



# 2020

# **China National Building Material Company Limited**

Environmental, Social and Governance (ESG) Report

(Stock Code: 03323)

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### 01 About the Report

The Report is the fifth ESG Report published by China National Building Material Company Limited (Stock Code: 03323) and all of its subsidiaries. The Report provides the latest information relating to the work conducted by the Group towards achieving sustainable development in 2020. The Report mainly includes environmental and social topics related to the Group's sustainable development which are concerned by the Group's stakeholders, in order to facilitate all stakeholders to better understand the Group's sustainable development concepts, measures and related performance.

The Report's content mainly covers three business segments of the Group, including cement, new materials and engineering services. The Company also discloses key performance indicators as far as possible with supplemental explanations in the Report to establish evaluation benchmarks and facilitate comparisons.

The Report should be read in conjunction with CNBM's 2020 Annual Report (in particular, the "Corporate Governance Report" contained therein) for a comprehensive understanding of the Group's relevant information.

#### **Reporting Period**

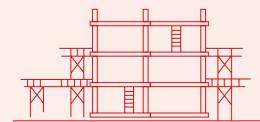
Unless otherwise specified, the Report covers the period from 1 January 2020 to 31 December 2020. The information presented in the Report includes the Group's specific policies and performance from the ESG aspects. Due to the continuity and comparability of the information disclosed, the timeframe of selected contents in the Report is adjusted where necessary.

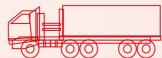
#### **Reporting Scope**

The reporting scope of the Report is determined on the principle of materiality. Unless otherwise specified, the material content of the Report is derived from China National Building Material Company Limited and all of its subsidiaries.

#### **Reporting Guideline**

The Report was prepared in accordance with the provisions of "comply or explain" in the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Listing Rules, and was prepared based on the reporting principles of materiality, quantitative, balance and consistency. In addition, the compilation of the Report was based on the Guidelines to the State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities and the Guidelines to the State-owned Enterprises on Better Fulfilling Social Responsibilities issued by the State-owned Asset Supervision and Administration Commission of the State Council and also referred to the Sustainability Accounting Standards Board ("SASB") standards (Engineering & Construction Services sector).





### Reporting principles

The threshold at which ESG issues determined by the board of directors of the Company ("Board") are sufficiently important to investors and other stakeholders that they should be reported.



#### The Company's action

During the preparation of the Report, the Company, with the assistance of a professional consulting agency, conducted a materiality assessment to identify topics that were critical to the Group and its main stakeholders, by referring to the standards and guidelines relating to corporate sustainability, including SASB standards (Engineering & Construction Services sector) and Task Force on Climate-related Financial Disclosures ("TCFD") recommendations. Thereafter, relevant information on material topics was collected and specifically disclosed in the Report. In addition, the Board has been aware of the materiality assessment results and has approved the Report.



Key performance indicators ("KPIs") in respect of historical data need to be measurable. The issuer should set targets (which may be actual numerical figures or directional, forward-looking statements) to reduce a particular impact. In this way, the effectiveness of ESG policies and management systems can be evaluated and validated. Quantitative information should be accompanied by a narrative, explaining its purpose, impacts, and giving comparative data where appropriate.

#### The Company's action

The Company has provided information regarding the standards, methodologies, assumptions and calculation tools used for the reporting of emissions/energy consumption in the "Highlights of 2020" of the chapter headed "Energy-saving and Environmental Protection".



The issuer should use consistent methodologies to allow for meaningful comparisons of ESG data over time.

#### The Company's action

The methods adopted by the Company were consistent with those adopted in 2019's ESG Report, and necessary explanations have been made regarding any changes in these methods.

#### **Confirmation and Approval**

The Report was confirmed by the staff members who are responsible for ESG of the Company in June 2021. The Board has reviewed, confirmed and approved the Report, so as to ensure the Report's content covers the specific policies and performance in key ESG aspects of the Group.

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#### **Publication Form of the Report**

The Report is published in two languages, traditional Chinese and English. If there is any discrepancy in the content, the traditional Chinese version shall prevail. The traditional Chinese and English PDF files of the Report are available on the Company's official website (www.cnbmltd.com) and the website of the Stock Exchange (www.hkexnews.hk).

#### Feedback on the Report

If you have any comments on the Company's work relating to the ESG report, please contact the Company by the following e-mail: cnbmltd@cnbm.com.cn.

In the Report, unless the context otherwise requires, the following terms shall have the meanings set out below:

"BNBM"	Beijing New Building Material Public Limited Company
"BNBMG"	Beijing New Building Material (Group) Co., Ltd.
"Building Materials Academy"	China Building Materials Academy Co., Ltd.
"China Composites"	China Composites Group Corporation Limited
"China Jushi"	China Jushi Co., Ltd. (previously known as China Fiberglass Company Limited)
"China Triumph"	China Triumph International Engineering Company Limited
"China United Cement"	China United Cement Corporation
"Chongqing Shizhu Southwest"	Chongqing Shizhu Southwest Cements Co., Ltd.
"Cinda"	China Cinda Asset Management Co., Ltd.
"CNBM Investment"	CNBM Investment Company Limited
"CNBM" or "the Company"	China National Building Material Company Limited
"CNBM Trading"	China National Building Material Import and Export Co., Ltd.
"CTG"	Taishan Fiberglass Inc.
"ESG"	Environmental, Social and Governance
"Group"	the Company and, except where the context otherwise requires, all its subsidiaries
"Guizhou Fuquan Southwest"	Guizhou Fuquan Southwest Cement Co., Ltd.
"Hejing Tianshan"	Xinjiang Hejing Tianshan Cement Co., Ltd.
"Hunan Chinaly"	Hunan Chinaly New Material Co., Ltd.
"Hunan South Cement"	Hunan South Cement Group Company Limited
"Lishui Tianshan"	Lishui Tianshan Cement Co., Ltd.
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"management of three	improve operating efficiency, enhance refined management and
delicacies"	streamline the organizational structure
"Ningxia Building Materials"	Ningxia Building Materials Group Co., Limited
"North Cement"	North Cement Company Limited

"Parent" or "CNBMG"	China National Building Material Group Co., Ltd. (previously known as China National Building Materials Group Corporation)
"PRC"	The People's Republic of China
"Qilianshan"	Gansu Qilianshan Cement Group Company Limited
"Report"	the Company's 2020 Environmental, Social and Governance Report
"Reporting Period"	the period from 1 January 2020 to 31 December 2020
"RMB"	Renminbi yuan, the lawful currency of the PRC
"Sinoma"	China National Materials Company Limited
"Sinoma Advanced"	Sinoma Advanced Materials Co., Ltd.
"Sinoma Blade"	Sinoma Wind Power Blade Co., Ltd.
"Sinoma Cement"	Sinoma Cement Co., Ltd.
"Sinoma International"	Sinoma International Engineering Co., Ltd.
"Sinoma Jinjing"	Sinoma Jinjing Fiberglass Co., Ltd.
"Sinoma Lithium Membrane"	Sinoma Lithium Membrane Co., Ltd.
"Sinoma Mining"	Sinoma Mining Construction Co., Ltd.
"Sinoma Science & Technology"	Sinoma Science & Technology Co., Ltd.
"South Cement"	South Cement Company Limited
"South New Materials"	South New Materials Technology Company Limited
"Southwest Cement"	Southwest Cement Company Limited
"SSE"	Shanghai Stock Exchange
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tianshan Cement"	Xinjiang Tianshan Cement Co., Ltd.
"Zhongfu Liberty"	Changzhou Zhongfu Liberty Composites Co., Ltd.
"Zhongfu Lianzhong"	Lianyungang Zhongfu Lianzhong Composites Group Co., Ltd.
"Zhongfu Shenying"	Zhongfu Shenying Carbon Fiber Co., Ltd.

### 02 About CNBM



#### **Company Profile**

With CNBMG, BNBMG, CNBM Trading, Cinda and Building Materials Academy as promoters, China National Building Material Company Limited was converted into a joint stock limited company on 28 March 2005. The Company's H shares under the initial public offering were listed on the Stock Exchange on 23 March 2006 (Stock Code: 03323). On 2 May 2018, the Company and Sinoma completed the share exchange.

As of the end of the Reporting Period, the Company has owned seven A-share listed companies<sup>1</sup> with approximately 154,096 employees. From 2005 to the end of 2020, the Company's total assets, revenue and profit after tax increased from RMB9.7 billion, RMB4.7 billion and RMB490 million to RMB456.4 billion, RMB254.8 billion and RMB26.1 billion, respectively, which the Company has created good economic and social benefits.





The Company has owned

A-share listed companies



Approximately

 $154,096 \ \mathsf{employees}$ 



The Company's total assets

RMB 456.4 billion



Revenue

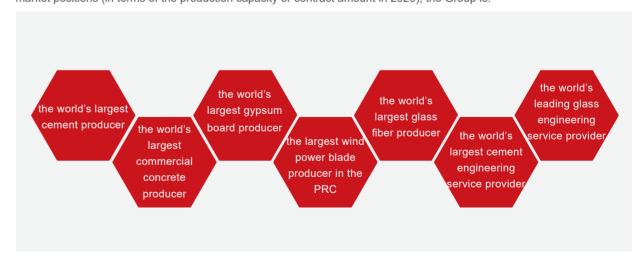
RMB **254.8** billion



Profit after tax

RMB 26.1 billion

The Group is mainly engaged in cement, new materials and engineering services businesses. As regards to the current market positions (in terms of the production capacity or contract amount in 2020), the Group is:



In the future, the Company will be committed to improving a "three-way" development pattern composed of cement, new materials and engineering services, forging itself into a world-class advanced industrial group of comprehensive building materials and new materials, and committed to value creation and shareholders' returns.

China National Building Material Company Limited

### **Business Highlights**

The business segments and the major operating entities of each business segment for the Group as of 26 March 2021 are summarized as follows:

Business segments	Major products and services	Major operating entities	Direct and indirect equity interests attributable to the Company
		China United Cement	100%
		South Cement	85.10%
		North Cement	70.00%
Ø	NSP cement  Commercial concrete	Southwest Cement	79.93%
Cement	Aggregate	Sinoma Cement	100%
Cement	Aggregate	Tianshan Cement	45.87%
		Ningxia Building Materials	47.56%
		Qilianshan	25.04%
		BNBM	37.83%
-05	Dry wall and ceiling system  Glass fiber  Wind power blade  Waterproof material  Lithium battery separator	China Jushi	26.97%
[A]		Sinoma Science & Technology	60.24%
New materials		China Composites	100%
		Sinoma Advanced	99.65%
		Sinoma Jinjing²	50.01%
<b>~</b>	Design and engineering EPC services:	Sinoma International	40.03%
<i>ξ</i> Ε,	Cement production lines	China Triumph	91.00%
Engineering services	Glass production lines	Sinoma Mining	100%

### Sustainable Development Concepts

In 2020, the Group adhered to the value hierarchy of "environment, safety, quality, technology and cost", carried out the Three-Year Action Plan to Win the Blue Sky Defense War, strictly implemented peak averting production and production optimization for environmental protection, promoted policies in the elimination of outdated production capacity and old equipment replacement with better efficiencies, attached equal importance to cutting overcapacity and output, and maintained a healthy operating environment for the industry. With the ongoing upgrading of production techniques and enhancing technological innovation, the Group continuously complies with a series of environmental protection regulations in the PRC and the countries and regions of its operations, including, among others, the Environmental Protection Law of the PRC, the Water Pollution Prevention and Control Law of the PRC, the Cleaner Production Promotion Law of the PRC, the Measures for Cleaner Production Review, the "13th Five-Year" Plan for the Protection of Ecological Environment, the Reform Program of the Ecological Environmental Damage Compensation System, the Standard Condition of Cement Industry (2015), the Standard for Pollution Control on Co-processing of Solid Wastes in Cement Kiln and the Green Mine Construction Specifications of Cement Limestone Industry. The Group closely follows the key development trend in the PRC and the countries and regions of its operations, and seizes opportunities for development.

2: As of the end of the Reporting Period, Sinoma Jinjing is mainly engaged in the research and development, production and sales of fiberglass wet mat and high-pressure fiberglass pipes. On 25 January 2018, the Equity Entrustment and Management Agreement was signed between the former Sinoma, Sinoma Science & Technology and CTG, in which the equities of Sinoma Jinjing held by the former Sinoma was entrusted to CTG for management. As Sinoma Jinjing is an entrusted subsidiary of the Company, the environmental data in the Report does not include Sinoma Jinjing.

In order to fully and actively fulfill corporate citizenship responsibilities, participate in the construction of a harmonious society and achieve the coordinated development of enterprises and society, the Company further enhanced ESG management work, discussed and amended the ESG Working Group Management System to determine its ESG management structure and system in accordance with the comments and guidance under the Listing Rules on the disclosure of ESG-related information by listed companies. The Board is the highest decision-making body of the Group's ESG management and is responsible for determining the Group's ESG management structure and strategy, ensuring the establishment of an appropriate and effective ESG risk management and internal control system and reviewing and approving the Company's ESG Report.

To actively respond to ESG-related risks, such as climate change, supply chain risks, etc., the Group identifies, confirms, manages and reports on ESG-related risks in accordance with the existing procedures of the risk management and internal control system of the Group. In addition, in accordance with the aforementioned ESG Working Group Management System, the Company has proposed to establish an ESG working group led by the senior management and attended by the middle management. The working group will be led by the Secretariat of the Board and will be composed of relevant departments of the Company, ensuring the effective implementation of various ESG work within the Group.

### Company Honors

Achievements result from efforts and hardworking can lead to improvement. The Group unswervingly takes the path of sustainable development and is recognized by the governments and institutions in China and abroad in the fields of economy, science and technology and environmental protection. In 2020, facing the challenge of COVID-19 pandemic, CNBM adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, bravely took responsibility and forged ahead. Focusing on the "stability on the six fronts", "security in the six areas" and "two strivings", the Group has overcome the impacts of the pandemic and demand fluctuations through pursuing its determination, proactively adjusting, planning and deploying. It performed the best in pandemic prevention and control, operation management, deepening reforms, innovation and transformation, strengthening the Communist Party of China building and other work. CNBM and its subsidiaries won the "China Grand Awards for Industry", the "Commendation Award of China Grand Awards for Industry", the "Gold Award of National Quality Engineering", the "National Green Demonstration Factory for Ready-mixed Concrete Industry", the "Advanced Collective of the State-owned Enterprises in Fighting the COVID-19", the "Best Environmental (E) Responsibility Award of the 2019 China ESG Golden Responsibility Award" and other honorary titles. In the future, the Group will unswervingly implement the new development concept, continue to promote high-quality development, and become a world-class enterprise with global competitiveness.



