82
Increase/Decrease				109.404	2525.52

Note: The reason for the higher number of reused container bags in 2022 is due to the excessive use of new packaging materials in the flotation plant's production in 2021, resulting in fewer turnovers of used packaging materials. In 2022, the company emphasized cost-saving measures and encouraged the maximum use of internal turnover bags to avoid acquiring new container bags, hence the increased quantity of reused packaging materials in 2022.



## Ecological Protection

At Aihai Company, environmental protection always takes precedence. The company focuses on the impact of mining activities on the surrounding environment and biodiversity. The company's mining area and its vicinity are not close to natural reserves or habitats of endangered species.

The company collaborates with domestic specialized reclamation and greening design units. They have developed the "Mining Geological Environmental Management and Land Reclamation Plan" based on the actual situation of the mining area. Following this plan, continuous management is conducted for the high-risk slopes, sections, and collapse areas in the affiliated mining area. This has gradually eliminated the geological hazards left in the old mining areas for many years. Moreover, short-term and long-term plans have been established for the environmental restoration of the mining area. The land with mining damage and suitable conditions for management is treated to improve the ecological environment of the mining area, enhancing the reasonable and effective utilization of the land. This initiative aims to promote the coordinated development of mineral resource exploitation and ecological environmental protection.

As of the end of the reporting period, the management situation and data of our company's main mining areas are as follows :

### Open-pit Mine Slope Management

Area Treated ( m<sup>2</sup> )

13437



Before Treatment



After Treatment

### Fanjiabao Sub Mine Area

Area Treated ( m <sup>2</sup> )	Covering topsoil ( m <sup>2</sup> )	Covering topsoil in Houjiawei Stone Yard (m <sup>2</sup> )	Enclosure with wire mesh ( m )	Building retaining walls ( m )	Constructing ditches ( m )	Planting vegetation (no. of plants)	Sowing grass seeds ( kg )
810568	87195	23000	600	300	800	21997	8



Before Treatment



After Treatment



### Ma'eryu Mine Area

Area Treated ( m <sup>2</sup> )	Covering topsoil ( m <sup>2</sup> )	Enclosure with wire mesh ( m )	Temporary roads ( m )	Constructing ditches ( m )	Planting vegetation (no. of plants)	Sowing grass seeds ( kg )
32497	12000	1000	2000	1000	10000	10



Before Treatment



After Treatment

### Dayaogou Mine Area

Area Treated ( m <sup>2</sup> )	Leveling area ( m <sup>2</sup> )	Excavation and filling volume ( m <sup>2</sup> )	Covering topsoil ( m <sup>2</sup> )	Planting project (no. of plants)
50659	24898	16660	27428	4728



Before Treatment



After Treatment

### Yangjiadian Mine Area

Area Treated ( m <sup>2</sup> )	Covering topsoil ( m <sup>2</sup> )	Wire mesh fence ( m )	Temporary road ( m )	Constructing ditches ( m )	Planting vegetation (no. of plants)	Sprinkling grass seeds ( kg )	Sprinkling grass seeds ( kg )
20051	8000	1500	1500	100	18000	6	8



Before Treatment



After Treatment

## Sustainability Goals

SDGs	Corresponding section	SDGs	Corresponding section
1 无贫穷	Public Welfare Charity Rights Protection	10 减少不平等	Fair Competition Employment Situation Democratic Management Rights Protection
2 零饥饿	/	11 可持续城市和社区	Speech by the Strategic Committee Public Welfare Charity High-Quality Services Social Responsibility Management Standardized Corporate Governance Ecological Protection
3 良好健康与福祉	Speech by the Strategic Committee Public Welfare Charity Safety Responsibility Ecological Protection Employee Care Rights Protection	12 负责任消费和生产	Quality Management Supplier Management Safety Responsibility Green Operation Pollution Prevention and Control Green Packaging Ecological Protection
4 优质教育	Key Events of the Company in 2022 Public Welfare Charity Employee Training	13 气候行动	Green Operation Pollution Prevention and Control Ecological Protection
5 性别平等	Employment Status Rights Protection Employee Care	14 水下生物	/
6 清洁饮水和卫生设施	Occupational Health and Safety Management System Green Operation Green Office	15 陆地生物	Ecological Protection
7 经济适用的清洁能源	Green Operation	16 和平、正义与强大机构	Speech by the Strategic Committee Company Profile Honors and Qualifications Received Anti-Corruption Fair Competition Democratic Management Occupational Health and Safety Management System
8 体面工作和经济增长	Speech by the Strategic Committee Company Profile Honors and Qualifications Received Employee Care Rights Protection	17 促进目标实现的伙伴关系	Membership in Associations Stakeholder Communication Supplier Management High-Quality Services Customer Training
9 产业、创新和基础设施	Company Profile Innovative Research and Development Public Welfare Charity Green Operation		

