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**SD-GOLD**

**SHANDONG GOLD MINING CO., LTD.**

**山東黃金礦業股份有限公司**

(於中華人民共和國註冊成立的股份有限公司)

(股份代號：1787)

### 海外監管公告

本海外監管公告乃由山東黃金礦業股份有限公司(「本公司」)根據香港聯合交易所有限公司證券上市規則第13.10B條作出。

茲提述本公司日期為2021年3月30日之海外監管公告，內容有關本公司於上海證券交易所網站刊發標題為「2020年度社會責任報告」(「該報告」)之公告。

該報告之英文翻譯已附於本公告之後僅供國際投資者參考。

承董事會命  
山東黃金礦業股份有限公司  
董事長  
李國紅

中國濟南，2021年4月30日

於本公告日期，本公司執行董事為劉欽先生、王樹海先生和湯琦先生；本公司非執行董事為李國紅先生、王立君先生和汪曉玲女士；本公司獨立非執行董事為王運敏先生、劉懷鏡先生和趙峰女士。



Stock Code: SH 600547 1787.HK



# 2020 Corporate Social Responsibility Report

Shandong Gold, Ecological Mining.

#### Member list of social responsibility report editorial team

Director of editorial board: Tang Qi

Deputy director: Wang Yi

Executive Editor: Zhang Ruying, Liu Wen

Editor: (in the order of surname strokes)

Wang Zheng   Kong Weimin   Deng Minliang

LV Jinqing   Liu Yanzi   Su Fangjian

Du Qian   Li Xiao   Song

Wancheng   Zhang Shan   Zhang Yan

Chen Luchuan   Lang Yaojun   Hu Yaodong

Luan Bo   Bo Jinguang



# The World of Shandong Gold

## The Gold Mountain of The World

Protect green hills and beautiful scenery  
Creating benefits for the earth with love



Priority to Resources

Performance first

Innovation oriented



## About the Report

This report properly reflects the fulfillment of social responsibilities by Shandong Gold Mining Co., Ltd. in 2020, and aims to improve communication and strengthen links with stakeholders.

The Board of Directors of the company and all directors hereby confirm that there are no false statements, serious misleading or important omissions information carried in this report, and shall take all responsibilities, jointly and severally, for the truthfulness, accuracy and completeness of the whole contents.

### Reporting entity

Shandong Gold Mining Co., Ltd. and its affiliates

### Designation

In this report, Shandong Gold Mining Co., Ltd. is referred to as "Shandong Gold", "the company", or "we".

### Reporting period

The reporting period is from January 1, 2020 to December 31, 2020. Part of the information is retrospective regarding previous years or related to 2021.

### Release cycle

This report is an annual report.

### Reporting data

Should there be any difference between the financial data disclosed in this report and the data from the annual report, the annual report shall prevail. Other data used in the report is derived from the company's internal statistics. Unless otherwise specified, the currencies in this report are all in RMB.

### Preparation basis

This report is prepared as instructed by the Company's Fulfillment of Social Responsibilities issued by Shanghai Stock Exchange, in accordance with the notification of Shanghai Stock Exchange on strengthening listed companies' fulfillment of social responsibilities and the issuing of the Guidance on Corporate Environmental Disclosure of SSE Listed Companies, the Environmental, Social and Governance (ESG) report of The Stock Exchange of Hong Kong, and other relevant requirements, and with reference to the fourth generation Sustainability Reporting Guidelines (G4) launched by Global Reporting Initiative (GRI), GB/T 36001-2015 Guidance on Social Responsibility Reporting, and China-CSR4.0 General Mining Industry. The enterprise characteristics of Shandong Gold Mining Co., Ltd. and industry features are also highlighted.

### Release of the report

This report is released in Chinese. In case of discrepancies between the Chinese version and versions of other languages, the Chinese version shall apply and prevail. This report comes in paper version and electronic version. The electronic version is available for review at the website of Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)).

### Report feedback and contact info

Board of Directors, Shandong Gold Mining Co., Ltd.

Tel: 0531-67710376

Email: [hj600547@163.com](mailto:hj600547@163.com)



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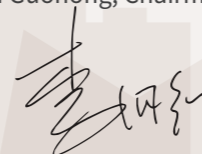