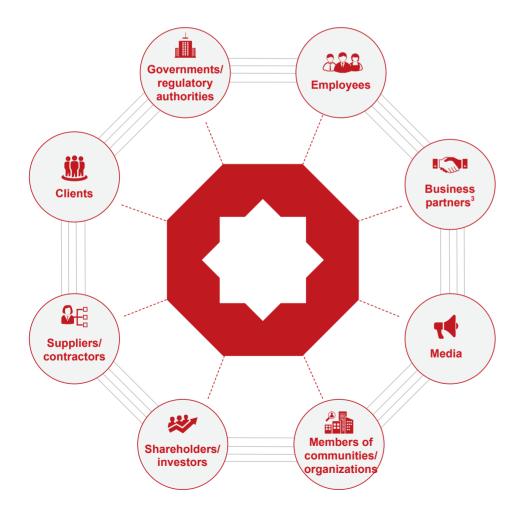
### **Stakeholder Communication**

Maintaining effective communication with stakeholders is an important part of the Group's management of its longterm development. The Company identifies key stakeholders relating to the Group, and keeps communicating with them through meetings, regular visits and satisfaction surveys, etc., to understand their expectations and interests in the Group's development process and even future. The Company will take measures and strive to respond and meet demands of key stakeholders according to its production and operation situation.

The Company mainly identifies relevant individuals or groups as its key stakeholders based on the following three criteria:

- whether they have invested or will invest in the Group;
- whether they influence the business operation of the Group; and
- whether they have interests in or are affected by the business, products, services, and relationships of

The Company has identified eight key stakeholders, either individuals or groups:



3: Such as tertiary education institutions, research institutions, professional groups or individuals.

The Group attaches great importance to the valuable opinions from different key stakeholders in various manufacturing projects during the developing, designing, constructing and operating process in the PRC and overseas. During the preliminary planning stage of various projects, the Group will conduct public consultations to deeply understand the concerns of residents in surrounding areas by extensively collecting their opinions on the development of the projects. The Group will appoint professional environmental assessment agencies to conduct a comprehensive environmental impact assessment for the project and formulate impact mitigation plans, so as to minimize the potential impact of the project development on the surrounding environment and communities to the greatest extent.

The Group's communication channels and frequency with different key stakeholders are as follows:

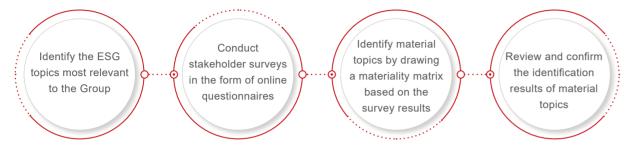
Key stakeholders	Main communication channels	Frequency
Émployees	<ul> <li>Employee meeting/forum</li> <li>Employee performance appraisal interview</li> <li>Employee satisfaction survey</li> <li>On-site investigation and research</li> <li>Recreational activity and voluntary activity for employees</li> </ul>	Regularly/From time to time
Governments/ gulatory authorities	Telephone/email Meeting and interview	Regularly/From time to time
Clients	Telephone/email Interview	Regularly/From time to time
Suppliers/ contractors	<ul> <li>Issue invitation for bids on procurement of products/services</li> <li>Inspection and supervision of work</li> <li>Supplier conference</li> <li>Telephone/email</li> <li>Interview</li> </ul>	Regularly/From time to time
Shareholders/ investors	<ul> <li>General meeting</li> <li>Investor conference</li> <li>Press release/announcement</li> <li>Annual/interim result presentation</li> <li>Analyst seminar</li> <li>Roadshow</li> <li>Visit</li> <li>Corporate Day</li> </ul>	Annually/Regularly/From time to time
mbers of communities/ organizations	Telephone/email Interview	Regularly/From time to time
Media	Press release/announcement     Media interview	Regularly/From time to time
Business partners	<ul><li>Inspection and supervision of work</li><li>Telephone/email</li><li>Interview</li></ul>	Regularly/From time to time

China National Building Material Company Limited ESG Report

### **Materiality Assessment of the Topics**

To identify the ESG topics which are most concerned by the key stakeholders of the Group, so as to confirm key information to be disclosed in the Report, the Company conducted a survey on material topics during the preparation of the Report and identified the material topics to be focused on in the ESG Report for the Reporting Period.

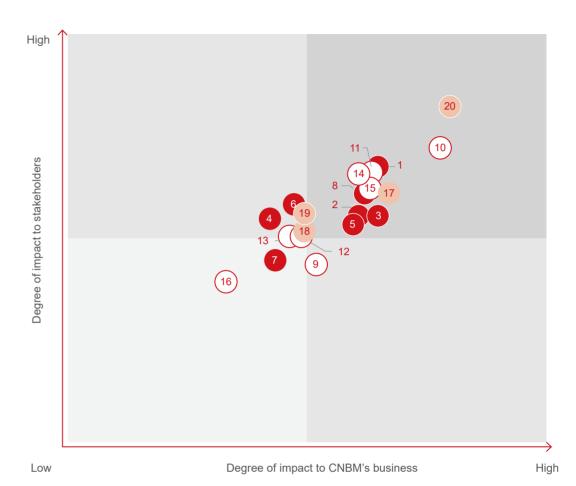
#### **Working items**



Based on its own development strategy and business characteristics, and by referring to relevant standards and guidelines relating to corporate sustainability, including SASB standards (Engineering & Construction Services sector) and TCFD recommendations, the Company comprehensively considered the current development background and trend of the industry, and distributed online questionnaires to the key stakeholders of the Group to extensively collect their opinions. A total of 1,552 valid questionnaires from company management, employees of the Company, government and regulatory authorities, customers, business suppliers/contractors, shareholders/investors, community members/ organizations, media, and business partners were received. Based on feedback from stakeholders, the Company analyzed and determined the material topics of this year's ESG Report.



#### **CNBM 2020 Materiality Matrix**



#### **Environmental topics**

- 1 Exhaust gas emission and management
- 2 Wastewater discharge and management
- 3 Solid waste discharge and management
- Greenhouse gas emissions and management
- Energy use and efficiency
- 6 Water use and efficiency Responding to climate change
- 8 Project-related protection of ecological environment and natural resource

#### **Social topics**

- 9 Human resources management
- (10) Employee occupational health
- (11) Employee career development and training
- (12) Labor standards
- (13) Supply chain management
- (14) Guarantee the quality of products and services
- (15) Investment in scientific research and innovation
- (16) Community investment and participation

#### **Governance topics**

- 17 Anti-corruption and advocating integrity
- 18 Anti-unfair competition
- Corporate information disclosure
- Compliance with laws and regulations

Through a comprehensive analysis of the data collected in the survey, the Company obtained the survey results of material topics as listed in the above matrix, and identified 11 material topics<sup>4</sup> that were most concerned by the abovementioned key stakeholders. The Report will focus on these material topics and disclose relevant content to respond to the information needs of the above-mentioned key stakeholders.

<sup>4:</sup> Words marked in red mean the topic is a material topic



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### **Economic Outcomes**

In 2020, China strengthened the counter-cyclical adjustment of macroeconomic policies, and launched a series of policy measures in a phased, rhythmic and targeted manner to effectively overcome the adverse impacts of the pandemic and the strong monsoon. Indicators of fixed asset investment, real estate investment and infrastructure investment have rebounded significantly. The market operation showed the characteristics of "sudden decline, rapid recovery, and tending to be stable".

In 2020, the Group optimized industry ecology and strived to build industry ecology by grasping the changes in industry demand and development trends, deepening supply-side structural reforms, and promoting off-peak production, elimination of backward, reduction and replacement. With the focus on transformation, upgrading and layout optimization, the Group continued to advance high-end, intelligent and green transformation. The Group also continued to promote the "management of three delicacies" by adhering to lean operation, refined management and lean organization, so as to continuously improved development quality.



To pursue sustainable corporate development, the Group considers integrity building as the key cornerstone of corporate governance and resolutely fights against corruption in all forms. The Group strictly complies with the Criminal Law of the PRC, the Anti-Money Laundering Law of the PRC and other laws and regulations; the Group has also developed the CNBM Responsibility System for Construction of an Honest Party and a Clean Government, the Measures for Implementing the Conversation Reminder System of the CPC Party Committee of CNBM, the Opinions on Implementing the Main Responsibility of Constructing an Honest Party and a Clean Government of the CPC Party Committee of CNBM and the Opinions on Implementing the Supervision Responsibility of the Commission for Discipline Inspection of CNBM on Construction of an Honest Party and a Clean Government and other internal policies. In addition, the Group continuously revises the CNBM Administrative Measures for the Integrity Files of Leading Cadres and the CNBM Guiding Opinions on Strengthening the Prevention and Control of Overseas Integrity Risks of Subsidiaries, to establish and continuously improve systems to punish and prevent corruption. Meanwhile, the Company promotes the use of the Integrity Letter, and has established a constraint mechanism together with third parites and conducted risk inspection for integrity. The Group has formulated preventive measures and the Guidance for Inspection and Prevention for Intetrity Risk Points. The Group focuses on improving system implementation and has gradually established a complete system of anti-corruption and advocating integrity to further strengthen the Group's efforts to combat corruption and build a clean government. Since the CPC Party Committee of CNBM signed the Responsibility Commitment of Constructing an Honest Party and a Clean Government with the Party groups of each of the Group's business segments, the Group, through clearly identifying the inspection, assessment, responsibility and supervision mechanisms for Constructing an Honest Party and a Clean Government, requiring the Company's middle-level cadres and the principle management of entities in each business segment to sign the Commitment on Integrity and Self-Discipline, and requiring the Company's subsidiaries at



all levels to sign the responsibility commitment, has further strengthened its internal integrity building, and has achieved good results

In addition, the Group has implemented the Rules on Handling Accusations by Disciplinary Inspection and Supervision Authorities to earnestly handle all kinds of evidence received and ensure that all matters related to petition letters, visits and complaints are replied and handled. The Group also carries out education on honesty and alertness through various channels, so as to establish integrity in the Group, creates a culture of integrity, and improves the Group's governance efficiency.

The Group has established a special whistleblowing system and ensured the independence and confidentiality of the complaint reporting process to ensure the channel for employees' complaints and whistleblowing is safe and unblocked. In accordance with the Rules on Handling Accusations by Disciplinary Inspection and Supervision Authorities, the Group encourages employees to report any irregularities, uphold integrity in the Group, and create a culture of integrity. Compliant or comments can be submitted by employees anonymously and all reporting information will be kept confidential by the whistleblowing system. The employees can submit complaints by to the audit committee of the Company ("Audit Committee") through letters or email. The Audit Committee will keep the identity of the employee who submits the report confidential to the fullest extent permitted by law.

On 10 April, 2020, the Company held the 2020 Work Conference on Constructing an Honest Party and a Clean Government and Anti-Corruption, which summarized the work of constructing an honest Party and a clean government and anti-corruption and deployed the work in 2020. In this conference, educational documentaries were played and the 2020 Responsibility Commitment of Constructing an Honest Party and a Clean Government and the Commitment on Integrity and Self-Discipline were signed. This conference was held in the form of video with the main video venue setting up at Guohai Square and the branch venues setting up at each subsidiary. Nearly 700 people participated in this conference.





On 29 May, 2020, Tianshan Cement held the 2020 Work Conference on Constructing an Honest Party and a Clean Government and Anti-Corruption. By watching the educational documentary regarding several typical cases of stateowned enterprises, it enabled participants to enhance the ability to resist corruption, changes and risks and build a strong ideological and political defense. This meeting was held in the form of video with the main video venue setting up at Tianshan Cement's headquarter and the branch venues setting up at Tianshan Cement's subsidiaries. Nearly 230 people, including the Communist Party members and Politburo members of Tianshan Cement at all levels, department heads and staffs of the Communist Party affairs of Tianshan Cement participated in the meeting.

On 17 April, 2020, Sinoma Cement held the 2020 Work Conference on Constructing an Honest Party and a Clean Government and Anti-Corruption. This meeting was held in the form of video conference. Nearly 130 members of the management team, Communist Party groups, commission for discipline inspection department, human resources department and CPC Party secretaries of grassroots branch of Sinoma Cement's headquarters and subsidiaries attended the meeting.





On 9 July, 2020, Zhongfu Lianzhong organized a special seminar on Honest Party and Clean Government and Integrity Building education in 2020. The lecture combined typical cases to explain discipline and guided the participants to think. This education promoted the majority of Communist Party members and cadres to further enhance their awareness of anti-corruption and integrity, and created a clean and positive working atmosphere.

### Risk Management and Internal Control

In order to comply with relevant domestic laws and regulations as well as the provisions under the Listing Rules, strengthen the corporate risk management and internal control management and monitor and safeguard the achievement of the Company's business management objectives, the Company has formulated a series of internal control management systems in line with the Company's actual situation, covering financial supervision, operational regulation, compliance supervision, risk management and other aspects, and has delivered to its employees.

The construction of risk management and internal control system in CNBM comprises of three parts:



#### Daily Risk Management<sup>5</sup>

As the first line of defense in daily risk management, each department has management and internal control functions that is responsible for establishing procedures at the forefront to identify, confirm, manage and report risks. The Company has established a process-oriented business management system covering the management personnel and each department, and has further improved the efficiency and performance of various operations as a result of its efforts on standardizing the design of relevant procedures and key control areas.





Professional departments (including legal affairs departments, etc.), as the second line of defense in risk management, provide support for various departments within the organizational governance structure to ensure that existing risk is managed with cost-effectiveness and is controlled to an acceptable extent. Meanwhile, specialized departments would sort out all information disclosure requirements that the Company confronts, and develop corresponding disclosure procedures according to different information disclosure targets and important level of information, constantly introspect and improve the reporting line and function of the management to the Board, and regularly carry out benchmark practice and gap analysis to further optimize reporting functions and organizational structures. By preparing the comprehensive risk management report, the Company has established a risk management mechanism that involves the identification and assessment of risks, prevention and rectification as well as post evaluation.



