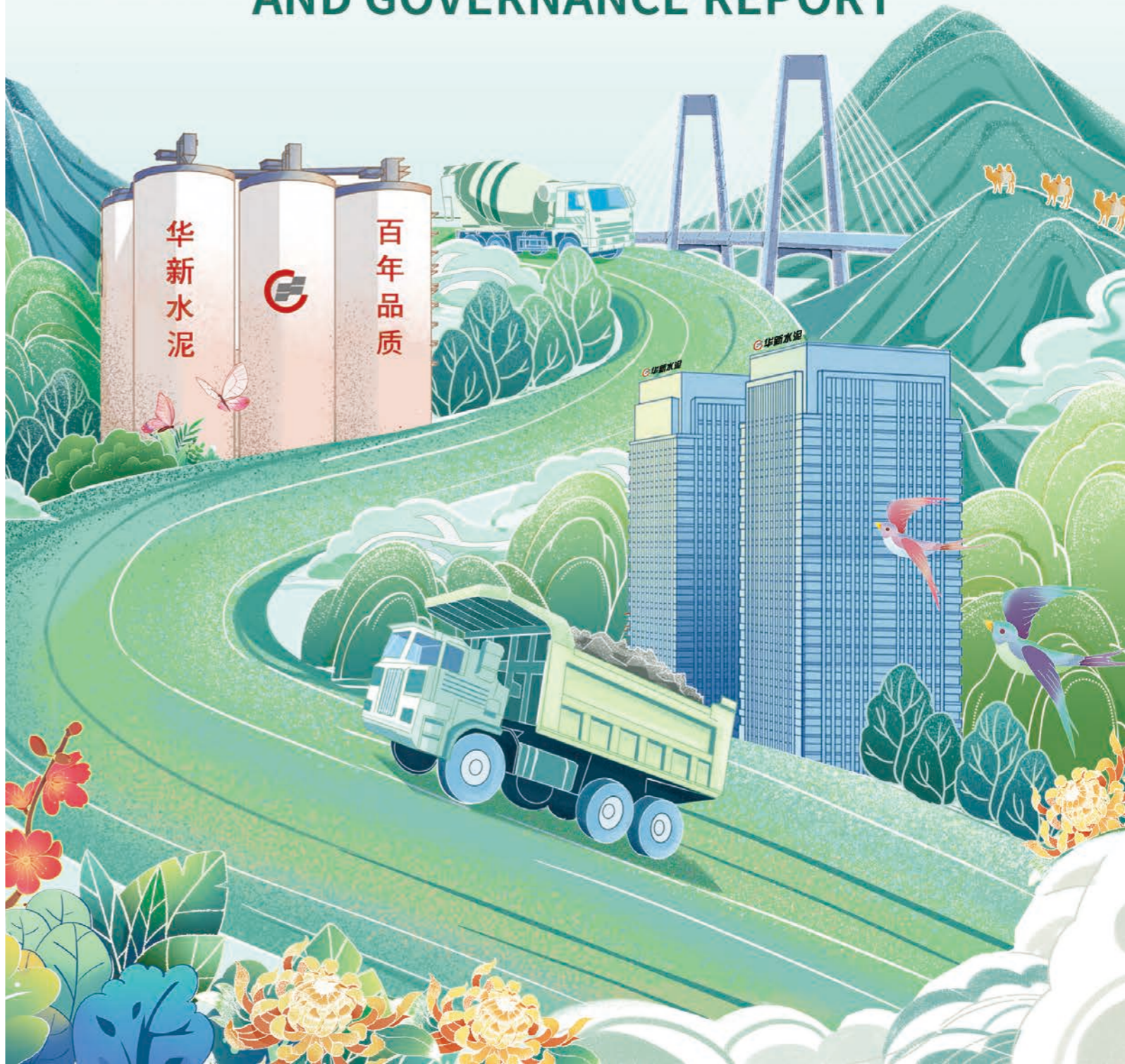


2023

HUAXIN CEMENT CO., LTD.

ENVIRONMENTAL, SOCIAL,
AND GOVERNANCE REPORT



About the Report

Huaxin Cement Co., Ltd. (hereinafter referred to as "Huaxin Cement", "the Company", or "we") has been releasing the corporate social responsibility report/environmental, social, and governance (ESG) report since 2009 on a yearly basis. The Environmental, Social, and Governance (ESG) Report of Huaxin Cement Co., Ltd. (2023) (hereinafter referred to as "this Report") will expound on the Company's social responsibility concept and policy, as well as its performance in ESG for the year 2023.

■ Reference standards

This Report is prepared with reference to Appendix C2: Environmental, Social and Governance Reporting Guide to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Main Board Listing Rules"), the United Nations 2030 Sustainable Development Goals (SDGs), and the GRI Sustainability Reporting Standards (GRI Standards) of the Global Sustainability Standards Board among other relevant reporting rules and standards. The four reporting principles set out in Appendix C2 to the Main Board Listing Rules, namely the principles of materiality, quantitative, balance and consistency, form the backbone of this Report.

■ Time range

The reporting time ranges from January 1, 2023 to December 31, 2023 (hereinafter referred to as the "reporting period"). However, it may extend slightly to the previous or subsequent year in some parts of this Report for the purpose of giving a clearer comparison or a more forward-looking statement.

■ Data sources and boundaries

The data presented in this Report is sourced from the Company's official documents and statistical reports. Operational data is derived from the *Annual Report of Huaxin Cement Co., Ltd. (2023)* (hereinafter referred to as the "Annual Report"). In case of any discrepancies in the data presented, that of the Annual Report shall prevail. Unless otherwise specified, the currencies mentioned in this Report are presented in China yuan.

■ Reliability statement

The Board of Directors of the Company warrants that the contents of this Report are free from any false record, misleading statement, or material omission.

■ Form and period of report release

The Report is released annually in electronic format. For an electronic version, please download from the website of Huaxin Cement Co., Ltd. (<https://www.huaxincem.com>) or the website of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (www.hkex.com.hk). This Report is prepared in Chinese and English, and the Chinese version shall prevail if there is any inconsistency between the English and Chinese versions.

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Message by the President

The year 2023 marks the crucial year for continuing to implement the 14th Five-Year Plan, and has been one of the most challenging and unusual periods in the development history of Huaxin Cement. Facing the protracted challenges in this industry, we have persevered through external pressures and internal difficulties. By firmly holding onto our established goals, we have comprehensively deepened the implementation of our "Four Strategies", and carried out various tasks creatively. We have effectively integrated the ESG principles with our daily operational management. The Company's overall performance is resiliently soaring against the headwind, making our own contributions to the high-quality, sustainable development of the economy and society.

Optimizing the governance mechanism, and establishing a solid foundation for stable and sustainable development. We incorporate the ESG principles into corporate governance, and improve the risk prevention and control mechanism by strengthening operations in accordance with laws. We firmly adhere to the three bottom lines of integrity, safety, and environmental protection, rigorously control risks in finance, product quality, and compliance, and actively build a favorable internal and external governance environment to promote sustainable development.

Bearing in mind the mission of achieving carbon peaking and carbon neutrality goals, and taking multi-pronged measures to advance green transformation. We thoroughly implement the development concept of promoting full life-cycle green and low carbon building materials by continuing to increase input in reduction of pollutants & carbon emission, energy conservation and consumption reduction, expanding cement integration business and new building materials business with great efforts, and reducing the carbon emission intensity of main products, so as to accelerate green transformation and implement the national strategy of "carbon peaking and carbon neutrality" with concrete actions.

In recent years, the Company has joined in the creation of the "Carbon Peak and Carbon Neutrality" innovation consortium, and led the formulation of three special industrial standards for low-carbon development. At the same time, the consumption of fossil energy has been significantly reduced in the production process, realizing safe and ecological use of over 20 million tons of waste-derived alternative fuels. The thermal substitution rate of combined alternative fuels in domestic kiln lines has reached 203%, and the reduction of carbon dioxide emissions have exceeded 12 million tons; More than 63% of the clinker production line has reached the benchmark level of Benchmark Level and Datum Line of Energy Efficiency in Key Industrial Areas (Version 2023). In 2023, the "Technology of High Proportion Substitution of Fossil Fuels" of Huaxin Cement was selected as one of the "Top 20 Advanced and Applicable Low-Carbon Technologies in the Raw Materials Industry in 2023". The project titled "Development and Application of Low-carbon & Reduced Nitrogen Ultra-large-scale Cement Production Technology and Equipment" was honored with the exclusive Innovation Award by the World Cement Association (WCA). The project titled "Innovation and Application of Intelligent Key Technologies for Cement Low-carbon Manufacturing" won the First Prize in Technical Progress of the Building Materials Science and Technology Award.

Taking quality as the top priority, and leading the industry development with technological innovation. We are committed to establishing a century-old enterprise brand known for quality and trustworthiness. With innovation as the driving force, and quality as the lifeblood of the Company, we work hard to ensure that our product quality and technology are at the forefront of the industry. On the one hand, we continuously advance product quality management, and establish a comprehensive product quality supervision and management system to ensure the quality of our products and services. On the other hand, we adhere to the philosophy of innovation-driven development, put technological innovation at the core of enterprise development, and empower the industry with powerful research capabilities and technological support. While ensuring our own development, we are also committed to mutual growth with suppliers and partners. We continuously improve the supply chain management system, and assess suppliers' ESG risks to mitigate the environmental and social risks in the supply chain, thus jointly creating a sustainable future for the building materials industry.

Seizing the development opportunities in overseas market, and expanding business map through optimizing business layout. Over the past year, we have successfully acquired cement plants in Oman and South Africa; the comprehensive utilization project of mine waste rock resources led by the Cambodian Company and the Phase II Project of Tanzanian Maweni Company have been successfully put into operation. At present, we have built or operated nearly 20 large-scale 40 cement plants and related industrial chain enterprises in 11 countries under the "Belt and Road Initiative", covering Central Asia, Southeast Asia, South Asia, West Asia and Africa. In the process of participating in the construction of the "the Belt and Road Initiative", taking win-win cooperation as the cornerstone, we actively practiced the ESG concept, and help to achieve the coordinated development of local economy, society and environment.

Adhering to a people-oriented approach, and staying true to our aspiration in fulfilling social responsibility. We always regard employees as the crucial driving force for the sustainable development of the Company. With a talent-oriented approach, we effectively increase employees' sense of gains and happiness by safeguarding employees' basic rights and interests according to laws, creating a comfortable and safe working environment, enriching employees' leisure activities, and continuously improving the talent training and incentive system. While ensuring our own development, we also remain true to our original aspiration and actively fulfill corporate social responsibilities. We take the lead in implementing the Belt and Road Initiative by providing support to the infrastructure development of countries in Central Asia, South Asia, the Middle East, and Africa. We actively participate in the building of beautiful countryside to promote rural revitalization, and engage in social welfare activities to share the fruits of our development with the society.

Only with a firm belief in heart, can we achieve great success. The firmer the belief, the greater the success. As we advance toward the future, all employees of Huaxin Cement will work together to brave the rains and storms, and base themselves on a new stage of development to fully and accurately implement the new development philosophy, and accelerate the pace of transformation towards high-end, green, and intelligent development. We strive to become the industry vanguard in low-carbon, sustainable development, and create long-term value for employees, shareholders, and the society.



President of Huaxin Cement Co.,
Ltd. Li Yeqing

About Huaxin Cement

Company profile

Founded in 1907, Huaxin Cement Co., Ltd. is known as the cradle of China's cement industry and has been a leading supplier of building materials in China for 117 years. In 1994, the Company's A and B shares were listed on the Shanghai Stock Exchange. In 1999, it formed a strategic partnership with Holcim. On March 28, 2022, Huaxin Cement successfully transferred from B-share market to H-share market and was officially listed on the Main Board of the Hong Kong Stock Exchange.

Since 2000, the Company has developed from a local cement firm into a global building materials group that possesses more than 300 subsidiaries in 17 provinces and cities in China and 16 overseas countries, and pursues integrated development along the whole industry chain covering cement, concrete, aggregates, environmental protection, equipment manufacturing & engineering, and new building materials. It now ranks among Top 500 Chinese Manufacturing Enterprises and the Fortune China 500. In addition, it has been selected into the "List of China's 500 Most Valuable Brands" for many years in a row, and its brand value has exceeded 80 billion yuan.



Domestic and overseas subsidiaries:

300 +

Operating income

33.757 billion yuan

Cement production capacity

130 million tons/year

Commercial concrete production capacity (including commissioned production capacity)

120 million m³/year

Aggregates production capacity

280 million tons/year

Waste disposal capacity

16.32 million tons/year

Equipment manufacturing capability

5,0000 tons/year

Comprehensive production capacity of eco-friendly wall materials

660 million pieces/year

Production capacity of cement packaging bags

700 million pieces/year

Company business

At the beginning, when the Company went public, it was a specialized company engaged in cement production and sales, cement technical services, cement equipment (including research, manufacturing, installation, and maintenance), and cement import and export. In the past 20 years, as it implemented a number of development strategies on integrated development, environmental protection transformation, overseas development, and the expansion of new building materials business, the Company has expanded its businesses to include the production and sales of commercial concrete, aggregate, and cement-based new building materials, cement kiln collaborative disposal of wastes for environmental protection, domestic and international cement EPC contracting, the technology, equipment and engineering contracting for cement kiln collaborative disposal, and other related businesses. Over times, it has become a leading global building materials group in China that pursues integrated development along the whole industrial chain.



Company culture

- Brand** — A century-old brand with trustworthy quality
- Spirit** — Honest, dedicated, pragmatic, innovative
- Mission** — To clean our living environment, and provide reliable building materials
- Vision** — A better world starts with us
- Value** — Safety first, customer-centered, result-directed, honest and trustworthy, innovative development, and people-oriented



Honors and awards

- | | |
|--|---|
| <p> The project "Innovation and Application of Intelligent Key Technologies for Cement Low-carbon Manufacturing" won the First Prize in Technical Progress of the Building Materials Science and Technology Award.
(China Building Materials Federation • Chinese Ceramic Society)</p> | <p> The project "Development and Application of Low-carbon & Reduced Nitrogen Ultra-large-scale Cement Production Technology and Equipment" was honored with the exclusive Innovation Award by WCA.
(World Cement Association)</p> |
| <p> The "Technology of High Proportion Substitution of Fossil Fuels" has been selected as one of the "Top 20 Advanced and Applicable Low-Carbon Technologies in the Raw Materials Industry in 2023".
(2023 Industry Green Development Conference)</p> | <p> The "Case of Energy Conservation and Carbon Reduction Using Alternative Fuels such as Pretreated Combustibles from Domestic Garbage" have been selected as an outstanding case for green and low-carbon development of Chinese enterprises.
(2023 Industry Green Development Conference)</p> |
| <p> The <i>Typical Case of Application of the Intelligent On-line Quality Control System for Low-Carbon Cement Manufacturing</i> have been selected as typical cases for quality improvement in industrialization and IT application
(Ministry of Industry and Information Technology)</p> | <p> The "Demonstration Plant for the Whole-Process Intelligent Manufacturing of Cement" was awarded the title of "State-level Intelligent Manufacturing Demonstration Plant".</p> |
| <p> Top 500 Asian Brands
(World Brand Lab)</p> | <p> Fortune China 500</p> |
| <p> Excellent Case of the Board of Directors of Listed Company
(China Association for Public Companies)</p> | <p> Outstanding Export Enterprise of 2023
(Import and Export Administration of the Republic of Tajikistan)</p> |
| <p> The Best Business Exhibition Award, Best Environmental Awareness Exhibition Award
(The 95th Agricultural and Commercial Show in Zambia)</p> | <p> The "Best Innovation Award - Digital Management Accounting for the year 2023"
(Association of International Certified Professional Accountants (AICPA & CIMA))</p> |



A Century-old Huaxin, Adding Luster to the Belt and Road Initiative

The proposal of the Belt and Road Initiative has pioneered a new modality of global win-win cooperation for mutual benefit, injected new impetus into global development and prosperity, and greatly improved the well-being of people in various countries. Huaxin Cement has actively shouldered the heavy responsibility as a trailbreaker of jointly developing the Belt and Road Initiative in the industry. Through bold exploration and steady advancement, it has achieved substantial and significant accomplishments. It has been awarded multiple honorary titles by the governments of the countries where it makes investment, including the Friendship Contribution Award, Award of Outstanding Contribution to Industrial Development, Best Tax Contribution Award, Excellent Industrial Enterprise Award, Best Environmental Excellence Award, Annual Innovation Award for Corporate Social Responsibility, Green Development Award, etc.



Key performance
2013—2023

The Company has established or operated almost **40** large cement plants and relating industrial chain enterprises in **11** countries joining the Belt and Road Initiative

A total number of overseas employees of over **5,200**

Businesses cover **16** overseas countries

A total cement production capacity of about **21** million tons

Ensuring legal and regulatory compliance



In overseas investments, there are both opportunities and significant risks. Huaxin Cement always considers risk prevention the first priority, requiring that every step in project implementation complies with laws and regulations. As a listed company, Huaxin Cement strictly adheres to the relevant national guidelines in making overseas investments, and strictly complies with the laws and regulations of China and the host country in the whole project process from application and filing to construction and operation. In terms of institutional building, the Company has established cross-cultural, cross-regional, and cross-religious operation and management systems according to the cultural and institutional differences in various countries. Each year, it hires one of the four most famous accounting firms (PwC, KPMG, DTT, EY) to audit its plants, and makes timely rectification if any issues are identified, which effectively ensures the healthy operation of overseas branches. The Phase I project in Tajikistan has won the highest honor for local enterprises, "The Best Industrial Enterprise Award", for five consecutive years from the second year after it was put into operation.



Group photo on a ceremony where Tajikistan State Import & Export Administration awarded Yawan Company the "Honorary Certificate for Excellent Export Enterprise for 2023"



"Best Contribution Prize" awarded by Tajikistan



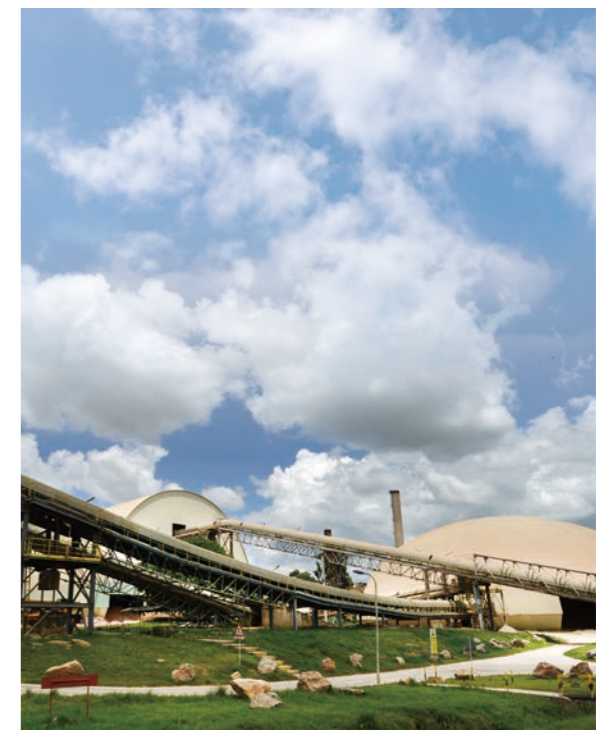
"Chairperson's Award – CSR Innovation of the Year" by CSR Network Zambia

Creating high-quality projects



Setting up a high-standard benchmark for cement production. For 10 years, Huaxin Cement has been committed to introducing the most advanced production equipment, technology, and concepts to the countries where it carries out collaborative projects, greatly promoting the upgrading of local industrial structure. In Tajikistan, its project in Sughd has adopted the world's leading technology and equipment for new dry-process cement clinker production line. It is also the world's first cement plant with a stand-alone power station operating independently from the power grid, which sets an example for investing in construction projects in energy-deficient countries. In Africa, Huaxin Cement has independently constructed the first cement kiln production line at Maweni Company in Tanzania, as well as a supporting coal-fired power plant and a waste heat power generation system. After the project was completed and put into operation in January 2024, it not only provided Tanzania with the world's most advanced dry-process cement production technology and equipment, but also completely resolved the problems caused by inadequate power supply for the plant.

Persisting in green and low-carbon development. Taking advantage of its technological strength in green and low-carbon development, Huaxin Cement incorporates the principles and achievements of green and low-carbon development into overseas projects. It continuously increases the investments in pollution reduction, carbon emission reduction, and energy conservation, making green, the defining feature of high-quality development, more prominent in the countries joining the Belt and Road Initiative. In Zambia, Chilanga Cement, taking advantage of Huaxin Cement's technological strength in coordinated disposal of solid waste in cement kilns, has recycled the waste that would otherwise be sent to landfill sites for environmentally safe disposal, addressing the long-standing issues regarding waste disposal in the local area. In Cambodia, Huaxin Cement has invested in the construction of a biomass fuel project. By increasing the usage of biomass fuel, the Company has successfully reduced its production costs and consumed a cumulative total of more than 300,000 tons of biomass fuels since the project was put into production, with an annual cumulative thermal substitution rate reaching 3840% in 2023. The Company has also established a comprehensive mining waste rock utilization project, which promoted the green and sustainable development of the cement industry in Cambodia.



On September 28, 2023, Huaxin Maweni Company in Tanzania successfully installed the preheater for its Phase II New Dry-process Production Line Project. The project was completed and put into operation in January 2024.

Chilanga Cement

Increasing the employment of local employees

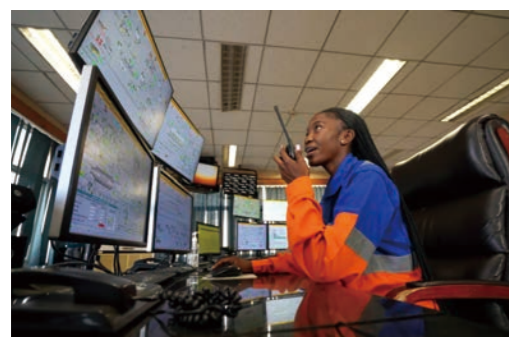


Huaxin Cement insists on hiring local residents in project areas, providing employment opportunities and skill training sessions for them. After more than 10 years of exploration, the Company has gradually established a mature and replicable model for the local training and development of employees. This model not only cultivates a large number of technical talents for the local area, but also generates more employment opportunities and income for the local people. By 2023, the overseas branches of Huaxin Cement has directly provided more than four thousand employment opportunities for local residents, with the proportion of local employees exceeding 80%, and indirectly created tens of thousands of jobs.

In Tajikistan, Kholmurod Yusupov, a local employee of Huaxin Yawan Company, received a six-month training session in China together with another 80 employees before the project was put into operation. The Chinese skilled workers generously taught them in a one-on-one, hands-on manner without reservation. Now, he has been promoted to work in the central control room. "I have not only get a job, but also acquired technical skills. I am grateful to Huaxin for the opportunity," said Yusupov.



Huaxin Jizzakh Company hosts the Children's Day and Family Open Day activity



Zambian employee Muka Hamoonga, working in the central control room of Chilanga Cement in Zambia



The Youth Day celebration activity of Chilanga Cement in Zambia

Making contributions to the local community



General Secretary Xi Jinping emphasized that, The Belt and Road Initiative pursues development, promotes win-win outcomes, and inspires hope. Over the past decade, behind the overseas development of Huaxin Cement, there are faces filled with happy smiles and eyes full of hope.

In Tajikistan, Huaxin Cement has established the "I Love Tajikistan" Huaxin Charity Fund, investing millions of yuan to help local communities each year. It has also launched the Million Yuan Poverty Alleviation Program, Million Yuan Education Assistance Program, and Million Yuan Teacher Assistance Program, and contributed funds to improve the roads, power facilities, and water supply network conditions for residents in surrounding communities. In November 2014, the Huaxin Friendship School built with 2.5 million US dollars donated by the Company was officially inaugurated with the presence of President Emomali Rahmon. The newly constructed school is beautiful and elegant, with spacious classrooms, and can accommodate 640 students. When local residents speak of Huaxin, they usually give a thumbs up for affirmation and praise.