# 验证声明



## 验证声明

SGS通标标准技术服务有限公司可持续发展活动报告 - 辽宁艾海滑石有限公司提交的  
2022年度可持续发展报告

### 查证/验证的性质和范围

SGS通标标准技术服务有限公司(以下简称“SGS”)受辽宁艾海滑石有限公司(以下简称“艾海滑石”)的委托,对辽宁艾海滑石有限公司2022年可持续发展报告(以下简称“报告”)进行独立验证。

### 验证声明的使用者

本验证声明意图提供给所有艾海滑石的利益相关方。

### 责任声明

艾海滑石的2022年度可持续发展报告中的信息及报告内容由其股东会及其管理层负责。  
我们的责任旨在告知所有艾海滑石的利益相关方,在以下规定的验证范围内表达对文本、数据、图表和声明的意见。

### 验证标准、类型与验证等级

SGS已根据国际公认标准和指南,为ESG & 可持续发展报告验证开发了一套规章,包括:

- 全球报告倡议组织可持续发展报告标准(GRI Standards)中包含的原则和报告流程:
  - o GRI1: 基础 2021, 规定了报告信息质量的要求
  - o GRI2: 一般披露 2021, 用于组织说明报告实践和其他组织详情
  - o GRI3: 实质性议题 2021, 用于组织说明其确定实质性议题的过程、实质性议题清单以及每个议题的管理方法
- AA1000系列标准中的验证等级指南

本报告的验证依据下列审验标准开展:

- SGS ESG & SRA 验证规章(参照GRI原则与AA1000指南)

本报告以中级审查进行验证。

### 报告标准

验证的内容包括评估下列指定绩效信息的质量、准确性和可靠性以及评估报告内容对下列报告标准的遵循情况:

报告标准	
1	GRI Standards 2021 (参照)

### 验证方法

验证包括验证前调研、现场采访了位于辽宁省海城市马风镇范家堡的辽宁艾海滑石有限公司(总部层面)的相关员工。

### 审验局限性

从独立审计的财务报告提取中的财务数据数据,并未作为本验证流程的组成部分与来源数据进行核对。  
本次审验仅限艾海滑石的集团层面,未对艾海滑石下属子公司的原始数据进行溯源。  
本次验证只对艾海滑石相关部门的部分员工进行访谈和查阅相关文件,访谈并未涉及到外部利益相关方。

### 独立性与能力声明

SGS是全球领先的检验、鉴定、测试和认证机构,是公认的质量和诚信的基准。SGS 集团是检验、测试和验证领域的全球领导者,在 140 多个国家/地区开展业务,提供包括管理体系和服务认证在内的服务;质量、环境、社会和道德审核和培训;环境、社会和可持续发展报告验证。SGS申明与辽宁艾海滑石有限公司为完全独立之组织,对该机构、其附属机构和利益相关方不存在偏见和利益冲突。

本次验证团队是由具备与此项任务有关的知识、经验和资质的人员组成的,包括注册于CCAA的ISO 9001审核员、ISO14001 审核员、ISO 45001 审核员,以及SGS认可的ISO37001、ISO 37301和可持续发展报告主任审验员。

### 查证 验证意见

基于上述方法论和所进行的验证,《辽宁艾海滑石有限公司2022年可持续发展报告》中包含的信息和数据是准确的、可靠的,对艾海滑石在2022年度的可持续发展管理活动提供了较为公正和中肯的陈述。

### 全球报告倡议组织《可持续发展报告标准》结论、发现和建议

审验团队认为,艾海滑石提交的《2022年度可持续发展报告》报告参照了GRI Standards 2021。

对于审验过程中发现的良好实践、可持续发展报告及其管理过程中的建议,均在可持续发展报告验证内部管理报告中进行了描述,并提交给了艾海滑石的相关管理部门,供其持续改进的参考。