# Letter from the Chairman



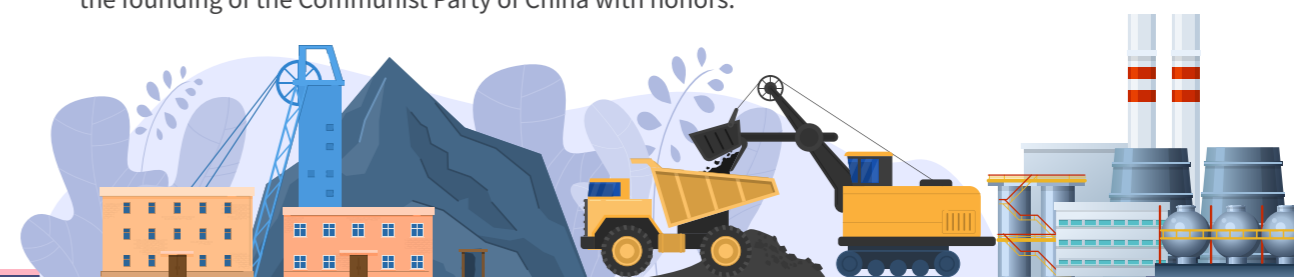
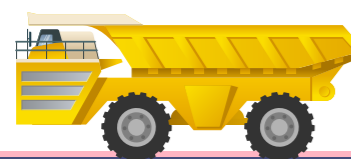
Li Guohong, Chairman



It has been an extraordinary year of 2020 as the Company has to face the complex and grave economic situation and difficult reform and development mandates, in particular, challenges brought along by the COVID-19 pandemic, Shandong Gold always adheres to the leadership of the Chinese Communist Party, takes on social responsibilities, and keeps strengthening the strategic power. We adapt to current circumstances with science-based approaches to promote epidemic prevention and control and productive operations, and have made great strides in order to implement quickly comprehensive developments in reform, bringing the tasks in the 13th Five-Year Plan period to a successful conclusion.

## Join hands to fight the epidemic

Those who can accomplish tasks that ordinary ones cannot are heroes. In the war against COVID-19 epidemic, Shandong Gold bravely faced up our responsibilities and sought for breakthroughs, and did the best to our capabilities. Under the strong leadership of the Party and the government, we well organized resumption of work with full commitment, to achieve routine production; we also contributed generously to first line personnel, worked together with those for material manufacturing, supply, and logistics, to set up lines of defence against the outbreak. In 2020, there was no confirmed diagnosis or suspected diagnosis from the company, and no one from the company was under observation. This laid a solid foundation for the completion of the annual task. The company donated RMB6 million to Shandong Charity Federation, and organized the employees to donate over RMB5.13 million and more than RMB300,000 worth of supplies and materials.



## Steadied growth and setting strategic targets

Shandong Gold decisively implements the new development concepts and will continue its momentum in management. We continuously optimize corporate governance and responsibility governance, and strengthen risk and compliance control to keep improve development effectiveness. We make full use of our comparative advantages as being a state-owned enterprise, adhere to the leadership of the Party and promote capacity-building, to usher in the quality development of the company. In the face of the new development environment and industry conditions, Shandong Gold, as a Shandong-based corporate and in response to the requirements for "at the forefront for comprehensive innovation", adheres to the strategic thinking of openness and globalization, and blazed new trails for development in the "14th Five-Year Plan" period, to build the company into a global leading enterprise with international competitiveness.

## Aggressively push the limits to pursue new heights

Shandong Gold deepened our strategy of innovation-driven development to continuously enhance science and technology innovations management and the ability of independent innovation. We have been active in major research projects at national, provincial and ministerial levels, and honored with 18 scientific and engineering awards from China Gold Association in 2020. We will focus on our core competencies and actively promote the digital and intellectual transformation of the industry. Meanwhile, we will leverage the great technologies and talents, as well as our advantages of industries resources, to construct a university-industry ecology by means of integrating production, learning and research. To be specific, we will strengthen cooperation with relevant parties in perspectives of key technology development related to deep mining, construction of innovative engineering demonstration plot, high-level talent cultivation, national research platform construction, and promotion of industrialization of scientific and technological achievements, so as to achieve major breakthrough in cutting-edge research on mining, lead to mining industrial upgrade and transfer, and establish the first-class model of school-enterprise cooperation in China.

## Never lose sight of the core responsibilities, and contribute to social harmony

Shandong Gold has remained faithful to our social responsibilities, and with win-win development lies at the heart. We have responded positively to the Responsible Gold Mining Principles (RGMPs), boosted green development, showed concern and care for employees, promoted community development, constructed harmonious communities, to do our utmost for a wealthier society and a better life for those who support enterprise development. In 2020, all active mines of the company have completed the green mining construction, and been added to the national or provincial green mine lists. Our gold melting company has been classified as a national green factory, representing the development of Shandong Gold as the first green mining group in the country. We've provided over RMB5 million to help over 1200 employees who are in difficult situation, and organized 1557 volunteering services of various types of 710 hours.