In Cambodia, Huaxin has established the "I Love Cambodia" Education Fund, which is dedicated to assisting nearby schools in improving their teaching environments and supporting and promoting the development of education in Kam-pot. In May 2016, the then Prime Minister of Cambodia, Hun Sen, met with representatives from Huaxin Cement plant in Cambodia, praising Huaxin Cement for its contributions to the charity in Cambodia.

In September 2023, Chilanga Cement in Zambia donated a fully-equipped mobile clinic and corresponding startup funds to a local community hospital, aiming to provide medical services to vulnerable groups in the local community.



Huaxin specially established the first charity fund in Tajikistan, the "I Love Tajikistan" Huaxin Fund



Huaxin volunteers are providing Chinese language lessons for Cambodian elementary school students

Over the past decade, as its overseas business expanded, Huaxin Cement has passed on warmth to every place involved in its businesses. By the end of 2023, the Company had cumulatively invested 130 million yuan of charity funds in countries relating to the Belt and Road Initiative. Its overseas subsidiaries established volunteer organizations, and helped local residents relying on the workforce and equipment resources of the plants. They also provided gifts to orphans, helped them renovate houses and public facilities, and addressed various difficulties for them. All these activities have benefited hundreds of thousands of local people.



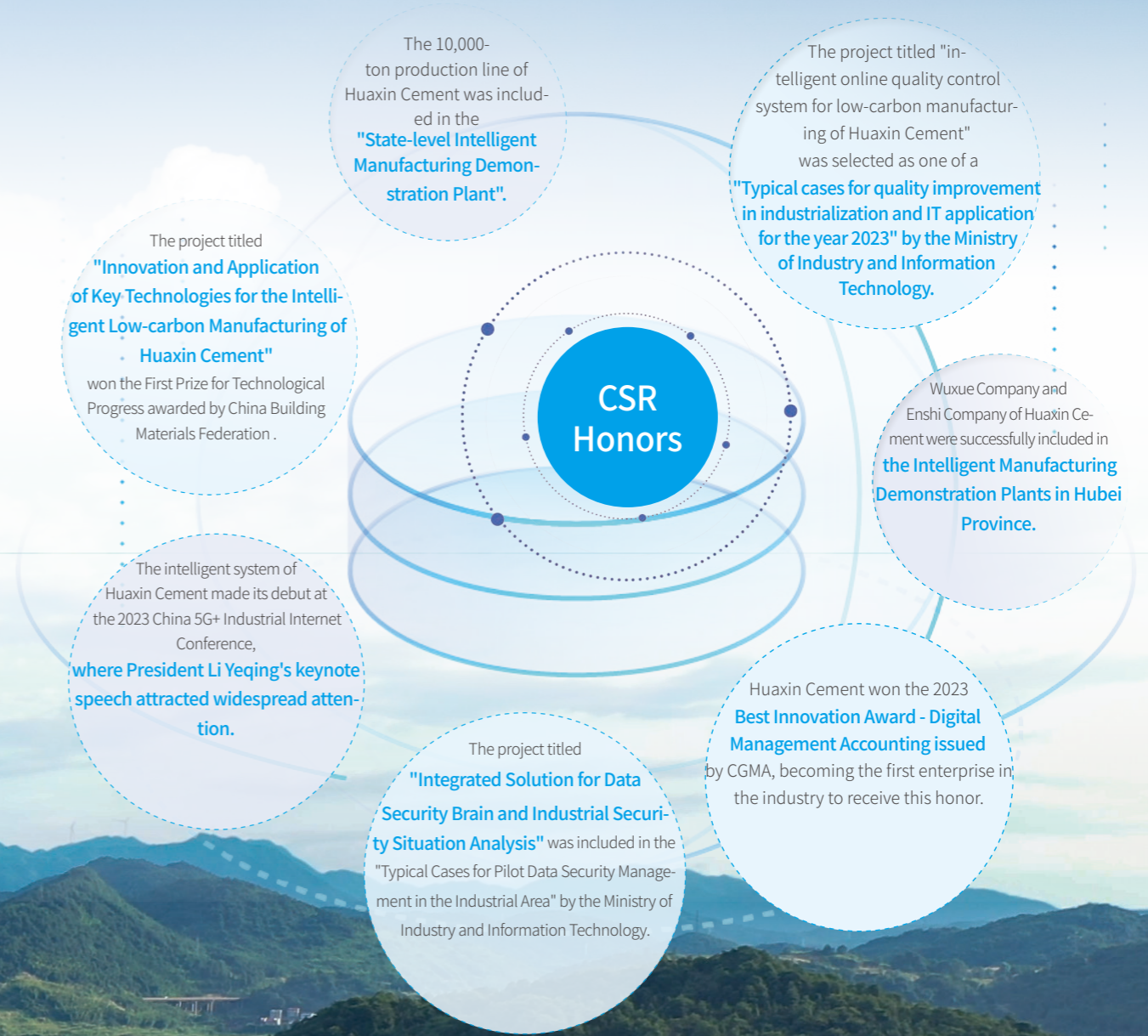
Donation of a mobile clinic and startup funds to a community hospital in Zambia



Empowering Development with Digitization to Achieve New Heights for "Made in China"

In recent years, Huaxin Cement has actively carried out the digital transformation and vigorously promoted the development strategy of "traditional industries + digital innovation", with a focus on the closed loops composed of "industrial intelligence, business intelligence, and management intelligence" to continuously promote the reform in manufacturing, operation, and decision-making models. The Company has pioneered a path featuring green, intelligent, and high-quality innovative development in the building materials industry, and grown into a leader of digital transformation in the building materials industry and even the traditional manufacturing industry.

In 2023, Huaxin Cement implemented a total of 438 digital application projects, including major projects such as the intelligent system for low-carbon cement manufacturing, overseas foundational digital system, integrated strategic support system along the Yangtze River, and intelligent aggregate production system. Through these efforts, the Company has responded actively to the call of building a Digital China, implemented the strategy of new-type industrialization, and accelerated the pace of digital transformation and upgrading.



Industrial intelligence construction

Intelligent carbon emissions reduction, making carbon reduction more intelligent and efficient

In 2023, the Company successfully promoted the implementation of intelligent solutions for low-carbon cement manufacturing in a total of more than 20 plants at home and abroad, with the average comprehensive system operational rate reaching as high as 95%, which assists the plants in increasing their TSR by more than 5%. This has further facilitated the cost reduction, carbon emission reduction, energy consumption reduction, and increase in production efficiency in these plants. In the past three years, the Company has achieved the reduction of carbon emissions by about 5.6 million tons in total.

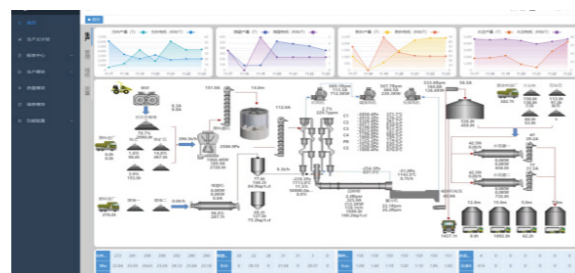
In order to better manage and monitor the carbon emissions, the Company has developed a digitalized carbon reduction platform to monitor the carbon emissions in the production process of cement and aggregate in real time, and facilitate precise optimization of certain production indicators to reduce carbon emissions resulting from production. In 2023, a digital carbon emission reduction system was implemented in the mines, production lines, and ports of Wuxue Plant, Huangshi Plant and Yidunsha Plant for real-time statistics and estimation of the energy consumption and carbon emissions throughout the entire process.

The industrial intelligence system independently developed by Huaxin Cement can reduce electricity consumption by approximately 0.51-2.93 kWh per ton of clinker and coal consumption by about 1.23-4.343 kg of standard coal per ton of clinker. This is equivalent to a reduction of carbon dioxide emissions by about 78,000 tons per year. The Company has established a digital and lean carbon emission management system and actively implemented the carbon reduction policies, facilitating the achievement of the country's dual carbon goals.

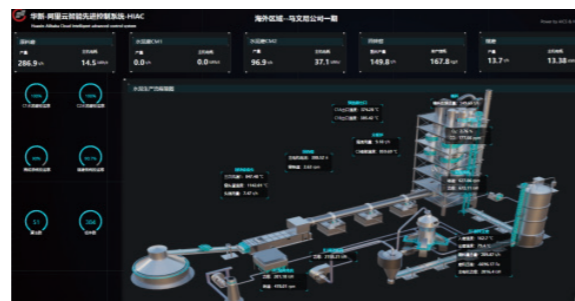
Establishing an overseas industrial digitalization system to strengthen risk management and control capabilities

In 2023, Huaxin Cement integrated the core manufacturing module management system covering mining, processes, quality, maintenance, etc. by means of big data and AI technologies to establish its overseas digital industrial platform, which was first implemented at the Maweni Plant in Tanzania. The application of Huaxin Cement's overseas digital industrial platform has achieved high-efficient control of the production process and high-efficient operation, supporting global collaboration.

In order to promote the smooth implementation of overseas business, in 2023, Huaxin Cement advanced the implementation of digitalization project in its overseas plants, and built an overseas foundational digital system with ERP as the foundation and "risk prevention and control" as the core, thus assisting overseas plants in improving their capabilities for using RDF, AFR, and production and operation management.



Huaxin's overseas production platform



Maweni HIAC system

Empowering with digitization to improve the industrial intelligence level of aggregate production

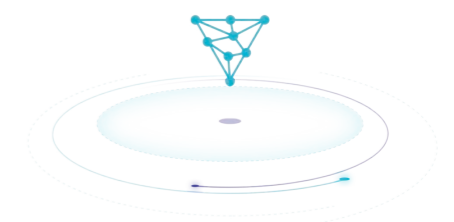
Huaxin Cement has been committed all the time to upgrading the intelligence level of aggregate plants. In 2023, the advanced technology information system for aggregates independently developed by Huaxin Cement broke the information isolated island between departments, and achieved end-to-end connectivity of production, inventory, and sales data. This enables the Company to respond more quickly and execute more efficiently in decision-making and response, and leads to an approximately 10% increase in the system production output, an approximately 16% decrease in electricity consumption, and an approximately 30% increase in quality stability.

The Hundred Million-ton Sand Plant for Huaxin Green Building Materials in Huangshi is currently the world's largest machine-made sand production base. It not only employs the world's most advanced machine-made sand production equipment and technology, but also applies advanced technologies such as artificial intelligence, big data, automatic control, 5G+Industrial Internet throughout the entire production process, achieving safe, reliable, environmentally friendly, green, high-quality, and efficient operation.

Aggregate gradation is crucial for the strength of concrete and the solidity of engineering structures. The Huaxin particle size analysis system, which is based on its independently developed particle material segmentation algorithm, achieves on-line identification of quality parameters such as large mining substances, oversized particles, residue on sieve analysis, and clay/powder content at an extremely low cost, effectively ensuring the product quality of aggregate plants. In 2023, the aggregate size quality analysis system was successfully deployed in 9 plants. Accumulatively, the system has been implemented in 14 plants, and prevented over 40 quality issues caused by equipment wear and tear, which reinforced the brand image of Huaxin Cement with quality.



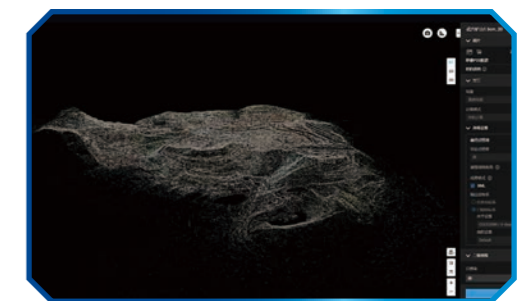
Intelligent hundred million-ton sand plant (Central Control Room)



Constructing intelligent mines, achieving the green and intelligent management of mine exploitation

Huaxin Cement has established an intelligent mining system based on the Internet and the Internet of Things. This system can achieve the visualization of mining resources, rationalization of mining plans, intelligent production scheduling, refinement of index control, and integrated safety and environmental monitoring through its mining data center, digital mining system platform, 3D visualization control platform of mines, production execution system platform, 5G network communication system, intelligent truck dispatching system, unmanned driving system, automated control system, and intelligent safety monitoring system, thus ensuring the safe, economic, efficient, and low-carbon production of mines.

In 2023, Huaxin Cement mastered the survey grade UAV application technology in this industry, which can independently conduct mine surveying and mapping and generate relevant 3D mine models. With this technology, Huaxin Cement has successfully updated the mine system models of multiple plants, effectively increasing the intelligence level of mine exploitation, production, safety, and environmental protection.



3D model of mine created by survey grade UAV

Business intelligence construction

Optimizing and upgrading business intelligence to further enhance the competitive advantage

Huaxin Cement has promoted and implemented an ERP system in all business areas on the basis of integrating the existing systems, and developed and optimized business intelligence systems involving smart marketing, smart procurement, smart logistics, and integration of digital commercial concrete. These measures aimed to accelerate the upgrading of domestic business intelligence, achieve the on-line integrated management of sales, procurement, logistics and inventory, and provide e-commerce services to all business customers. This has effectively prevented business risks, improved the operational efficiency, reduced costs, and optimized customer experience.

Building an intelligent platform to support the integrated strategy

Huaxin Cement has established an integrated system platform along the Yangtze River, which achieves the intelligent command and scheduling across plants and the full business chain with a focus on customers, sales, production, shipment, and logistics. Through the sales management platform, production management system, shipping control system, VTS smart shipping system, logistics management system, and shipping scheduling system, the integrated system platform can achieve the collection and validation of customer demand schedules, scheduling of production and maintenance plans, online monitoring of shipping activities, visualization of shipping status, visualization of logistics resources, rationalization of transfer and transshipment schemes, intelligent logistics scheduling, and online settlement and reconciliation, thus integrating links of customer demands, factory production, factory shipment, and logistics services. This aims to realize the linkage of "production, sales, and shipping", supporting the integrated strategic layout of Huaxin Cement along the Yangtze River, and improve the overall operational efficiency of integrated businesses and customer experience.



Integrated layout diagram of Huaxin Cement along the Yangtze River

Development of management intelligence

Establishing a data platform to strengthen scientific decision making

Huaxin Cement has been working continuously to build its data management platform, aiming to eliminate the barrier between business data and industrial data through effective data governance, achieve the coverage of all business areas and links, and promote further integration of various businesses. It has also established and optimized an intelligent system for low-carbon cement manufacturing based on big data analysis to assist plants in achieving energy conservation, carbon reduction, and green and intelligent development.

Efficiency enhancement

The Company improves its digital management capabilities by giving full play to the role of command and dispatch of the Digital Control Center at the headquarters of Huaxin Cement and the new Xinyang New Digital Control Center to continuously improve the enterprise operational efficiency and management quality.

Risk warning

Through the early warning and surveillance deeply integrating big data analysis and AI technology, the Company can timely identify the risks in business operations and remind relevant personnel of prompt handling, thus significantly reducing enterprise operational risks, and ensuring fairness, stability, and compliance.

Scientific decision-making

With tools such as large screen digital dashboards and mobile performance trend display screens, the Company provides support for decision making of key businesses, which has greatly improved the operational efficiency and decision-making quality.

Currently, the management intelligence platform of Huaxin Cement has already possessed the capability of active data governance, storage, and optimization of data algorithms, gradually achieving intelligent management.



Huaxin data management platform interface

Lean Management, Laying the Foundation for Development

Strengthening corporate governance, deepening the compliance with laws and regulations, and improving ESG management capabilities are the cornerstone of sustainable development. Huaxin Cement continuously improves its governance system, strictly adheres to business ethics, and strengthens risk management. It has established a clean and efficient mechanism that can operate smoothly in compliance with laws and regulations to ensure its long-term stable development.

Contribution
to UN SDGs



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Corporate governance

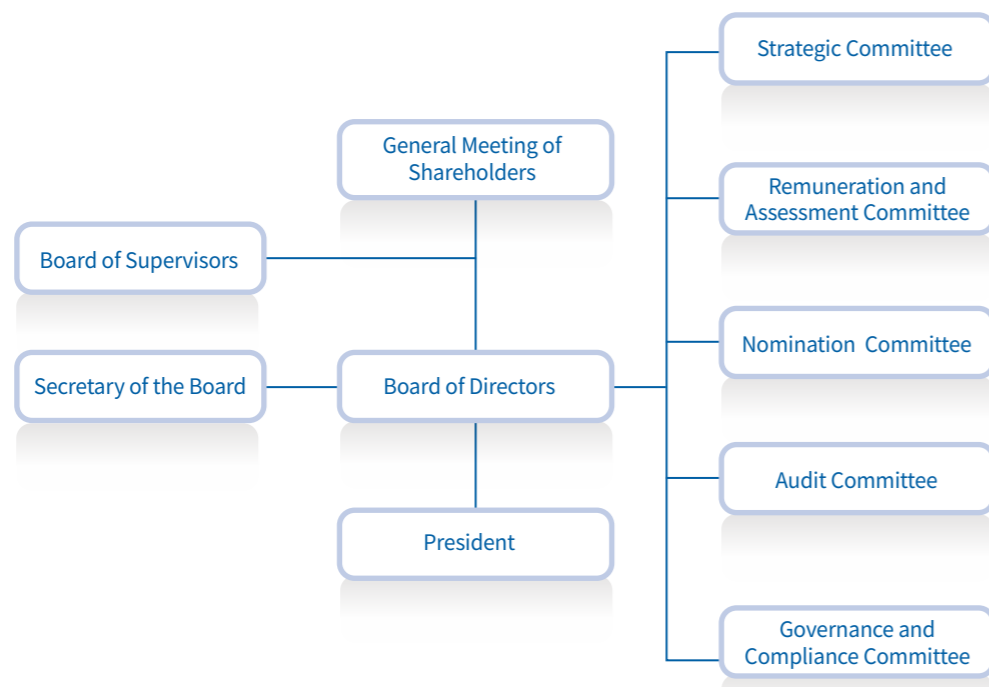
Improving the governance structure

Huaxin Cement continuously improves its corporate governance structure in accordance with the requirements of the *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, *Guidelines for the Governance of Listed Companies*, *Stock Listing Rules of the Shanghai Stock Exchange*, *Main Board Listing Rules*, and other laws, regulations, and normative documents, and has established a scientific, standard, and clearly defined corporate governance system with efficient operation and effective supervision.

The Company has established a corporate governance structure that mainly consists of the General Meeting of Shareholders, Board of Directors, Board of Supervisors, and Senior Management. The Board of Directors consists of five special committees, including the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, the Strategy Committee, and the Governance and Compliance Committee. Each committee performs its duties in accordance with the provisions of the articles of association and the rules of procedures of each committee. The "three boards" perform their respective duties to ensure that the decision-making procedures of major matters of the Company are standardized and efficient.

The Company strictly complies with the Board Diversification Policy and other internal regulations, and actively builds a board of directors that encompasses diversity in various aspects such as the gender, age, specialty, and ethnicity of directors, which are considered when directors are appointed. The Company also comprehensively evaluates candidates' industry experience, specialized skills, work experience, among others to promote the Company's stable development from a more specialized and diverse management perspective. As of the end of the reporting period, the Board of Directors consists of 9 members, including 2 executive directors, 4 non-executive directors and 3 independent non-executive directors, among which there is 1 female director, accounting for 11.1% of the total.

Corporate Governance Structure of Huaxin Cement



In 2023, the Company

Held **4** shareholder general meetings, and deliberated or heard **17** proposals

Held **9** Board meetings, and deliberated or heard **35** proposals

Held **12** meetings of the special committee of the Board, and deliberated or heard **27** proposals

Held **6** meetings of the Board of Supervisors, and deliberated or heard **9** proposals

Improving the capability for performance of duties

The Company's Board of Directors conducts regular reviews on a yearly basis to assess whether corporate governance arrangements and compliance-related matters comply with the relevant provisions of the Main Board Listing Rules. The directors also browse the website of the Hong Kong Stock Exchange by themselves to read regulatory communications for listed issuers and briefings on the execution of Main Board Listing Rules to update the provisions related to their duties and responsibilities.

The directors and supervisors actively attend various training programs organized by domestic regulatory authorities to effectively improve their performance capabilities. In 2023, the Company's directors and supervisors attended six training sessions in total, with the themes covering the interpretation on regulatory policies for listed companies, special training on governance of listed companies, and special training on reform of independent directors system, special training for independent directors, and follow-up training for independent directors.

Protection of investors' rights and interests

The Company fulfills its responsibility to protect investors' rights and interests. It has established a mechanism for communication with investors featuring multiple channels, platforms, and methods to actively promote shareholders to participate in corporate governance, and provide valuable information about the Company to all shareholders through prompt, transparent, and effective information disclosure.

Investor communication channels:

Official website, official account	Investor hotline, fax, email	e-interaction platform	General Meeting of Shareholders	Performance interpretation meeting	Road show	Regular report



During the reporting period, the Company

Disclosed **35** provisional announcements on the Shanghai Stock Exchange (excluding other internet files)

and **4** periodic reports

Disclosed **85** provisional announcements on the Hong Kong Stock Exchange and **4** periodic reports

Held over **600** sessions of exchange activities with investors through various service channels

Category	Sessions/times
Held performance interpretation meeting relating to the Company's periodic reports together with Hubei Securities Regulatory Bureau, SSE Road Show Center, and securities companies	13
Received visiting institutional investors, portfolio managers, and building materials industry analysts/researchers	15
Participated in online/on-site securities market investment strategy meetings organized by securities companies	6
Participated in telephone/online meetings organized by securities companies to communicate with institutional investors	31
The Management went overseas for exchange	27
Enterprise open-day activity	1
Email reply to the Company's investors	25
Investor hotline, Wechat phone call	Over 40/month

Adhering to legal and regulatory compliance

Compliance with laws and regulations is a guiding principle for enterprise operation and management. Huaxin Cement has always attached high priority to operations in accordance with laws and regulations, and has established and improved a management system and work mechanism for operations and governance in compliance with laws and regulations. It requires all employees to cultivate the concept of rule of law and compliance, and strictly adhere to laws, regulations, and the Company's management policies to ensure that the compliance work is effectively implemented.

Compliance system

The Company established a classified, graded and coherent compliance management system ruled by the Articles of Association, and focused on key areas and businesses with high risks to carry out targeted compliance review and compliance counseling.

The Company appointed the "Legal Director" as "Chief Compliance Officer" by upgradation in rating, who is responsible for leading the Compliance Management Department, and 80 people have obtained the qualification of "enterprise compliance engineer" after receiving systematic training.

Compliance management

The Company set the legal compliance review as a prerequisite procedure for enterprise operation and management. The Company fully implemented the review responsibilities and completed the legal compliance review over non-formal contract, important decisions and regulations and systems. Based on the "legal risks examination" plan formulated every year, in 2023, the Company carried out examination against 11 subsidiaries and prepared examination report for supervising their rectification.

Compliance culture

The Company revised its Employee Manual, and issued Ten Golden Rules on Legal Affairs; it organized series of training on compliance and enterprise compliance engineer; regarding different scenarios, it organized relevant employees to sign compliance commitment letter in various forms from time to time.

Overseas compliance

The Company comprehensively sorted out the setting and staffing of legal compliance management departments of overseas branches, and improved the compliance management structure for overseas operations. Legal compliance personnel fully engaged in overseas investment projects and major foreign-related legal disputes, and conducted research on different situations in overseas countries while proposing targeted preventive measures.