### AA1000 责任准则(2018)

#### 包容性

艾海滑石识别了组织的利益相关方,确定了利益相关方沟通与参与的方式,并采取不同方式进行沟通和交流。

#### 实质性

艾海滑石根据确定的利益相关方的关注议题,考虑合理的披露了对利益相关方的评价和决策有实质性影响的重要议题和指标,反映了组织对经济、环境和社会的重要影响。

#### 回应性

艾海滑石的报告中展现了与利益相关方互动的渠道,建立了申诉机制,以充分回应其诉求和期望。

#### 影响性

艾海滑石呈现了对对环境,社会和治理有关主题的主要活动影响的监视和测量。

### 签字:



代表通标标准技术服务有限公司

David Xin  
Sr. Director – Knowledge  
北京市阜成路73号世纪裕惠大厦16层

2023年9月25日  
WWW.SGS.COM



## 验证声明



### ASSURANCE STATEMENT

#### SGS-CSTC'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE LIAONING AIHAI TALC CO., LTD.'S SUSTAINABILITY REPORT FOR 2022

##### NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD. (hereinafter referred to as SGS) was commissioned by LIAONING AIHAI TALC CO., LTD. (hereinafter referred to as "AIHAI TALC") to conduct an independent assurance of the Chinese version of LIAONING AIHAI TALC's 2022 Sustainability Report (hereinafter referred to as the Report).

##### INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all LIAONING AIHAI TALC's Stakeholders.

##### RESPONSIBILITIES

The information in The Report and its presentation are the responsibility of the board and the management of AIHAI TALC.

Our responsibility is to express an opinion on the text, data, graphs, and statements within the scope of verification with the intention to inform all LIAONING AIHAI TALC's stakeholders.

##### ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Social Responsibility Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards, which including:

- The principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) as:
  - GRI 1: Foundation 2021, for report quality
  - GRI 2: General Disclosure 2021, for organization's reporting practices and other organizational detail
  - GRI 3: Material Topics 2021, for organization's process of determining material topics, its list of material topics and how to manage each topic.
- and the guidance on levels of assurance contained within the AA1000 series of standards.

The assurance of this report has been conducted according to the following Assurance Standards:

- SGS ESG & SRA verification regulations (Refer to GRI Principles and AA1000 Guides)

The Assurance has been conducted at a moderate level of scrutiny.

##### SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy, and reliability of specified performance information as detailed below, and evaluation of adherence to the following reporting criteria:

- GRI Standards 2021(Reference)

##### ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, on-site interviewed with relevant employees including the AIHAI TALC (group level) which is located at Fanjiapu, Mafeng Town, Haicheng City, Liaoning Province, P.R. China.

##### LIMITATIONS AND MITIGATION

Financial data drawn directly from independently third-audited has not been checked back to source as part of this assurance process.

The on-site verification was only at the AIHAI TALC, relevant data and information traceability were only focused on the group level.

This verification only conducted interviews with staff of AIHAI TALC and access to relevant materials, and external stakeholders were not involved.

##### STATEMENT OF INDEPENDENCE AND COMPETENCE

SGS is the world leader in inspection, testing and certification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from LIAONING AIHAI TALC, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised of CCAA registered ISO 9001, ISO 14001 and ISO 45001 auditor, SGS recognized ISO 37001, ISO 37301 and CSR/ESG lead auditor.

##### VERIFICATION/ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, the information and data contained within The Report verified is accurate and reliable, which have provided a fair and balanced representation of sustainability management activities by AIHAI TALC in 2022.

##### THE CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

In our opinion, The Report of AIHAI TALC for 2022 had referenced with GRI Standards 2021.

Detailed report of the good practices, findings and recommendations for continuous improvement were presented in the SGS internal management report and submitted to AIHAI TALC.

##### AA1000 ACCOUNTABILITY PRINCIPLES (2018)

##### INCLUSIVITY

AIHAI TALC had identified the stakeholders and determined methods for stakeholders' communication and engagement and taken different ways to communicate and exchange information.

##### MATERIAALITY

Based on the determined topics concerned by the stakeholders, LIAONING AIHAI TALC had considered reasonably disclosing material issues and indicators, which substantively influence the assessments and decisions of stakeholders, to reflect the organization's significant economic, environmental, and social impacts.

##### RESPONSIVENESS

LIAONING AIHAI TALC had presented the interaction channel with stakeholders and established the complaint disposal system to present good responsiveness of appeal and expectation.

##### IMPACT

LIAONING AIHAI TALC had demonstrated a process to monitor and measure the impacts of the major activities related to environmental, social and governance topics in the Report.