2021 marks the start of the "14th Five-Year Plan" period and the second hundred-year objectives. We must grasp this opportunity to speed up transformation and upgrade, deepen enterprise reform, and achieve development of higher quality. The path ahead is not easy, but as long as we keep going, we would succeed. We will steadfastly implement the new development concept, base ourselves on the "dual circulation" development pattern, focus on the strategic objectives of the "14th Five-Year Plan", and strive to make breakthroughs in fields of strategic implementation, greater reform, resource M&A, operation management, innovation, and leading enterprise construction on the theme of higher quality development and driven by reform and innovation, making a good start for the development in the "14th Five-Year Plan" period and paying tribute to the 100th anniversary of the founding of the Communist Party of China with honors.



# About Shandong Gold

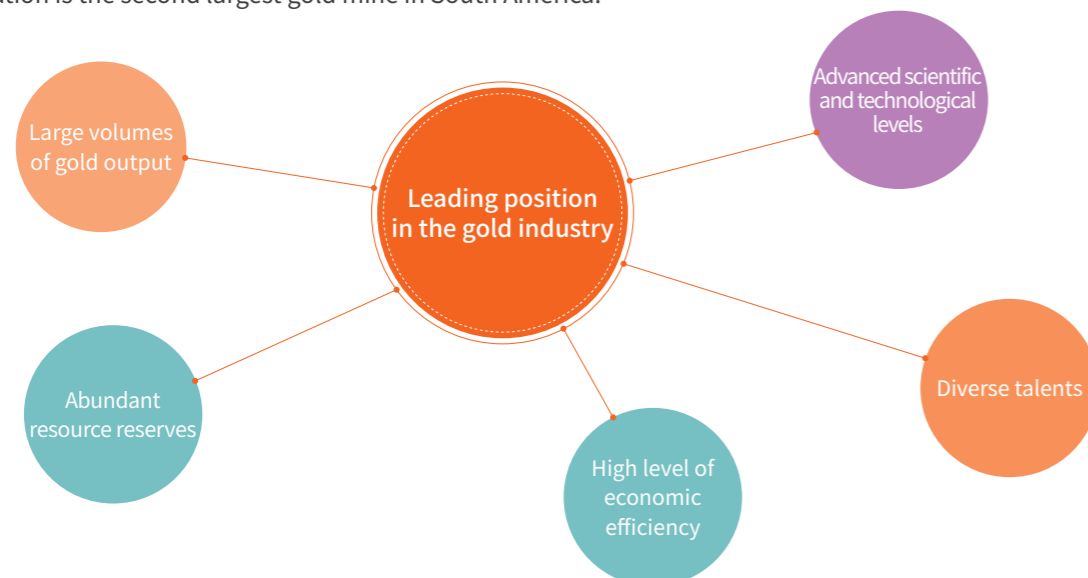
- Company profile
- Organizational structure



## Company profile

Shandong Gold Mining Co., Ltd. (hereinafter referred to as "the company" or "Shandong Gold") is a listed company owned by Shandong Gold Group Co., Ltd. The company was founded in January 2000, listed on Shanghai Stock Exchange on August 28, 2003, listed on the Hong Kong Stock Exchange on September 28, 2018. On October 19, 2018, Shandong Gold H-share was included in the Shanghai-Hong Kong Stock Connect program, achieving trading at both A-share and H-share markets.

The company is mainly engaged in gold mining. We have a complete industrial chain that integrates exploration, mining, ore dressing, melting (refining), and the further processing and sales of gold products. We also own the relevant scientific and technological development systems, and is a leader in gold production, resource deposits, economic benefits, scientific and technological levels, and talent reserve in the gold industry in China. Our mining enterprises are found in Shandong, Fujian, Inner Mongolia, Gansu, Xinjiang, and other provinces in China, as well as overseas places such as Argentina and Ghana. We are the only enterprise that has three mines with accumulative gold production of over hundred tons in China. Among all these mines, Sanshandao Mine, Jiaojia Gold Mine, Xincheng Gold Mine, and Linglong Gold Mine were awarded the title "Top Ten Mines for Gold Production in China" for consecutive years. The Veladero mine jointed operated (50%-50% shareholding) with Barrick Gold Corporation is the second largest gold mine in South America.



Since going public, the company has always adhere to the strategic orientation of "reinforce and expand the main business of gold" and target at "maximizing company and shareholder value". We are committed to build safe and green mines. All our mines are among national or provincial green mine lists, implementing the concept of "Shandong Gold, Ecological Mining". We are among SSE 50 Index and the MSCI indexes, FTSE Russell indexes and S&P Dow Jones Indices. As of the end of 2020, the company has a registered capital of RMB4.314 billion. The total assets reached RMB63.859 billion, including net assets of RMB31.652 billion.