Business ethics

Huaxin Cement adheres to business ethics and ensures normalized operations at a higher standard. It strictly complies with the requirements of relevant laws and regulations on anti-unfair competition, anti-monopoly, anti-bribery, extortion, fraud, and money laundering, aiming to form a healthy work atmosphere of integrity by continuously strengthening systematic planning, optimizing diversified supervision and auditing systems, and improving the complaint reporting mechanism. Throughout the year, the Company experienced no concluded lawsuits regarding corruption.

Promoting cleanness and integrity in business operation

Huaxin Cement has issued the Notice on Implementing Requirements for Stricter Internal Reception Discipline, which clearly specified the standards for receptions by the Company to prevent and mitigate integrity risks. It has formulated the Notice on Further Strengthening the Company's Overall Integrity Supervision Mechanism, aiming to improve and perfect the corporate supervision mechanism. The Company has also established integrity files. By the end of 2023, it had established 813 integrity files, covering all middle-level and senior leaders in the Company. The Company has organized employees to sign the Letter of Commitment on Promoting Cleanness and Integrity in Business Operation for 2023. A total of 3,008 leaders and personnel at key positions have signed and acknowledged the Letter of Commitment, which further strengthened the system in which the personnel fulfill official duties and uphold clean governance.



Key performance

Established **813** integrity files, covering **100%** of middle-level and senior leaders
 Leading cadres and personnel at key positions signed **3,008** Letters of Commitment on Promoting Cleanness and Integrity in Business Operation.

Strengthening integrity education

Huaxin Cement insists on improving the integrity system, and carries out activities such as the integrity publicity and education month, integrity courses, and integrity reminders, reinforcing the fundamental and cultivating the vital energy ideologically, and strengthening the awareness of upholding red lines.

Improving integrity systems	The Company established and continued to improve the system of combating corruption and upholding integrity; The "Honest Huaxin" WeChat official account sent 44 news alerts, and published 216 articles, with a total of 70,500 page views.
Integrity training	The Company organized 83 training sessions for combating corruption and upholding integrity, covering over 2,500 people; Grassroots units conducted 467 integrity training sessions and 479 sessions of cautionary education, giving 9,079 reminders on integrity to persons concerned, and organized 452 sessions of theoretical learning activities.
Implementing the "Seven-Integrity Education" campaign during the publicity and education month	The Company gave special training on integrity in more than 20 grassroots units, with a total teaching duration of nearly 700 minutes and over 3,000 participants; organized 4 sessions of testing activities on basic knowledge for honesty practitioners, with a total of over 23,200 participants; and conducted the cautionary education themed on "Self-reflection and Enlightenment", during which, more than 40 grassroots units downloaded cautionary education videos over 500 times, and over 2,000 employees and managers watched and learned the videos.
Integrity reminders before holidays	Before the arrival of major festivals and holidays, the Company sent 11 integrity reminders and issued notices on implementing strict discipline for the New Year's Day, Spring Festival, Mid-Autumn Festival, and National Day in 2023, with a total of 15,700 people reading and studying them.
Establishing a system for notification of typical cases	The Company reported typical cases of disciplinary violations on an irregular basis, which were read and studied by people for nearly 29,200 times, effectively fulfilling the role of "warning and educating a large group of people by handling one case".



Plenary Session of the Discipline Inspection Commission (Enlarged) and the Promotion Meeting for Building "Clean and Honest Huaxin"



2023 Seminar on Combating Bribery and Corruption of Huaxin Cement

Improving a practical complaints reporting system

Huaxin Cement always adheres to the tone of strictness and insists on investigating all cases. To effectively implement the supervision mechanism, the company has established diversified channels for public complaints reporting, encouraging employees to report any disciplinary violation of the Company and its subsidiaries in real names. To strengthen and standardize the handling of complaints within the Company and protect the whistleblowers who report in real names, the Company has revised the complaints reporting system, established diversified channels, and streamlined the reporting process. It actively safeguards the legitimate rights and interests of whistleblowers, and rewards those who provide valuable information.

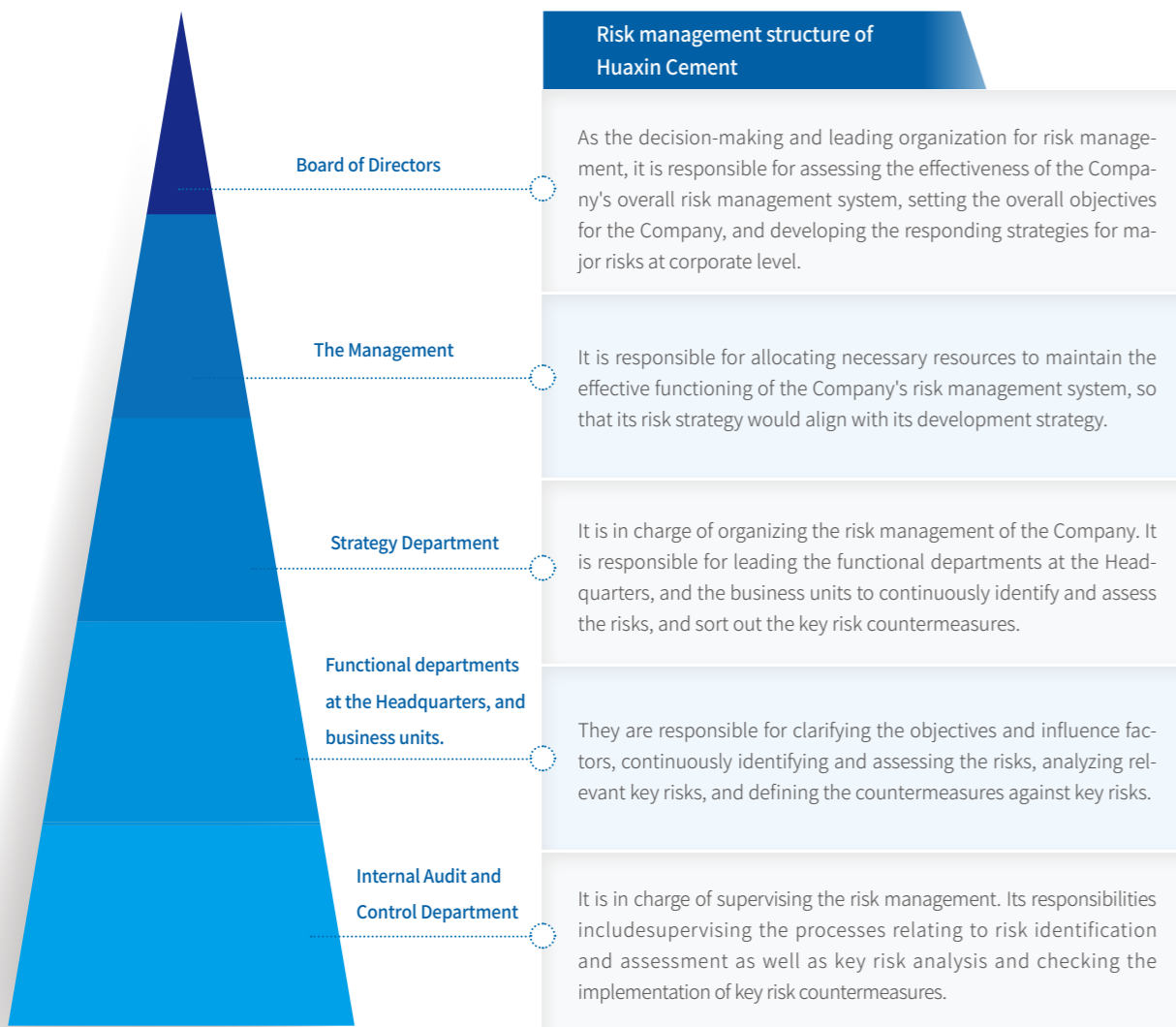


Risk management

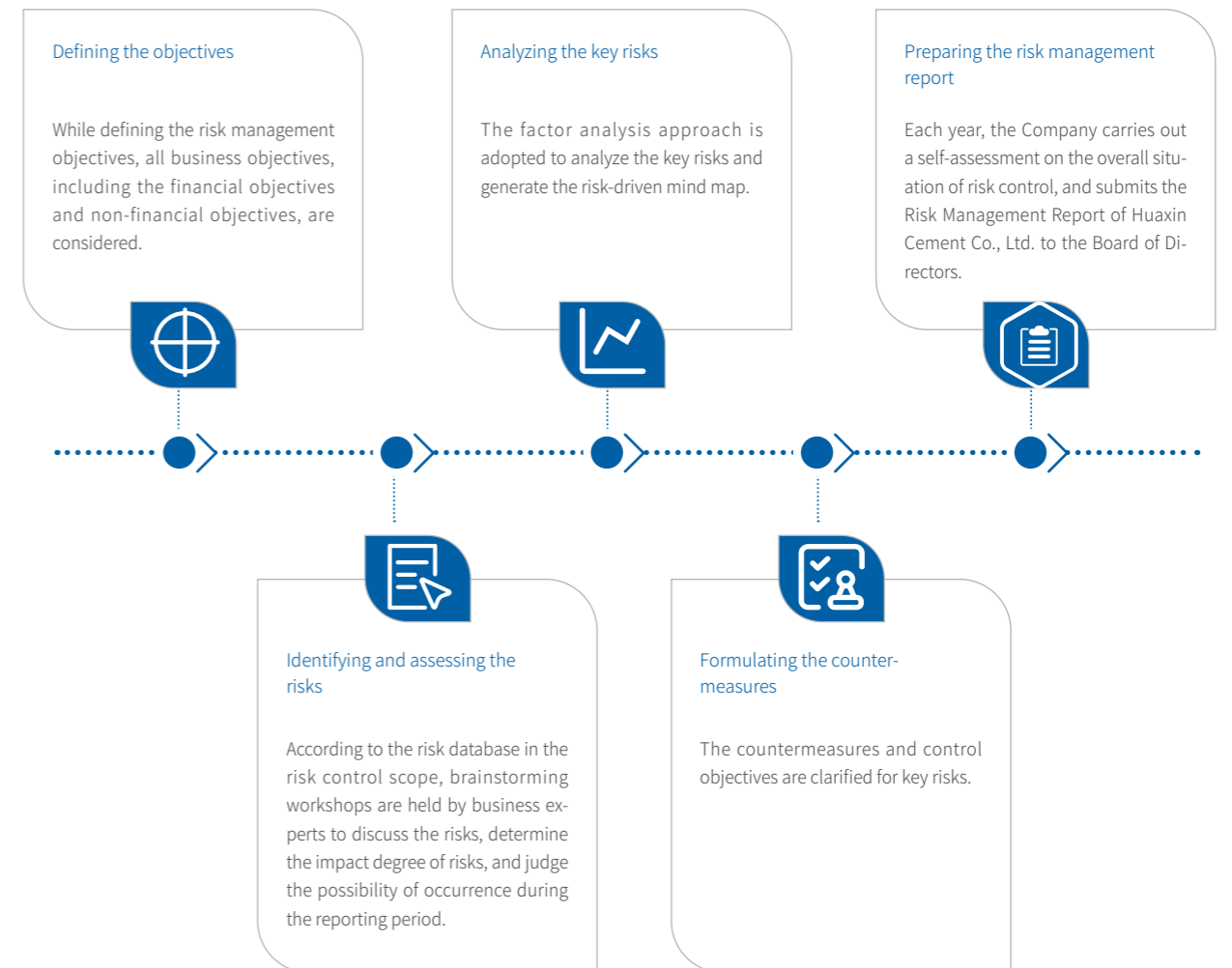
Comprehensive risk control

Huaxin Cement has always attached great importance to risk management. In accordance with relevant national laws and regulations as well as the actual situation of the Company, the *Risk Management System of Huaxin Cement Co., Ltd.* has been formulated to establish a standardized and effective risk control system, enhance the Company's management and risk prevention abilities, and promote the sustainable development of the Company. During the reporting period, Huaxin Cement had seen no major risk events throughout the year.

The Board of Directors bears the highest responsibility for risk management. Moreover, Huaxin Cement has established an organizational structure of risk management, which consists of the Management, the Strategy Department, the functional departments at the Headquarters, the business units, and the Internal Audit and Control Department.



Huaxin Cement actively establishes a long-term mechanism for risk management and a risk management process of "defining the objectives, identifying and assessing the risks, analyzing the key risks, formulating the countermeasures, and preparing the risk management report", so as to guarantee the order and effectiveness of comprehensive risk management for the Company.



Each year, based on the changes of internal and external environment, Huaxin Cements updates and clearly define various risk factors in the risk database. The risks of the Company are categorized into strategic risks, operational risks, and external risks.

Strategic risks	Corporate governance, industry and market changes, strategy and investment, and sustainable climate change
Operational risks	Legal and compliance, production, supply chain, marketing and sales, finance-related, personnel, IT, and safety and emergency response
External risks	Political and economic uncertainty, regulatory changes, natural disasters, and technological changes

Strengthen internal control management

Huaxin Cement has formulated the Internal Control System of Huaxin Cement Co., Ltd. to continuously improve the internal control standards, optimize the internal control mechanism, strengthen the publicity and implementation of internal control standards in all subsidiaries of the Company, carry out the promotion of and training on internal control, cultivate the internal control culture engaging all employees, actively supervise the implementation of internal control, assess the implementation effect of internal control, and improve the systematic, legal and standardized internal control management, thus further promoting the realization of the Company's business goals.

During the reporting period, Huaxin Cement implemented the internal control standards in 2 new subsidiaries, held 49 special training themed on internal control, instructed the internal auditors of subordinate units to supervise their internal control management, and enhanced the publicity and implementation of internal control by means of internal communication and special meetings. We supervised the daily implementation of key internal control activities through the internal control management platform. Moreover, we organized the Headquarters and 287 subordinate units to complete their annual self-assessment of internal control, and supervised them to implement defects rectification.

By the end of 2023, the implementation effectiveness of Huaxin Cement's key control activities had rose steadily to 88%, and the Company's internal control audit report had been rated as "up to standard and no comments reserved" by the accounting firm for 13 consecutive years. The good internal control system and processes provided a solid guarantee for the Company to achieve strategic development goals and sustainable and steady development.



During the reporting period, the implementation effectiveness of Huaxin Cement's key control activities had rose steadily to **88%**,

and the Company's internal control audit report had been rated as "up to standard and no comments reserved" by the accounting firm for **13** consecutive years.

Strengthening audit supervision

Huaxin Cement has clearly defined and standardized the key elements of internal audit such as functions and personnel, and has been continuously improving the internal management system in an effort to ensure the effective implementation of key internal control activities as well as the independence, objectivity, and timeliness of supervision over important economic activities of the Company. During the reporting period, we audited the implementation effectiveness of key control activities in 26 subordinate units. Moreover, we conducted 20 business process audits in high-risk key business areas such as procurement, sales and logistics. What's more, we urged all responsible units to timely rectify the internal control defects discovered in the audits.

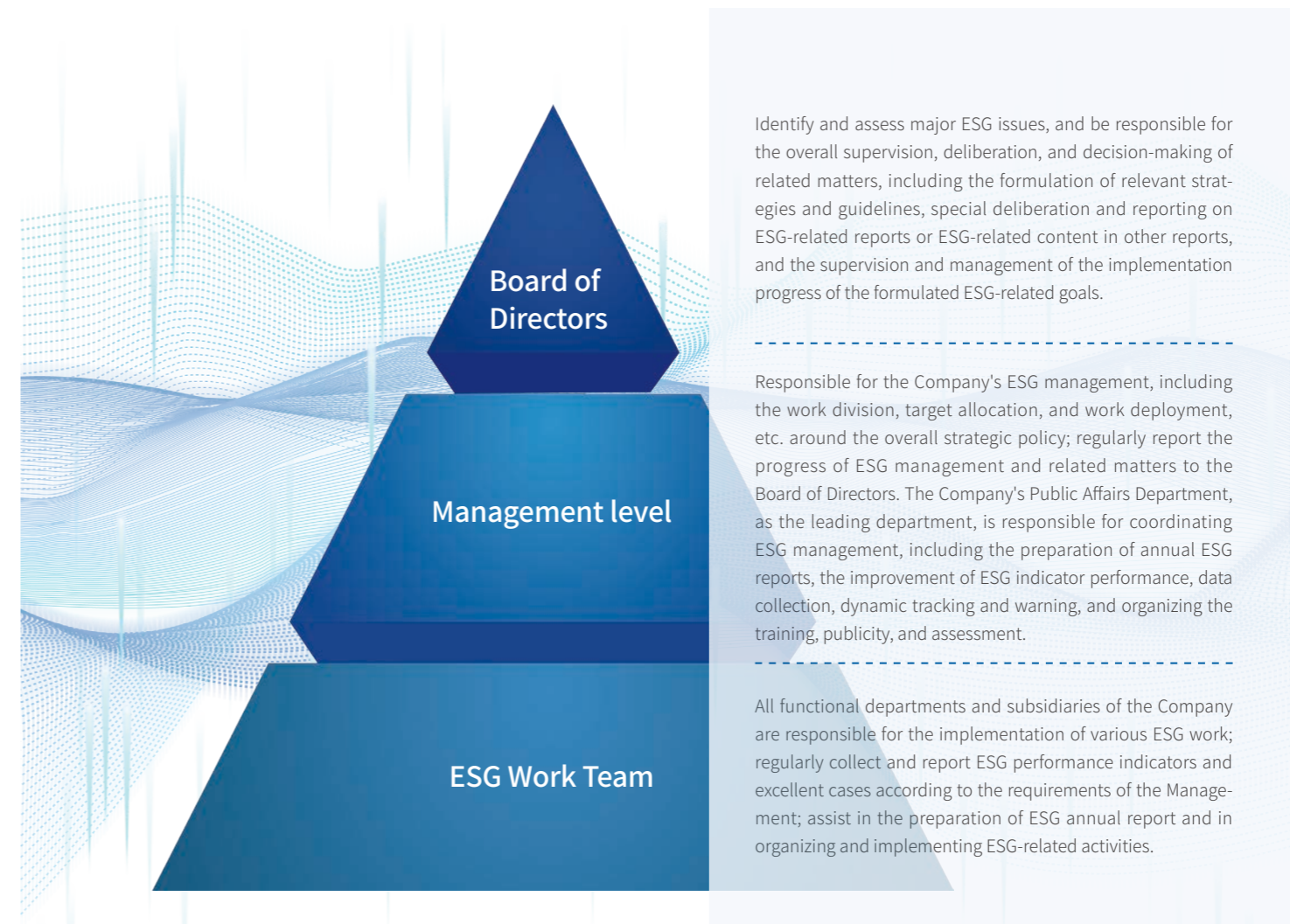


ESG management

Adhering to the mission of "cleaning our living environment and providing reliable building materials" and the vision of "a better world starts with us", Huaxin Cement keeps pushing forward the ESG work, improves the ESG governance system, enhances the communication among stakeholders, and assesses the major issues to realize the high-quality and sustainable development of the Company.

ESG management structure

By deeply integrating ESG management into the corporate governance, Huaxin Cement builds up a three-level management structure featuring "Board of Directors - Management - ESG Work Team" to effectively guarantee the orderly implementation of work plans relating to ESG.



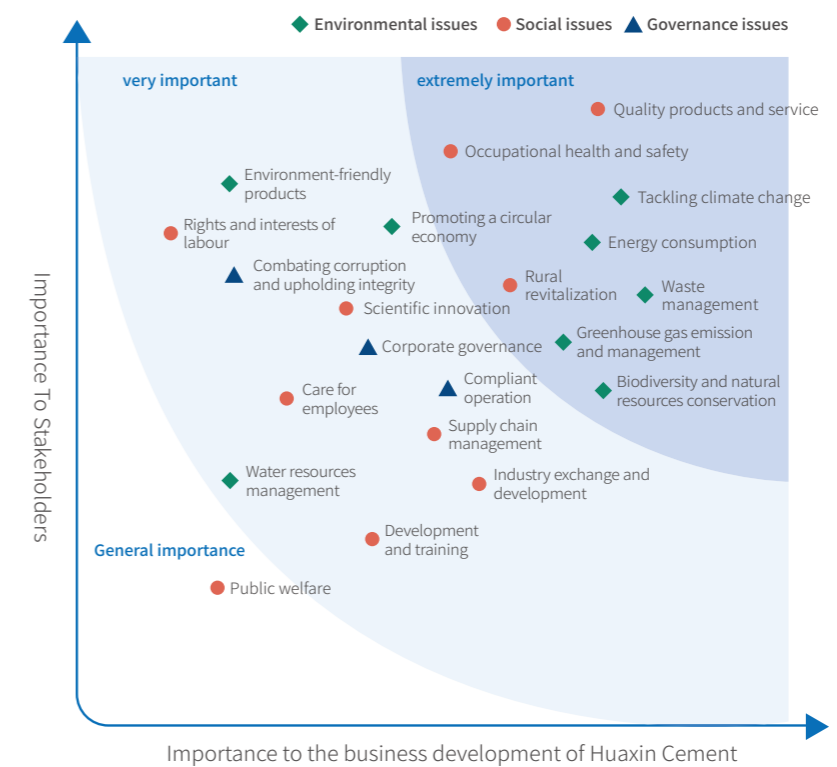
Communication with stakeholders

Huaxin Cement actively communicate with the stakeholders, and collect the information concerning the requirements and expectations of stakeholders through multiple channels, so as to continuously improve the ESG work performance and realize the common development with stakeholders.



Assessment of material issue

According to the materiality analysis model, the Company has, on the basis of the data of last year, continued to identify, assess and screen the material issues, and determine the issues important for the Company and stakeholders. In 2023, the Company identified 21 material issues in 3 fields of responsibility.



Green and Low-carbon Development Promote the Ecological Protection

Huaxin Cement takes green and low carbon as its long-term development strategy, and adheres to green production management to actively forge the green factories; it strengthens the resource recycling to reduce the natural resource consumption and pollutant emission; it also actively responds to climate change, protects the biodiversity, and keeps exploring the environmentally-friendly green production system to facilitate the building of a beautiful China and realize the "carbon peaking and carbon neutrality" goals.

Contribution to UN SDGs



- 38 Green production
- 44 Saving energy and resources Combating
- 46 climate change
- 48 Protect the ecological environment



Green production

Adhering to the mission of "clean our living environment and provide reliable building materials", Huaxin Cement continuously improves its environmental management ability, enhances its pollutant control, forges more and beautiful green factories, tries its best to explore the production mode featuring the harmonious coexistence of industry and nature, and strives to be a pioneer of the industry for green, low-carbon and sustainable development.



Company's clinker production lines reach the level of energy efficiency benchmark.

63%

6 factories of the Company listed as provincial green factories

19 factories of the Company listed as national green factories

15 factories of the Company listed as national green mines



Improving environmental management

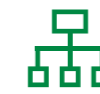
Environmental management system

Huaxin Cement strictly abides by the Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Water Pollution, Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution, Environmental Protection Tax Law of the People's Republic of China, and other relevant laws and regulations; it also continuously establishes and improves the ecological environmental protection management system, and keeps optimizing the environment management of the Company.



Institutional system

The Company has formulated the Environmental Protection Management Measures of Huaxin Cement Co., Ltd., Notice on Regulating the Environmental Monitoring Works, Notice on Implementing the Monthly Report System of Environmental Protection, Management Regulations of Huaxin Cement Co., Ltd. on Disposal of Hazardous Wastes, and other corresponding management systems. In 2023, the Company issued the Self-inspection Manual for Ecological Environment Risks with a view to optimizing the closed-loop risk control mechanism characterized by "self-inspection, self-correction and self-improvement".



Organizational system

The Company has established the Environmental Protection Management Committee to review and approve the environmental protection management policies. All units have set up environmental protection management committees, which was configured with full-time management bodies and personnel for environmental protection, so as to ensure that relevant responsibilities are put in place, and the Company operates in compliance with environmental protection laws and regulations.