Signed:

For and on behalf of SGS-CSTC

David Xin  
Sr. Director – Knowledge  
16/F Century Yuhui Mansion, No. 73, Fucheng Road, Beijing, P.R. China

Sept. 25<sup>th</sup>, 2023  
WWW.SGS.COM



# INDEX

Instructions for Use	Liaoning Ai Hai Talc Co., Ltd. reported, referencing the GRI (Global Reporting Initiative) standards, the information cited in this GRI Content Index for the period between January 1, 2022, and December 31, 2022.	
GRI 1 Used	GRI 1: Foundation 2021	
<b>GRI Standards</b>	<b>Disclosure</b>	<b>Location</b>

**GRI102: General Disclosures**

GRI2 : General Disclosures	2-1 Organizational Profile	3.1. Company Overview
	2-2 Entities included in the sustainable development report	1.3. Report Boundary
	2-3 Reporting period, frequency, and contact person	1.1. Publication Cycle
	1.2 Timeframe	W3.1 Company Overview
	1.7. Report Access	3.1 Company Overview
	2-4 Restated information	1. About this report
	2-5 External Assurance	Verification Statement
	2-6 Activities, value chain, and other business relationships	3.1. Company Overview
	2-7 Employees	6.1 Employment Information
	2-9 Governance structure and composition	4.1. Governance Policies
	2-10 Nomination and selection of the highest governance body	4.1. Governance Policies
	2-12 Supervisory role of the highest governance body regarding sustainability impacts	
	3.7 Social Responsibility Management	
	2-14 Role of the highest governance body in Sustainable Development Reporting	3.7. Social Responsibility Management
	3.9. Materiality analysis	
2-15 Conflicts of interest	4.1. Governance Policies	
2-22 Statement about sustainability strategy	2. Strategic Committee Address	
2-26 Mechanisms for seeking advice and raising concerns	5.4. Quality Service	
6.2. Democratic Management		
2-28 Membership of associations	3.5. Association Membership	
2-29 Methods of stakeholder engagement	3.8. Stakeholder Communication	
2-30 Collective bargaining agreements	6.2. Democratic Management	
GRI3 : Material Topics	3-1 Process for determining material topics	3.9. Materiality Analysis
	3-2 List of material topics	3.9. Materiality Analysis
	3-3 Management of substantive issues	3.9. Materiality Analysis
GRI201 : Economic Performance	3-3 Management of substantive issues	2. Economic Contribution
	201-1 Direct economic value generated and distributed	3.1. Company Overview
GRI203 : Indirect Economic Impacts	3-3 Management of substantive issues	2. Economic Contribution
	203-1 Infrastructure investments and services supported	8.2 Green Operations
	204-1 Proportion of spending on local suppliers	5.3 Supplier Management

Instructions for Use	Liaoning Ai Hai Talc Co., Ltd. reported, referencing the GRI (Global Reporting Initiative) standards, the information cited in this GRI Content Index for the period between January 1, 2022, and December 31, 2022.	
GRI 1 Used	GRI 1: Foundation 2021	
<b>GRI Standards</b>	<b>Disclosure</b>	<b>Location</b>
GRI205 : Anti-Corruption	3-3 Management of material topics	16. Anti-corruption
	205-2 Communication and training about anti-corruption policies and procedures	4.2.4. Business Ethics Training
	205-3 Confirmed incidents of corruption and actions taken	4.2.6. Upholding a "zero tolerance" policy
GRI 206 : Anti-Competitive Behavior	3-3 Management of substantive issues	5. Win-Win Partnerships
	206-1 Legal actions regarding anti-competitive behavior, antitrust, and anti-monopoly practices	4.3. Fair Competition
GRI 207 : Taxation	207-4 Country Report	3.1. Company Overview
GRI301 : Materials	3-3 Management of substantive issues	8. Environmental Management
	301-3 Recycled products and their packaging materials	8.5. Green Packaging
GRI302 : Energy	3-3 Management of substantive issues	6. Energy Use
	302-1 Internal energy consumption within the organization	8.2. Green Operations
	302-4 Reduction in energy consumption	8.2. Green Operations
GRI303 : Water resources and sewage	3-3 Management of substantive issues	7. Water Resource Usage
	303-3 Water extraction	8.2. Green Operations
	303-4 Wastewater discharge	8.2. Green Operations
	303-5 Water consumption	8.2. Green Operations
GRI304 : Biodiversity	3-3 Management of substantive issues	10. Ecological Conservation
	304-1 Biodiversity outside the organization's owned or leased sites under management or influence	8.6. Ecological Conservation
	304-3 Protected or restored habitats	8.6. Ecological Conservation
GRI305 : Emissions	3-3 Management of substantive issues	11. Greenhouse Gas Emissions
	305-1 Direct (Scope 1) greenhouse gas emissions	8.2. Green Operations
	305-2 Indirect energy (Scope 2) greenhouse gas emissions	8.2. Green Operations
GRI306 : Effluents and Waste	3-3 Management of substantive issues	9. Pollution Prevention
	306-2 Management of significant impacts of waste	8.4. Pollution Control
	306-3 Generated waste	8.4. Pollution Control
	306-4 Waste transferred from the organization	8.4. Pollution Control
GRI308 : Supplier Environmental Assessment	3-3 Management of substantive issues	15. Sustainable Procurement
	308-1 New suppliers screened with environmental criteria	5.3. Supplier Management
GRI401 : Employment	3-3 Management of substantive issues	12. Human Rights Protection
	401-1 New employee hiring rate and turnover rate	6.1. Employment Information
	401-2 Benefits provided to full-time employees (excluding temporary or part-time employees)	6.3. Rights Protection
	401-3 Parental leave	6.3. Rights Protection