#### **Independent Internal Review**

The Audit Committee regularly listens to the feedbacks from professional auditors and internal auditors, and independently carries out assessment and supervision on the operation management, business development and financial positions, and reviews the effective introduction and implementation of high-level company strategy to further enhance the standard of the internal control, financial control and risk management.

5: Including business and strategic risk management.

Year-over-

**17.5%** 

year change

### **Highlights of 2020**

This section illustrates the performance of the Group on economic development and integrity building during the Reporting Period.

### **Business performance**



Sales volume of cement Year-overand clinker (in thousand year change tonnes)

391,248

2019

**↓** 0.6%

111,803



Sales volume of commercial concrete (in thousand m<sup>3</sup>)

2020

2019



Sales volume of aggregate concrete (in thousand tonnes)

78,907

2020

2019



Year-overyear change

**↑** 50.6%

Year-over-

**↓** 1.1%

year change

52,384



Sales volume of Year-overgypsum board (in million m<sup>2</sup>)

**1** 2.5%

2020

1,966 2019



Sales volume of glass fiber yarn (in thousand tonnes)

2,884

2020

2,478 2019



Year-over-

**16.4%** 

10,829 2019

2020



Year-over-

year change

**↓** 0.2%

Sales volume Year-overyear change of wind power year change blade (MW)

**↑**60.0%

40,376 2019

2020

million)

Revenue from

services (RMB

engineering

### **Economic performance**



Revenue (RMB million)

254,762

Profit attributable Year-over-

of the Company

(RMB million)

2020

2019

10,975

to equity holders year change

**†**14.4%

253,403 2019



Income tax expense<sup>6</sup> (RMB million)

8,390

Year-over-

**↑** 0.5%

year change

9,019 2019

Net cash

2020

2019

63,328

generated from

(RMB million)

operating business

Year-over-

N/A

2020



Profit after tax Year-overyear change (RMB million)

> 21,645 2020

18,429 2019



**↓** 7.0%

Earnings per

and diluted

(RMB)

Year-overshare – basic year change

Proposed final Year-overdividend per year change share (RMB)

**†**34.3%

1.301 2019

2020

**14.4%** 

2020

0.35 2019

### Integrity building



Held and organized training on anticorruption (commercial bribery) (Sessions)

Year-overyear change

**†** 1.0%

3,169 2020

3,139 2019



Employees attended training on anti-corruption (commercial bribery) (Person-Times)

79,620

2020 76,144



Year-overyear change

**†** 4.6%

2020 N/A

2019



Among which: anti-Year-overcorruption (commercial year change bribery) training attended by directors (Person-Times)

2,026

N/A



Among which: anti-corruption (commercial bribery) training attended by employees except for directors (Person-Times)

77,594 2020

N/A

2019

6: Income tax expense.



Year-over-

**1.4%** 

year change

Number of cases involving bribery, extortion, fraud, and money year change laundering

Year-overyear change

2020 0

2019



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### **Green Operation**

The Group is committed to maintaining a green operating environment and has resolutely implemented the national and local laws, regulations and policies on environmental protection and those of the Group, respectively. In doing so, the Group's management system and management methods of environmental protection have been continuously improved. The Group has actively advocated for a green office to achieve energy saving and emission reduction and improve resource utilization efficiency.



#### Compliance with law and regulation

To prevent and control pollution and to reduce the emission of pollutants, the Group strictly abides by and implements the Environmental Protection Law of the PRC, the Environmental Protection Tax Law of the PRC, the Atmospheric Pollution Prevention and Control Law of the PRC, the Water Pollution Prevention and Control Law of the PRC, the Soil Pollution Prevention and Control Law of the PRC, the Water and Soil Conservation Law of the PRC, the Law of the PRC on the Prevention and Control of Environment Pollution Caused by Solid Wastes, the Law of the PRC on Prevention and Control of Pollution from Environmental Noise, the Cleaner Production Promotion Law of the PRC, the Energy Conservation Law of the PRC, the Emission Standard of Air Pollutants for Boiler, the Emission Standard of Air Pollutants for Industrial Kiln and Furnace, the Measures for the Administration of Emergency Response Plans, the Emission Standard of Air Pollutants for Cement Industry, the Measures for the Administration of Permit for Operation of Dangerous Wastes and other laws and regulations related to exhaust gas emissions, greenhouse gas emissions, water and land discharges and waste disposals that have a significant impact on the Group, through making reference to the laws and regulations mentioned above, and the existing policy of the Parent, the Group has also formulated the Environmental Protection Management System of CNBM, the Measures for the Administration of Emergency Environmental Accidents of CNBM, the Measures for the Administration of Reporting Emergency Environmental Accidents of CNBM and the Measures for the Administration of Energy Saving and Emission Reduction of CNBM. In addition, the Group's subsidiaries have formulated their own energy saving and emission reduction related system based on their business characteristics and relevant national and local laws and regulations and the Group's internal management measures. Through the formulation and implementation of relevant internal emission management policies, the Group has achieved good results in preventing and controlling emissions discharged to atmosphere, water body and land and solid waste production. In 2020, the Fifth Central Inspection Group of Ecological Environmental Protection carried out an ecological environmental protection in the Group and identified some environmental protection problems. Meanwhile, ceratin amount of penalties were issued by relevant competent authorities. For these environmental protection problems, the Group has formulated detailed rectification plans for all the problems, and has been actively rectifying them. For more details, please refer to "Detailed management" in this chapter.

#### **Detailed management**

To further strengthen the environmental protection management of production enterprises, CNBM has revised and improved its energy saving, emission reduction and environmental protection management system in accordance with relevant national laws and regulations and with reference to actual conditions. The Group continuously improved its established environmental, safety and health management systems and the level of information disclosure, and further optimized workflows such as the pre-identification evaluation, in-process inspection and review and post-evaluation in the management system with the purpose of improving its management level. By strengthening daily management efficiency and preventing risks from the source, the Group's sustainable development has been guaranteed. In addition, based on daily work situations, the Group has applied a comprehensive data management system to collect monthly energy saving and emission reduction data and realized information management at all levels. This has enabled the prompt reporting of the subsidiaries' production status, the identification of potential problems through analysis, and the rectifications based on timely feedback. The subsidiaries of CNBM have also developed strategies, policies and plans for energy saving and emission reduction in accordance with their own situation.

The Group has implemented a standardized management system and has achieved energy saving, consumption reduction and cleaner production through lean management. The Group's manufacturing subsidiaries have established a standardized system for quality, environmental and energy management. For building an energy-saving and emission-reduction talent team, the Group has continuously enriched the knowledge of energy-saving and emission-reduction personnel and improved their professional ability.

In 2020, the Fifth Central Inspection Group of Ecological Environmental Protection carried out an ecological environmental protection inspection in CNBM. During this inspection, the Group identified 63 problems in total, formulated detailed rectification plans for all the problems, and has been actively rectifying them. As of 31 March, 2021, the Group has completed 18 rectifications, and all the rectifications are expected to be completed before the end of 2022. In the next step, the Group will further implement Xi Jinping's Thoughts on Ecological Civilization, strengthen the construction of environmental protection management system, reinforce daily supervision of environmental protection, and promote all subsidiaries to learn the feedback from environmental protection inspection by analogy. At the same time, the Group will also establish a long-term mechanism to comprehensively investigate environmental hazards and risk points of each subsidiary company, to sort out problems in conjunction with the Group's environmental checklist, and to establish a working mechanism to eliminate risks in a timely manner. It will also conduct a comprehensive investigation on the feedback of similar problems to avoid the recurrence of similar problems.

#### Green office

The Group actively promotes a green office environment and has formulated a detailed green office plan for electricity saving, water saving and reduction on use of office supplies, while the operating performance of green office has also been included in the Group's routine monitoring and evaluation system. The Group actively promotes the development of the electronic office and video conference system to reduce the number of on-site meetings and reasonably arranges business trips and gives priority to low-carbon transportation. At the same time, the Group has contributed to the establishment of a beautiful China by organizing energy-saving technology exhibitions, training and other activities as well as low-carbon travel, afforestation, propagation and releasing and other environmental public welfare activities.





### Green Manufacturing

In 2020, the Group continued to focus on energy saving, emissions reduction, ecological protection, circular economy and other key areas to promote energy saving, emission reduction, transformation and upgrading work.

#### **Cleaner production**

The Group adheres to the concept of "optimizing the use of resources to serve and construct" and strives to promote green and sustainable development.

The Group is committed to reducing wastewater discharge and exhaust gas emissions. By carrying out peer benchmarking and comprehensive benchmarking among enterprises within the Group, the Group optimizes the key indicators of each production process, and actively participates in the industry's energy conservation, production optimization and self-disciplined emission reduction. The subsidiaries of CNBM have also formulated relevant targets of energy-saving, water-saving and exhaust gas emission based on their own production conditions and development plans, with reference to the relevant national and local laws and regulations and the Group's internal management rules. Taking the path of sustainable development is the development direction of the Group. Based on the established environmental, safety and health management system, such as the Guidelines for the Co-disposal of Solid Waste in Cement Kilns and the Measures for Occupational Health Supervision and Management in Workplaces of CNBM, etc., the Group strengthens daily management efficiency and takes every precaution at the beginning to guarantee its long-term development.



#### Case Sharing

In 2020, Southwest Cement continued to follow up its subsidiaries' work of cleaner production targets and achieved the following progress:

- 1 In terms of dust collector renovation, 38 subsidiaries of Southwest Cement have completed the technical renovation of ultra-low particulate emissions (dust emission concentration reduced to less than 10 mg/m³), while nine subsidiaries are currently carrying out the renovation;
- 2 In terms of desulfurization and denitrification, currently 24 subsidiaries of Southwest Cement have completed desulfurization and denitrification transformations and realized the application of comprehensive emission reduction technology. The emission concentrations of nitrogen oxide and sulfur dioxide of these subsidiaries are less than 150 mg/m³ and 50 mg/m³ respectively. In addition, Southwest Cement has completed two sets of wet desulfurization technology transformations during the Reporting Period, and the desulfurization effect of these transformations is obvious. Emeishan Southwest Cement is currently carrying out the transformation:
- 3 In terms of rain and sewage diversion, all subsidiaries of Southwest Cement have completed the construction of rain and sewage diversion projects and put them into use;
- In terms of leak management, the subsidiaries of Southwest Cement promoted the transformation of storage shed sealing and dust reduction, and some of them built storage sheds to reduce external piles or unorganized discharge of materials. These subsidiaries implemented technological transformations such as pits, batching stations, and discharging ports to reduce leakage caused by jams and blockages. These subsidiaries promoted renovation of dust collectors of the packaging systems to reduce dust emissions;
- In terms of green mines, Southwest Cement has built 11 green mines, including Chongqing Shizhu Southwest, Guizhou Fuquan Southwest and so on. These mines have been selected as provincial or municipal green mines. Among them, Chongqing Shizhu Southwest has been rated as Model Enterprise of Chongqing Municipal Green Mine. In 2021, Southwest Cement will make every effort to implement the new development concept, strive to increase the number of green factories to eight, increase the number of provincial or municipal-level green mines to 18, and carry out the construction of national-level green mines.



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#### Case Sharing

In 2020, China Jushi actively promoted various clean production tasks. In terms of hazardous waste treatment, China Jushi signed a Hazardous Waste Disposal Contract with a partner qualified for hazardous waste treatment to centrally dispose of hazardous waste generated during the production process of various subsidiaries of China Jushi. To effectively strengthen the comprehensive utilization of solid waste, China Jushi and its subsidiaries actively responded to the call of the national and local governments to vigorously carry out solid waste reduction and resource utilization work as follows:

- 1 Control from the source to reduce or avoid the generation of hazardous waste, such as using highefficiency environmentally friendly cleaners instead of acetone cleaners;
- 2 Actively contact manufacturers of materials to collect hazardous packaging waste;
- 3 Purchase large barrels of chemical agents, paint and grease to reduce the generation of hazardous waste containers:
- 4 Reuse waste oil generated by equipment replacement in the conveyor chain to reduce the maintenance cost of equipment while realizing the utilization of hazardous waste;
- 6 Adopt waste silk powder recycling technology to make waste use of waste silk powder;
- 6 Dry the sludge to reduce the amount by 50% and actively developing sludge reuse technology; and
- Further subdivide industrial waste to reduce the amount of industrial waste generated, encourage manufacturers to recycle discarded conventional consumables, and use physical methods to control the moisture of industrial waste at the same time.

#### Comprehensive utilization of waste materials

The Group abides by the Law of the PRC on the Prevention and Control of Environment Pollution Caused by Solid Wastes, the Measures for the Administration of Permit for Operation of Dangerous Wastes and other relevant regional laws and regulations. The Group standardizes the management of various types of waste generated in the production and living processes to achieve "recycling, reduction and harmlessness". The Group is also committed to reducing waste disposals and mitigating environmental impacts. With regards to hazardous waste disposal, relevant subsidiaries have signed the Hazardous Waste Disposal Contract with companies that have relevant hazardous waste disposal qualifications to conduct centralized disposals of hazardous waste generated from the Group's production processes. In order to effectively enhance the comprehensive utilization of waste, CNBM actively responds to the call of the national and local governments: the cement business segment vigorously promotes the comprehensive utilization of resources by using a large amount of industrial waste for cement production; the light building materials business segment comprehensively utilizes industrial waste by extensively recycling and utilizing desulphurized gypsum and phosphogypsum.

The Group actively responds to the calls from the national and local governments, develops co-disposal projects of cement kiln for disposing of municipal refuse, sludge, sewage, and hazardous wastes, and contributes to the construction of harmonious relationship between human and nature. The Group advocates the concept of circular economy and actively utilizes industrial waste and urban construction waste as raw materials in the production processes. Each cement segment vigorously promotes the comprehensive utilization of resources and uses a large amount of industrial waste residues for cement production, such as fly ash, slag, desulfurized gypsum, calcium carbide slag, etc., to achieve comprehensive utilization of industrial waste. In 2020, the Group utilized and treated more than 178 million tonnes of solid waste.