Supervision system

The Company continuously carries out the internal environmental audit and the "double random" inspection for environmental protection to discover the problems and prevent the risks in time. In 2023, the Company conducted the environmental audit and "double random inspection for environmental protection" in 30 subordinate units, including 18 cement factories, 10 concrete mixing plants, and 2 new material factories; It strengthened the improvement of factory environmental protection, and constantly improved environmental management by discovering and rectifying the risks.

Strengthening emergency management

In strict accordance with the *Emergency Response Law of the People's Republic of China*, *Interim Administrative Measures for Environmental Emergency Management*, and other relevant laws and regulations, the Company and its subsidiaries have formulated plans for environmental emergencies and implemented drills to ensure the quick and prompt response to various environmental emergencies, and prevent the adverse impact of environmental emergencies on the public and environment. During the reporting period, Huaxin Cement did not have any environmental emergencies.

Construction of environmental protection and low-carbon culture

Huaxin Cement has always adhered to the concept of environmental protection, low carbon, green and sustainable development. By holding the environmental protection training and carrying out diversified environmental protection activities, the Company promotes the participation, awareness and capabilities of all employees for environmental protection and low carbon development. During the reporting period, the "Environmental Protection and Low Carbon Month" campaign was launched throughout the Company, and the training on environmental protection management and carbon asset management were conducted in joint-stock companies, thus forming the joint force for green and low-carbon development, and facilitating the sustainable development of the Company.

Be a doer for environmental protection and low carbon development

Case

Actions are required to implement the concept of environmental protection and low carbon development. Since May 2023, Huaxin Cement has launched the "Environmental Protection and Low Carbon Month" campaign throughout the Company. It carried out activities with the theme of "promoting green and environmental protection by low-carbon brisk walking" to publicize the concept of environmental protection and health; it carried out knowledge publicity activities with the theme of "green, low carbon and environmental protection" to publicize the knowledge on garbage sorting, clean environment, forestation, energy conservation, and emission reduction among local residents; it carried out white trash collecting activities with the theme of "caring for the ecological homestead", and cleaned the roads in the peripheral area of the plants to push forward the construction of beautiful home.



Low-carbon brisk walking

Environmental performance rating

The Company strictly implements the requirements of the Ministry of Ecology and Environment and the local environmental protection authorities, keeps improving the environmental performance of project site, and implements the declaration of environmental performance by levels. In 2023, 5 subsidiaries of Huaxin Cement were rated as leading enterprises for environmental performance. Daye Company was rated as the first Level-A enterprise, and Yangxin Company was rated as a Level-B enterprise for performance rating in key industries under heavily polluted weather in Hubei Province.

Strengthening the pollutant management

Air pollutant management

Huaxin Cement continuously adopts the advanced air pollutant emission reduction technologies. For nitrogen oxide, sulfur dioxide, particulate matters and other major air pollutants, it combines the source control, real-time monitoring and pipe-end treatment to achieve air pollutant management and reduce the pollutant emission.

Nitrogen oxide control. In 2023, the Company implemented the kiln tail SCR denitration transformation in Daye Company, and summed up relevant experience and lessons, thus laying solid foundation for constantly and steadily reducing nitrogen oxide emission to below 50 mg/Nm³; The Company keeps pushing forward the optimization of level-by-level combustion + precise denitrification (HSNCR). In 2023, the Company completed the transformation of 3 plants in Chenzhou, Lengshuijiang and Quxian, further reducing the emission of nitrogen oxides.



Efficient SCR Denitrification System of Daye Company



Efficient Wet Desulphurization System of Huangshi Company

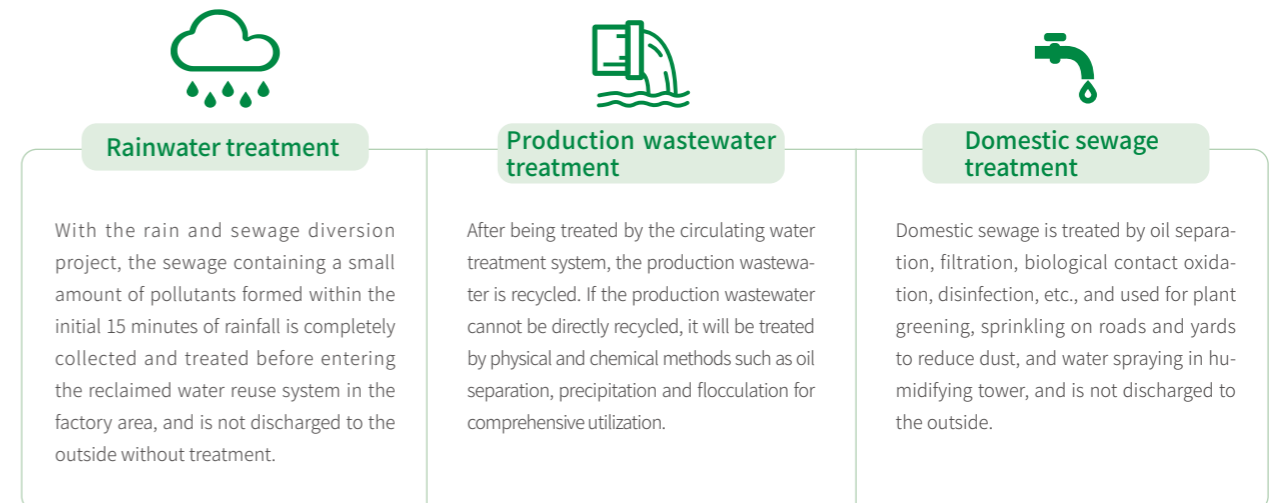
Sulfur dioxide control. Considering the changes in raw materials, it adopts the source control, optimizes the raw materials blending, and coordinates with process control and other measures to effectively reduce the sulfur dioxide emission. In 2023, the Company implemented the wet desulphurization transformation in its Huangshi Plant, and completed the precise desulphurization transformation of 6 kiln production lines in Daoxian, Yangxin, Xinyang, Yanjing, Diwei, and Enping, thus achieving the stable emission of sulfur dioxide in accordance with relevant standards.

Particulate matter control. The Company continuously promotes the optimization and transformation of well-organized and unorganized discharge, optimizes and transforms the dust collectors, and enhances the preventive maintenance of dust removal facilities by leveraging the period of kiln shutdown and non-peak production, so as to guarantee the normal operation of dust removal facilities. Assisted by on-line monitoring and self-monitoring, the Company guarantees that the dust collectors are always operated at the optimal status, thus reducing the particulate matter emission.

Indicator	2021	2022	2023	Unit
Total sulphur dioxide emission	1,793.56	1,479.80	1,266.53	Ton
Mean concentration of sulphur dioxide emission	14.65	13.89	11.62	mg/m ³
sulphur dioxide emission intensity per unit product of clinker	0.03	0.03	0.03	kg/ton clinker production
Reduction of sulphur dioxide emission/year	342.24	313.76	213.27	Ton
Total nitrogen oxide emission	28,857.21	19,547.60	16,715.73	Ton
Mean concentration of nitrogen oxide emission	222.47	199.49	172.92	mg/m ³
nitrogen oxide emission intensity per unit product of clinker	0.51	0.44	0.39	kg/ton clinker production
Reduction of nitrogen oxide emission/year	2,504	9,310	2,832	Ton
Total particulate matter emission	1,520.81	1,028.89	977.42	Ton
Average concentration of particulate matter emission	8.86	7.09	6.45	mg/m ³
Particulate emission intensity per unit product of clinker	0.03	0.02	0.02	kg/ton clinker production
Reduction of particulate matter emission/year	360	492	51	Ton

Waste water management

The Company has been committed to promoting and achieving the "near zero" discharge of wastewater along rivers. By strictly abiding by the Law of the People's Republic of China on Prevention and Control of Water Pollution, the Company constantly invests resources to update the wastewater treatment technology, strengthen the wastewater reuse, treat the wastewater as per different nature and grades, so as to achieve the "near zero" discharge of wastewater by plants. During the reporting period, Huaxin Cement and its subsidiaries treated the sewage discharge in compliance with relevant laws and regulations.



Waste management

Huaxin Cement and its subordinate branches and subsidiaries strictly abide by the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes* and other relevant laws and regulations, and follow the principle of "classified collection, zoning/storage and safe disposal" to store or clear away industrial garbage and domestic garbage respectively. Hazardous wastes generated in the Company's production and operation, such as waste mineral oil, waste liquid from laboratories, empty paint barrels, empty oil barrels, etc., are all handled by qualified third parties.



The Company strictly follows relevant national laws and regulations to classify, collect, store and dispose the hazardous wastes. Moreover, the Company improves its internal management system; establishes the hazardous waste management ledger and plan; pushes forward the standardized construction of temporary storeroom for hazardous wastes; build up the temporary storeroom for hazardous wastes in accordance with the Standard for Pollution Control on Hazardous Waste Storage; regulates the storage and marking of hazardous wastes; strictly implements the hazardous waste transfer management system, and; establishes and improves the environmental emergency plans for hazardous wastes. For hazardous wastes that cannot be disposed by itself, the Company entrusts the qualified third parties to dispose, so as to monitor the environmental impact throughout the entire lifecycle of hazardous wastes, and reduce the impact of hazardous wastes to the minimum.

The Company actively promotes the garbage sorting and disposal and, by leveraging the technical advantages of co-processing by cement kilns, classifies the solid wastes into the solid wastes eligible for co-processing in cement kiln and the solid wastes ineligible for co-processing in cement kiln. Waste paper, plastic, rubber, wood, and textiles are taken as alternative fuels and put to harmless disposal in cement kilns. On the precondition of meeting the quality control requirements of cement, muck, dust and construction wastes are taken as alternative raw materials to be utilized in cement production, and are not discharged to the outside. Metallic spare parts and other recyclable materials are put to harmless disposal by qualified waste disposal enterprise, with which the waste disposal/recycling agreement is signed by the plant.

Promoting green manufacturing

By the end of 2023, 19 plants of Huaxin Cement were listed as national green factories, 6 plants were listed as provincial green factories, and 15 plants were listed as national green mines.

Case

Huaxin Zigui Company promoted the construction of green factory

Focusing on four aspects including resources, energy, environmental protection and quality, Huaxin Zigui Company formulated its overall ecological production principles to reduce the consumption of natural resources and energy, mitigate the environmental impact, push forward the R&D projects on carbon emission reduction, and develop the low-carbon cement products. Zigui Company implemented the cement kiln co-processing project to treat the domestic waste, sludge, floating debris and other combustible materials, which could be taken to substitute the natural fossil energy after treatment. In the meantime, Zigui Company implemented the control of energy and consumption, kept promoting the energy-saving technology transformation, and met the Level-1 value requirements specified in the Energy Consumption Limit of Cement Unit Product (GB16780-2021).



Huaxin Zigui Company

Building beautiful factory

In 2023, the Company continued to push forward the construction campaign of "beautiful factories". It carried out on-site benchmarking evaluations for 34 entities for the building of "beautiful factories". By "promoting reform through evaluation", 21 of them reached the standard of beautiful factory. During the on-site evaluation, 576 items requiring improvement were identified, 485 of which have been improved, with a completion rate of 84%, thus comprehensively upgrading the environmental performance of all entities.

Case

Huaxin Chibi Company implemented the construction campaign of "beautiful factory"

Huaxin Chibi Company has always made unremitting efforts to build "clean, green, bright and beautiful" factories. In 2023 alone, it invested over 4 million yuan to build the asphalt pavement of over 6,600 m² for the roads and repair 91 defective parts of roads in the plant area; took the lead in organizing the "clean home" voluntary activities for more than 40 times, and whitewashed the old production areas to improve its overall image.

With regard to environmental protection management, Chibi Company strengthened the daily monitoring and evaluation. The emission of main pollutants in the plant met the latest supervision requirements. In addition, Chibi Company supervised the pollutant emission of vehicles below Stage-IV tail gas emission standard. In the "access control" monitoring system of the plant, vehicles failing to meet relevant emission standards were not allowed to enter the plant area.

By continuously promoting the construction of "beautiful factory", it upgraded the external environment of the plant area, optimized the environmental protection facilities, and regulated the environment and energy management systems, thus enabling its successful transformation from a conventional cement plant to an environment-friendly building material enterprise, and forging it into a benchmarking enterprise for "green manufacturing".




Huaxin Chibi Company

Saving energy and resources

By adhering to the principle of "integrated development", Huaxin Cement develops new mode for resource recycling, strengthens the water resource management, improves the water conservation efficiency, promotes the green package for cement products, and commits to becoming the pioneers of green and low-carbon industry featuring low consumption and emission.

Enhancing energy efficiency management

By strictly abiding by the Energy Conservation Law of the People's Republic of China and optimizing the energy management, Huaxin Cement adopts the energy-efficient equipment, co-generation and energy-saving technical transformation to reduce the direct and indirect energy consumption, improve the comprehensive utilization efficiency of energy and resources, and expedite the low-carbon and green upgrading of the industry.

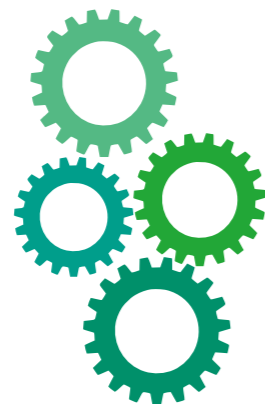


Key performance

Own domestic kiln line enterprises	43	Have obtained the energy management system certification	40
Own domestic kiln production	52 lines	Domestic kiln production lines reaching the benchmark	63%
		The rate of obtaining certification reached	93%
		Comprehensive energy consumption per unit clinker product	94.7 kg standard coal/ton

The Company upgrades the preheaters from Class V to Class VI, optimizes the air inlet for grate cooler, adopts multi-point feed of alternative fuel in calciner, and optimizes the combustion.

The Company optimizes the cement mill, and enhances the daily fundamental management to improve the grinding efficiency and reduce the power consumption of mill.



The Company upgrades the high temperature fan, raw mill circulation fan, tail exhaust fan, and other large process fans into new energy-efficient and energy-saving fans, thus improving the fan efficiency and lowering the power consumption of fans.

The Company implements the automation upgrade of co-generation system to realize the unattended operation.

Data of Energy Consumption by Huaxin Cement				
Indicator	2021	2022	2023	Unit
Comprehensive energy consumption	709.81	535.42	538.00	10,000 tons standard coal
Comprehensive energy consumption per unit domestic clinker product	-	99.46	94.69	kg standard coal per ton of clinker

Saving water resources

Huaxin Cement takes water resources in strict accordance with the Water Law of the People's Republic of China, the Regulations Governing the Licensing for Water Drawing and the Levying of Water Resource Fees, and relevant laws and regulations in the place where it operates. Moreover, it regulates the intake process of river water and surface water, and attaches importance to rational use and indicator assessment of water resources in various production links, so as to improve efficiency of water use and reduce the water consumption. During the reporting period, we had no issues in sourcing water that is fit for purpose.

Data of Water Resources Consumption by Huaxin Cement		
Indicator	2023	Unit
Total water consumption	2,347	10,000 tons
Water consumption per unit of cement product	0.34	Ton/ton of cement product

Case

Huaxin Chibi Company won the title of "Water-saving Industrial Enterprise" of Xianning City

On December 7, 2023, Huaxin Chibi Company won the title of "Water-saving Industrial Enterprise" of Xianning City. As the one and only enterprise winning such title in Chibi City, such title signified that the efficiency of Huaxin Chibi Company in water conservation and environmental protection was recognized by local government. By strengthening the publicity on water conservation, enhancing the equipment innovation and daily maintenance, and reinforcing the dynamic water quality supervision, Huaxin Chibi Company keeps on improving the industrial water use efficiency, gives full play to its model role in water conservation and emission reduction, thus making greater contribution to building a water-saving society.



Huaxin Chibi Company

Huaxin Shigatse Company won the title of "Water-saving Enterprise" of Xizang Autonomous Region

On December 26, 2023, Huaxin Shigatse Company won the title of "Water-saving Enterprise" of Tibet Autonomous Region. In order to achieve the sustainable development of enterprise, society, economy and environment, Huaxin Shigatse Company incorporates water and energy conservation into its development strategy, formulates corresponding tactics, and carries out the water conservation actions in terms of efficiency promotion, technical innovation, equipment upgrading, and daily maintenance. Over the years, Huaxin Shigatse Company achieved favorable economic benefit, heightened the awareness of energy conservation and environmental protection among all employees, sets a good example for building the water-saving enterprises in Tibet Autonomous Region, and wins unanimous praise from local government leaders.



Huaxin Shigatse Company

Use of packaging materials

Huaxin Cement practices the concept of green, low-carbon and high-quality development in the cement industry. By actively responding to the requirements of green packaging cycling in Cement Packaging Bags (GB/T 9774-2020), Huaxin Cement strictly manages the classification, specifications, labeling, layout printing and bag-making materials of cement packaging bags. At the same time, Huaxin Cement vigorously promotes its intelligent manufacturing level, pushes forward the process innovation and equipment improvement, installs and applies the corona automatic opening-closing device for printing machine, intelligent visual identification system for heat sealing machine, and adopts the automatic weighing technologies for packaging of finished product, winning extensive recognition by China Packaging Federation and relevant enterprises in packaging industry. In January 2023, Huaxin Cement supplied its products to Maweni Limestone Co., Ltd. in Tanzania, achieving the export of the first batch of packaging bags to Africa. In June 2023, Huaxin Cement's valve sacks with square bottom were exported to Kyrgyzstan for the first time, and the plastic packing straps manufactured by Huaxin Cement were exported to Cambodia for the first time.



CSR Honors

The patent of "a leakproof and environment-friendly valve sack and its manufacturing method" developed by Huaxin Packaging Company was granted the patent for invention by China National Intellectual Property Administration. Meanwhile, Huaxin Packaging Company was recognized as a national specialized enterprise for the manufacturing of laminated plastic woven bag (with interior lining paper) for cement packing.

In 2022, among the list of "China's Top 100 Packaging Enterprises" ranked by China Packaging Federation, Huaxin Packaging Company ranked 22nd among the list of "Top 30 Plastic Packaging Enterprises".



Data of Packaging Materials Consumption by Huaxin Cement

Indicator	2021	2022	2023	Unit
Consumption of packaging materials	3.51	3.36	2.83	10,000 tons
Density of packaging materials consumption	1.50	1.50	1.39	kg/ton of sacked cement production

Combating climate change

Huaxin Cement attaches great importance to the national commitment of "carbon peaking and carbon neutrality", and implements the *Implementation Plan of Carbon Peaking for Building Materials Industry* to actively combat climate changes. Huaxin Cement carries out the climate change risk management, clarifies the emission reduction targets, determines the emission reduction roadmap, and continuously carries out the carbon inventory and carbon reduction practice in the whole industry chain.

Mitigation of and adaptation to climate change

Identification of and response to climate change risks

Huaxin Cement comprehensively identifies the risks relating to climate change, follows the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), and initially identifies the risks and opportunities brought by climate change to enterprises from three aspects: entity risks, transition risks and market opportunities, so as to guide the climate response actions in a scientific way.

In 2023, the Company briefly updated the identified climate change risks and opportunities, and the updated climate change risk results are as follows:

Type of climate risks	Description of climate risks	Response actions
Acute/chronic/ Physical risks	<p>Climate change will bring extreme natural disasters such as floods and hurricanes with high intensity and high frequency, and extreme climate such as drought and rainy weather, which will have an impact on the production, transportation and sales of the cement industry:</p> <ul style="list-style-type: none"> ◆ The collection and transportation of cement raw materials will be affected by extreme weather, which will increase the corresponding operating costs. ◆ Downstream building construction operations are easily suspended due to extreme weather (such as rainstorm and blizzard). ◆ Extreme weather will cause potential safety hazards in outdoor operations (such as site safety, employee health and safety, etc.). ◆ The limited operation of assets during extreme low temperature will cause income loss. 	<ul style="list-style-type: none"> ◆ The Company provides each customer with the instruction manual of concrete; in summer, winter, and extreme weather such as rain, snow and high temperature, it actively communicates the construction plan with customers in advance, makes technical disclosure and issues contact letters to reduce the possibility of products being affected by extreme weather. ◆ In view of extreme weather, the factory timely adjusts the concrete mix ratio and production technology to meet the needs of the construction site. ◆ The Company continues to expand its integrated business to realize the integration of the whole industrial chain and reduce the impact of climate change from upstream and downstream links. ◆ It strengthens the design of mines and corresponding power supply network, so that they can withstand the low-temperature disaster weather conditions such as persistent freezing and snowstorm.
Transformation risks of policy and laws	<p>With the proposal of the national "dual carbon" commitment and the deepening of the work to deal with climate change, the cement industry will face more changes in policies and stricter legal regulations:</p> <ul style="list-style-type: none"> ◆ The government's increasingly stringent policies on carbon emissions have made it more difficult for enterprises to manage carbon assets. ◆ With the construction of national carbon market and emission trading market, carbon tax and carbon price will bring additional cost pressure to enterprises. 	<ul style="list-style-type: none"> ◆ The Company actively pays attention to the latest changes in national environmental protection laws and regulations, industry policies and so on, and takes timely countermeasures. ◆ The Company analyzed the carbon market, collected and studied the carbon quota accounting methods and carbon trading rules of the State, provinces and municipalities directly under the Central Government, and the offset mechanism of Chinese Certified Emission Reduction (CCER), analyzed and predicted the price fluctuation of the carbon market, and formulated unified carbon trading strategy suggestions to support the decision-making of the Committee. ◆ The Company issued the White Paper on Low-carbon Development of Huaxin Cement Co., Ltd., which defined the carbon reduction target and formulated a detailed carbon reduction path.
Risks of technological transformation	<p>By referring to the implemented and foreseeable carbon reduction technologies of well-known cement enterprises at home and abroad, there are still many challenges for the cement industry to achieve the goal of carbon neutrality by 2060:</p> <ul style="list-style-type: none"> ◆ It is difficult to achieve carbon neutrality in the cement industry in terms of investment and emission reduction volume with the existing emission reduction technologies, clean energy, forest carbon sink and industrial electrification. ◆ In the medium and long term, the cement industry needs to rely on CCUS (carbon capture, utilization and storage) and BECCS (bio-energy carbon capture and storage) technologies to achieve carbon neutrality in the whole industry. ◆ CCUS technology is still in the stage of exploration and research, and it has not been popularized. From the perspective of investment and emission reduction effect, it is uncertain to some extent. 	<ul style="list-style-type: none"> ◆ The Company sorted out the technical ways of emission reduction and determined the emission potential of each carbon emission node, including the whole process from mining, raw materials entering the factory, clinker production, waste disposal, cement preparation to cogeneration. ◆ The Company plans to explore the emission reduction potential of intelligent industrial systems, new energy development and utilization and CCUS carbon capture technology step by step.
Transition risks of market and reputation	<p>Cement industry belongs to one of the high energy consumption industries in China, which means its greenhouse gas emissions are not low. Today, climate change and low-carbon transformation are getting more and more attention. The attributes of cement industry will form a negative impression on stakeholders, which will bring market and reputation challenges to enterprises:</p> <ul style="list-style-type: none"> ◆ The downstream construction industry has increasingly strict requirements on the environmental properties of cement, concrete, wall materials and other products. 	<ul style="list-style-type: none"> ◆ The Company has increased the research and development and mass production of new low-carbon and environment-friendly building materials, including CHAOKELONG ultra-high performance concrete, environment-friendly baking-free bricks, low-calcium carbon-fixing cement concrete and so on.