By the end of 2020

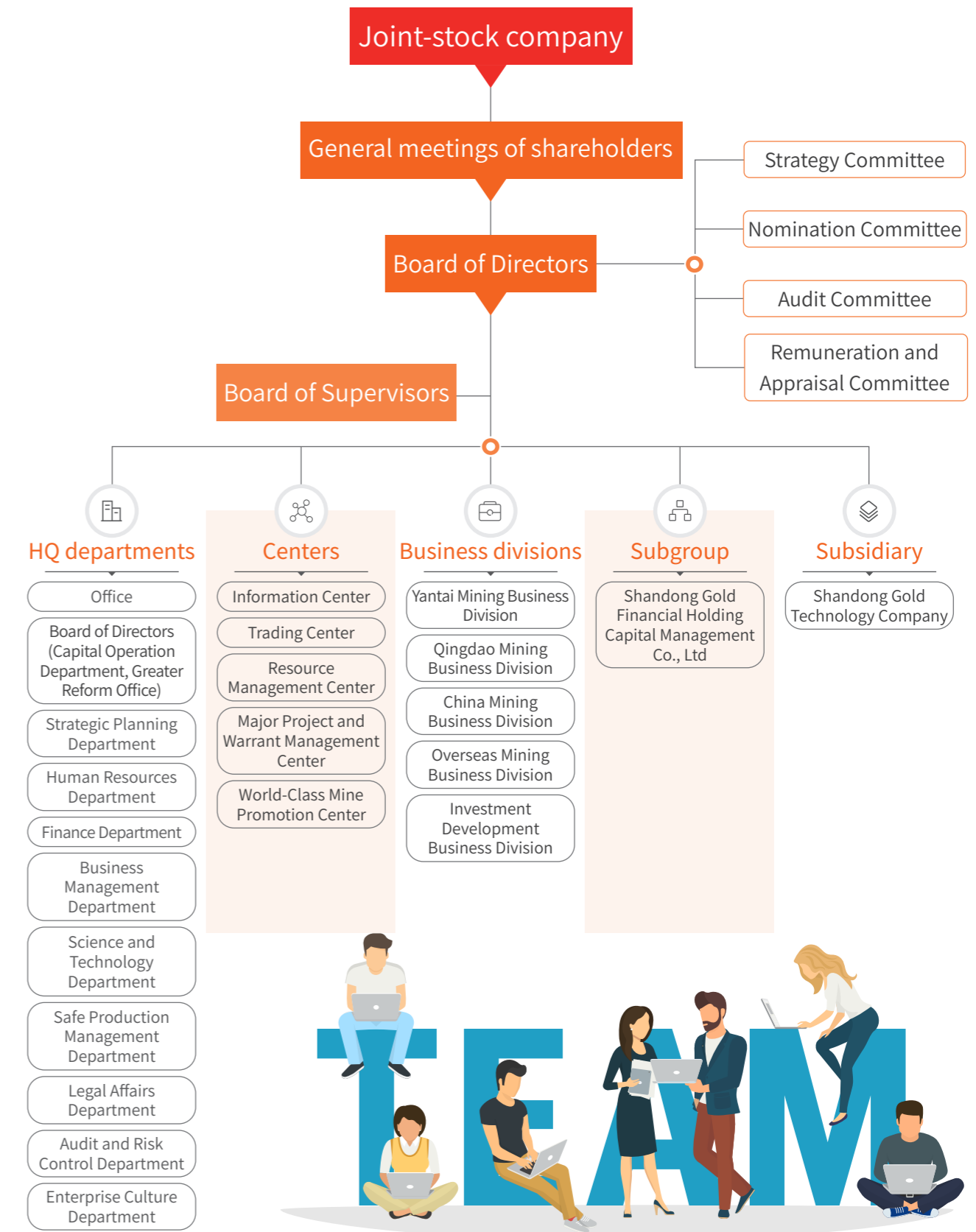
The registered capital of the company is **4.314** billion yuan

The total assets reached **63.859** billion yuan

The net assets reached **31.652** billion yuan



## Organizational structure







## Theme I

# Join hands to fight against the epidemic

Under the guidance of President Xi Jinping's instructions on epidemic prevention and control, the company ensured full compliance with the work requirements from the central government and the State Council, as well as from Shandong provincial government, and took responsibilities to set the first line of defence against the epidemic. We maintained effective control within the company, and took active measures to support communities.

### Timely response

The company adheres to comprehensive deployment and scientific prevention and control to guarantee effective disease prevention without hindering the normal operations. We fully implemented various works related to epidemic control, operation recovery, reform promotion, and steady development, and strictly follow instructions to achieve regularized epidemic control at all levels.