#### Case Sharing

In 2020, Tianshan Cement also achieved fruitful results in the green development road of collaborative disposal of solid waste and efficient utilization of resources. During the Reporting Period, Tianshan Cement built the line for the collaborative disposal of municipal solid waste and municipal sludge using cement kilns in Tianshan, Lishui, and realized harmless and reduction disposal of municipal waste and sludge. The project used Lishui Tianshan's new dry-process cement kiln for collaborative disposal of 500 tonnes of municipal waste per day, and used the combustible and non-combustible substances (inorganic part) of the solid waste as fuel for cement production. The treatment process did not produce "secondary pollution" and complied with the disposal principles of "harmlessness, reduction and resource utilization". The project adopts the technology of "resource utilization PLUS" and is estimated to produce a maximum of 15,000 cubic meters of biogas (containing 55% of methane) when 500 tonnes of domestic waste is disposed of per day. If all the generated biogas is subsequently used for power generation, the power generation will be about 34 MWh per day, which can not only be reused for the project, but also be used to supply electricity for the clinker production of Tianshan Cement and realize the recycling and utilization of biomass energy from domestic waste. Tianshan Cement disposed a total of 6.77 million tonnes of solid waste in China in 2020.

#### Case Sharing

BNBM continuously increased capital investment, implemented technological transformation and process upgrades, continued to reduce water and weight of gypsum board, promoted the development of light and high-strength gypsum board, and further promoted process technologies such as the "two-step" desulfurization gypsum frying process and the recycling of water resources, which further reduced the weight of the gypsum board, increased the strength of the gypsum board, and realized the continuous reduction of the consumption of various materials without affecting the quality. In addition, BNBM's main industrial solid wastes (gypsum board and waste residue) are reusable materials. All the gypsum board production lines of BNBM have gradually established the internal circular economy production operation system within the enterprise:

- Use solid waste desulfurization gypsum from power plants as raw materials to produce paper-faced gypsum board and use the raw material waste residue and waste paper generated during the production process to make pulp and fill the gypsum board core to improve the strength of the gypsum board;
- Preliminarily crush waste and slurry produced in the production line and reuse them as raw materials for frying;
- 3 Use unqualified products (waste gypsum board) in making packaging slats and protective boards, and as auxiliary materials in making coagulants after being smashed to improve and enhance the circular economy system such as industrial water recycling and reuse. The solid waste utilization rate all reached 100%, directly reducing the discharge of various solid wastes into the environment; and
- 4 In terms of hazardous waste disposal, sign contracts with qualified parties for centralized disposal of hazardous waste, so as to effectively protect the environment and achieve a win-win situation for both economic and social benefits.

#### Water conservation

By taking water resources conservation and protection as the focus, through empowering leadership, improving systems, implementing responsibility and strengthening supervision, the Group has achieved remarkable results in water measurement management, water-saving system construction, wastewater treatment, water reuse and other areas.

The cement business segment companies have taken active water-saving measures. They have recycled water by reusing industrial cooling water in the production system, and no wastewater from production is discharged out of the system. At the same time, in order to reduce water consumption in production, each cement business segment company regularly inspects the circulating water pipe network and regularly cleans the sedimentation tanks, so as to better conserve water resources.

In addition, the Group implements water resources management measures such as diversion of clean water and wastewater, diversion of rainwater and wastewater, segregated collection and pre-treatment of production wastewater and domestic sewage. All wastewater is reused after advanced treatment by sewage treatment stations at site areas, and the treated wastewater is mainly used for vehicle washing, water spraying for dust reduction in the storage yard, as well as ground washing, road sprinkling, and gardening, etc. to achieve zero discharge of wastewater.

#### Case Sharing

Ningxia Building Materials adheres to the rational recycling of water resources. No wastewater was directly produced in the process of cement production in Ningxia Building Materials. Water was mainly used for indirect cooling and humidification by various mills, air compressors, and other high-speed operating equipment. Water consumption increases as the production scale of Ningxia Building Materials expands continuously. To ensure that water consumption does not exceed the planned indicators, Ningxia Building Materials has formulated a water management system to tap the potential within the company, make full use of existing facilities to increase the water recovery rate, and increase the reuse rate of cooling water so as to fundamentally alleviate the contradiction of water supply-demand. Water reuse measures implemented by Ningxia Building Materials include:

- 1 Circulating water replenishment system: recycle, replenish and continuously supply water through water pumps during production; and
- ② Green water: In recent years, the greening area of Ningxia Building Material's plant has been expanding, and water demand has also been increasing. For this reason, Ningxia Building Materials clarified that only discharged water used after the production cooling cycle can be used as green water.

#### Case Sharing

Qilianshan adopted positive water-saving measures. All water used in the production process was recycled without wastewater discharge. At the same time, in order to reduce production water, Qilianshan regularly inspects the circulating water pipe network and regularly cleans the circulating water sedimentation tank, thereby better saving water resources. In 2020, Lanzhou Qilianshan Concrete Engineering Co., Ltd., a subsidiary of Qilianshan, invested RMB300,000 to build sewage treatment facility and implemented comprehensive treatment of rain and sewage to further save water resources.

#### **Upgrading eco-technologies**

The Group continuously upgrades its eco-technologies and carries out technical improvement on the existing basis with reference to the latest local and overseas standards and experience. The Group also encourages each subsidiary to strengthen energy conservation and emission reduction and improve resource utilization efficiency through independent innovation.

#### Case Sharing

Zhongfu Lianzhong Lianyungang Blade Plant, a subsidiary of China Composites, actively improved the working environment of mechanical processing by installing dust collection facilities to change the dust generated by grinding from unorganized emissions to organized emissions; exhaust gas treatment and dust collection facilities have been installed in the plant's tube and tank plant area, thereby effectively reducing pollution and protecting the environment. On 27 November, 2020, the clean production work of Zhongfu Lianzhong passed the examination and acceptance of the expert group of the Development Zone Bureau of the Lianyungang Ecological Environment Bureau. In 2020, Zhongfu Shenying, a subsidiary of China Composites, completed environmental protection technology upgrading projects such as exhaust gas collection in the raw silk workshop, pretreatment transformation of sewage stations, and efficiency improvement of exhaust gas treatment of sewage stations. In addition, through the unremitting efforts of research and development personnel, the glass fiber felt II line of Zhongfu Liberty, a subsidiary of China Composites, extended the "Thin Felt+" technology upgrading project, which effectively reduced organic exhaust gas emissions. The project also replaced natural gas combustion heating with steam heating to reduce the use of natural gas and the emission of combustion exhaust gas.

#### Case Sharing

Sinoma Blade, a subsidiary of Sinoma Science & Technology, carried out a special solid waste reduction project. The main treatment measures included reducing solid waste generation through technological transformation, and implementing reduction and exemption of auxiliary materials and optimization of fiber sleeve cutting; implementing cut-free technology for parts, and recycling and reusing original packaging materials. At the same time, Sinoma Blade promoted the use of water-based paint instead of oil-based paint. Compared with oil-based paint coating, the volatile organic compounds emission was reduced by 82.36%, and the amount of hazardous waste was reduced from the source. In addition, Hunan Zhongli, a subsidiary of Sinoma Science & Technology, implemented waste oil film reduction measures to reduce the amount of waste oil film produced without affecting product quality, and optimized the treatment process for abnormal conditions such as broken film to reduce waste oil due to abnormal conditions. Since the full implementation of this technical upgrade in November 2020, the amount of waste oil film produced has decreased by more than 50% compared to before.



#### Circular economy

The Group has taken the initiative to address issues such as climate change and overcapacity to facilitate green and low-carbon circular development in the industry. The Group continues to vigorously promote pure low-temperature waste heat recovery for power generation of cement rotary kilns. As of December 2020,

the system of waste heat recovery for power generation of the subsidiaries in the cement business segment of the Group has generated

9.041 GWh of electricity



**Emission** reduction of



7.58 million tonnes of carbon dioxide

Emission

1\_691 tonnes of sulfur dioxide

The Group also advocates use of renewable energy and used approximately

**50.980** MWh electricity generated by solar power systems.

#### Case Sharing

In 2020, Sinoma Cement used waste heat to generate approximately 598 GWh of electricity, which is equivalent to saving 77,125 tonnes of standard coal and reducing 20,8238 tonnes of carbon dioxide emissions, and generated economic benefits of nearly RMB358.72 million. During the Reporting Period, Sinoma Cement intensively carried out the upgrading and transformation of fans, the improvement of operational efficiency of large fans, the transformation of coal-saving and resistance reduction in the production system, etc. The third-generation grate coolers of Sinoma Hengda and Sinoma Anhui under Sinoma Cement were upgraded to the fourth-generation grate coolers. In addition, the comprehensive power consumption per tonne of cement produced by Sinoma Cement decreased by 1.97 kWh, and the comprehensive power consumption per tonne of clinker produced decreased by 1.91 kWh.

#### Case Sharing

China United Cement actively implements CNBM's core philosophy of "optimizing the use of resources to serve and construct", implements the China United Cement Blue Sky Action Plan (2019-2021), and always adheres to low-carbon production and operation mode to create a green and environmentally friendly industry. All clinker production lines of China United Cement have been fully equipped with a pure low-temperature waste heat power generation system. During the Reporting Period, the accumulated waste heat power generation of each clinker production line exceeded 1,638 GWh, an increase of 42 GWh compared with that in 2019.



In terms of products, the Group always pays attention to the performance of the whole life cycle of the products, and is committed to providing high-quality, safe and healthy, green and environmentally friendly building materials.

The Group has adjusted the structure of basic building material products and actively advanced the cement business in the direction of "high performance, specialized, cross-industrial, and product-oriented", providing clients with high-quality, green and low-carbon cement products; the Group has developed and used industrial waste resources as raw materials to produce building materials, thus reducing the consumption of natural minerals; products that have reached the end of their life cycle are recycled as much as possible or effectively disposed.

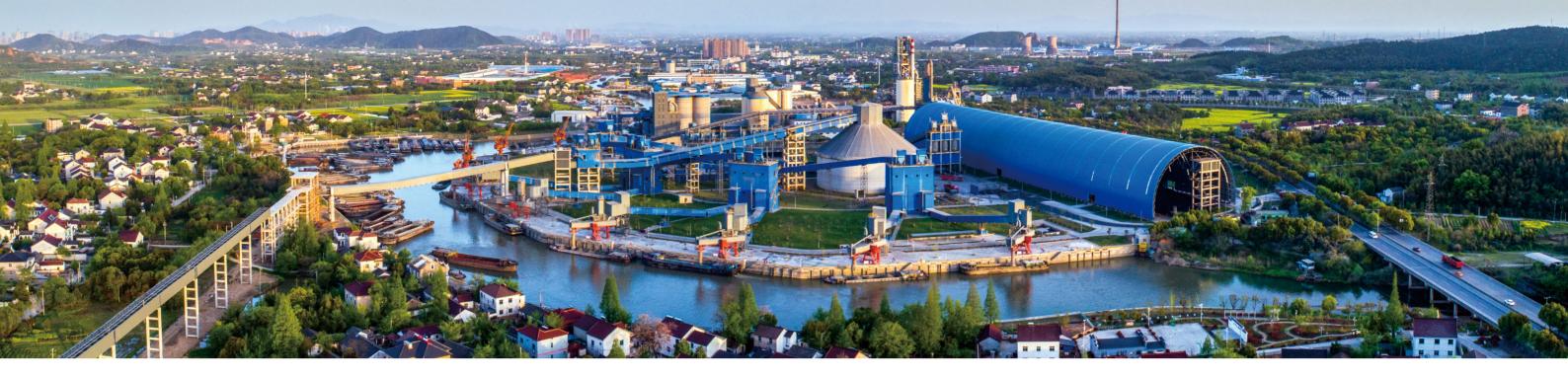
In addition, the Group has provided advanced and serialized wind power blades, solar thin film battery modules and special cement products to provide quarantees for the healthy development of new energy industries such as wind power, photovoltaic power and hydroelectricity, etc.



The Group adheres to sustainable development and strives to explore the pattern of harmonious coexistence of nature, society and industry. The Group's significant impacts during operation on the environment and natural resources mainly include the removal of vegetation at the mine sites during mining part of the raw materials used in the cement business segment, and the fuel consumption and exhaust emissions during the operation of the cement business segment. The Group respects the Convention on Biological Diversity and carries out strict verification on the site selection and layout design of factories; during the construction of projects, steps are taken to protect natural habitats, wetlands, forests, corridors for wildlife and agricultural lands, and to mitigate adverse impacts on the surrounding environment and communities as much as possible. The subsidiaries of the Group engaging in the manufacturing industry pay attention to the greening and beautification of the site area and its surrounding environment; the Group has combined industrial production with gardening and landscaping and flora and fauna, and is committed to creating a green factory to achieve the natural integration of the industry and its surrounding ecological environment.

In addition, the Group's mining activity is carried out according to the Green Mine Convention. The mining process is required to be scientific and orderly, in order to strictly control the impacts on mining areas and the surrounding environment and to protect ecological environment. The Group carries out ecological restoration swiftly after the mining is completed. During the Reporting Period, the Group strengthened the scientific planning and the management of mine construction, and fully promoted green mine construction. The Group owns a total of 40 nationallevel green mines.