Management of carbon emission

Goals of and progress in emission reduction

After scientifically analyzing the internal and external environment, Huaxin Cement clarifies the goals for carbon emission reduction. Based on such goals, the Company carries out the annual carbon emission reduction actions and evaluates the annual performance of emission reduction, so as to comprehensively push forward the low-carbon transformation and create a green future with joint efforts. In 2023, the Company joined the Global Cement and Concrete Association (GCCA) and made a collective commitment with other members of the association: achieving net zero emissions by 2050 to help limit global warming to 1.5 °C.

Goals of Carbon Emission Reduction		Progress in 2023
Carbon Emission Reduction	Goal 1: By 2030, the carbon dioxide emissions of the Company's unit operating income will be reduced by more than 70% compared with that in 2005.	In 2023, the carbon dioxide emission per unit of operating income of domestic businesses was 12.55 tons/10,000 yuan , representing a decrease of 57% compared with that of 2005 (2005: 29.2 tons/10,000 yuan).
	Goal 2: By 2030, the intensity of direct emission of carbon dioxide per ton of cement (scope 1) will be reduced to 475 kg.	In 2023, the intensity of direct emission of carbon dioxide per ton of cement in China (scope 1) is 576.47 kg (Base year data: 652 kg).
	Goal 3: By 2030, the direct emission intensity of carbon dioxide per cubic meter of concrete (scope 1) will be reduced to 124 kg.	In 2023, the domestic direct emission intensity of carbon dioxide per cubic meter of concrete (scope 1) the Company was 149.88 kg (base year data: 196 kg).
Alternative Fuel Energy	Goal 4: By 2030, alternative fuel energy will account for more than 25% of primary energy consumption.	In 2023, the proportion of alternative fuel energy in primary energy consumption in domestic kiln lines has reached 22.8% ; the consolidated proportion of alternative fuel energy in the group reached 20% .
	Goal 5: It is planned to invest 10.5 billion yuan between 2020 and 2030 for technology research and development to reduce carbon emissions and the transformation and upgrading of production systems.	Domestic factories have steadily implemented the transformation project of alternative fuels for kiln, and some factories have implemented the energy efficiency improvement project of changing preheater from Class V to Class VI. During 2020-2023, the accumulated investment has reached 5.822 billion yuan .

Greenhouse gas verification

Huaxin Cement strictly follows the (GB/T 32151.8-2015) Greenhouse Gas Emission Accounting and Reporting Requirements (Part 8: Cement Production), the Guidelines for Greenhouse Gas Emission Accounting and Reporting of Cement Production Enterprises in China (for Trial Implementation), and its internal carbon audit standard to promote the internal and external accounting and verification of greenhouse gas.

In order to improve the overall quality of the Company's carbon emission data, Huaxin Cement formulated its internal carbon audit standard. In 2023, it organized the special audits of carbon emissions and on-site training for 22 kiln line factories. By adhering to the principle of auditing instead of training, it effectively improved the carbon emission management capabilities of subordinate factories, thus laying solid foundation for entering the national carbon market.

In 2023, the branches and subsidiaries of the Company actively cooperated with the third party verification agencies and completed the on-site verification of carbon emission data of 2022. In the same period, for the performance year of 2022, 20 cement factories under the Company in Hubei, Chongqing and Guangdong achieved 100% compliance on schedule for pilot carbon trading, thus fulfilling its carbon reduction commitment.

Greenhouse Gas Emission Data of Huaxin Cement

Indicator	2021	2022	2023	Unit
Total emissions of Scope 1 and Scope 2 greenhouse gases (clinker process)	49,165,506.19	35,980,587.04	34,531,189.72	Ton carbon dioxide equivalent
Greenhouse gas emissions per unit product of clinker (clinker process)	0.846	0.818	0.805	Ton carbon dioxide equivalent/ton clinker production
Reduction of greenhouse gas emissions/year	1,066,029.24	11,915,181.23	1,449,397.32	Ton carbon dioxide equivalent

Greenhouse gas emission reduction action

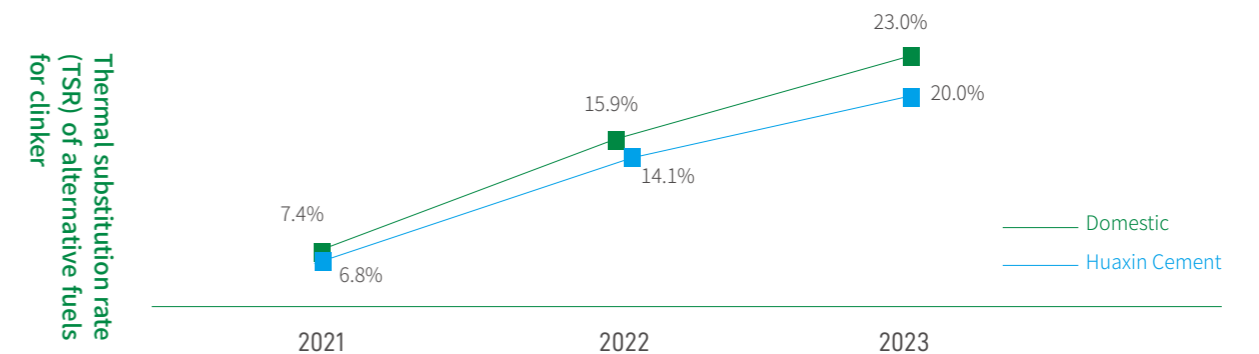
Huaxin Cement has always adhered to low-carbon and circular development. In 2021, it formulated its carbon emission reduction roadmap. In 2023, according to the Company's carbon emission reduction route, Huaxin Cement made steady progress towards the established carbon reduction goals through various actions such as intelligent management, raw material substitution, fuel substitution, CCUS, leading industry standards, and employee publicity and training, and made continuous progress in greenhouse gas emission reduction. In the future, the Company will continue to enrich the low-carbon development actions, and take the lead in the green upgrading of cement industry.

Carbon reduction with alternative fuels

When coal is used as fuel for cement production, the emission of carbon dioxide generated from coal combustion accounts for about 35% of the total carbon emissions of clinker. Therefore, using alternative fuels has currently been the major means of reducing carbon emission in the cement industry. To meet the significant demand brought about by China's strategy to achieve carbon peaking by 2030 and carbon neutrality by 2060, the Company pioneered the carbon emission reduction technology and equipment that enables efficient combustion by utilizing high proportion of inferior mixing alternative fuels, thus achieving the long-term and efficient combustion of multiple alternative fuels. The Company also developed the advanced control technology to ensure stable combustion under the working condition of using alternative fuels in large proportion, by which it created the intelligent operation system for the entire process of low-carbon cement production, thus achieving the intelligent and efficient production operation under complicated raw fuel conditions. After being promoted comprehensively inside the Company, such intelligent operation system has brought about significant benefits. The pioneering carbon emission reduction technology of Huaxin Cement was rated as the "Top 20 Advanced and Applicable Low-carbon Technologies in the Raw Material Industry in 2023" by the Ministry of Industry and Information Technology.

In 2023, the Company took the pretreated combustible waste, biomass fuel and industrial solid waste as alternative fuels in cement kilns. Throughout 2023, 4.37 million tons of such alternative fuels were utilized with the thermal substitution rate (TSR) of alternative fuels for clinker reaching 20%, thus saving the standard coal (converted) for about 1.2 million tons and reducing the carbon dioxide emission by 3.3 million tons.

In 2023, by optimizing the process control, Huaxin Huangshi Company achieved the fossil fuel substitution rate of about 40% and the carbon emission per unit of clinker of only 740 kg/t, which far exceeded the average level of the industry. The Integrated Project of Huaxin Cement (Huangshi) Co., Ltd. for Domestic Garbage Pretreatment and Comprehensive Utilization of Cement Kiln Resources has passed the review by the National Energy Conservation Center for the 4th Typical Case of Application of Key Energy-saving Technology and has been publicized, which was the only approved project in the building materials industry.



Carbon reduction with alternative raw materials

By extensively exploring the resources, the Company efficiently optimizes the quality analysis and batching of alternative raw materials, and improves the utilization rate of white clay from paper mill, civil sludge, steel slag, furnace clinker and other industrial byproducts, so as to substitute the natural calcium-based materials with alternative raw materials. In 2023, a total of 2.27 million tons (based on internal statistical standard) of industrial wastes were comprehensively utilized by the cement kiln lines of the Company as alternative raw materials for clinker production, directly reducing the carbon emission by about 300,000 tons.

In 2023, by utilizing the white clay from paper mill, civil sludge and other alternative raw materials, Huaxin Enping Company realized the raw material substitution rate of 24.48%, and reduced the carbon emission per ton of clinker by 144 kg/ton of clinker (which was calculated according to the supplementary datasheet issued by the national authority in 2021; internal statistics of the Company), thus achieving significant effect for carbon reduction.



Huaxin Enping Company

Carbon reduction with energy efficiency improvement

In 2023, the Company realized the energy conservation and carbon reduction by means of preheater transformation, optimization of feed point for alternative fuels, and optimization of air intake for the secondary air system and tertiary air system.

Typical energy efficiency improvement project for factory

Production line	Transformation project	Standard coal saved (kg/ton of clinker)	Carbon emission reduced (ton)
Wuxue K1	Class VI preheater transformation	5.71	24,273.72
Yangxin K1	Optimization of air intake for the secondary air system and tertiary air system	1.17	4,991.55
Chenzhou	Optimization of feed point for alternative fuels	1.38	4,274.57



Electric Truck in the Mine of Wuxue Industrial Park



Small Wind Power Generation System in the Mine of Huaxin Cantian Company

Carbon reduction by reducing clinker coefficient

It realized low carbon emission for cement product by improving the properties of cementing material for admixture, adjusting the cement fineness, increasing the specific surface area of powder, improving the early strength of cement, and lowering the clinker mixing ratio in cement.

Compared with the values in 2022, the clinker coefficient in domestic kiln line plants of the Company recorded a year-on-year reduction of 2.4%, the direct carbon emission per ton of cement superimposing carbon emissions from clinker was reduced by 31 kg, and the total carbon emission was reduced by 1.62 million tons.

Carbon reduction with supply chain collaboration

The Company speeds up carbon reduction in the industrial chain. To be specific, it urges the mining contractors and carriers to use new energy mine cars to reduce the carbon emission during transportation. In 2023, the Company realized the application of new energy ready-mixed concrete agitating lorries and mine cars in some industrial parks and, at the same time, carried out the pilot program for new energy commercial vehicles and loaders.

Carbon reduction by building the distributed energy system

The subordinate units of the Company has, according to the local geographical conditions, built up the distributed photovoltaic power and wind power systems in the mines and production zones to realize the green power supply for video surveillance system and road lamps within the plant area.

Protecting the ecological environment

Mine ecological restoration

Huaxin Cement promotes the construction of green mine; formulates and strictly abides by the *Environmental Protection Management Measures of Huaxin Cement Co., Ltd.* According to the Measures, all the subsidiaries under Huaxin Cement are prohibited from engaging in mining within the ecological red lines demarcated by the governments at all levels. All the subsidiaries strictly implemented the tasks regarding soil and water conservation, mine reclamation, and biodiversity protection of mines. In the meantime, they proactively advanced the construction of green mine. Particularly, they re-dressed the mine with green clothes by planting trees and grass, and restored the picturesque landscape featuring white clouds and green mountains.

By the end of 2023, the mine reclamation area reached 3.735 million m²; 15 mines of the Company were honored as "national green mines", and 9 mines of the Company were honored as "provincial green mines".



Yangxin Mine



Sangzhi Mine

Soil restoration by co-processing

Huaxin Cement is committed to fostering the green hills and clear rivers by making use of its advantages in the industry, utilizing the co-processing of cement kilns to treat polluted soil, and preventing secondary pollution during soil treatment, thus making positive contribution to urban environmental management and ecological civilization construction. During the reporting period, 238,000 tons of polluted soil were treated by means of co-processing.

Construction of "Zero Waste City"

Huaxin Cement actively responds to the national concept of the construction of "Zero Waste City", adheres to the green and low-carbon and cyclic development, guarantees the virtuous cycle and zero waste by effectively utilizing the solid wastes, reducing the generation of solid wastes, and resolving the historical stored solid wastes, thus making great contribution to the construction of "Zero Waste City".

Case

Polluted soil in the southern zone of former Gedian Chemical Plant was treated by co-processing to facilitate the environmental protection of the Yangtze River

The restoration project for polluted soil in the southern zone of former Gedian Chemical Plant is located in the Intelligent Manufacturing Park of Wuhan Optics Valley, less than 2 km away from the Yangtze River and adjacent to the Yandong Lake. It is an ecological restoration project with high priority for Wuhan and even for the Yangtze River Basin. Huaxin Cement bravely shouldered the heavy burden, and treated the seriously polluted soil through the co-processing of cement kiln. In total, 24,545.72 tons of polluted soils were treated, making great contribution to the special environmental protection of the Yangtze River.

Case

Huaxin Environmental Engineering Co., Ltd. forged the overall service and operation mode for hazardous wastes in industrial park

On December 15, 2023, Huaxin Environmental Engineering Co., Ltd. and Wuhan National Bio-industrial Base (Biolake) signed a cooperation agreement for the purpose of building a "green bio-industrial park" with joint efforts. Over the past 5 years, the two parties, by focusing on the development concept of "integrated service for the industrial park and substituting waste storage with transfer trucks" jointly built up the "Biolake mode" for the concentrated waste transfer for local small and micro businesses, which effectively solved the difficult collection of hazardous wastes for small and micro businesses in the Biolake, cut down the hazardous waste management costs of local enterprises, and reduced the risks of environmental management in the Biolake. Over 200 enterprises chose the concentrated waste transfer. So far, more than 3,000 tons of hazardous wastes have been transferred accumulatively.



Putting People First and Empowering Employees to Grow

Huaxin Cement regards its employees as the most precious wealth, adheres to the "people-oriented" corporate value, respects every employee, and is committed to providing benefits and development opportunities for its employees, safeguarding their occupational health and safety, enhancing their sense of happiness and belonging, and promoting the common growth of employees and the Company.

Contribution to UN SDGs



- 54 Protection of employees' rights
- 57 Occupational health and safety
- 60 Employee care and development



Protecting employees' rights

Huaxin Cement firmly protects the basic labor rights and interests of every employee, strictly abides by relevant laws and regulations, formulates a sound employee recruitment and compensation system, facilitates channels to communicate with employees to listen to their voices, and puts their reasonable demands and rights first.

Employment compliance

Huaxin Cement strictly abides by relevant laws and regulations, such as the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and the Provisions on the Prohibition of Child Labor. It also has formulated new Employee Recruitment Management Measures of Huaxin Cement Co., Ltd. (Edition 2023) in place based on its own actualities to ensure the legality, compliance, and transparency of the recruitment process.

Promoting equal employment

Huaxin Cement adheres to the principle of equal employment by eliminating discrimination based on age, nationality, gender, race, ethnicity, religious beliefs, etc., strictly prohibits child labor, effectively protects the legitimate and special rights and interests of female employees, guarantees equal pay for equal work for all types of employees, and strives to build an inclusive and diverse talent team.

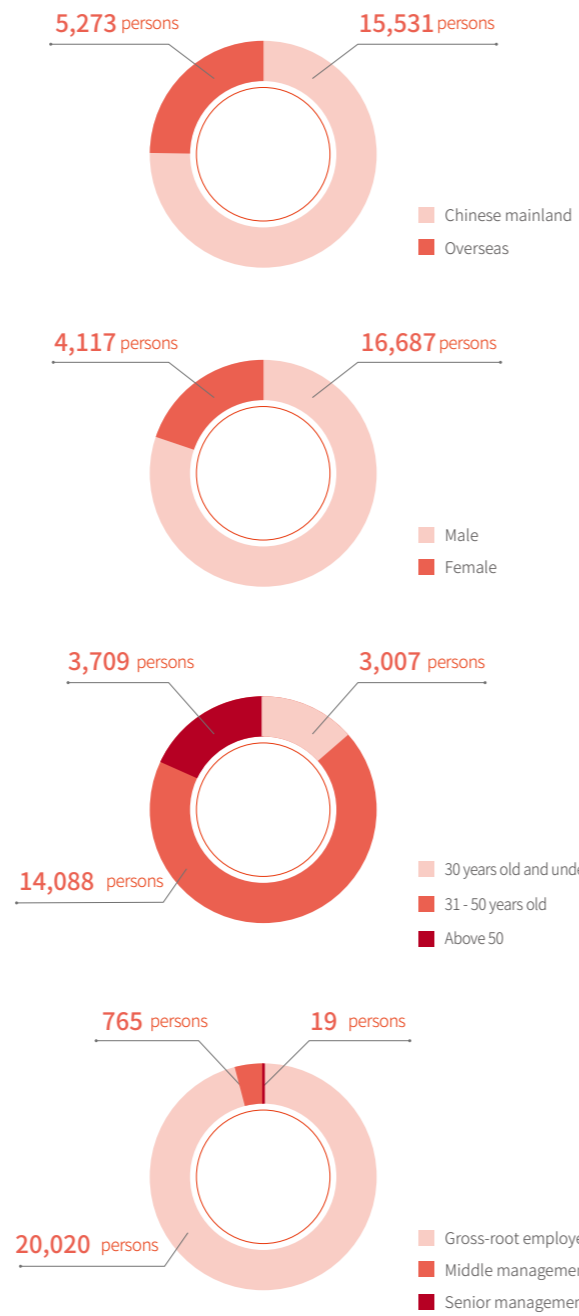
During the recruitment process, the Company conducted employee background check by inspecting the employee's identification documents prior to offering of the employment contract. If there is any suspected infringement regarding child labor, the Company will conduct investigation and terminate the employment of relevant person where necessary.

The Company's employment contract specifies the agreement between the company and its employees on the working condition, including working hours and overtime arrangement. If employees are required to work overtime due to work or business needs, it must be on a voluntary basis to prevent any breach of labour standards. If there is any suspected infringement regarding forced labor, the Company will conduct investigation and take disciplinary action against any employees who are involved in the incident.

Implementing innovative digital recruitment

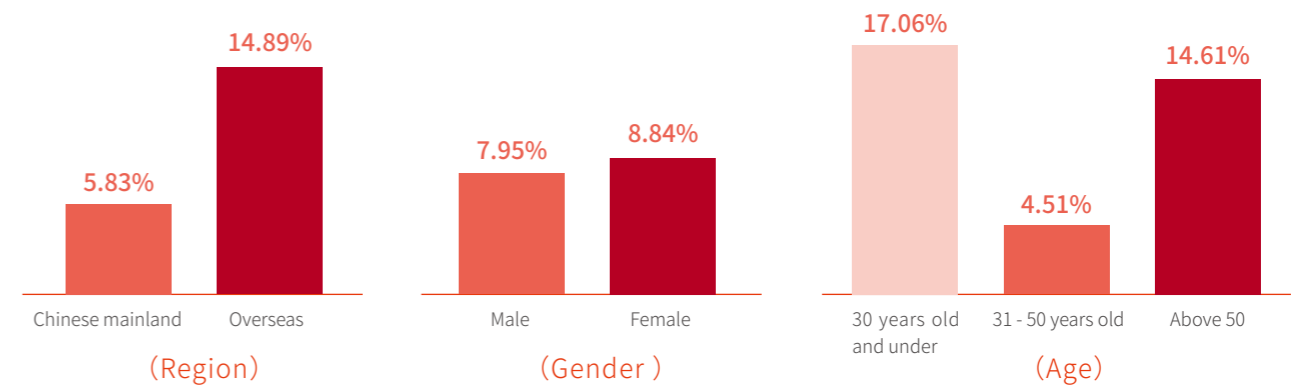
In order to better attract talents, Huaxin Cement is accelerating the digital process of recruitment. The Company has actively carried out recruitment through online talent application systems and recruitment processing platforms as part of its efforts to achieve a total digital and intelligent process of talent recruitment. It has also designed different evaluation tools carefully to assist its business divisions in accurate and scientific talent selection, better showcase the corporate image and improve recruitment efficiency.

Number of employees



As of the end of **2023**,
 Huaxin Cement had a total of **20,804** employees
 with a labor contract signing rate of **100%**
 and an employee turnover rate of **8.13%**
 indicating an overall stable workforce structure

Employee turnover rate

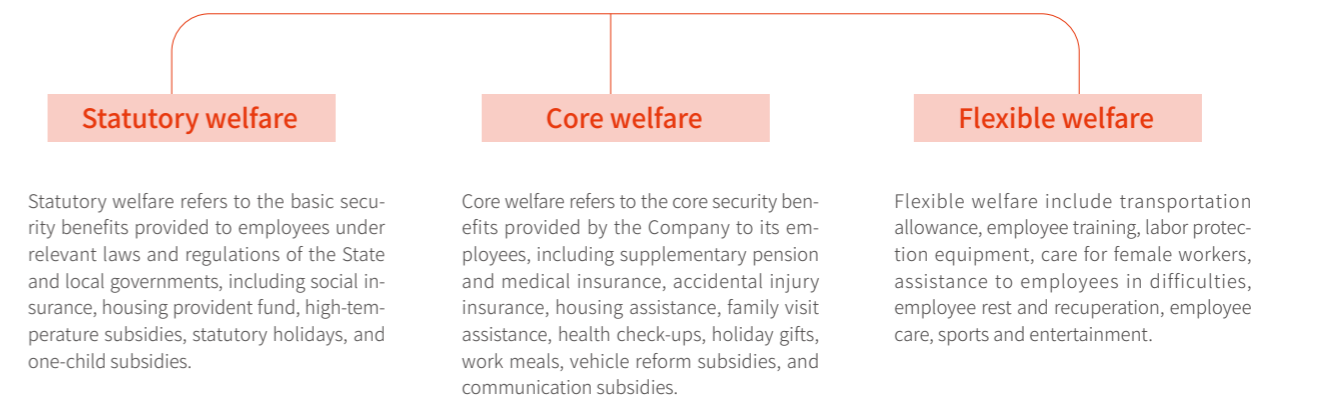


Remuneration package

Huaxin Cement has formulated such rules and regulations as the *Salary Management Measures*, the *Total Salary Management Measures*, and the *Employee Welfare Management Measures* in accordance with relevant laws and regulations, and has established a scientific and complete salary management and welfare system to provide employees with competitive salary. The Company has a differentiated salary management system, and provides a total remuneration package (TTC) for employees that is composed of basic salary, short-term incentives, long-term incentives, overtime pay, and various subsidies stipulated by the Company, to stimulate employees' enthusiasm for work.

In 2023, Huaxin Cement updated the *Management Measures of Huaxin Cement Co., Ltd. for Supplementary Medical Insurance for Employees*, further optimizing the system of supplementary medical insurance for employees to ensure the effective use and standardization of the supplementary medical insurance fund. It also revised the *Management Measures for Wages and Benefits of Employees During the Period of Suffering Major Illness and Subsequent Return to Work* to clarify the salary and benefits of employees with a major illness during the medical treatment period and standardize the management of returning to work after the completion of medical treatment.

Corporate welfare system



Effective communication

Huaxin Cement pays attention to facilitating channels of communication with employees, so as to understand their demands and expectations and encourage them to actively engage in the corporate management and development. The Company regularly hold meetings of the congress of workers and staff and employee communication meetings to showcase its performance and business results, listen to its employees' voices, and take reasonable advice from its employees, inspiring all the employees to unite and strive for the same goal. The Company has also established inclusive communication platforms, including OA platform, enterprise communication tools, and O&HR, for efficient employee communication, putting diversified communication ports at the forefront.

Focusing on new forces

As young talents are the inexhaustible source of Huaxin Cement's strategic talent force, Huaxin Cement organized several activities to assist young talents. The Company organized a special communication activity titled "listen to new voices and start from the heart" aiming at new hires who have worked for the Company for no more than three years, and prepared "HR FAQs", in order to effectively improve the satisfaction of the new employees of their onboarding experience. The Company also organized a communication meeting and symposium for new employees, focusing on their confusion since joining the Company and the guidance provided by their mentors. Huaxin Cement also developed the Communication Guidelines for Probationary Employees to Become Regular Staff and regularly communicated with probationary employees.