#### Well organized operation recovery

In the face of COVID-19 epidemic, enterprises under the group formulated thorough schemes with detailed measures provided and responsibilities clearly identified. For issues such as large number of people returning to work, long distances, and obstruction to traffic, relevant enterprises cooperated with local governments and relevant authorities to prepare flexible plans, and arranged returning to work of employees and outsourced personnel by batches through self-made isolation chambers and point-to-point shuttle bus services. We also promoted changes of positions and encouraged the management and technical personnel to work at the production line.



Point-to-point shuttle bus at Sanshandao Gold Mine during the epidemic

#### Guaranteed productivity and benefit

The company has given full play the role of a state-owned enterprise in addressing short of hands and insufficient materials during the epidemic prevention and control, and fast promote the transform from "operation recovery" to "reaching target output". Through optimized production layout, personnel daily scheduling and material supply safeguard mechanism, flexible employment policy, reasonable personnel arrangement, and activities such as "work competitions" and "project battles", we ensured steady increase in production. In the first quarter that was the hardest hit by the epidemic, when the output of most gold enterprises had declined or stalled, the company achieved a good start of the year, and was praised by Liu Jiayi (secretary of Shandong provincial Party committee), Li Ganjie (governor of Shandong province) and Ling Wen (vice governor of Shandong province).

#### Safety protection

The company always puts priority on the safety and health of employees. With scientific measures taken, we comprehensively understood the situations of enterprise staff, and implemented home quarantine for those returned from provinces other than Shandong and those had traveled in medium- and high-risk areas. We adopted flexible working hours, dining at different times, and distributions of epidemic prevention supplies to cut off route of transmission. We also, as always, implemented the "zero report" and "daily report" systems to fully strengthen disinfection and employee health monitoring, protecting the life and health of employees. In 2020, there was no confirmed diagnosis or suspected diagnosis from the company, and no one from the company was under observation. This laid a solid foundation for the completion of the annual task.



Body temperature monitoring before work at Linglong Gold Mine

#### Responsibility fulfillment

The company actively responded to the national call, and donated money and materials to the frontline of epidemic prevention and control. In 2020, the State-owned Assets Supervision and Administration Commission of the State Council awarded the "Advanced Individual of Epidemic Prevention and Control" title to Zhao Chunwei, the head of Sanshandao Gold Mine Polyclinic.

#### Rush to support epidemic prevention and control around the clock

Enterprises under the group ensured responsive approaches to meeting the needs of local communities. They organized volunteering activities and donations, and provided assistance to local epidemic control checkpoints, to ensure smooth conduct of disease prevention.



Case

**Chifeng Chaihulanzi Mine fights against the epidemic side by side with local government**

In the face of the epidemic, responsibilities has been taken to prevent outbreak. All cadres and employees of Chifeng Chaihulanzi Mine have made all efforts to provide emergency support for epidemic prevention and control in Chifeng. On February 3, Chifeng Chaihulanzi Mine communicated with the local Chutoulang Town government and the committees of Chaihulanzi Village, Caifengyingzi Village and Maoniushan Village, to purchase and distribute 60 cotton-padded overcoats to frontline staff on duty, bringing them the warmth of Shandong Gold in the cold winter.

"Great! We are now in urgent need for cotton-padded overcoats! You really attended to our most pressing needs. With these cotton-padded overcoats, our Party members and volunteers working at the frontline would feel more relieved during work."

—By Lu Jiang, Party secretary of Chutoulang Town, Songshan District, Chifeng, Inner Mongolia



Chifeng firewood mine and local government fight side by side

**Everyone help each other**

The company, with the help of social partners, focused on key aspects such as material production and supply, logistics and transportation, and support the frontline in fighting against COVID-19 through donations and relevant services.



Penglai Company delivers epidemic prevention supplies to surrounding villages



Fujian Xinyuan Company conducts "Donating Blood and Showing Affection of Shandong Gold" blood donation activity

**Theme II**

**Green mines of splendid Shandong Gold**

With the development concept of "Shandong Gold, Ecological Mining" in mind, the company adopts scientific measures in operations and pays attention to ecological protection and resource reservation. Our mines have formulated complete Mineral Resources Exploitation Scheme, Geological Environmental Protection, Governance and Restoration Scheme for Mines, and Land Reclamation Scheme for Mines. We also placed emphasis on prevention of geological hazard such as mined out area breakdown and dam break at a tailing pond, and actively carried out relevant hidden danger identification work. We focused on the development of key technologies for green mines, and vigorously promoted our successful practices in green mine construction, to consolidate the existing achievements and explore new ways for green mine development. Currently, all our mines are among national or provincial green mine lists. Our gold melting company has been classified as a national green factory, representing the development of Shandong Gold as a green mining group.