#### Case Sharing

Southern Cement practices the environmental protection concept of "lucid waters and lush mountains are invaluable assets", and has established a management system for the development and comprehensive utilization of mine resources. Southern Cement has been strengthening its cooperation with Sinoma Mining, promoting the normalized and standardized construction of various mines under Southern Cement, and vigorously promoting the use of environmentally friendly mining equipment. Southern Cement plans to build 10 green mines in 2021 and increase the comprehensive utilization rate of mine resources to 90%. To achieve this goal, Southern Cement has implemented various environmental protection measures including:

- 1 Strengthen mine compliance management. Southern Cement carefully sorts out mine compliance procedures in terms of resource exploration, environmental assessment, spatial planning, land planning, forest land planning, water resources planning, etc.; strengthens the comprehensive management of the ecological environment of the mines, focuses on the comprehensive management of the surrounding mines in various protected areas, and investigating, correcting and rectifying the problems as soon as they are found or within a limited time;
- Improve the comprehensive utilization rate of mine resources. Southern Cement actively carries out comprehensive recycling of waste resources in mining, and strengthens compliance storage, effective disposal and compliance of mine stripping materials, waste rocks, tailings and slag in accordance with the principles of "reduction, reuse and recycling";
- 3 Strictly implement the main responsibility of mining and management. Southern Cement strictly implements the main responsibility for the ecological restoration and management of mines, promotes the restoration and management of mountains, water, fields, forests and lakes in abandoned mines and dump sites, reconstructs the ecological environment of abandoned mines, and strengthens the source protection function of mine resource management on ecological environment, and carries out the restoration and treatment of mine slopes, transportation roads, terminal platforms and industrial sites in accordance with the requirements of the mine geological environment restoration and comprehensive treatment plan and the land reclamation plan; and
- 4 Take multiple measures to implement mine pollutant control and risk management and control. Southern Cement continuously improves the interception system, drainage system and sewage treatment facilities of its mines, implements the separation of clean water and sewage, strengthens the reuse of wastewater in mining areas, and reduces discharge; regularly maintains and cleans up the interception system, drainage system and other sewage treatment facilities in the mining area to ensure the normal operation of the facility. In addition, Southern Cement carries out patrol inspection on all the mines during flood season to avoid geological hazards such as landslides and mudslides from adversely affecting the normal production of mines.

#### Case Sharing

Two of the six green mines promoted by Tianshan Cement in 2019 have been completed by the end of the Reporting Period. Tianshan Cement strictly conducts researches on site selection and layout of the factory, protects natural habitats, wetlands, forests, wildlife corridors and agricultural land in the construction of projects, and minimizes the adverse impact of the company on the surrounding environment and communities. Tianshan Cement pays attention to the local greening work, actively implements the greening area promised in the early stage of the project planning, and realizes the natural integration of industry and surrounding ecology. In response to the national green development requirements, Tianshan Cement has achieved scientific and orderly development and utilization of mineral resources, and is committed to minimizing the impact on the mining area and surrounding ecological environment, so as to realize environmental protection, rationalization of mining and efficient utilization. Tianshan Cement will continue to move towards the direction and goal of green mine construction.

#### Case Sharing

Qilianshan strives to build garden-style factories and green factories, and is committed to constructing green mines. It actively abides by the Green Mines Convention in terms of mining, and requires the mining process of its mines to be scientific and orderly. Qilianshan strictly controls the impact of various mining activities on the mining area and the surrounding environment, and continuously strengthens ecological environment protection. After the completion of mining, Qilianshan will promptly organize relevant departments to carry out ecological restoration work in the mining area to ensure orderly restoration and management of environment and natural resources. As of the end of the Reporting Period, a total of two mines in Qilianshan were selected into the national mine list, and two mines were selected into the provincial mine list.

Year-over-

year change

**↑**68.1%

Year-over-

Year-over-

year change

### **Highlights of 2020**

This section illustrates the environmental performance of the Group on emissions and use of resources during the Reporting Period<sup>7</sup>.

#### **Atmospheric emissions**



Nitrogen oxides (NO<sub>x</sub>) (Tonnes)

year change **↓** 5.4%

143.168 2019



(SO<sub>2</sub>) (Tonnes) 11.422

16.749

2019

Year-over-

**↓** 0.2%

year change

Sulfur dioxide

**₩31.8**%

Year-over-

year change

2020

Industrial

(Tonnes)

particulate matter

Year-over-

**↓27.1%** 

Year-over-

year change

Year-over-

**↓** 0.7%

year change

year change

27.104 2019



Total greenhouse das emissions (Tonnes CO<sub>2</sub>e)

254,756,251

255.161.300



Direct (Scope 1) greenhouse gas emissions (Tonnes CO<sub>2</sub>e)

**↓** 6.3%

239,033,524

255.161.300



Indirect (Scope 2) (Tonnes CO<sub>2</sub>e)

2020 N/A

2019

Year-overyear change

N/A

(Tonnes CO<sub>2</sub>e/RMB million)

1,000



Intensity of greenhouse gas emissions

1.007 2019

2020

- 7: The denominator used for the calculation of intensity data is the "Revenue (i.e., RMB million)" of the Group in the specific year.
- 8: The data for 2020 includes direct greenhouse gas emissions (Scope 1) and indirect emissions (Scope 2). The statistical scope has been expanded. Compared with that in 2019, the Group's indirect greenhouse gas emissions (Scope 2) during the Reporting Period have been newly added. The calculation is based on the Guidelines for Accounting Methods and Reporting Greenhouse Gas Emissions for Chinese Cement Production Enterprises and the Notice on Doing a Good Job in the 2018 Carbon Emission Report and Verification and Emission Monitoring Plan Preparation.
- 9: The statistical scope was made with reference to the Directory of National Hazardous Wastes. During the Reporting Period, due to the increase in product output and business of some major operating entities of the Group's new materials business segment, hazardous solid waste generation of the Group increased in 2020

### Self-produced solid wastes



Self-produced hazardous solid waste<sup>9</sup> (Tonnes)

**†64.0%** 

Year-over-

year change

3,539

2.158



Self-produced Year-overnon-hazardous year change solid waste (Tonnes)

**521.043 ↓** 2.7%

535,357

produced nonhazardous solid waste (Tonnes/ RMB million)

2.05

2020 2.11 2019

**†90.3%** 

Intensity of self-produced Year-overhazardous solid waste year change (Tonnes/RMB million)

0.0085 2019

**†63.2%** 

Year-overyear change

Discharge to water

Amount of self-produced solid waste1 disposed (Tonnes)

2020

505,463

Year-over-

**↑**56.3%

vear change

Year-over-Disposal year change rate of self-

Percentage of self-

0.67

2020

0.40 2019

produced hazardous

solid waste in total self-

produced solid waste (%)

vear change produced solid waste (%)

**↓** 1.1%

2020 94

2019

### **Noise**

### Comprehensive utilization of solid wastes



Amount of solid waste utilization, elimination and disposed<sup>11</sup> year change (Tonnes)

177,746,193

93,401,425 2019

Amount of chemical oxygen demand (COD)13 (Tonnes)

2020

592 2019



Proportion of companies meeting noise level standards (%)

2020

100 2019

10: Including self-produced hazardous and non-hazardous solid wastes.

- 11: During the Reporting Period, the product output of some major operating entities of the Group's cement business segment increased, and the Group gave active play of its own industrial advantages to assist in the utilization and disposal of solid waste in the regions where its major operating entities locate. Therefore, the total amount of solid waste utilization and disposal of the Group increased in 2020.
- 12: During the Reporting Period, due to the increase in product output and business of some major operating entities of the Group's new materials business segment as well as the change from tap water to surface water in some major operating entities of the Group's new materials business segment, the amount of COD of the Group increased in 2020.

### **Highlights of 2020**

### Energy use<sup>13</sup>

(MWh)	Year-over-year change	33,210,739 2019  Total energy consumption (direct and indirect) (MWh)	Year-over- year change	N/A 2019  Intensity of total energy consumption (MWh/RMB million)	Year-over-year change
		33,210,739	$\overline{\lambda}$	N/A	\$ = 1
<b>33,210,739</b>		2020		2020	
<b>35,943,598</b> 2020	9.0%	34,158,107	<b>1</b> 2.9%	24,611,822	N/A
93	Year-over- year change	Electricity (MWh)	Year-over- year change	Among which: purchased electricity (MWh)	year change
<b>373,835,518</b> 2019		<b>369,057,088</b> 2019		<b>4,778,430</b> 2019	
(MWh)	Year-over- year change	Coal (MWh) 356,278,134	Year-over- year change	Natural gas <sup>14</sup> (MWh) <b>5,440,273</b> 2020	Year-over- year change ↑13.9%

### Rational utilization of waste heat



2020

Number of cement clinker production lines built and under construction

2019

397

Among which: the number of cement clinker production lines in line with waste heat power generation system that have been or are being equipped with waste heat power generation

2019

330 339 **↓** 4.5%

Year-over-

year change

Year-overyear change

**↓** 2.7%

์ บัรกั

Installed capacity of Year-overwaste heat generating year change system (MW)

2020 2019

Among which: the installed capacity of waste heat power generation under construction (MW)

Year-overyear change

**†**35.0%

**↓** 5.8%

2020

Waste heat power Year-overgeneration (GWh) year change

2019

**1** 2.8%

### Emission reductions resulting from waste heat power generation<sup>16</sup>

60

2019



2020

Carbon dioxide

Year-over-

year change

1.763

2020 1,671

2019

Year-over-

Nitrogen oxide

(Tonnes)

2020

**†** 5.5%

Year-over-

year change

(Tonnes) 1,691

2020

1,759

2019

Sulfur dioxide

**↓** 3.9%

(Tonnes) year change

Year-over-

year change **↓** 2.3%

Year-over-

344

2020 352

2019

Dust

### Water and packaging material use

Year-over-



2020

N/A

2019

Water consumption<sup>1</sup> (Tonnes)

year change **†14.9%** 

114,876,113



407,046,258

Intensity of water consumption (Tonnes/RMB million)

518 2020 453

**†14.3**%

Year-over-

year change

2019



54

2020

66

2019

2020

1.606

2019

Use ratio of recycled water (%)

Year-overyear change

**↓18.7%** 



7,395,424

Number of issues in sourcing water that is fit for purpose

year change

2020

0 2019



Cement packing bags

Year-overyear change

1,898,540,935

2,016,870,711

- 16: Calculations were set out based on the data of carbon dioxide, nitrogen oxide, sulfur dioxide and dust emissions per unit of thermal power generation in the China Power Industry Annual Development Report 2020.
- 17: During the Reporting Period, due to the increase in product output of major operating entities of the Group's cement business segment, the further improvement of the green mine operation and maintenance and plant greening of the main operating entities of the Group's cement business segment, and the increase in product output and business of some major operating entities of the Group's new materials business segment, the total water consumption of the Group increased in 2020.

- 13: Calculations were set out based on the electricity and fuel consumption, the conversion factors provided by the International Energy Agency and the Stock Exchange's Appendix 2: Reporting Guidance on Environmental KPIs.
- 14: During the Reporting Period, due to the increase in product output of some major operating entities of the Group's cement business segment, the increase in product output and business of some major operating entities of the Group's new materials business segment, and the extended heating period of the Group in the first half of 2020, the natural gas consumption of the Group increased in 2020.
- 15: During the Reporting Period, due to the increase in product output of some major operating entities of the Group's cement business segment, the increase in product output and business of some major operating entities of the Group's new materials business segment, and the newly added data of the Group's purchased heat in 2020 in comparation to that in 2019, the indirect energy consumption of the Group increased in 2020.



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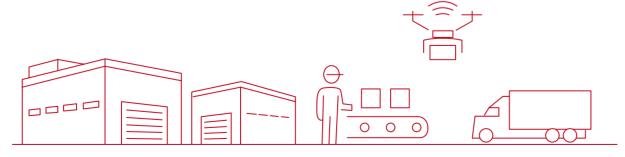
### Standardized Employment

CNBM strictly complies with laws and regulations related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, other benefits and welfare, which have a significant impact on the Group, including but not limited to the Labor Law of the PRC and the Labor Contract Law of the PRC, the Employment Promotion Law of the PRC, Law of the PRC on the Prevention and Control of Occupational Diseases and other laws and regulations in China and the countries and regions where it operates. The Group upholds the principles of equal competition and merit-based recruitment and selection in the process of recruitment and employment and has formulated and implemented systems to standardized personnel management. Furthermore, the Group has standardized its dismissal procedures according to relevant measures in a rational manner. The Group also requires new employees to provide accurate and actual personal information when onboarding. Applicants that have provided material or information which is later verified to be false will not be hired; the Group will terminate the probation period or labor contracts for employees who have provided falsified material or information. Additionally, the Group strictly reviews the identity information of candidates in the recruitment process to prevent recruiting child labor. Meanwhile, the Group firmly complies with laws and regulations related to preventing forced or child labor, including but not limited to the Law of the PRC on the Protection of Minors, etc.



# People-Oriented

The Group's compensation and benefits for employees include salaries, allowances and other related benefits. Under laws and regulations relevant to labor and social welfare, the Group is required to pay social insurance premiums such as endowment insurance, work-injury insurance, medical insurance, unemployment insurance and housing funds, etc. on behalf of employees every month. The compensation policy for employees of the Group is implemented in accordance with responsibilities of each position, and the performance bonus is pegged to the overall economic performance of the Group. The Group pays attention to employees' physical and mental health. The Group has formulated an internal employees' Leave and Attendance Regulation, which stipulates that employees are entitled to sick leave, personal leave, marriage leave, maternity leave, paid annual leave and statutory holidays. At the same time, the Group regulates employees' working hours, and offers overtime compensation for employees who exceed the statutory working hours. In addition, the Group encourages employees to achieve a win-win model of work-life balance through a series of welfare measures. Furthermore, the Group organizes various cultural and sports events from time to time to enrich employees' cultural life, enhance employees' bonding and improve team cohesion.





### **Equality and Diversity**

As of 31 December 2020, the Group had a total of 154,096 employees, and the ratio of male to female employees is about 3.28 (2019: 3.27). The Group attaches great importance in maintaining workplace diversity, and is committed to providing a safe, healthy and harmonious working environment for every employee. The Group will never treat candidates and employees differently based on their gender, age, race, ethnicity, religion, culture and sexual orientation, and will never tolerate any forms of discrimination within the Group.

At the same time, in order to lay a solid foundation in human resources for the sustainable development of the Group, the Group enhances team cohesion and employees' sense of collective belonging through continuous improvement of human resources policy, employee welfare, vocational training and leisure activities. Adhering to the principle of paying employees according to their performance and working efforts, the Group sets up and implements a reasonable salary management system based on employees' work capability, job responsibilities, market salary level and other factors.