Employee Communication Meeting of Huaxin in Yangxin Industrial Park



New Year's Symposium for Local Key Employees of Nepalese Company

Promoting cultural integration in Huaxin

Huaxin Cement operates multiple factories overseas. In order to promote communication and exchange among employees from different cultural backgrounds, the overseas factories organized activities during various Chinese and foreign festivals and launched a magazine targeting information exchange among local employees. Huaxin Cement also paid much attention to the communication with employees in Xizang. The Xizang Base set up a petition office, and organized several special communications and exchanges for employees.



Focusing on talents in key posts

Huaxin Cement actively organized and carried out exchange activities such as young employee communication symposiums, core talent symposiums, youth project training, and university student clubs to serve the development of young and key talents in the Company.

Striving to Build a World-class Multinational Enterprise: 2023 Huaxin Core Young Talent Symposium

The Company organized an event with the theme of "Striving to Build a World-class Multinational Enterprise: 2023 Huaxin Core Young Talent Symposium" to provide a communication and exchange platform for the Company's core young talents, encourage them to provide advice and suggestions for the Company's development, and thereby better serve and support the Company's strategic development. A total of 45 core young representatives aged 35 to 45 from the Company attended the meeting, and the Company's President made personal appearance for communication and exchange.

Occupational health and safety

Huaxin Cement attaches great importance to the health and safety of its employees, strengthens the implementation of safety management responsibilities, promotes the construction and optimization of occupational health and safety management systems, regularly holds and organizes various safety education activities, conducts safety related training, and strengthens occupational disease prevention and governance, in order to effectively guarantee the occupational health and safety of employees.

Health, safety and management

Huaxin Cement is committed to ensuring the safety and health of its employees by strictly following relevant laws and regulations, such as the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Disease* and the *Administrative Measures for Occupational Health Inspection*, and by formulating and implementing a series of internal rules and regulations, such as the *Safety and Health Management System Standard of Huaxin Cement Co., Ltd.* and the *Personal Protective Equipment Standard of Huaxin Cement Co., Ltd.* In order to further implement work safety responsibilities, in 2023, the Company issued new regulations such as the *Health and Safety Audit Management System of Huaxin Cement Co., Ltd.* and the *Guiding Opinions on the Installation Rules of Artificial Intelligence Safety Monitoring Terminals of Huaxin Cement Co., Ltd.*

Improving the management system

In order to promote smooth health and safety management, Huaxin Cement has established the Occupational Health and Safety Management Committee as the highest management body, and also set up the Occupational Health and Safety Management Office working under it. The Committee holds a safety meeting on a quarterly basis, and is responsible for approving and evaluating the implementation plans and effect of the Company's major occupational health and safety activities, and guiding the implementation of occupational health and safety activities. The Company headquarters, each region/business department and factory are staffed with full-time staff responsible for health and safety. In specific health and safety management, full-time staff will work as required by the headquarters/region, based on actual production and site conditions.

Setting management goal

Huaxin Cement set occupational health and safety goals for 2023 based on its realities, in which it set a target of 0.90 for both the death rate per ten million working hours and the accident rate per million working hours, and 36 safety training hours per employee, with the occupational health and safety goals pegged to employees' performance.

Investigating hidden hazards

Huaxin Cement investigates and manages safety hazards through the OA management system, and each employee has the authority to report safety hazards through the OA system. In 2023, the completion rate of the Company's safety hazard rectification reached 100%. The Company also focused on identifying safety hazards in the Concrete Business Division. In 2023, the Department of Health and Safety Audit inspected 21 sites in total, during which 16 positive items and 431 trouble points were identified. Such investigation of risks and hidden hazards promoted the legal and compliant operation and work safety of sites under the Concrete Business Division. The Department of Occupational Health and Industrial Hygiene visited 24 concrete sites and provided guidance on compliance work related to occupational health management at each site. Most sites have completed relevant rectification. Meanwhile, in response to some common issues, the Department organized two online training and communication meetings, with a total of 89 participants.

Promoting audit rectification

Adhering to the principle of "auditing instead of training and two-way learning", Huaxin Cement organized 209 people from various levels of management to participate in health and safety audits in 2023. Through such activities, the Company provided opportunities of sharing corresponding safety knowledge and making professional exchanges for more than 900 management personnel from the audited factories, thus comprehensively improving the health and safety management capabilities of auditing and audited personnel at all levels. Through auditing, the Company discovered 19 good practices and collected 12 audit highlights for sharing and promotion within the Company, in order to promote learning, communication, and continuous improvement among various units.



Exchanges during the health and safety audit at Wuxue Industrial Park



Vice President and Chief Safety Officer Ke Youliang attends the health and safety audit at the Jinghong Factory

Occupational disease prevention and control

Huaxin Cement attaches great importance to the physical health of its employees, strives to control and eliminate the hazards of occupational diseases, and commits itself to establishing a multi-level health protection system for its employees. In 2023, the Company completed a total of 111 site improvement items, involving dust (57.6%), noise (13.5%), ergonomics (23.4%).

As a means to ensure the protective effect of personal protective equipment, the Company organized a total of 793 employees to attend one-on-one earbud fit testing and training, and another 445 employees to attend the respirator fit testing during the reporting period, which not only made employees actively and correctly wear personal protective equipment, but also enabled them more aware of noise and respiratory hazards.

In 2023, the Company completed a total of 22 occupational health and industrial hygiene training sessions of 2,754 hours accumulatively, covering 855 person/times. The training covered topics such as prevention of "three-hypers" (hypertension, hyperlipemia, and hyperglycemia), occupational health management, dust and noise hazards, establishment of healthy enterprises, and sharing of laws and regulations.

In addition, the Company provides a health examination for all employees every year. During the reporting period, a total of 6,213 internal employees and 2,496 employees on long-term contracts completed occupational health examinations. The Company also established occupational health management files for those exposed to hazards. Based on the results of employee health examinations and questionnaire surveys, the Company evaluated the health status of a total of 3,730 employees. For the 107 employees identified to be at a higher health risk, the Company communicated with them one by one, so as to continuously promote the improvement of employees' health awareness.



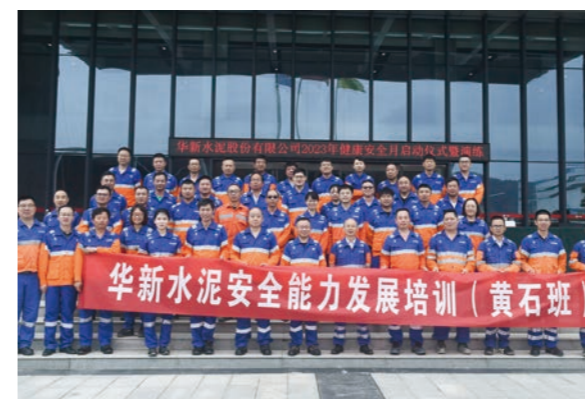
Promoting safety culture

Huaxin Cement has always viewed safety culture as the cornerstone of safety work. It vigorously carries out diversified activities with the theme of safety culture, promotes the improvement and implementation of health and safety training, endeavors to eliminate safety hazards, enhances employees' health and safety awareness as well as their skills and quality for work safety, and improves the Company's safety management system. In 2023, employees received a total of 1,128,007 hours of occupational health and safety training, with an average of 63.8 hours per person.

In 2023, employees received a total of **1,128,007** hours of occupational health and safety training, with an average of **63.8** hours per person.

The Company organized training programs for enhancement in safety abilities of department heads and vice managers of factories in May, August, and November respectively, through which it provided classroom and site training guidance for 61 department heads and 60 vice managers from various regions/business divisions/factories, as well as three months of support and counseling, thus laying a solid foundation for improving their safety management level and abilities.

The Company also organized and implemented 6 on-site expert TtT training sessions for health and safety, covering all safety supervisors, team leaders, and safety management staff of the Company (363 person/times in total), with 1,972 training hours in total. In addition, the Company provided a total of 24 training sessions with different themes, including energy isolation rectification, AI safety monitoring, VPC on-site safety observation, and risk identification and control for overseas factories, involving a total of 755 person/times. The Company has implemented various forms of safety management training as part of its efforts to effectively and comprehensively improve the professional quality and management abilities of safety production management personnel at all levels, thus providing strong talent support for the Company's sustainable health and safety.



Group photo of trainees attending the training program for enhancement in safety abilities



Forum on Cement Production Safety

In 2023, Huaxin Honghe Company "Healthy Enterprise of Yunnan Province"

Lengshuijiang Company "Healthy Enterprise of Hunan Province"

Quxian Company "Healthy Enterprise of Sichuan Province"



"Health and Safety Month" Event

In 2023, the Company implemented the "Health and Safety Month" event with the theme of "Everyone values safety and everyone knows how to respond in an emergency", aiming to further promote the thorough implementation of the safety responsibility system at the grassroots level, jointly advance the significant improvement of the health and safety awareness and evacuation ability of all employees, and bridge the "last mile" of work safety. During the event, each branch actively responded with various forms of activities, creating a good safety atmosphere for the sound development of the Company.



Taking the Oath of Health and Safety Commitment

Caring for employees and their development

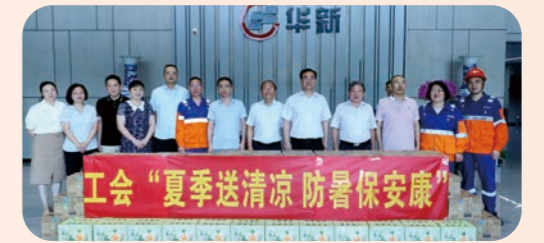
Believing that talent is the primary resource for the corporate development, Huaxin Cement continues its efforts to care for employees. It helps and protects the rights and interests of financially struggling employees and female employees, carries out diverse cultural, sports and recreational activities, and cares about the physical and mental health of employees. The Company strives to build a comprehensive training system and diverse training courses for employees, improve promotion and incentive mechanisms for employees, and help employees improve their job skills, laying a foundation for their diversified development and comprehensive ability enhancement.

Care and love

Huaxin Cement attaches great importance to work related to caring for employees, and pays attention to their demands by conducting in-depth activities such as visits, assistance, cultural, sports and recreational activities to create conditions for employees to balance work and life and improve their sense of happiness.



In 2023, the Company launched heart-warming events during the New Year's Day and the Spring Festival, raising approximately 490,000 yuan in funds and supplies, and providing assistance to 482 financially struggling employees; it also provided regular assistance to 9 employees in extraordinary difficulties with total amount of 65,000 yuan. The Company delivered summer cooling services and visited frontline employees who were still working during the scorching summer. The Company also carried out the "Assistance to Students for Fall Semester" activity to care for and support the growth and development of children of financially struggling workers.



The Company's labor union sent cold drinks to frontline employees



The Company actively safeguards and protects the rights and interests of female employees, and implements policies related to caring for female employees. In 2023, the Company organized disease screening for cervical cancer and breast cancer for female employees, and set up rooms for mothers and infants in the Company to cater for lactating female employees. The Company also held cultural and sports activities for female employees to celebrate the Women's Day (on March 8), commended model female employees, and organized publicity activities with the theme of learning and implementing the essence of the 13th National Women's Congress of China and "clean family tradition".



The room of mother and infant set by Fangxian Company was awarded the honorary title of "Love Room of Mother and Infant by Labor Union of Hubei Province"

The Company has also established the Fund for Woman Care, allowing female employees to apply for corresponding amounts of assistance in case of major illnesses or accidents. In 2023, a total of 33,000 yuan was paid to eight female employees by the Fund for Woman Care.



The Company's labor union carried out activities to celebrate the Women's Day (on March 8)



In order to enrich the lives of employees and stimulate their passion for work, the Company's labor union has organized a series of employee rest and recuperation activities. In 2023, 47 batches of over 900 employees participated in recuperation activities, effectively alleviating their physical and mental stress.



Employee rest and recuperation activities



Culture, sports and entertainment

In 2023, the Company organized activities such as employee basketball game, fun sports meeting, themed brisk walking, themed movie watching, and networking activity for single employees, enriching the amateur cultural life of employees and building a corporate culture that encourages striving in unity for excellence.



"Huaxin Cup" Basketball Game for Employees



Brisk walking activity with the theme of "Low-carbon Brisk Walking for Green Lifestyle and Environmental Protection"



Mental health

With much attention to the mental health of its employees, Huaxin Cement has established a psychological counseling room within the Company and launched a psychological assistance program. Besides, the Company has launched an online platform for mental health knowledge learning and testing. The business unit has also invited psychologists to give lectures on mental health management, health counseling, and other related topics irregularly, and to cooperate in regular psychological assessments to help employees learn how to identify, prevent, and alleviate mental health problems.



An external professional doctor was engaged to provide training on the identification and handling of special psychological conditions

Talent team building

Huaxin Cement focuses on talent fostering. In the course of development, the Company has organized and implemented a series of talent development and reserve projects based on its development strategy and business reality, including the Company's talent reserve project and overseas talent reserve project. It has made efforts to further build its talent team and enhance its core competitiveness.

Talent training and development

Huaxin Cement attaches great importance to the training and development of employees and has built a multi-level training system that enables employees to grow constantly. The Company has established and has been improving a number of internal regulations and rules, such as the *Training Management System of the Company*, the *Internal Trainer Management Regulations of the Company*, and the *Management Measures for the Orientation and Transfer Training for Employees*. Meanwhile, based on the current need of the Company for talents, we have been steadily carrying out talent training while ensuring the quality and effect of training programs, in order to attain the coordinated development of staff at different levels, and promote the improvement of the overall quality of talents.

In 2023, the Company fully leveraged internal and external resources to provide diversified and differentiated training for employees at different levels and of different types, aiming to continuously optimize talent team building.

Management training

Huaxin Cement provides customized management training based on its business reality. The training programs are jointly lectured by external professional consultants and internal lecturers, with the latter served by senior executives and senior functional directors of the Company. In 2023, the Company provided training programs targeting 99 leadership, project development, and basic management for the Mini-MBA, intermediate management, newly promoted managers, and motivating teams. The programs covered a total of 2,869 person/times, continuously improving the leadership of management staff at all levels.

The Company also organized and carried out online management courses (covering 14,801 person/times) and online English trainings (covering 276 person/times).



Mini-MBA (V) strategic management training



Training for newly promoted managers

Technical training

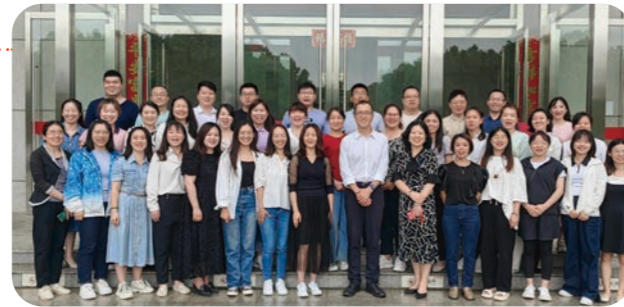
The Company attaches great importance to improving the professional and technical abilities of all employees, and customizes courses for employees in different positions. In 2023, based on its own circumstan and the new development situation of the industry, Huaxin Cement continued to carry out key post certification training programs, engineer training programs, technician training programs, technical seminars, etc. The Company also organized training for the standardization of building materials industry to communicate policies related to carbon peaking and carbon neutrality, and invited experts from the China Building Materials Federation to communicate and exchange ideas with the Company's employees to enhance the professional level of technical personnel and provide support for Huaxin's technological innovation and continuous improvement. In 2023, the Company provided a total of nearly 2,500 hours of technical trainings, involving 794 person/times.



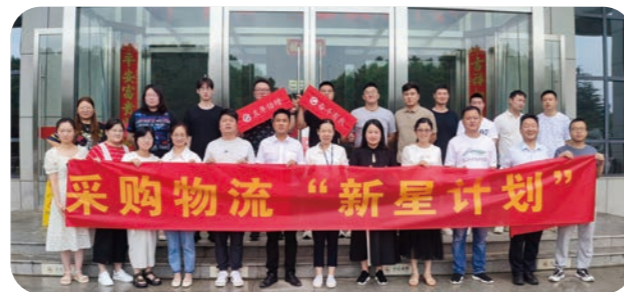
Training course on advanced process management

Professional functional training

The Company provides rich professional functional training courses for talents in different professional positions, including procurement & logistics, marketing, and finance, aiming to lay a solid foundation for employees' career development. In 2023, a total of 32 company-level offline training sessions on procurement and logistics and more than 20 "consultant style" training sessions were organized, involving over 1,000 person/times; 33 online and offline marketing training sessions were conducted, involving approximately 1,852 person/times; 9 online and offline financial training sessions were provided, involving approximately 976 person/times, and 36 online Bolue financial courses were introduced, involving a total of 596 person/times for online studies.



Financial BP training on *Business Analysis Leading Financial Value*



Procurement & logistics training

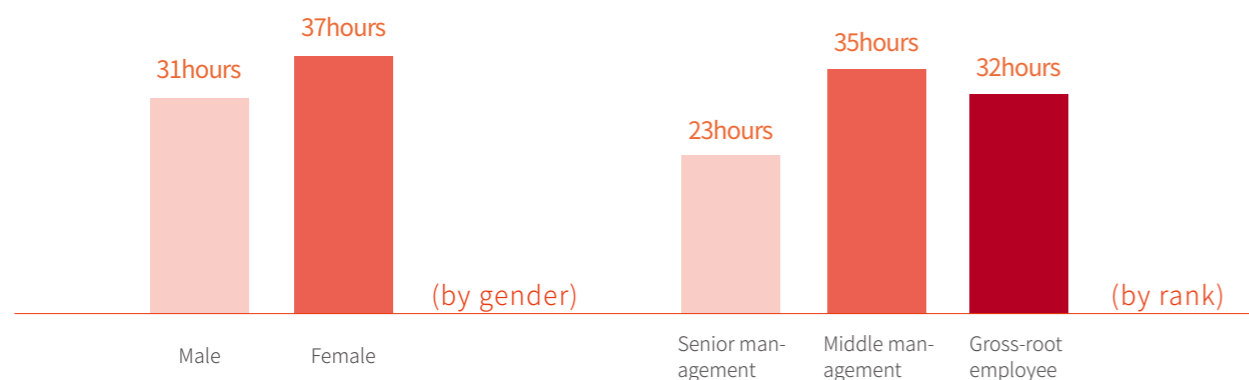
Human resource training

Focusing on the Company's strategy, Huaxin Cement organized human resource management training programs for new employees, golden interviewers, management psychology, Q&As about cost reduction and efficiency improvement, and online learning platform operation through a combination of offline and online methods, and headed to Holcim Dujiangyan Factory for training and business exchanges, involving a total of 492 person/times.

In 2023, the Company developed new HR online small classroom and released a total of 106 HR-themed training videos regularly every week, creating a good learning atmosphere for all staff and helping to build a learning organization.

By the end of December 2023, 100% of the employees of Huaxin Cement had received training, with an average training hour of 32.47 hours for each.

Average training hours for employees



Emphasis on talent motivation

Huaxin Cement provides a smooth channel for talents' career development by establishing and improving the promotion incentive mechanism for all employees following the principles of fairness, impartiality, and openness. Employee promotion includes regular promotion, exceptional promotion, and honorary promotion. In 2023, Huaxin Cement continued to build and improve its job system and update some post maps. The Company also specially promoted and adjusted salaries of those with outstanding performance.

Huaxin Cement advocates differentiated salaries, incorporates short-term and long-term incentives into the calculation of total employee compensation, and manages employee compensation in accordance with the *Compensation Management Measures* and the *Total Compensation Management Measures*. In 2023, the Company released the *Core Employee Stock Ownership Plan (2023-2025)* of Huaxin Cement Co., Ltd. as an incentive mechanism, clarifying the incentive assessment scheme.

In routine work, the Company vigorously promotes various knowledge competitions, labor competitions, and skill competitions, and sets corresponding rewards, as part of its efforts to improve the professional quality of employees and mobilize their enthusiasm for work. In 2023, the Company organized employees to participate in the national "kiln operation" competition and "material inspection" competition targeting the building materials industry, and the comprehensive management skills competition for team leaders. Throughout the competitions, it won 2 gold medals, 8 silver medals, 13 bronze medals, 7 group awards, and 3 excellent organization awards; it also organized employees to take part in the educational improvement program for model workers (craftsmen) in Huangshi City, "Apprentices Led by Top Teachers" program, and training program for learning workers, actively promoted the development of the Craftsmanship College, and opened up channels and platforms to improve employees' skills. Yang Jingzhen Innovation Studio of Huaxin Packaging Company was named Worker's (Model Worker's or Craftsman's) Innovation Studio of Hubei Province, among others; the online knowledge platform "Lewen" was effectively leveraged, sharing a total of 243 achievements, which effectively solved practical problems in the production process.



The Packaging Company was launching the 2023 labor competition with the theme of "Making Greater Contributions in the New Era and Forging Ahead on a New Journey"



Second Group Prize in the "Yatai Cup" Skill Competition



Excellent Organization Award in the "Yatai Cup" Skills Competition



Excellent Quality, Leading the Industry Development

Product quality is the foundation of Huaxin Cement Co., Ltd. The Company is committed to providing leading products and services in the industry, and guaranteeing and improving product quality through continuous exploration and innovation; improving the customer service system to bring customers better service experience; deepening industry cooperation and communication, and cooperating with supply chain partners.

Contribution
to UN SDGs

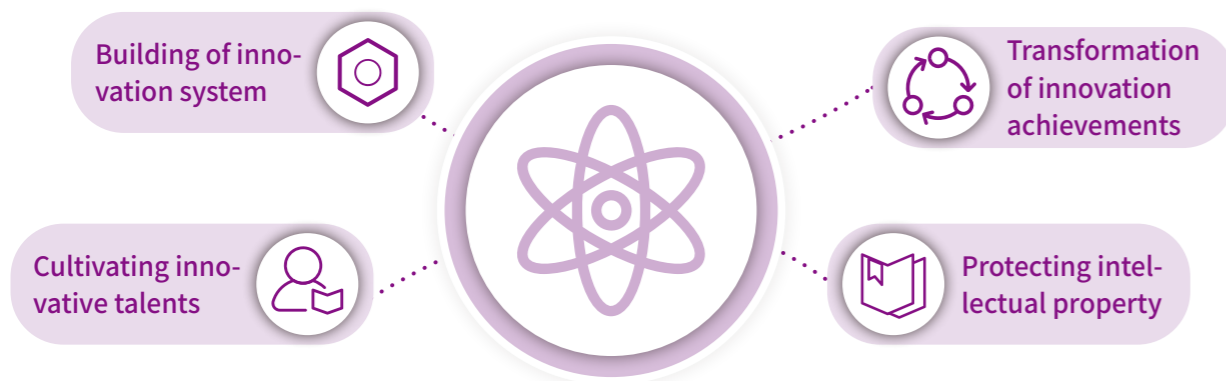


- 68 Scientific research innovation
- 70 Quality assurance
- 71 Quality services
- 73 Responsible supply chain
- 77 Industry exchange and cooperation



Scientific research innovation

Huaxin Cement Co., Ltd. is a high-tech enterprise specialized in the field of building materials, with leading capabilities in research, development and innovation, a complete intellectual property management system, and outstanding intellectual property management. It has also established a forward-looking innovative management system. As of the end of 2023, the Company has more than 200 patents and has been awarded multiple honors, such as "National High-tech Enterprise" and "Provincial Specialized and Innovative Enterprise".