Laixi Company was awarded the pilot unit of green mine digital construction



Chifeng Chaihulanzi Mine is developing towards a green mine

Case

**Building a mine with no tailings debris and waste, and achieving green and sustainable development**

The filling work laboratory and Xinhui Company implemented in-depth the concept of "lucid waters and lush mountains are invaluable assets", fully enhanced resource utilization, and put forward the innovative ideas of "using fine-grained tailings debris for underground filling, and achieving comprehensive use of coarse tailings debris", to build a pilot project for mine with no tailings debris. In April 2020, the project was officially put into operation. It brought about substantial increase in economic benefits, and resolved issues including non-conformance quality of pulp from traditional coarse tailings debris, filling pulp segregation, and large weepage. It achieved zero discharge of tailings debris with less land used, and eliminated the hidden risks brought about by tailings debris warehouse. This is a path to high quality development with the maximum use of resources and minimum impact on the ecological environment.





## Theme III Milestones in 2020

### January

2020 Caijing Sustainable Development Summit and Changqing Awarding Ceremony was held in Beijing. Shandong Gold was given the "Changqing Award·Inclusive Sustainable Development".

With a total market value of RMB93.1 billion, Shandong Gold ranked No. 139 on the list of top 500 Chinese listed companies by market value in 2019, up 10 places from its 2018 ranking.



### February

Shandong Gold donated RMB6 million to Shandong Charity Federation for epidemic prevention and control.

A total of 21,160 cadres and employees from the group and its enterprises donated RMB5,132,540.43, including over RMB753,000 from enterprises outside Shandong to their local charities, and the rest over RMB4.379 million to Shandong Charity Federation.

### March

Ling Wen, vice governor of Shandong province, visited Sanshandao Gold Mine, where he expressed his appreciation for the good work of the mine in the first quarter and highly commended the measures taken by Shandong Gold in response to the epidemic.

### May

On the list of the Global 2000 - The World's Largest Public Companies 2020 released by Forbes, Shandong Gold ranked No. 1677 globally and No. 302 among the 367 Chinese enterprises.

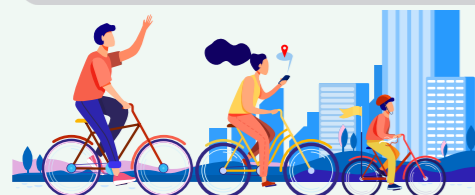
The recipients of the "Tianma Award·The 11th Chinese Listed Company Investor Relations" was announced. This activity was hosted by Securities Times, and directed by China Securities Investor Services Center. The "Best Main Board Board of Directors Award" again went to Shandong Gold.

### June

The wholly-owned overseas subsidiary of Shandong Gold signed the Offer Implementation Contract with Cardinal Resources Limited, has received acceptance in connection with its unconditional off-market takeover offer for Cardinal in excess of 50.1% of all Cardinal shares.

### July

Xinhui Company under Shandong Gold achieved the construction objectives of "building a mine with no tailings debris and waste" in the first half of the year, being the first to enter the new era of "no tailings debris and waste" and complete the switch from conventional gold mining to modern eco mining.



### December

Wind, the authoritative data institution, released the list of top listed companies 2020. Shandong Gold won the "Top 50 Most Welcomed Listed Companies" award and the "Top 5 in Material Industry" award.

Shandong Gold was selected as an "Enterprise with Social Responsibilities in 2020 in Shandong".



### November

Gong Fuzhu, vice manager of Jinzhou Mine of Jinzhou Company under Shandong Gold was recognized by the CPC and the central government as a "national model worker".

At the 20th Top 100 Chinese Listed Companies Summit and the 6th Top 100 Chinese Cities Comprehensive Development Forum, Shandong Gold won the "Top 100 Chinese Enterprises" award and the "Top 100 Chinese Enterprises for 20-Year Special Contributions" award.

### October

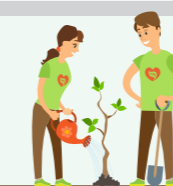
China Cares for the Next Generation Working Committee announced winners of "Education Institutions of Party and Nation History for China Cares for the Next Generation Working Committee". The Linglong Red Education Base of Shandong Gold was among the list.

Shandong Gold's COP project was accredited the "Best Practice Award for Digital Upgrade - Connection Middleground" by China Software Industry Association.

### September

The "Mine Garden New Ecology with 5G Cloud Network" project of Shandong Gold won second prize in the third national "Blooming Cup" 5G application competition.

The online signing ceremony between Shandong Gold and Hengxing Gold was held simultaneously in Jinan and Xiamen. Shandong Gold has acquired 100% of the shares of Hengxing Gold Holding Co., Ltd. through scheme of arrangement.



### August

2020 Sina Finance HK Stock Value Summit was hosted by Sina Finance online. The list of Jinqilin HK Stock Public Companies with Top Values was unveiled. Shandong Gold was recognized as "a top public company to invest in" in Hong Kong capital market.