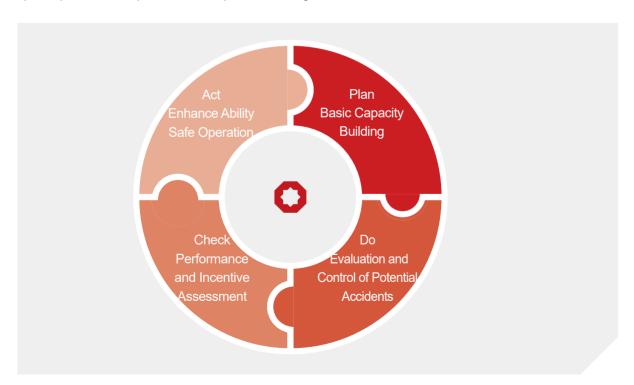
The Group respects and upholds international covenant on human rights, the Labor Law of the PRC and other laws and regulations, firmly prohibits the employment of child and forced labor, and opposes any forms of discrimination during recruitment processes and subsequent employment. The Group adheres to the model of localized management, with practical actions to promote the development of people's livelihood in the areas where the Group's projects are located. The Group advocates the management model of "localized employment and localized resources use", facilitates the development of communities nearby the location of the Group's projects, provides job opportunities and promotes economic development. The Group fulfills its responsibility to create a harmonious development environment for the construction, development, operation, and management of its overseas projects.

### **Safety and Development**

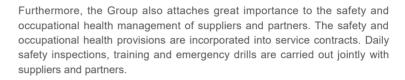
The Group is committed to providing a safe, healthy and harmonious working environment for every employee. Ensuring the safety and health of employees is the primary task in the development of the Group. Through in-depth research and analysis of the production characteristics of the building materials industry, the Group continuously improves the Measures for Occupational Health Supervision and Management in Workplaces of CNBM, and continuously strengthens the occupational health protection and management of employees, so as to effectively prevent, control and eliminate occupational hazards.

The Group strictly abides by the laws and regulations related to occupational health and safety that have a significant impact on the Group, including but not limited to the Work Safety Law of the PRC, the Law of the PRC on the Prevention and Control of Occupational Diseases, the Measures for the Supervision and Administration of "Three Simultaneities" of Facilities for the Prevention and Control of Occupational Diseases of Construction Projects and other national laws and regulations and industrial standardized guidelines for work safety, and has established a relatively comprehensive safe production organizational system. In accordance with related laws and regulations as well as its own characteristics, the Group has formulated the Measures for Occupational Health Supervision and Management in Workplaces of CNBM to strengthen the supervision and management of occupational health, and to effectively prevent, control and eliminate occupational hazards. In addition, based on in-depth studies and analysis of building material industry's production characteristics, the Group has continuously optimized supporting facilities for dust prevention, toxin prevention, noise reduction and emergency alerts, and first-aid equipment has also been provided in production areas. In strict accordance with the requirements of labor protection, employees are equipped with quality and reliable personal protective equipment including work clothes, safety helmets, protective shoes, gloves, anti-noise earmuffs, dust masks, etc. The Group also regularly arranges health examinations for employees.

The Group intensifies inspections for potential risks and actively promotes closed-loop control, which is composed of "basic capacity building - assessment and control of potential accidents - work performance and incentive assessment - enhance the ability for safe operation" (PDCA<sup>18</sup>), to achieve the PDCA improvement cycles. The Group has explored and established an inspection and management system for hidden risks, with the practice of job responsibility as the core, the list-checking standard as the tool, the closed-loop self-investigation and reporting as the method, and the means of information management as the support. Moreover, the Group promotes the use of information technology in the daily management of safe production and has self-developed a safety management information system that has enabled the online management of safety qualifications, safety basic archives, potential risk investigations, hazardous sources management, safety inspections, safety training and other important procedures and processes of safe production management.



As a national pilot enterprise of standardized safe production, the Group actively promotes the establishment of standardized safe production for cement and other enterprises, improves the safety management system, increases the safety management level, and boosts safety management performance. The heads of the enterprises are the primary persons who are responsible for safety in workplaces and are directly responsible for safe production. All key production enterprises are equipped with full-time safety management personnel. The Group has also established an unimpeded channel for feedback and encourages all the staff to participate in safety management. The Group also attaches great importance to building up its safety management team and strictly follows the Safety Training Management Measures of CNBM. It guarantees the popularization of safety knowledge and implementation of safety procedures, deepens employees' awareness of safety responsibilities and improves employees' awareness of occupational hazards and self-protection capabilities through various types of training and assessments.





#### Case Sharing

Ningxia Building Materials has established and continuously improves the safety production management system and standardizes the safety management provisions and operation procedures to ensure the full coverage of safety management and the effective operation of the enterprise safety management system. Through technological innovation and transformation, Ningxia Building Materials reduces the frequency of direct exposure of workers to safety risks and occupational health hazards. Ningxia Building Materials constantly improves the supporting facilities and first aid equipment such as anti-dust, anti-toxic, noise reduction and emergency management equipment in the production site, and equips it with reliable labor protection products in strict accordance with the requirements of labor protection. In addition, Ningxia Building Materials regularly organizes employees to attend physical examination, and adds special items for employees in special positions such as dust and radioactivity.

To build a safety and environmental protection accountability system and assessment mechanism covering all employees, Ningxia Building Materials signed the Safety Production Target Responsibility Letter with the responsible persons of its subsidiaries in early 2020, and urged all subsidiaries to sign the target and responsibility letter at all levels. Ningxia Building Materials and its subsidiaries have formulated targeted safety and environmental performance evaluation methods through detailed and quantified evaluation indicators. The methods were implemented and evaluated at various levels to build a safety production responsibility system with "full participation of personnel, no dead ends in management and full coverage of responsibilities", form a safety production assessment mechanism of "managing safety together and assigning responsibility to personnel", and provide guarantee for the effective implementation of the safety production responsibility system of all subsidiaries.

In addition, in order to strengthen the investigation of hidden hazards, Ningxia Building Materials actively promotes the informatization of the daily management of safety production, independently researches and develops a forecast and early warning information platform for safety production. The effective connections between the operation and standardized construction of the safety information platform, risk classification management and control, investigation and management of hidden hazards and dangerous operation approval have enabled employees to develop the habit of consciously detecting hidden hazards, improved the efficiency of safety management, and provided convenient conditions for the realization of multi-method, multi-dimensional and multi-level safety management.

In 2020, the COVID-9 pandemic spread globally. Sinoma International conscientiously implemented various deployments of higher-level units on pandemic prevention and control, comprehensively strengthened organization and leadership, formulated scientific prevention and control plans, and spared no effort to guarantee protective materials. In particular, after the pandemic broke out abroad, Sinoma International established an overseas pandemic prevention and control organization level by level, and incorporated overseas subcontractors and local employees into the unified management of the project department based on the actual situation of the country and the project so as to ensure the "four management in place" of personnel control, prevention and control measures, anti-pandemic materials, and key group control and to protect the safety and physical health of all employees.

The Project Department of Nigeria DANGOTE Oil Refinery has formulated seven emergency plans and various pandemic prevention and control measures, established a joint control mechanism with designated medical hospitals to prepare sufficient medical and daily supplies, and carefully implemented each prevention and control link. As of December 2020, the number of local employees of Sinoma International Project Department increased from 397 during the lock-down period to nearly 2,000. The daily concrete pouring exceeded 1,100 cubic meters, which had recovered or even exceeded the level before the pandemic and was highly praised by the project client. Sinoma International was invited to participate in the compilation of the Guidelines for the Prevention and Control of COVID-19 Pandemic in Overseas Projects of Central Enterprises, which has been widely used in overseas projects of central enterprises.

Furthermore, in order to reduce the risk of employes exposing to silicon and silicosis, the Group has proactively taken various measures, including: adopting wet work and equipping with dust control facilities during work, so as to reduce dust emissions; equipping with protective equipment and requiring employees to wear dust masks correctly; conducting annual occupational hazards factors inspections and health examinations for all employee.



#### Co-development

Through studying advanced personnel training experiences and combining this with its own development characteristics, the Group has established an employee development and training platform with multiple channels, multiple forms, different levels and various focuses. The Group adopts the training methods of "internal training as the principal, external training as the supplement", sharing educational resources and building the Group's three-dimensional training system. The Group also supports employees' enrollment in independent training and encourages employees to study proactively by providing support and back-up (in terms of working hours, training investment input and incentive mechanisms, etc.) to encourage furthereducation, further-training and further-learning. At the same time, the Group regularly evaluates and grades work performance of all formal employees each year, so as to determine the promotion and salary adjustment of employees.

Part of the Group's internal training activities are listed below:

Lectures for corporate management and business knowledge, onsite inspections at enterprises and team quality expansion, etc.

#### **Employee Orientation Training**

To carry out various forms of emergency drills, thereby improving the feasibility, coherence and reliability of emergency rescue systems and contingency plans. To accumulate practical experience of dealing with emergency and enhance safety awareness and skills of employees.





Through safety training to improve the level of safety production, technical knowledge of workers and safety management of managers, and to encourage managers to update their technical knowledge in a timely manner.

Safety Knowledge Training



Through this training. China United Cement strengthened the archive management staff's understanding of the importance of archives management, boosted their confidence, enabled them to understand and master the normative requirements of archive management and laid a good foundation for the standardized management and the steady improvement of archive management level.

The competition aimed to give play to the leading role of vocational skills competition in the training of employee talents, further stimulate the enthusiasm of employees to learn technology, practice skills and compete in skills, build a platform for frontline employees to learn, exchange and demonstrate skills, and to cultivate a knowledge-based, skilled and innovative high-quality team.





On 19 March, 2020, Sinoma Lithium Membrane launched a team management improvement training camp and reading sharing session with the theme of "consolidating wisdom and building dreams", which lasted for five months and one day. All the managers of mid-level or above of Sinoma Lithium Membrane participated in it, sharing 21 books and forming 21 outstanding PPT presentations.



## **Highlights of 2020**

This section illustrates the social performance of the Group on employment, occupational health and safety and employee training during the Reporting Period.

Year-over-

**↓49.7%** 

year change

### Expense on employee benefits<sup>19</sup>

Year-over-

**†** 4.7%

year change



Salaries, bonus, and other allowances (RMB'000)

17,509,414 2019



Equity-settled sharebased payment expenses (RMB'000)

5,514

10,968



Retirement plan contributions (RMB'000)

1,047,726

**₩39.9%** 

Year-over-

year change

1,744,184 2019

### **Employee composition**

200	Total number of employees 154,096	<b>155,606</b> 2019	Year-over- year change ↓ 1.0%			
By gender	Male	Year-over- year change	Female	Year-over- year change		
2020	118,084	<b>↓</b> 0.9%	36,012	<b>↓</b> 1.1%		
2019	119,206		36,400			
By employment type	Permanent	Year-over- year change	Temporary/fixed term	Year-over- year change		
2020	151,140	<b>↓ 0.8%</b>	2,956	<b>↓ 7.9%</b>		
2019	152,398		3,208			
By age group	Below 30	Year-over- year change	30 to 50	Year-over- year change	Over 50	Year-over- year change
2020	33,900	<b>↓</b> 1.0%	96,347	<b>↓</b> 1.0%	23,849	<b>↓</b> 1.0%
2019	34,240		97,283		24,083	
By region	Mainland China	Year-over-	Region of Hong	Year-over-	Overseas	Year-over-

Kong, Macau,

and Taiwan

year change

1,995

year change

#### 19: Including directors' remunerations.

153,605

2020

2019

### Rate of employee turnover

By gender	Male (%)	Year-over- year change	Female (%)	Year-over- year change		
2020	4.0	0	4.3	0		
2019	4.0		4.3			
By age group	Below 30 (%)	Year-over- year change	30 to 50 (%)	Year-over- year change	Over 50 (%)	Year-over- year change
2020	6.9	<b>1.5%</b>	3.4	0	2.2	<b>↓</b> 12.0%
2019	6.8		3.4		2.5	
By region	Mainland China	Year-over- year change	Region of Hong Kong, Macau, and Taiwan (%)	Year-over- year change	Overseas (%)	Year-over- year change
2020	4.0	<b>↓</b> 2.4%	0	0	<b>6.5</b>	<b>↓</b> 7.1%
2019	4.1		0		7.0	

### Work-life balance of employees

Year-over-

year change



3,748

2019

Activities held and organized for employees (Sessions)

**↑** 0.9% 3,781 2020

year change

**↓** 1.0%



379

2020

558

2019

Participating activities organized by industrial associations (above provincial level) (Sessions)

year change

**↓32.1%** 

Year-over-

2020

2019



Different activities Year-overemployees year change

**↓13.0%** 

231,466

participated in

(Person-Times)

### **Highlights of 2020**

### Supports and rewards for employees



Comfort special employees and help employees with difficulties (Person-Times)

Year-overyear change

Offer grants to the children of employees with difficulties

to go to school or reward the children of employees to go to school (Person-Times)

902

**¥** 8.1%

Year-over-

2020

+

**↓45.8%** 

with critical diseases year change

Year-over-



Total expense on comforting special employees and helping employees with difficulties (RMB million)

Year-overyear change

Total expense on offering Year-overgrants to the children of year change employees with difficulties to go to school or rewarding the children of

employees to go to school (RMB million)

Total expense on helping employees with critical diseases (RMB million)

Year-overyear change

2020

**↓11.2%** 

2020

2019

2019

Help employees

(Person-Times)

2020

7.50 2019

**†** 400.0%

**¥** 8.4%

2020

1.70 2019

**↓19.6%** 

Year-over-

year change

1.04

2020

**129.7%** 

**†**17.2%

### Percentage of employees who received vocational training

By gender	Male (%)	Year-over- year change	Female (%)	Year-over- year change		
2020 <sup>20</sup>	<b>79.0</b>	N/A	21.0	N/A		
2019	35.0		32.0			
By employee category	Senior (%)	Year-over- year change	Middle-level (%)	Year-over- year change	General (%)	Year-over- year change
2020	6.0	N/A	24.0	N/A	<b>70.0</b>	N/A
2019	40.0		35.0		32.0	

### Average hours of training per employee who received vocational training

By gender	Male (Hours)	Year-over- year change	Female (Hours)	Year-over- year change		
2020	<b>42.0</b>	0	36.0	<b>1</b> 2.9%		
2019	42.0		35.0			
By employee category	Senior (Hours)	Year-over- year change	Middle-level (Hours)	Year-over- year change	General (Hours)	Year-over- year change
2020	50.0	0	40.0	<b>4.8%</b>	38.0	<b>↓</b> 5.0%
2019	50.0		42.0		40.0	

<sup>20:</sup> The data for 2020 were recalculated based on relevant calculation method of How to Prepare Environmental, Social and Governance Report issued by the Stock Exchange, therefore the relevant data is not applicable for comparison over the same period.