Building of innovation system

Huaxin Cement has established a sound management system for scientific and technological innovation, standardized enterprise technological innovation activities, formulated the Interim Measures for the Management of Scientific and Technological Development of Huaxin Cement Co., Ltd., and issued the Interim Measures for the Management of R&D Projects of Huaxin Cement Co., Ltd. in 2023, by which to continuously improve the documents of management system. It has also established a complete R&D system and organization centered on technology center and research institute, while including the R&D departments that integrate various business units such as cement, aggregates and wall materials, engineering and equipment, environmental engineering and digital innovation, as well as demonstration factories for the application of R&D achievements, in order to effectively transform the R&D achievements into reality. The Company has set up a technical committee and a management committee to be responsible for the decision-making and the review of major issues in the research and development system, to ensure the quality of product research and development.

In 2023, the Company invested 335 million yuan in research and development.

Cultivating innovative talents

Huaxin Cement continuously strengthens the building of innovation

teams and talent training, conducts partial decoration and renovation of laboratories, upgrades equipment and facilities, introduces high-end talents, continues to carry out internal professional skill training and skill competitions, and actively participates in various high-level competitions and evaluation activities of the industry in different provinces and cities. At the same time, it organized a series of activities involving "Hubei Youth Civilization Team", which aims to stimulate the enthusiasm of young employees for technological innovation and leverage their technological innovation advantages to enhance the core competitiveness of the enterprise. The project Research and Application of Series Products of Green Carbon Reducing Cement Grinding Aids by the Company's Technical Research Institute won the "Top 10 Innovation Award" Innovation Group in Huangshi during the 6th "Worker Cup" Employee Innovation and Entrepreneurship Competition held in Hubei province.

Transformation of innovation achievements

Huaxin Cement focuses on product optimization and technological research and development, and continuously innovates its products. In 2023, it launched 76 sub-projects and other research and development projects, and accelerated the research and development of cement manufacturing TSR, UHPC, grinding aids, wall materials, mortar, aggregates, concrete & VAP, thus achieving the industrial application of scientific research results.

Case The performance of independently developed grinding aids reached the national leading level

The cement modified materials independently developed by Huaxin Cement has been stably used in 5 overseas cement factories under Huaxin, with superior performance compared to similar products in other countries. It can achieve a 5% reduction in clinker coefficient, a 10% increase in cement grinding output, while other properties such as cement strength remain unchanged. It effectively reduces the electricity consumption used for cement production by 3-5 kWh/ton, carbon dioxide emissions by 40-50 kg/ton, and cement production costs by 5-10 yuan/ton.

Case Research and development of carbon dioxide mineralized recycled aggregate technology

In order to implement the national strategy of "Carbon Peaking and Carbon Neutrality" and building cities without solid waste, Huaxin Cement has conducted researches on the mineralization enhancement of recycled aggregates produced from demolished building materials. By using carbon-rich gas to mineralize carbon dioxide, the quality of recycled aggregate is optimized while absorbing carbon dioxide, and its potential for large-scale and high-value use in concrete is significantly increased. The results indicate that recycled sand can absorb 2% -3% carbon dioxide, and the crushing value and water absorption rate of recycled aggregates after carbon absorption are reduced. Compared with untreated recycled sand, its application effect in concrete has been significantly improved, specifically manifested by an improvement in the performance of concrete, with a 5% -10% increase in strength after 28 days.

Case Huaxin CHAOKELONG® ultra-high performance building curtain wall panels

Huaxin CHAOKELONG® ultra-high performance building curtain wall panels have the characteristics of ultra-high strength, ultra-low water absorption, and ultra-strong corrosion resistance. They have been applied in multiple large-scale projects such as Xi'an International Football Center, Beijing Zhonghai Real Estate, Catholic Churches in Yunnan, Foshan Cantonese Opera House, Shanghai Juss International Equestrian Center, Hefei Art Museum, and South Bund Environmental Sanitation Building. They have pioneered multiple new practical cases of ultra-high performance building curtain wall panels in the world, and have been widely recognized by the market and highly praised by customers.



Application of Huaxin CHAOKELONG® ultra-high performance building curtain wall panels in Xi'an International Football Center

Protecting intellectual property

Protecting intellectual property is protecting innovation. Huaxin Cement strictly complies with the Intellectual Property Law of the People's Republic of China, continuously improves the internal intellectual property management system of the company, and strengthens the protection of intellectual property rights for the Company's research and development patent technology. In 2023, Huaxin Cement applied for 97 patents, among which 23 invention patents and 20 utility model patents were granted. 8 papers were published in national core journals, and the Company was awarded the honorary title of "2023 Superior National Intellectual Property Enterprise" with a special bonus of 100,000 yuan.



Key performance

23 invention patent authorization

and **20** utility model patent authorization

8 papers published in national core journals

Quality assurance

Product quality is the foundation of Huaxin Cement. In 2023, the Company continued the product quality management, built a sound product quality management system, and used digital and other technological means to improve management efficiency and accuracy, ensuring the production of first-class products meeting customer expectations.

Over the past years, Huaxin Cement has continued to make significant contributions to key projects. The Company provided high-quality products and service support for multiple key projects under construction, such as Yanji Yangtze River Bridge, Shuangliu Yangtze River Bridge, Wuhan-Songzi Expressway, Dangyang-Zhijiang-Songzi Expressway, Yidu-Laifeng Expressway, Lichuan-Xianfeng Expressway, Meng-la-Luchun Expressway, Yichang-Xingshan Railway, Xizang Dagu Hydropower Station, etc.



Management of product quality

Huaxin Cement always takes product quality as its lifeline, strictly abides by the *Law of the People's Republic of China on Product Quality and the Management Regulations for Cement Production Enterprises*, continuously promotes product quality management in accordance with the local laws, regulations, and various standards of the production site, establishes a sound product quality supervision and management system, improves quality management efficiency, and produces high-quality products. In 2023, the Company experience no major quality accidents, and the annual percentage of pass was 100%.

Huaxin Cement implements fine management in its domestic and overseas factories. From raw/combustion materials entering the factory to cement leaving the factory, the quality department of the production base implements 24-hour continuous quality control over each production process. In 2023, all products of the factory passed the certification of national authorized institutions in accordance with product quality certification requirements, and the products of 17 factories obtained low-carbon product certification.

Quality control and technical services

In terms of quality control technology and services, in 2023, the Company continued to vigorously promote the use of advanced technologies such as PGNA online analyzers, online particle size analyzers, and automatic sampling equipment, and moved production quality control to the production line. By independently developing intelligent control systems, a powerful information management system has been established to serve quality management. Complete management systems designed for intelligent driving, coal pre-matching (refined management), 28-day strength prediction of cement after leaving the factory, and automatic transmission of quality data, making it convenient for production and quality personnel to quickly and accurately obtain quality information, accurately implement quality control management, accurately trace quality control information and improve product stability.

Implement system certification

Huaxin Cement deeply implements the management philosophy of personnel safety, quality assurance environmental protection, and customer satisfaction. In terms of qualification system certification, Huaxin Cement implements a high standard management model. In 2023, among its various production branches and subsidiaries, a total of 77 passed ISO9001 quality management system certification, 73 passed ISO14001 environmental management system certification, 72 passed ISO45001 occupational health and safety management system certification, and 41 passed ISO50001 energy management system certification. 95% of branches and subsidiaries conducting cement business under the Company passed three certifications for the systems of quality, environment, and occupational health and safety. 93% of branches and subsidiaries operating cement kiln lines passed the energy system certification.



Key performance

The annual percentage of pass of factory products is **100%**

The proportion of three systems certification is **95%**

The proportion of energy system certification is **93%**

Quality services

Huaxin Cement upholds the value of "Customer First", adheres to the spirit of "honesty, dedication, truth-seeking and innovation", puts customer experience at the core of enterprise development. The Company is committed to providing customers with high-quality products and thoughtful services, continuously improving customer satisfaction and loyalty, establishing long-term good relationships with customers, and achieving win-win results. In 2023, Huaxin Cement did not take any recall action as there was no health and safety problems caused by its products.



Privacy protection and data security

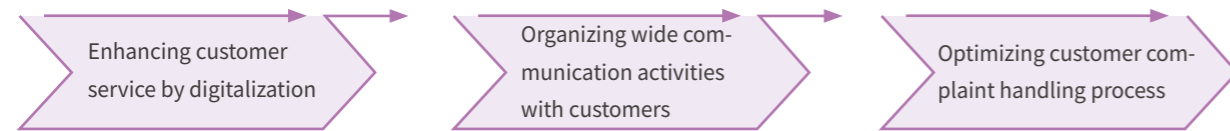
The Company has formulated and released the Confidentiality Management Regulations of Huaxin Cement Co., Ltd. and Information Security Management Regulations of Huaxin Cement Co., Ltd., established the Data Security Management Committee, which includes a Data Security Management Office and a Data Security Supervision Office. The Committee carries out data security management together with the Information Security Department of the Digital Innovation Center to enhance its capabilities of continuous business operation in security.

The Company has always attached great importance to customer privacy protection and has formulated and released the *Customer Management System of Huaxin Cement Co., Ltd.*, which clearly stipulates that personnel who come into contact with customer files and information must sign a *Customer File and Information Confidentiality Agreement*. It aims to regulate the use and dissemination of customer information, keep customers' secrets and Company's secrets confidential, and prevent any form of leakage of customer information, and it is prohibited to discuss customer information with personnel unrelated to customer records and information management on any occasion. The Company provides privacy policy instructions to customers on the Huaxin Mall app and web version, takes measures such as data system permission control and office equipment permission to protect customer privacy, and promises to provide customers with legal, legitimate and necessary information collection and protection.

During the reporting period, no confirmed complaint was reported regarding the infringement of customer privacy, theft, leakage, or loss of customer data or important information.

Optimizing customer service

Huaxin Cement establishes a sound customer service system guided by customer needs, manages customers by classification, formulates and implements differentiated service strategies for different types of customers, and provides customers with smooth and convenient digital service experience and rich and colorful information content. It also organizes extensive communication activities with customers, listens to their opinions, and optimizes customer complaint handling processes, in order to continuously improve customer satisfaction.



The Huaxin Mall will be built into a comprehensive platform that covers multiple products such as cement, aggregates, wall materials, mortar, ceramic particles and new materials, providing customers with various business services in an one-stop manner.

The functions of electronic contracts, electronic account checking, electronic correspondence and electronic quality inspection reports have been maturely applied, greatly improving customer experience and the efficiency of marketing personnel.

The Company actively carries out customer visits, summer refreshments, customer exchange forums, civil competitions, industrial customer exchanges, dealer symposiums, development exchange seminars, and other activities to investigate customer needs, listen to customers' opinions and suggestions.

After receiving customer complaint information, the personnel of sales department should go to the site within 24 hours to investigate, verify and analyze the situation, and report the customer complaint information to the department manager. The department manager should sign and approve the handling opinion within one working day, and then arrange for the business manager or coordinate and organize the service personnel of the factory quality control department to provide services. Such service should be delivered within 24 hours for issues within local province and 48 hours for issues in other provinces.

Case

Huaxin Cement's efficient and high-quality services recognized by Tanzanian customers

Since the implementation of the Tanga Port project in Tanzania, Huaxin Cement has always adhered to the principle of delivering fast, efficient and high-quality services, ensuring supply and quantity of products for customers, and helping them complete the project ahead of schedule. The customer specially sent an appreciation letter, praising Maweni Limestone Co., Ltd. (a subsidiary of Huaxin Cement) for its multiple years of experience in cement production and its high-quality cement and concrete that can be used for different construction projects, including bridge construction.



Appreciation Letter from Tanzania Branch of China Harbour Engineering Company Ltd.

Case

Huaxin Jianchuan Company Assists in the Opening and Operation of Heqing-Jianchuan-Lanping Expressway

Starting from 1:00 am on April 29, 2023, the Shaxi branch of the Heqing-Jianchuan-Lanping Expressway officially opened to traffic. After its opening, the travel time from downtown of Jianchuan County in Dali Bai Autonomous Prefecture to Shaxi Ancient Town has been reduced from nearly an hour to 20 minutes. Throughout the entire project construction, Huaxin Jianchuan Company has supplied approximately 600,000 tons of cement, approximately 500,000 tons of aggregates, 2 million environmentally friendly bricks, and approximately 6,000 cubic meters of concrete, making contributions to rural tourism and rural revitalization.

During the product supply for the project, the production, quality control, logistics and sales departments of Huaxin Jianchuan Company closely cooperated, and the quality control personnel, directors on duty and central control operators strictly controlled the quality of products in each truck sent out. When encountering problems, production, sales, and quality control personnel went to the site as soon as possible to coordinate and handle them, provided product technical support, helped customers solve various problems during product use, and provided high-quality, efficient and fast services for the project. They received unanimous praise from various construction teams on the construction site and won high praise from customers.

Responsible supply chain

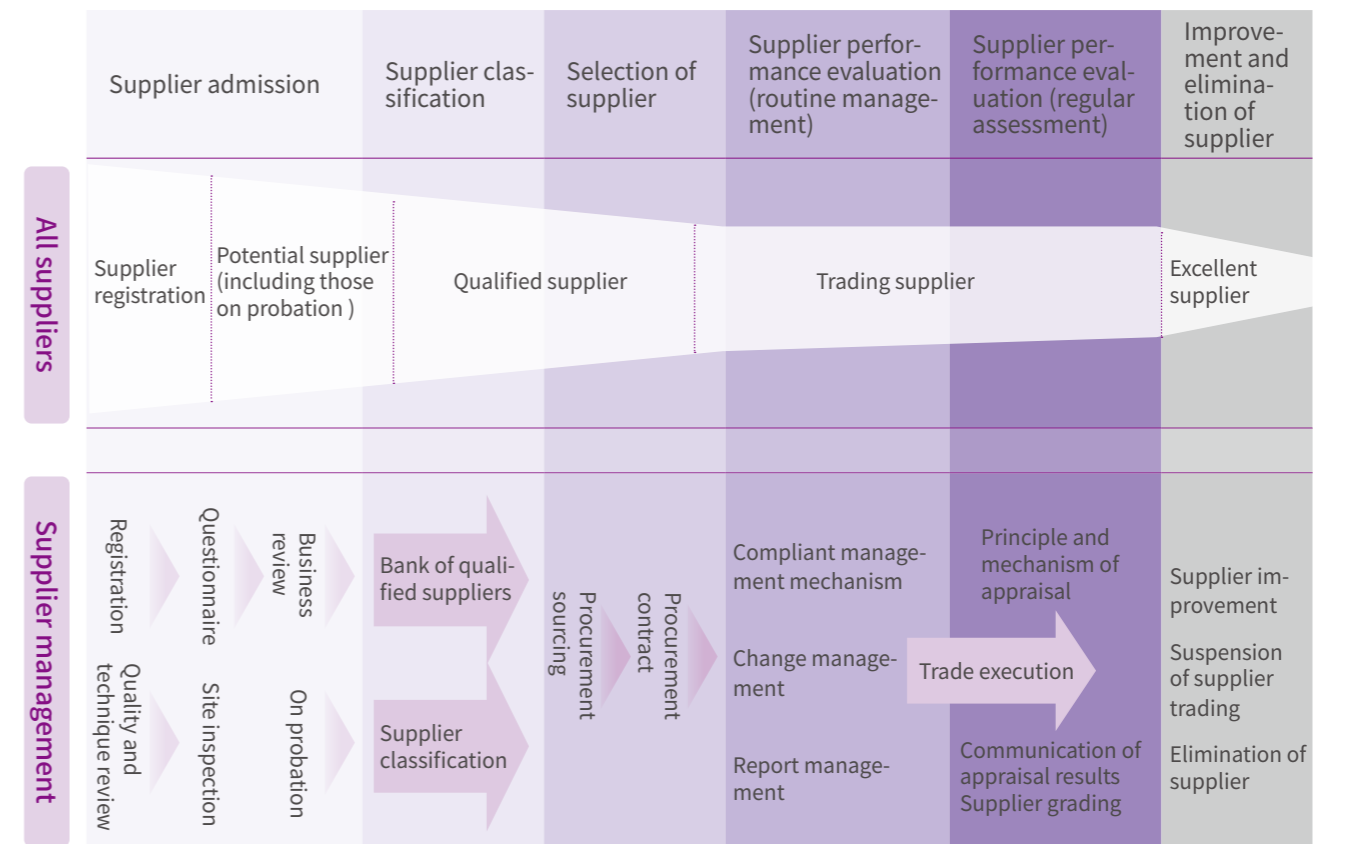
Huaxin Cement is committed to building an agile, efficient, and sustainable supply chain management system and logistics transportation management system. The Company implements the concept of sustainable development together with supply chain partners to create more social and environmental value while realizing commercial value.

Supplier management

The Company formulated and implemented the Measures for Supplier Management of Huaxin Cement Co., Ltd., established the Supplier Management Committee, and standardized supplier management. The Company established scientific procurement cooperation system, carried out diversified inspection, evaluation and classification of suppliers at different levels, and conducted supplier evaluation and tracking through regular communication meetings and quarterly performance statistics ranking, shall regularly review the Measures for Supplier Management and relevant practices to ensure their effectiveness.

All suppliers are subject to the Measures for Supplier Management and relevant practices relating to engaging suppliers. The Company shall regularly review the Measures for Supplier Management and relevant practices to ensure their effectiveness.

During the reporting period, the Company had a total of **4,394** suppliers. Among them, there are **45** overseas suppliers, **879** centralized procurement suppliers in Chinese mainland, and **3,515** non-centralized procurement suppliers.



Supplier inspection

Huaxin Cement prioritizes procurement from qualified suppliers or listed suppliers, and specifies some threshold conditions based on the type of procurement business. For suppliers who have a significant impact on the Company's production and operation, the procurement department will organize an expert review team based on actual needs to conduct on-site inspections of suppliers meeting the preliminary selection criteria. After the on-site inspection is completed, a supplier on-site inspection report will be prepared.

In order to strengthen the closed-loop management of suppliers, the procurement department will issue warnings, downgrade or eliminate suppliers who violate or fail to meet the Company's requirements in accordance with the elimination rules.



Key performance

During the reporting period,
the Company conducted a total of **18,307**
supplier audits regarding environmental or
social issues

42 eliminated suppliers

Responsible supply chain system

When selecting suppliers, we will fully consider environmental and social responsibility factors, evaluate their social responsibilities and sustainable development risks.



In terms of coal procurement

Priority should be given to cooperation with central and state-owned enterprises that have stronger sense of social responsibilities. Aiming at energy conservation and carbon reduction, priority is given to water and railway transportation suppliers. A professional port with higher environmental standards is selected as the partner. The coal is stored in dome warehouse to reduce open-air coal stacking, and carrier ships are required to be covered each with tarpaulin to reduce air and water pollution.



In terms of raw material procurement

Priority is given to direct cooperation with large-scale chemical enterprises, to jointly optimize supply structure, develop phosphogypsum resource allocation plans, increase phosphogypsum usage and reduce environmental risks caused by solid waste phosphogypsum. In 2023, Huaxin Cement's cumulative use of phosphogypsum accounted for 53% of gypsum consumption, an increase of 2% compared to 2022.



In terms of AFR procurement

The Company continuously explored external market resources, optimized category structure, continuously improved and upgraded production equipment, constructed safe storage places, increased usage and reduced safety risks. At the same time, the Company continued to explore the establishment of supply chains during the procurement, explored the establishment of distribution centers based on the characteristics of scattered AFR, and actively explored shipping modes in logistics transportation. In 2023, the annual AFR procurement volume reached 1.8 million tons, of which 56% were obtained from the source. The cumulative TSR value in China reached 22.8%, becoming a "leader" in the AFR utilization in the industry.

Supplier training

To standardize supplier management and promote the stability, safety and sustainability of the supply chain, Huaxin Cement conducted periodic training on quality management, safety management, sustainable development and integrity, as well as other themed training for suppliers every year, to effectively communicate the Company's supply chain management requirements to suppliers. At the same time, the Company also organized annual conferences for procurement and logistics suppliers, and commended outstanding suppliers for their performance during the year.



Supplier safety management training organized by Huaxin Jizzak Company

Procurement integrity management

Huaxin Cement actively advocates a culture of supply chain integrity. In 2023, the Company carried out "Clean Procurement" activities around the Company's "Clean and Honest Huaxin" campaign, in order to standardize clean and honest management, and create a "clean and honest" procurement environment.

Promoting electronic procurement

The Company promotes electronic procurement, including the entire process of bidding, contract signing, and automatic account checking and settlement, to ensure that procurement behaviors are fair, equitable and open.

Publicity and education on procurement discipline and laws

The Company established a column for promoting anti-corruption culture, company policies, carried out "Integrity Moments" education activity and other education activities themed on integrity.

Signing integrity agreement

Before the start of the project, the Company organized the construction party and the supervising party to sign the *Engineering Project Integrity Agreement*. For spare parts and maintenance/mining/online procurement and other procurement projects, the Company arranged the suppliers to sign an Integrity Agreement, and archived the agreement and contract together.

Strengthening the management of clean business

The Company established a "close and clean" procurement cooperation, and each procurement entity referred to the *Ten Prohibitions for Clean Procurement of Huaxin Cement Co., Ltd.* to organize conversations and signatures between superiors and subordinates, at least once a year.

Supervision and reminding

The Company published channels for anti-corruption supervision and reporting, organized and held special democratic meetings on integrity, and issued notices on integrity.

Activity evaluation

The Company conducted evaluation of "clean procurement" activity.

Logistics management

In 2023, the Company actively built an independent, flexible, efficient and competitive supply chain logistics system, further expanded the scope of logistics resources and optimized the structure of logistics suppliers. In 2023, the Company increased more than 40 automobile logistics providers, more than 60 ship logistics providers, and more than 100 port service providers. In terms of aggregate shipping logistics, the Company further promoted the "end-to-end" multi-modal transportation (ship-port-vehicle/ship) distribution model, achieving a distribution volume of 18 million tons and providing customers with high-quality logistics services.



Key performance

During the reporting period,
 the Company increased more than **40**
 new automotive logistics providers
 More than **60** ship logistics providers
 More than **100** port service providers

Construction of digital logistics

In 2023, the entire process from logistics scheduling to account checking and settlement of the Company has been put on line, achieving online settlement for carriers and ports. At the same time, special business solutions were provided to simplify operations and improve operational efficiency while meeting system control requirements. Online closed-loop control of water transportation businesses was realized, and compliance requirements for self operated business were improved. Terminal connection channels were opened to improve external user interaction efficiency. Fine control of truck entry and exit projects was achieved, through pre-appointment, mobile phone check-in and other methods, the contactless entry and exit is possible. At the same time, the control gradually covered the process of raw materials entering commercial mixing stations. The Company also optimized logistics business reports, summarized operational data warning indicators, monitored key business nodes, provided risk warnings in advance, and improved the security of logistics business.

Industry exchange and cooperation

Huaxin Cement actively participates in industry exchanges and seminars to promote innovative technologies in the industry. It plays a model and leading role, fully supports and cooperates with the industry associations. It actively participates in the formulation of industry standards, leading the standardized and healthy development of the industry.



Developing industry standards

Huaxin Cement fully recognizes the importance of standard formulation and proactively participates in the formulation of national and industry standards, in which it fully leverages its technical advantages, and improves the technical level of national and industry standards.

In 2023, the Company jointly undertook or participated in the development of **1** national standard and **3** industry standards.