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GRI 1 Used	GRI 1: Foundation 2021	
GRI Standards	Disclosure	Location
GRI403 : Occupational Health and Safety	3-3 Management of substantive issues	13. Health and Safety
	403-1 Occupational health and safety management system	7.1. Occupational Health and Safety Management System
	403-2 Hazard identification, risk assessment, and incident investigation	7.3. Emergency Response Mechanism
	403-3 Occupational health services	7.1. Occupational Health and Safety Management System
	403-4 Worker participation, consultation, and communication on occupational health and safety matters	6.2. Democratic Management
	403-5 Worker training on occupational health and safety	7.2. Occupational Health and Safety Training
	403-6 Promotion of worker health	6.6 Employee Well-being
	403-7 Prevention and mitigation of occupational health impacts directly related to business relationships	7.3. Emergency Response Mechanism
	403-8 Workers covered by the occupational health and safety management system	7.1. Occupational Health and Safety Management System
GRI404 : Training and Education	3-3 Management of substantive issues	18. Employee Development
	404-1 Average hours of training per employee per year	6.4. Employee Training
	404-2 Programs for upgrading employee skills and transition assistance programs	6.5. Career Development Pathways
	404-3 Percentage of employees receiving regular performance and career development reviews	6.5. Career Development Pathways
GRI405 : Diversity and Equal Opportunities	3-3 Management of substantive issues	12 Human Rights Protection
	405-1 Diversity in governance bodies and employees	6.1 Employment Information
GRI413 : Local Communities	3-3 Management of substantive issues	5. Win-Win Partnerships
	413-1 Involvement, impact assessment, and development plans for local communities	3.6. Charitable Contributions
GRI414 : Supplier Social Assessment	3-3 Management of substantive issues	15. Sustainable Procurement
	414-1 New suppliers screened with social criteria	5.3. Supplier Management
GRI 416 : Customer Health and Safety	3-3 Management of substantive issues	14 Product Safety
	416-1 Assessment of health and safety impacts of product and service categories	5.4. Quality Services
GRI418 : Customer Privacy	3-3 Management of substantive issues	17. Information Security
	418-1 Incidents of violations of customer privacy and losses of customer data confirmed	4.4. Information Security

# Feedback Form

Dear Reader:

Hello!

Thank you very much for reading this report. We sincerely look forward to your evaluation and valuable feedback on this report. Your input will aid us in continually improving our social responsibility efforts and enhancing our capacity and level of social responsibility performance!

Selective questions: : ( Please mark "v" in the appropriate box)

1. Regarding Liaoning Aihai Talc Co., Ltd., what is your affiliation:

- Employee  Consumer  Supplier  Regulatory Agency  Media
- Other (Please specify)

2. What is your overall impression of the report:

- Excellent  Good  Fair  Poor  Very Poor

3. Your opinion on the quality of social responsibility information disclosed in the report:

- Very High  High  Moderate  Low  Very Low

4. How do you rate the structure of the report:

- Very Reasonable  Reasonable  Average  Poor  Very Poor

5. How do you rate the format design and presentation of the report:

- Very Good  Good  Average  Poor  Very Poor

Open-ended Question:

Please provide your valuable feedback and suggestions for the "Sustainable Development Report of Liaoning Aihai Talc Co., Ltd. for the year 2022":

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Our Contact Information:

Address : Ma Feng Town, Haicheng City, Liaoning Province  
 Postal Code : 114200  
 Phone : ( 86 ) 412-3268999  
 Fax : ( 86 ) 412-3269888