### Occupational health and safety of employees



Number of Year-overwork-related year change fatalities

Death rate Year-overper 1.000 year change persons (%)

2020 0.006

2019

**†** 404.9%

2020 8,550 2019

Lost days

due to work

Number of employees Year-overwho participate in year change occupational health and safety training (Person-Times)

2019

2020

1,405,694 2019

### Employment related litigations, complaints, and safety accidents



2020

2019

Cases involving employing child and forced labor

2020 2019

Year-over-

 $\Box$ 

Received complaints on violations of employees' legitimate rights and interests

2020

Year-overyear change year change

Received complaints on discrimination against applicants and employees

2020 2019

Year-overyear change

Violations relating to occupational health and safety that have a significant impact on the Group

2020

Year-over-

year change

2019

0

2020

Year-overyear change

Large production

safety accidents<sup>2</sup>

2019

occurred

2019

<sup>21:</sup> Refer to the Regulations on the Reporting, Investigation and Disposition of Work Safety Accidents of the PRC.



China National Building Material Company Limited **ESG Report** 



### Supply Chain Management

In terms of supply chain management, the Group forms strategic partnership with suppliers of bulk materials, communicates with each other on environmental and safety issues, etc., and timely supervises suppliers' obligations related to social responsibility in accordance with relevant national policies, so as to effectively manage environmental and social risks of supply chain. When selecting new suppliers and business partners, the Group will give priority to the partners with reliable quality, good business operational condition and good reputation, environmentally friendly and with scientific management. After the supplier to be partnered with has been determined, the Group will sign a formal contract with the supplier to avoid risks. In addition, the Group regularly communicates with suppliers to drive improvements with respect to the problems found in the cooperation in a timely manner. In addition, the Group also pays attention to the implementation of local procurement policies. In accordance with the Group's supplier cooperation conditions, the Group will give priority to business cooperation with local suppliers to promote the coordinated development of local society and

The Group has established standardized operating procedures to ensure the objectivity, impartiality and scientificity of the selection and evaluation of suppliers, to strengthen the daily management and quality assessment of the Group's suppliers and to establish a stable and win-win cooperative relationship. The Group also regularly reviews and evaluates such procedures to regulate supplier management. Each subsidiary has also developed a supplier management system that meets their actual situations in accordance with the relevant management policies of the Group, such as the Procurement Management System of South Cement, the Measures for the Supplier Management of South Cement, the Measures for the Supplier Management of BNBM, the Procurement Management System of BNBM, the Measures for the Supplier Management of Jushi Group Company Limited, the Procedures of Jushi Group Procurement Control, the Measures for the Logistics and Supply Management of Qilianshan, the Measures for Risk Prevention and Internal Control of Material Procurement of Qilianshan, and the Measures for the Supplier Management of North Cement, etc.

#### Case Sharing

Qilianshan relies on the "electronic procurement transaction platform" to conduct unified and centralized management of suppliers, build a hierarchical and classified supplier database, and conduct monthly, quarterly and annual assessments and evaluations of suppliers based on procurement categories. Currently, Qilianshan is conducting technical docking with "Credit China" and "Tianyancha", aiming to automatically obtain third-party data and evaluations and apply them to the centralized management and risk control of suppliers. Qilianshan requires suppliers to register on the procurement platform, upload qualification documents and enter the preliminary supplier database after approval.

Qilianshan's subsidiaries conduct supplier evaluations on the procurement platform according to classification and importance, and classify qualified suppliers based on the results of regular evaluations to distinguish general suppliers, important suppliers, and unqualified suppliers. In addition, the Logistics and Supply Department of Qilianshan's headquarters organizes professional inspections twice a year to conduct on-site inspections on the basic management and evaluation of suppliers. The inspection results are incorporated into the professional evaluation system of the company's logistics and supply and are also applied to the annual comprehensive operation evaluation results of its subsidiaries. Qilianshan's material procurement management system requires that environmentally friendly and green products should be preferentially adopted. During the bidding process, Qilianshan gives priority to the procurement of products with green and environmental protection certification and adopts environmentally friendly products.

At the same time, the Group also attaches importance to the performance of suppliers and business partners in ensuring occupational health and safety of their employees. Provisions of occupational health and safety are included in the business cooperation agreement. The Group actively collaborates with its suppliers and business partners to carry out daily safety inspections, safety training, emergency drills and other work together.

In the process of purchasing raw materials, the Group strongly implements green procurement and gives priority to the products that are environmentally friendly and with low carbon emission during their production processes. For the selection of energy sources, clean energy is given primary consideration. The Group vigorously promotes the use of non-fossil energy such as low-grade energy, municipal waste, biomass energy and others. As for daily office supplies, products with minimal packaging and are conducive to recycling are selected where possible.

#### Case Sharing

BNBM insists on promoting green procurement, giving priority to the procurement of energy-saving, environmentally friendly, and renewable products. Higher green procurement requirements are proposed in the selection and development of suppliers, supplier management, packaging, logistics, recycling, and other aspects to save resources and protect the environment. BNBM gives priority to purchase environmental labeling products:

In terms of supplier access criteria, special consideration should be given to suppliers' ability in environmental protection. For suppliers with limited technical capital and manpower, BNBM's purchasing department, together with research and development and technical departments, provides necessary technical support to improve the equipment and process and improve the environmental protection level of suppliers. For example, steel belt suppliers are encouraged to strengthen the investment in environmental protection and realize the purification and recycling of waste acid, wastewater, and sludge;

In terms of raw material quality, suppliers are required not to use environmentally harmful substances in production, such as gradually increasing the procurement of pure zinc and chrome-free environmentally friendly steel belts;

Give priority to clean energy when conducting energy procurement;

Establish a long-term cooperative relationship with key suppliers, and the suppliers will be responsible for the recycling of part of the packaging materials, so as to reduce the generation of packaging waste;

Suppliers are required to give priority to means of transport with minimal environmental impact and to strengthen environmental protection in the process of transport.

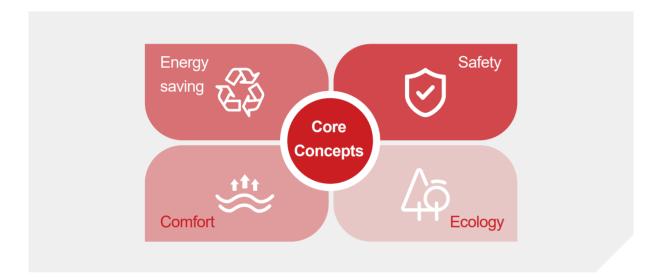
Regarding the logistics and trade, the Group applies modern internet-of-things technology and its experience in e-commerce operation to effective integrate services such as supply of bulk building materials, logistics, insurance and credit and inspection and guarantine. The Group is committed to providing comprehensive solutions to the whole process of international trade in order to completely achieve one-stop online management, and thereby enabling the Group to become a global-oriented service supplier in the building materials supply chain.

China National Building Material Company Limited

### **Product Quality**

The Group has been constantly optimizing the traditional industrial structure, extending the industrial chain, and promoting industry trends towards greenness, intelligence and being high-end oriented. Product quality control is carried out by all subsidiaries of the Group. The Group adheres to the concept that the interests of the industry are higher than the interests of the enterprise, and strives to promote structural optimization, transformation and upgrade of the industry, so as to achieve joint growth of the industry and enterprises in the industrial chain in a harmonious and win-win manner.

The Group is committed to providing green building material products. The Group researches and develops new building materials based upon the four core concepts, namely energy saving, safety, comfort, and ecology. In the production process of the Group's green building materials products, the production mode of waste utilization is adopted to turn the produced waste into energy again for recycling. In the selection of materials, the Group thoroughly considers the issues of material scrapping, recycling and reusing. The Group also spares no efforts to avoid using methods that may produce harmful substances in the process design, implements clean production and clean processing, and accelerates the development of green building materials.



The Group strictly abides by the Advertising Law of the PRC, the Trademark Law of the PRC and other relevant laws and regulations regarding health and safety, advertising, labeling and remedial measures of the products and services provided by the Group. In accordance with its actual situation, the Group has formulated the Measure for Quality Management of China National Building Material Company Limited to ensure that the products meet the requirements of production. For example, based on relevant regulations, China United Cement controls the raw materials, fuel and clinker products required for production, and sets quality-related requirements and inspection rules for raw materials and fuel for production, and strictly implements inspection procedures of products entering and leaving the factory. China United Cement resolutely identifies the causes of major quality accidents and investigates the responsibility of responsible departments and responsible persons. It provides a good after-sales service, establishes, and maintains a reviewing system to consult clients' comments on products' quality, performance, packaging, etc., establishes client profiles, and continuously improves and tracks the quality of products and services.

In addition to quality management measures, the Group has formulated product return and recall procedures. For example, Ningxia Building Materials has formulated the following product return procedures: product return should be approved by responsible personnels of the sales department and responsible leaders of each branch before implementation; customer managers and businesss managers should fill in the product return handling and approval form with respect to the returned product for the approval by the responsible personnels of the department; personnels of the quality department would conduct inspection of the quality of returned products and provide suggestion for product handling together with relevant responsible personnels; meetings would be convened by responsible leaders to study the handling comments and make approval; responsible personnels would then carry out product return in the sales system.

In terms of product services and complaints, all subsidiaries of the Group have established a pre-sale consultation, in-sale reception, and after-sales service system according to their own situations. The Group standardizes after-sales service and solves quality problems after sales in time. In addition, the Group standardizes the client complaint processing process to allow further improvement in client complaint processing efficiency and adheres to the client-oriented principle.



### Protection of Intellectual Property Right

The Group strictly abides by the Patent Law of the PRC and the Anti-Unfair Competition Law of the PRC. An intellectual property rights ("IPR") management system with the characteristics of the building materials industry has been established to provide a quarantee for scientific research to be conducted in an orderly manner. The system has been established to control the protection of IPR, the management of scientific research funds, and the confidentiality of information and to fulfil the requirements of the internal control system establishment and risk management. The Group has listed intellectual property risks as one of the overall risks of the corporate through sorting and identification and formulated and implemented corresponding risk management strategies and countermeasures to ensure that the intellectual property risks are always controllable, being controlled and affordable. Moreover, with the development of the Management System of CNBM Science and Technology Work and the CNBM Patent Management Measures, the Group has strengthened the protection of the IPR of the Group by laws and improved the Group's ability to manage IPR in research activities, production and business operations.

### **Protection of Privacy**

The Group attaches importance to protect the privacy of itself and its clients. The Group has implemented a strict confidentiality policy on the personal data of clients, and it requires employees that possess confidential information to sign confidentiality agreements with the Group. For example, in order to further standardize the protection of confidential information in sales, BNBM has formulated the Implementation Measures for the Confidentiality of Sales Information, which regulates the work of relevant personnel involved in sales information and implements the confidential management of client data and sales information. In addition, in order to further standardize the implementation of management measures, Southwest Cement has formulated the Agreement on Commercial Confidentiality to regulate the protection of confidential information concerning client information, marketing plans, pricing policies, non-public financial information, sales strategies, pre-tender and tender document contents in the bidding and daily production and operation data for relevant personnel in sales positions.

### **Highlights of 2020**

This section illustrates the social performance of the Group related to supply chain, product and service during the Reporting Period.

### **Supply chain management**



Number of suppliers with long-term partnerships

Year-overyear change

**†** 21.9%

23,162

19,254 2019

By region

Mainland China year change

**†** 20.3% 2020

13 2019

Kong, Macau, year change and Taiwan 385 **†** 2,861.5%

Region of Hong Year-over-

2020 392

19,659

2019

Number of Year-oversuppliers screened year change and controlled by environmental and

social risks 15,602 **†192.7%** 

5,331 2019

2020

By region

2020

5,100

2019

Mainland China

Year-overyear change

**†** 196.9%

2020

11

2019

Kong, Macau, year change and Taiwan

**↑** 518.2%

Region of Hong Year-over-

2020 220

2019

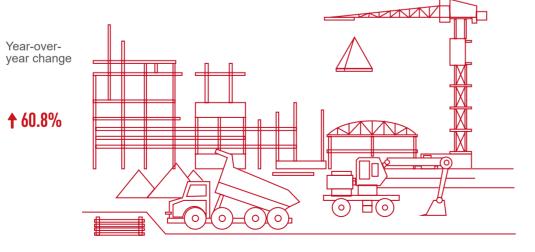
2019

Number of suppliers with quality, occupational health and safety, environmental or energy management system certification

8,510

2020

5,292 2019



### Intellectual property rights

**↑** 18.1%



Number of valid patents of the Group

2020

Year-over-

**†** 4.6%

Year-over-

**†** 77.7%

year change

year change

7,514 2019

In which the

patents of

inventions

Year-over-

**†** 31.3%

year change

Year-overyear change

2020

1.474 2019

Cases involving infringement of IPR of others

**↓** 100.0%

Year-over-

year change

2020

2019

### Issues related to products and services



Violations of regulations and the voluntary codes relating to the provision and use of the Group's products and services<sup>22</sup> that have a significant impact on the Group

2020

2019

Year-over-year change



Proportion of products to be recalled for safety and health reasons (%)

2020

2019

Year-over-year change

Litigations concerning the health and safety of products and services that have a significant impact on the Group

2019

2020

Year-overyear change

Comprehensive rate of qualified products (%)

2020

100 2019

Year-overyear change



Complaints received arising from the leak of clients' privacy information

2020

2019

Year-overyear change

22: Including but not limited to product and service information and labeling, marketing and property rights



China National Building Material Company Limited ESG Report

In 2020, the Group donated a total of more than RMB138.00 million, of which the poverty alleviation funds were mainly used for infrastructure construction, geological disaster management, industrial development, medical and health care, education sponsorship and e-commerce training, etc.





### **Targeted Poverty Alleviation**

Regarding targeted poverty alleviation, the Group actively refines the mindset of poverty alleviation. With the original intention of "give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime", the Group launches a model of "Internet + poverty alleviation", which assists the poverty alleviation in the PRC through multiple aspects, including accurate personnel assignment, targeted object selection for poverty alleviation, precise project arrangement and use of fund, to effectively provide the basic needs for the people who are in difficulties, and make the poverty alleviation achievements actually benefit the livelihood of the people. During the Reporting Period, the Group has actively carried out and participated in several specific works on poverty alleviation.