Shanghai Stock Exchange released the results on the evaluation of 2019-2020 annual information disclosures by companies listed in Shanghai Stock Exchange. Based on comprehensive evaluation, Shandong Gold was accredited Grade A for its 2019-2020 annual information disclosure for the third year in a row.

The top list of the "14th Chinese Listed Company Value Evaluation" was unveiled. This activity was guided by the financial media group of China Daily and hosted by Securities Times. Shandong Gold won the awards of "Top 10 Management Team in Main Board" and "Social Responsibilities".





# Robustness · Way of Governance

- Corporate strategy
- Corporate governance
- Risk and compliance
- Strong Party construction
- Responsibility governance





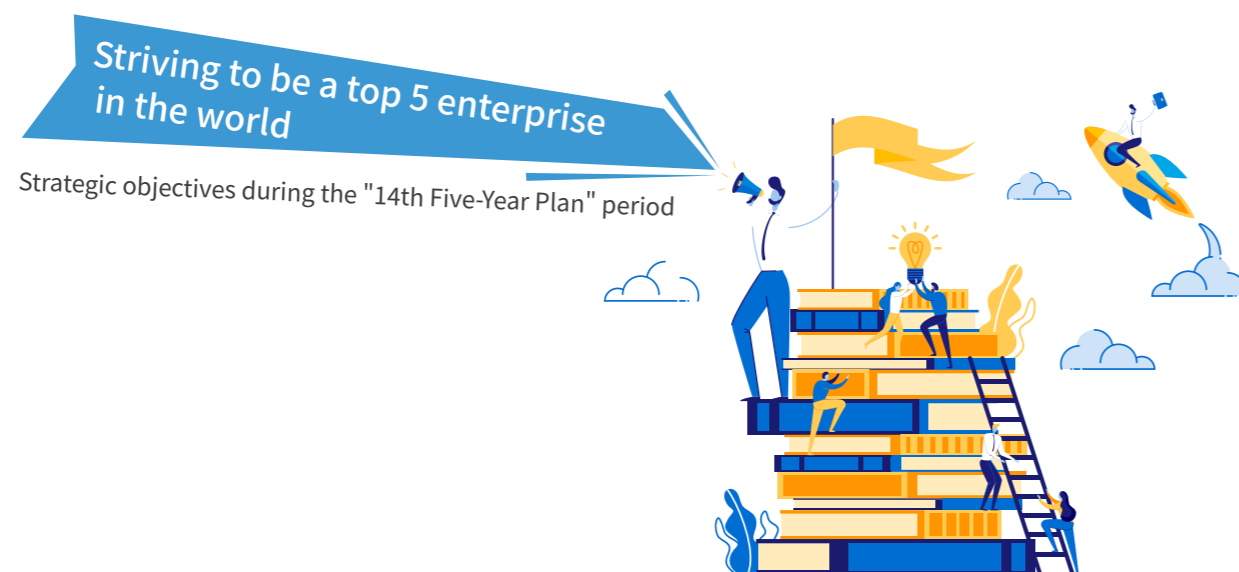
## Corporate strategy

Since the start of the 13th Five-Year Plan period, Shandong Gold has adhered to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, to focus on the main businesses of gold under the guidance of our strategic objectives of "striving to be a world-class top ten enterprise". We established our foundation in China and we took opportunities to explore the global market. Under the guidance of the Party, we made great efforts to promote reform, sped up the replacement of old patterns by new patterns, and opened businesses around the world, blazing new trails for quality development and globalization, and making crucial contributions to the economic and social development in Shandong and the gold industry development in China.

At this historic point, the company, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, will further implement the new development concepts, follow the basic requirements for quality development, focus on structural reforms on the supply side, and prepare our strategic planning for the 14th Five-Year Plan period through digital transformation and based on actual conditions and global situations.



Strategy Seminar on "14th Five-Year Plan" of the company



Important strategic move during the "14th Five-Year Plan" period: Focusing on the main businesses of mining and gold, and exploring further for enhanced professionalism. Keep improving resource empowerment and forming advantages, to be among the world's top 5 as early as possible.