Case

Participation in the revised version of the Requirements of the Greenhouse Gas Emissions Accounting and Reporting - Part 8: Cement Production Enterprises (GB/T32151.8-2023)

As one of the main drafting units, Huaxin Cement Co., Ltd. participated in the compilation of revised version of the Requirements of the Greenhouse Gas Emissions Accounting and Reporting - Part 8: Cement Production Enterprises (GB/T32151.8-2023). On December 28, 2023, the revision was formally released. This standard is under the supervision of the China Building Materials Federation, the National Technical Committee on Carbon Emission Management Standardization and the National Technical Committee for Carbon Emission Management Standardization. It is a basic universal standard for the cement industry in the standard system of carbon peak and carbon neutrality. This revision has significant changes compared to the first version released in 2015. It improved the scientific level of the accounting of cement enterprise. The requirements for carbon emission accounting and reporting have been defined from the enterprise level and clinker production section of cement production enterprises, clarifying the accounting methods for alternative raw materials and fuels, and further specifying data quality requirements. Undertaking the revision of this national standard is a demonstration of the Company's transformation of existing technical experiences into standards, and of its leading role in carbon peaking and carbon neutrality.



Case

Responsible for the compilation of association standard on door and window frame joint filling mortar

On July 13, 2023, the association standard, Lightweight Cement-based Mortar for Door and Window Frame Filling formulated by Huaxin Cement Co., Ltd. and other participating parties, passed expert review. Based on domestic research and basic experimental verification, the standard clarified and defined the lightweight cement-based mortar used for door and window frame filling, and specified technical indicators such as apparent density and impermeability performance of products. The implementation of this standard can promote the wide application of lightweight cement-based mortar for filling joints in door and window frames, and improve the quality and efficiency of door and window filling.



Joint research projects

Huaxin Cement focuses on major common problems, difficulties and key issues related to the development of the cement industry, extensively mobilizes senior expert resources in relevant fields both inside and outside the industry, relies on high-end intellectual support and related research results from various players in the industry, and scientifically, efficiently and regularly carries out joint research projects and major thematic activities to promote the sustainable and healthy development of the cement industry.



Participating in industry exchange activities

Huaxin Cement actively participates in industry exchanges and seminars, extensively draws on exchange experience, and jointly promotes the high-quality development of the cement industry.



Case

Undertaking the research and development project "Summary and Analysis of Domestic and Foreign Pilot Carbon Market Experience" under the Ministry of Ecology and Environment

In June 2023, under the leadership of the Ministry of Ecology and Environment, the China Building Materials Federation coordinated the research on carbon market in the cement industry. Huaxin Cement was invited to undertake the special research and development project of "Summary and Analysis of Domestic and Foreign Pilot Carbon Market Experience". The Company quickly established a special project team and determined the division of labor. Through sorting out the corresponding carbon emission quota allocation methods, carbon emission accounting report guidelines and verification technical points in the international carbon market and domestic local pilot carbon markets, as well as the experience and lessons, summarized suggestions for reference and formed a report, contributing to the steady entry of the cement industry into the carbon market.



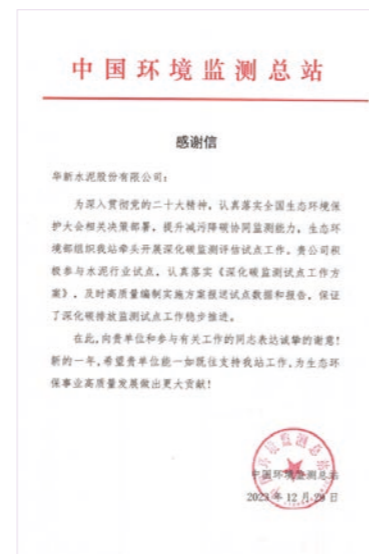
Appreciation Letter from the China Building Materials Federation



Case

Undertaking special research on "carbon monitoring" and "carbon measurement" in the cement industry

In 2023, in accordance with the requirements of the Ministry of Ecology and Environment's Pilot Work Plan for Deepening Carbon Monitoring and Evaluation (HBJCH [2023] No. 239) and the Pilot Work Plan for Carbon Emission Measurement of the Cement Industry in the Hubei Regional Carbon Market (ESJBLH [2023] No. 63), Huaxin Cement undertook a special pilot study on carbon emission monitoring and measurement in the cement industry, exploring ways to improve the data quality of industry carbon emission.



Appreciation Letter from the China National Environmental Monitoring Centre



Participation in the "Konilo Cup" National Concrete Additive Application Technology Competition, and being awarded the third prize for the UHPC CHAOKELONG product and specialized admixture developed in the competition



Participation in the 2023 Building Materials Industry Conference held by the China Building Materials Federation and presentation of a typical case study titled *Researches on Key Technologies for the Preparation of New Bone Charcoal Cementitious Materials and the Material Utilization of Carbon Dioxide in Industrial Kiln Exhaust Gas*



Participation in the Fourth (Expanded) Meeting of the First Council of CCPA Ultra High Performance Cementitious Materials and Engineering Technology



Participation in the 2023 China Concrete and Cement Products Industry Conference

Contributions to Society, Achieving More Success

As a responsible enterprise, Huaxin Cement actively promotes rural revitalization and common prosperity, makes efforts to achieve the United Nations Sustainable Development Goals. While developing itself, the Company gives back to society, support community public welfare and rural revitalization, conscientiously fulfill corporate social responsibility and realize corporate social value. In 2023, the Company's expenditure on various charitable activities was equivalent to 20.8303 million yuan.

Contribution
to UN SDGs



82 Promoting local development

84 Focusing on community welfare



Promoting local development

In 2023, Huaxin Cement actively responded to campaigns such as "Revitalizing Ten Thousand Villages by Introducing Ten Thousand Enterprises" and "Helping Hundred Villages by Designating Hundred Enterprises". To be specific, it delivered good results in industry development, employment assistance, education support, and marketing support by donating cement, providing employment opportunities, donating education funds, procuring agricultural and sideline products, and assisting farmers in spring ploughing and autumn harvest, thus making positive contributions to rural revitalization and common prosperity.

Rural construction

Building livable, business-friendly, and beautiful rural areas is a key task of implementing the strategy of rural revitalization. By donating cement for many years, the Company assisted in the construction of rural infrastructure; By continuously promoting the treatment of domestic sewage, the Company effectively improved the rural living environment.



Donation of 2,000 tons of cement by Yichang Company for the construction of old urban areas



Donation of 100 tons of cement by Luquan Company for the infrastructure construction for rural revitalization

Education support

The Company follows the path of empowering rural revitalization through education, and provides more opportunities for disadvantaged students to receive education through donations of funds, materials and regular care.



Scholarships offered by Huaxin Cement to students from designated villages receiving targeted assistance



Celebration on June 1st by volunteers from Diwei Company and left-behind children

Helping farmers

The Company continuously organized assistance activities for farmers, such as going into the fields to help farmers pick and harvest crops, purchased their agricultural and sideline products, aiming to help farmers improve production efficiency, increase income and improve living conditions.



Activity themed on "Promoting Harmony, Learning from Lei Feng, Helping Harvest" by volunteers from Cantian Industrial Park



Volunteers from the Cantian Industrial Park helping farmers harvest rice

Focusing on community welfare

Huaxin Cement takes building a beautiful world as its mission, actively fulfills social responsibilities while pursuing economic benefits. The Company attaches great importance to good relationships with the communities where it operates business, provides beneficial services for community construction and help to create a harmonious society through diversified public benefit activities.

Case Themed activity of protecting the Earth organized by volunteers from Huaxin Cement

On April 22, 2023, volunteers from Huaxin Cantian Industrial Park organized a themed activity of "Protecting the Earth, Pursuing Harmonious Coexistence between Humans and Nature". More than 20 volunteers cleared the garbage on the Yangtze River beach in Yongchuan District to protect the ecology. Early in the morning, volunteers arrived at the Yangtze River beach 30 kilometers away from Yongchuan District of Chongqing and began a carpet-style search of the garbage on the beach in four different directions. The volunteers demonstrated their determination to protect the Earth through their actions.



Cleaning of riverbank garbage by volunteers from Cantian Industrial Park on the World Earth Day

Case Voluntary blood donation by volunteers from Huaxin Cement

On July 20, 2023, Huaxin Cantian Industrial Park actively responded to the initiative from Honglu Town by organizing 7 volunteers to participate in voluntary blood donation. The donation was organized under the theme of gathering love and saving lives. The oldest volunteer in this blood donation is 48 years old, who is very enthusiastic about public benefit activities. Some volunteers have participated in voluntary blood donation for several consecutive years. Every volunteer understood that it would be extraordinarily meaningful if their blood donation can save someone's life.



Voluntary blood donation by volunteers from Cantian Industrial Park

Case Huaxin Cement assisting local authorities in harmless disposal of drugs

On June 26, 2023, during the promotion of the International Day Against Drug Abuse and Illicit Trafficking on June 26, Huaxin Zhaotong Industrial Park assisted the Zhaotong Public Security Bureau in safely, environmentally friendly and efficiently destroying over 800 kilograms of drugs. Huaxin Lincang Company assisted the Lincang Anti-Drug Detachment in destroying 3.56 tons of drugs.



Lincang Company helped to destroy 3.56 tons of drugs



Zhaotong Industrial Park helped to destroy over 800 kilograms of drugs

Case Solicitude activities organized by Huaxin Cement to give care and love to vulnerable groups such as the elderly and children

In 2023, Huaxin Cement organized multiple caring activities for vulnerable groups such as the elderly, teenagers and children, and people with disabilities, providing resource support for vulnerable groups in need and creating a fair and warm social environment for them.



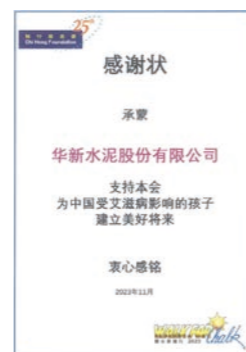
Visits to Elderly on Mid-Autumn Festival organized by Zhaotong Company



Activity of accompany with children in reading fairy tales organized by Zhaotong Company



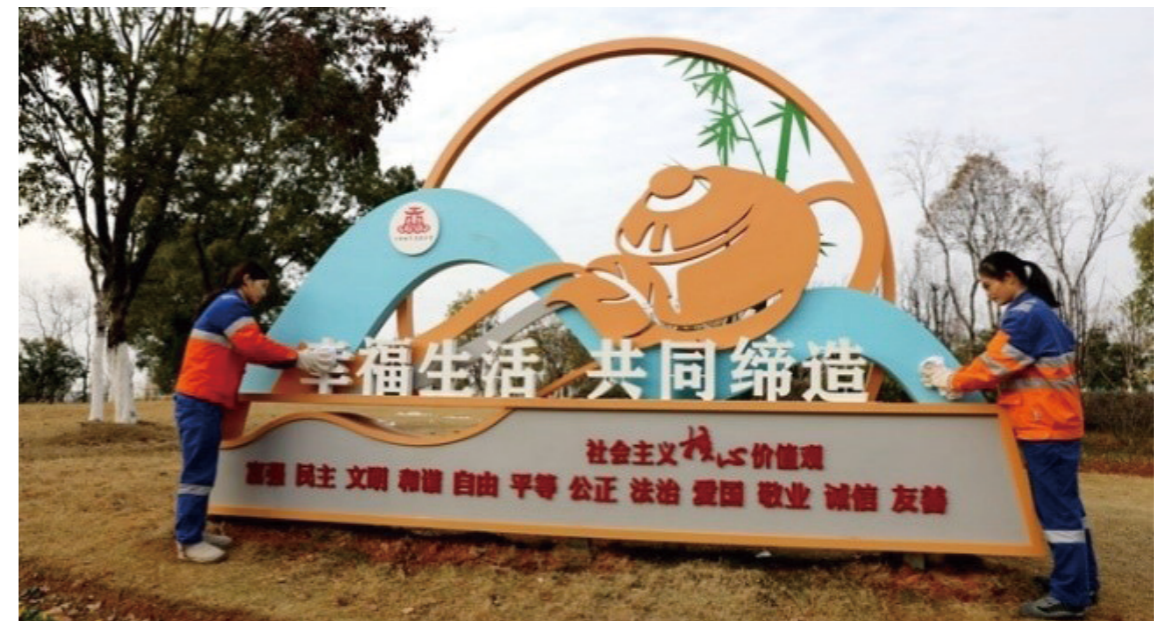
Donation of 3 million yuan to the Huangshi Education Development Foundation by Huaxin Cement



Appreciation letter from the Hong Kong Chi Heng Foundation received by Huaxin Cement

Case Huaxin volunteers "beautify" the city by their actions

In August 2023, various branches of Huaxin Cement continued the volunteer activities to clean the city, beautify the surroundings and promote green and low-carbon lifestyles. They promoted environmental protection by solid actions, cleaned the urban environment, and conscientiously assumed social responsibility of environmental protection to promote the common progress of the Company and society.



Cleaning of the park's publicity boards by volunteers from Chibi Industrial Park



Cleaning up of street garbage by volunteers from Changyang Company



Distribution of environmental bags to community residents by volunteers from Honghe Industrial Park

Key performance form

Metrics	2023	2022	Units
Operating income	33.757	30.47	billion
Total profits	4.326	3.988	billion
Total assets	68.8	64.242	billion
Total investment in environmental protection and technological transformation	7.59	0.706	billion
Total investment in energy conservation and emission reduction	0.339	0.347	billion
Total investment in safety production	0.294	0.168	billion
Cement production capacity	130	120	million tons
Aggregate production capacity	280	210	million tons
Concrete production capacity	120	70	million cubic meters
Environment			
Total sulphur dioxide emission	1,226.53	1,479.80	tons
Mean concentration of sulphur dioxide emission	11.62	13.89	mg/m ³
Sulphur dioxide emission intensity per unit product of clinker	0.03	0.03	kg/t clinker production
Reduction of sulphur dioxide emission/year	213.27	313.76	tons
Total nitrogen oxide emission	16,715.73	1,9547.60	tons
Mean concentration of nitrogen oxide emission	172.92	199.49	mg/m ³
Nitrogen oxide emission intensity per unit product of clinker	0.39	0.44	kg/t clinker production
Reduction of nitrogen oxide emission/year	2,832	9,310	tons
Total particulate matter emissions	977.42	1,028.89	tons
Average concentration of particulate matter emissions	6.45	7.09	mg/m ³
Emission intensity per unit of clinker product	0.02	0.02	kg/t clinker production
Particulate matter emission reduction/year	51	492	tons
Total Scope 1 & Scope 2 GHG Emissions (clinker process)	34,531,189.72	35,980,587.04	tons of CO ₂ equivalent
Greenhouse gas emission reduction/year	1,449,397.32	11,915,181.23	tons of CO ₂ equivalent
Fuel substitution rate	20	14	%
Greenhouse gas emissions per unit of clinker product (clinker process)	0.805	0.818	tons of CO ₂ equivalent / tons of clinker production
Carbon dioxide emissions per unit of business revenue	2023: 10.23	2022: 11.81	tons / 10,000 yuan

Metrics	2023	2022	Units
Comprehensive energy consumption per unit domestic clinker product(clinker process)	94.69	99.46	kg standard coal/ton clinker production
Total amount of hazardous wastes	218.27	383.68	tons
The amount of hazardous wastes generated per unit of business revenue	2023: 0.65	2022: 1.26	tons/100 million yuan
Total amount of non-hazardous wastes	168,542.46	240,896.00	tons
The amount of non-hazardous wastes generated per unit of business revenue	2023: 499.28	2022: 790.60	tons/100 million
Disposal ratio of self-produced solid wastes	100	100	%
Total coordinated disposal amount of cement kiln	3.507	3.31	million tons
Coordinated disposal amount of urban and rural household wastes	2.377	2.26	million tons
Coordinated disposal amount of municipal sludge	0.437	0.508	million tons
Coordinated disposal of hazardous industrial wastes	0.158	0.097	million tons
Comprehensive energy consumption	5.38	5.3542	million tons / standard coal
Total water consumption	23.47	-	million tons
Water consumption per unit of cement product	0.34	-	ton/ton of cement product
Packaging material consumption	28,300	33,600	tons
Consumption density of packaging materials	1.39	1.50	kg/t bagged cement production
Mine ecological restoration area	3.735	-	million square meters
Society			
Total number of employees	20,804	19,278	persons
Total number of male employees - Chinese mainland	16,687	15,291	persons
Total number of female employees - Chinese mainland	4,117	3,987	persons
Total number of senior management staff	19	20	persons
Total number of middle management staff	765	764	persons
Total number of regular employees	20,020	18,494	persons
Total number of employees in Chinese mainland	15,531	15,785	persons
Total number of overseas employees	5,273	3,493	persons
Employee turnover rate	8.13	5.30	%
Male employee turnover rate	7.95	4.40	%
Female employee turnover rate	8.84	0.90	%

Key performance form

Metrics	2023	2022	Units
Chinese mainland employee turnover rate*	5.83	2.00	%
Overseas employee turnover rate*	14.89	3.30	%
Turnover rate of employees under the age of 30*	17.06	2.30	%
Turnover rate of employees between 31 and 50 years old*	4.51	2.60	%
Turnover rate of employees over 50 years old*	14.61	0.40	%
Number of employees who died in work*	2	0	persons
Percentage of employees who died in work*	0.01	0	%
Percentage of male employees trained*	100	100	%
Percentage of female employees trained	100	100	%
Percentage of senior management trained	100	100	%
Proportion of middle management training	100	100	%
Percentage of junior staff trained	100	100	%
Average hours of training for male employees	31	45	hours
Average hours of training for female employees	37	49	hours
Average hours of training for senior management	23	18	hours
Average hours of training for middle management	35	46	hours
Average hours of training for junior staff	32	46	hours
Number of suppliers in Chinese mainland	4,394	4,275	
Number of overseas suppliers	45	38	
Number of complaints concerning products and services	43	52	
Number of corruption-related litigation cases	0	0	
Number of participants in anti-corruption training	1,984	1,951	persons
Average hours of anti-corruption training	88.2	87.8	hours
Total investment in public welfare programs	2,083.03	1,689.58	million yuan

*The difference between the statistical caliber of 2023 and 2022 is explained as follows:

1. Employee turnover rate in 2022 = number of employees in this category/total number of employees *100%; employee turnover rate in 2023 = number of employees in this category/total number of employees in this category *100%;

2.The number of departures in the calculation of the turnover rate in 2022 does not include retired employees, but in 2023the number of departures includes retired employees.

Index of the HKEX ESG Indicators

Main categories	Description	Chapters
"Comply or Explain" clause		
A. Environment		
Level A1: Emissions		
General disclosure	With regard to air and greenhouse gas emissions, discharge into water and land, generation of hazardous and non-hazardous waste, etc.: (a)policies; and (b)compliance with relevant laws and regulations that have a significant impact on the issuer.	2.1 Green production
Key performance indicator A1.1	The types of emissions and respective emissions data.	2.1 Green production
Key performance indicator 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).	2.1 Green production
Key performance indicator A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2.1 Green production
Key performance indicator A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2.1 Green production
Key performance indicator A1.5	Description of emissions target(s) set and steps taken to achieve them.	2.1 Green production
Key performance indicator 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.	2.1 Green production
Level A2: Use of Resources		
General disclosure	Policies on the efficient use of resources, including energy, water, and other raw materials.	2.2 Saving energy and resources
Key performance indicator 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).	2.2 Saving energy and resources
Key performance indicator A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	2.2 Saving energy and resources
Key performance indicator A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	2.2 Saving energy and resources
Key performance indicator 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.	2.2 Saving energy and resources
Key performance indicator A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	2.2 Saving energy and resources
Level A3: The Environment and Natural Resources		
General disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	2.4 Protecting the ecological environment
Key performance indicator A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them.	2.4 Protecting the ecological environment
Level A4: Climate Change		
General disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	2.3 Combating climate change
Key performance indicator 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.	2.3 Combating climate change

Index of the HKEX ESG Indicators

Main categories	Description	Chapters
B. Society		
Level B1: Employment		
General disclosure	Relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. working hours, holidays: (a) policy; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	3.1 Protecting employees' rights
Key performance indicator B1.1	Total workforce by gender, employment type (for example, full- or part time), age group and geographical region.	3.1 Protecting employees' rights
Key performance indicator B1.2	Employee turnover rate by gender, age group, and geographical region.	3.1 Protecting employees' rights
Level B2: Health and Safety		
General disclosure	Relating to providing a safe working environment and protecting employees from occupational hazards: (a) policy; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	3.2 Occupational health and safety
Key performance indicator B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	3.2 Occupational health and safety
Key performance indicator B2.2	Lost days due to work injury.	3.2 Occupational health and safety
Key performance indicator B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	3.2 Occupational health and safety
Level B3: Development and training		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	3.3 Caring for employees and their development
Key performance indicator B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	3.3 Caring for employees and their development
Key performance indicator B3.2	The average training hours completed per employee by gender and employee category.	3.3 Caring for employees and their development
Level B4: Labor code		
General disclosure	Relating to the prevention of child or forced labor: (a) policy; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	3.1 Protecting employees' rights
Key performance indicator B4.1	Description of measures to review employment practices to avoid child and forced labour.	3.1 Protecting employees' rights
Key performance indicator B4.2	Description of steps taken to eliminate such practices when discovered.	3.1 Protecting employees' rights
Level B5: Supply Chain Management		
General disclosure	Policies on managing environmental and social risks of the supply chain.	4.4 Responsible supply chain
Key performance indicator B5.1	Number of suppliers by geographical region.	4.4 Responsible supply chain

Main categories	Description	Chapters
Key performance indicator B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	4.4 Responsible supply chain
Key performance indicator B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4.4 Responsible supply chain
Key performance indicator B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4.4 Responsible supply chain
Level B6: Product Responsibility		
General disclosure	Relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress: (a) policy; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	4.2 Quality assurance
Key performance indicator B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	4.2 Quality assurance
Key performance indicator B6.2	Number of products and service related complaints received and how they are dealt with.	4.2 Quality assurance
Key performance indicator B6.3	Description of practices relating to observing and protecting intellectual property rights.	4.1 Scientific research innovation
Key performance indicator B6.4	Description of quality assurance process and recall procedures.	4.2 Quality assurance
Key performance indicator B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	4.2 Quality assurance
Level B7: Anti-corruption		
General disclosure	Relating to bribery, extortion, fraud and money laundering: (a) policy; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	1.2 Business ethics
Key performance indicator 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.	1.2 Business ethics
Key performance indicator B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	1.2 Business ethics
Key performance indicator B7.3	Description of anti-corruption training provided to directors and staff.	1.2 Business ethics
Level B8: Community investment		
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	5.1 Promoting local development 5.2 Focusing on community welfare
Key performance indicator B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	5.1 Promoting local development 5.2 Focusing on community welfare
Key performance indicator B8.2	Resources contributed (e.g. money or time) to the focus area.	5.1 Promoting local development 5.2 Focusing on community welfare

Reader Feedback Form

Dear readers,

Thank you very much for reading the *Huaxin Cement Co., Ltd. Environmental, Social, and Governance Report (2023)*. We earnestly look forward to your comments and suggestions on the Report and our work. You can send the completed questionnaire back to us by mail or email after scanning. Your valuable opinions are greatly appreciated.

Address: Huaxin Building, No. 426, Gaoxin Avenue, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province

Email: liziwei@huaxincem.com

Optional question (please tick the corresponding place)

1. What's your relation with Huaxin Cement?

- Shareholder Investor Employee Supplier Customer Government
 Community Academic Institution Non-profit Organization
 Other (please specify)

2. Is all the information you are concerned about reflected in *the Report*?

- Yes No

3. Your comprehensive evaluation of the ESG Report of Huaxin Cement in 2023:

Readability (it is readable and understandable, with beautiful and attractive design and layout, and it is easy to find the required information)

- 3 (pretty good) 2 (just so-so) 1 (very bad)

Credibility (information in this Report is true and credible)

- 3 (pretty good) 2 (just so-so) 1 (very bad)

Information integrity (it gives consideration to both positive and negative information and meets your information needs)

- 3 (pretty good) 2 (just so-so) 1 (very bad)

4. Can you easily locate the information you are concerned about in *the Report*?

- Yes Average No

5. Besides what has been disclosed in *the Report*, what information do you want to read?