After completing pandemic prevention and control and preparation of resumption of production, the employees of Hejing Tianshan, a subsidiary of Tianshan Cement, brought the anti-pandemic propaganda, protective materials and warmth to the villagers with the responsibility of pandemic prevention and control and the company's entrustment. When entering the village this time, the employees not only brought daily necessities, but also prepared protective masks for each household. The employees taught the villagers how to wear masks correctly, how to use the WeChat platform on the mobile phone to follow pandemic prevention and control information, and told the children to study hard from an early age so as to become a useful person to the country in the future.



To further grasp the overall situation of the village, employees conducted door-to-door propaganda of antipandemic knowledge, used the village broadcasts to broadcast pandemic prevention and control knowledge every day, persuaded villagers to go out less, wash hands frequently and wear masks, and guided villagers to emphasize pandemic prevention and control in spring. Tianshan Cement effectively combined pandemic prevention and control with targeted poverty alleviation, and took multiple measures to persist in the "two-line battle" of fighting the pandemic and poverty alleviation, and strived to perform well in both pandemic prevention and poverty alleviation.

Dongzhuang Village, Dawan Township, Jingyuan County, Ningxia is a paired assistance village of CNBM. Fudan University organized practical activities on poverty alleviation for university students from 27 July to 24 August, 2020. These activities aimed to better demonstrate the achievements of China's poverty alleviation, and educate and guide young students to consciously integrate their development and personal talents into the national "two centenary goals" and to contribute to poverty alleviation in poverty villages.







The university students felt the changes before and after poverty alleviation in Dongzhuang Village. They came to lonely elderly's home, chatted with them, listened to their past life, and experienced the changes of villagers' life brought by the poverty alleviation of Dongzhuang Village. The industries of Dongzhuang Village mainly include labor services, nursery stocks and breeding. The university students visited the characteristic industries of Sorbus and Chinese bee breeding in Dongzhuang Village.



CNBM, together with the county (districts) committees of five paired assistance sites organized the "good construction" colorful classroom activity from 17 August to 20 August, 2020. As volunteers to support teaching, young employees of the Parent went to the schools of the paired assistance counties (districts).



In addition, the students in the village also brought professional photographic equipment to take pictures of the elderly and children in the village and help them record the beautiful village.

It was not only a beneficial attempt by Dongzhuang Village to introduce social forces to promote poverty alleviation but also another effective measure for Dongzhuang Village's education poverty alleviation that, university students came to Dongzhuang Village to carry out summer practice and help with poverty alleviation. This practical activity brought vitality to Dongzhuang Village, enriched the villagers' life, received a warm welcome from villagers, and achieved good results.

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### **Sunshine Charity**

To encourage employees to actively participate in various voluntary activities, the Group has provided safeguard and supports in various aspects such as human resource organizational structure, working mechanism, time management, financial support and communication and liaison, etc. Under the voluntary service system with the Communist Youth League as its core, subsidiaries at all levels of the Group have established several voluntary groups which have organized a variety of voluntary activities. Through participating in the activities, the employees have not only demonstrated their enthusiasm but also spread their happiness. During the Reporting Period, the Group carried out and participated in various specific works focusing on public welfare and charity.















The Company carried out the poverty alleviation donation activity of "Send Warmth in Winter and Clothes for Love" in the four counties and one district of CNBMG's targeted assistance sites

### Fighting the Pandemic

At the critical moment of the prevention and control of the COVID-19 pandemic in early 2020, while doing well in its own prevention and control work, the Company and its subsidiaries attached great importance, responded promptly and effectively implemented the deployment requirements of the pandemic prevention and control to actively perform the responsibilities as a central enterprise. The Group donated cash, anti-pandemic supplies such as masks and protective clothing and building materials such as cement for the construction of isolated hospitals, etc., to build a solid line of defense to win the battle of pandemic prevention and control. As of the end of 2020, the Group has donated a total of RMB 41,091,100 to the government or charitable organizations, donated masks, protective clothing, standard isolation rooms and other anti-pandemic supplies equivalent to RMB 8,379,900, and donated more than 7,300 tonnes of cement and other products.

Donated a total of RMB
41,091,100
to the government or charitable organizations

Donated masks, protective clothing, standard isolation rooms and other anti-pandemic supplies equivalent to

RMB **8,379,900** 

Donated more than **7,300** 

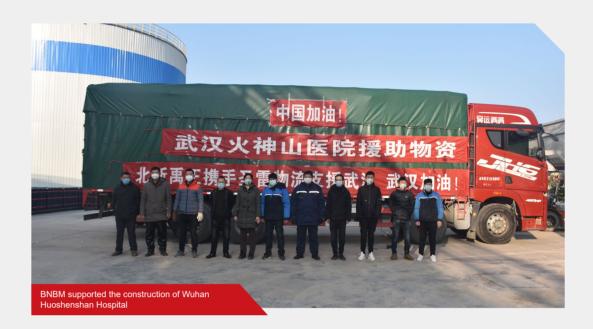
tonnes of cement and other products

When the pandemic broke out, BNBM set up several anti-pandemic commandos and went retrograde to support the construction of anti-pandemic hospitals. It successively donated and built 69 anti-pandemic hospital construction projects in 36 cities of 20 provinces (municipalities and autonomous regions) across the country. It offered a complete set of building materials products equivalent to RMB 2.92 million and donated N95 masks to the French headquarters of Saint-Gobain Group through Saint-Gobain (China) Investment Co., Ltd. to help local people fight against the pandemic.

In the face of cultural differences, lack of anti-pandemic supplies, backward medical conditions and possible impacts on production, under the leadership of the person in charge, the Company's overseas subsidiaries worked together, helped each other, overcame various difficulties and achieved the "double stability" requirements of overseas production and pandemic prevention, setting a model for Chinese-funded enterprises to fight the pandemic abroad and playing a positive role in further promoting the construction of the nation's "Belt and Road Initiatives" during the pandemic.

On 22 October, 2020, BNBM won the title of "Advanced Group of Central Enterprises in Fighting against the COVID-19 Pandemic", and Wu Ping of Jushi Egypt for Fiberglass Industry S.A.E and Qiao Qiufeng of Suzhou Sinoma Construction Co., Ltd. won the title of "Advanced Individual of Central Enterprises in Fighting against the COVID-19 Pandemic".

In order to further fight the pandemic, support the resumption of work and production of enterprises and ensure the safety of capital chain during the pandemic, the Company actively responded to important government instructions and carried out the issuance and innovation of corporate bonds on exchanges in 2020. By issuing a total of RMB 7.5 billion of corporate bonds on the SSE and successfully issuing anti-pandemic bonds, it gave full play to the important role of corporate bonds in optimizing the financing structure and improving the quality and efficiency of operations, made important contributions to corporate bond innovation, promoted the high-quality development of SSE's bond market, and won the title of "Excellent Issuer of Corporate Bonds" and "Special Award for Pandemic Prevention and Control" by the SSE in 2020.









# **Highlights of 2020**

This section illustrates the social performance of the Group on poverty relief and public charity during the Reporting Period.

### Contribution to the society



Amount of public charity investment<sup>23</sup> (RMB million)

Year-overyear change

**†** 25.8%

109.71

#### Targeted poverty alleviation

97.00



Total investment 24

Year-overyear change



Number of property alleviation projects through industrial development<sup>25</sup>

**†** 2.8%

2020

94.35 2019

2020

#### Supporting science and education



Number of special scholarship projects

year change

**↓ 46.7%** 

₩ 81.1%

2020

15 2019

Number of students Year-overwho received year change scholarships

2020

148

2019



Number of schools involved in the scholarship

year change

**↓** 50.0%

Year-over-

58 2019

2020

Number of entrepreneurial internship bases

Year-overyear change

2020

34 2019 **↑** 73.5%

(Person-Days)

Total amount

of scholarship

(RMB million)

2020

0.43

2019

**†** 11.7%

Provide internship Year-over-

for undergraduates year change

Year-over-

**↓ 67.2%** 

year change

19,838 2019

#### Carrying out volunteer activities



Number of established Year-overvolunteer organizations year change or groups

Total investment of all

activities (RMB million)

subsidiaries' annual

support in volunteer

**↓ 17.8%** 

year change

**↓** 18.9%

135 2019

2020

1.26 2019

2020



Number of volunteers among employees

4,481

6,899

2020

2019



Annual number of working hours for volunteer activities

year change **↓** 7.4%

Year-over-

27,397 2019



2020



Participate in or support activities relating to the protection of the rights and interests of women, children, or persons with disabilities

Year-over-

year change

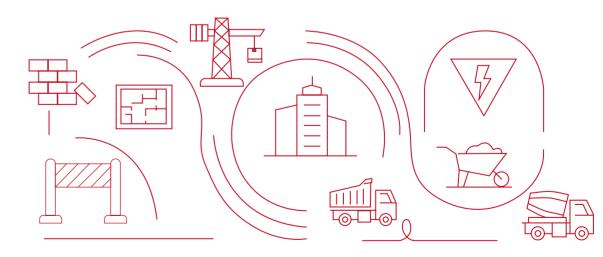
**↓** 35.0%

**↓ 61.0%** 

Year-over-

year change

369 2019



- 23: Including targeted poverty alleviation projects.
- 24: Including monetary value of input fund and resources.
- 25: The Group re-stated the industrial poverty alleviation projects according to the new scope in 2020. Therefore the data in 2020 are less than those in

# **08** Content Index of the Stock Exchange's ESG **Reporting Guide**

Subject Area	as, Aspects, General Disclosures and KPIs	Locations of Disclosure or Remarks	
A. Environmental			
Aspect A1: E	missions		
General Disclosure	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Energy-saving and Environmental Protection – Green Operation	
KPI A1.1	The types of emissions and respective emissions data	Energy-saving and Environmental Protection – Highlights of 2020	
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Energy-saving and Environmental Protection – Highlights of 2020	
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Energy-saving and Environmental Protection – Highlights of 2020	
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Energy-saving and Environmental Protection – Highlights of 2020	
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them	Energy-saving and Environmental Protection – Green Manufacturing	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	Energy-saving and Environmental Protection – Green Manufacturing; The waste reduction target was not applicable for the moment. The Group will consider implementing target setting work according to work requirements in the future and will disclose relevant information	
Aspect A2: U	se of Resources	<b>.</b>	
General Disclosure	Policies on efficient use of resources including energy, water and other raw materials	Energy-saving and Environmental Protection – Green Manufacturing	
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Energy-saving and Environmental Protection – Highlights of 2020	
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Energy-saving and Environmental Protection – Highlights of 2020	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Energy-saving and Environmental Protection – Green Manufacturing	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Energy-saving and Environmental Protection – Green Manufacturing, and Highlights of 2020	
KPI A2.5	Total packaging material used for finished products, and if applicable, with reference to per unit produced	Energy-saving and Environmental Protection – Highlights of 2020	

Aspect A3: Th	ne Environment and Natural Resources	
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	Energy-saving and Environmental Protection – Green Ecology
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	Energy-saving and Environmental Protection – Green Products, Green Ecology, and Highlights of 2020
Aspect A4: Cl	imate Change	
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Energy-saving and Environmental Protection – Green Manufacturing
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Energy-saving and Environmental Protection – Green Manufacturing
B. Social		1
Employment	and Labour Practices	
Aspect B1: Er	mployment	
General Disclosure	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Caring for Employees – Standardized Employment, People-Oriented and Equality and Diversity
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	Caring for Employees – Highlights of 2020
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Caring for Employees – Highlights of 2020
Aspect B2: He	ealth and Safety	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Caring for Employees – Safety and Health
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Caring for Employees – Highlights of 2020
KPI B2.2	Lost days due to work injury	Caring for Employees – Highlights of 2020
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Caring for Employees – Safety and Health

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Aspect B3: D	evelopment and Training	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Caring for Employees – Co- development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Caring for Employees – Highlights of 2020
KPI B3.2	The average training hours completed per employee by gender and employee category	Caring for Employees – Highlights of 2020
Aspect B4: La	abour Standards	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Caring for Employees – Standardized Employment, and Equality and Diversity
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Caring for Employees – Standardized Employment
KPI B4.2	Description of steps taken to eliminate child and forced labour practices when discovered	Caring for Employees – Standardized Employment
Operating Pra	actices	i.
Aspect B5: Si	upply Chain Management	
General Disclosure	Policies on managing environmental and social risks of the supply chain	Quality Assurance – Supply Chain Management
KPI B5.1	Number of suppliers by geographical region	Quality Assurance – Highlights of 2020
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Quality Assurance – Supply Chain Management, and Highlights of 2020
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Quality Assurance – Supply Chain
ZDI DE 4	Description of practices used to promote environmentally preferable	Ouglitudes and Complete Chair

Aspect B6: Pr	nduct Resnor	neihility

implemented and monitored

KPI B5.4

General Disclosure	Information on:  (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Quality Assurance – Product Quality
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Quality Assurance – Highlights of 2020

Quality Assurance - Supply Chain

products and services when selecting suppliers, and how they are

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KPI B6.2	Number of products and service related complaints received and how they are dealt with	Quality Assurance – Product Quality, and Highlights of 2020		
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Quality Assurance – Protection of Intellectual Property Right		
KPI B6.4	Description of quality assurance process and recall procedures	Quality Assurance – Product Quality		
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Quality Assurance – Protection of Privacy		
Aspect B7: Anti-corruption				
General Disclosure	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Corporate Governance – Integrity Building		
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Corporate Governance – Highlights of 2020		
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Corporate Governance – Integrity Building		
KPI B7.3	Description of anti-corruption training provided to directors and staff	Corporate Governance – Integrity Building, and Highlights of 2020		
Community				
Aspect B8: Community Investment				
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration communities' interests	Contribution to the Society		
KPI B8.1	Focus areas of contribution	Contribution to the Society – Targeted Poverty Alleviation, Sunshine Charity and Fighting the Pandemic		
KPI B8.2	Resources contributed to the focus areas	Contribution to the Society – Highlights of 2020		



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