Detailed indexes and measures:

<b>Phase I</b> (2021—2023)	<ul style="list-style-type: none"> <li>• Complete 1 to 2 overseas mine acquisitions, and increase the annual output by approximately 13 tons;</li> <li>• Steadily promote the construction of the world-class gold production base in Laizhou;</li> <li>• Increase the resource amount by about 300 tons through our self exploration activities, and increase the resource amount by about 350 tons through resource acquisition.</li> </ul>
<b>Phase II</b> (2024—2025)	<ul style="list-style-type: none"> <li>• Complete 1 to 2 overseas min acquisitions, and increase the annual output by approximately 10 tons;</li> <li>• increase the new output in Laizhou base to 12 to 13 tons;</li> <li>• increase the resource amount by 400 tons each through joint exploration and resource acquisition, respectively;</li> <li>• strive to make 1 to 2 single mines among the global top 30 mines in form of scale.</li> </ul>

Also, strengthen industrial chain financial services, lay equal stress on industrial collaboration and profit output, improve the risk control system, enhance risk management capability, and explore businesses related to gold and nonferrous metal overseas, including industry investment, asset management, and exploration fund; moderately develop derivatives trade and gold lease services that feature well collaboration; steadily develop metal sales, fund settlement, and other internal financial services; prudently develop supply chain finance and finance leasing that are lack of collaboration; make timely adjustment to metal transaction, non-standard transaction, and gold brokerage.

## Corporate governance

The company has established a system that adopts the Articles of Association as the core. The Party committee, general meetings of shareholders, Board of Directors, Board of Supervisors, and the management, in their respective roles, take their responsibilities and cooperate with one another to maintain effective implementation of the company's governance system, and promote continuous improvement of the governance capability.

Chen Yumin, secretary of the Communist Party Committee	Zhao Feng, independent non-executive director
Li Guohong, Chairman	Li Xiaoping, Supervisory Board chairman
Wang Lijun, director	Luan Bo, supervisor
Wang Xiaoling, director	Liu Yanfen, supervisor
Liu Qin, Vice Chairman	Wang Deyu, Deputy General Manager
Wang Shuhai, director and General Manager	Song Zengchun, Deputy General Manager
Tang Qi, director and board secretary	Xu Jianxin, Deputy General Manager
Wang Yunmin, independent non-executive director	Lv Haitao, Deputy General Manager
Liu Huaijing, independent non-executive director	Huang Weimin, Head of Finance

### Senior executives



### General meetings of shareholders



**15** general meetings of shareholders will be held in 2020

In 2020, the company held 15 general meetings of shareholders. All these meetings were held in strict accordance with the Company Law, the Articles of Association, and the Rules of Procedure of Shareholders' Meeting. The right to know, the right to participation, the right to interpellation, and the right to vote of shareholders were fully guaranteed. In particular, minority shareholders were equally treated so that they could fully enjoy their legitimate rights and interests.

### Board of Directors



**26** board meetings were held in 2020

In 2020, the company held 26 meetings of the Board of Directors. All these meetings were convened and held in strict accordance with the Rules of Procedure of the Board. The company's directors earnestly attended the meetings of the Board of Directors and general meetings of shareholders, and earnestly fulfilled their director responsibilities. The professional structure of the Board of Directors is rationally, as professionals in fields of management, gold, and finance are included. They have the knowledge, skills, and capabilities required for performing their functions, so as to effectively protect the legitimate rights and interests of shareholders. On December 3, 2020, the company held the 48th meeting of the 5th session of Board of Directors, adopted the Proposal about Election of Non-Independent Directors for the Sixth Board of Directors, the Proposal about Election of Independent Non-executive Directors for the Sixth Board of Directors, and submitted the proposals to the general meetings of shareholders for review and election. The election of the 6th Board of Directors was successfully completed, ensuring the continuity of the work of the company's Board of Directors, guaranteeing the professionalism, normativity, and scientific base of the company's decision making, and providing a correct direction for further development of the company.

### Board of Supervisors



**10** meetings of the board of supervisors in 2020

In 2020, the company held 10 meetings of the Board of Supervisors. Members of the company's Board of Supervisors, in a responsive manner, fulfilled their duty and diligently supervised the legitimacy and compliance of the company's finance personnel, directors and other senior managers, to maintain the legitimate rights and interests of the company and shareholders. On December 3, 2020, the company held the 23rd meeting of the 5th session of Board of Supervisors, adopted the Proposal about Election of Candidate Shareholder Supervisors for the Sixth Board of Supervisors, and submitted the proposal to the general meetings of shareholders for review and election. On December 29, 2020, the company held the congress of workers and staff and elected one staff supervisor, who, together with the two shareholder supervisors elected from the company's general meetings of shareholders, formed the sixth Board of Supervisors of the company.

### Management



The management exercises power in accordance with laws, regulations, and the Articles of Association, and as authorized by the general meetings of shareholders and the Board of Directors, to organize the operations and management. The management is under supervision of the Board of Supervisors.

### Compliance information disclosure

Shandong Gold always discloses both information for statutory purpose and other information that we considered necessary. Our information disclosure is oriented to investors' demands, with a wider range of information provided, so as to make our report more relevant and effective, and increase the information transparency.

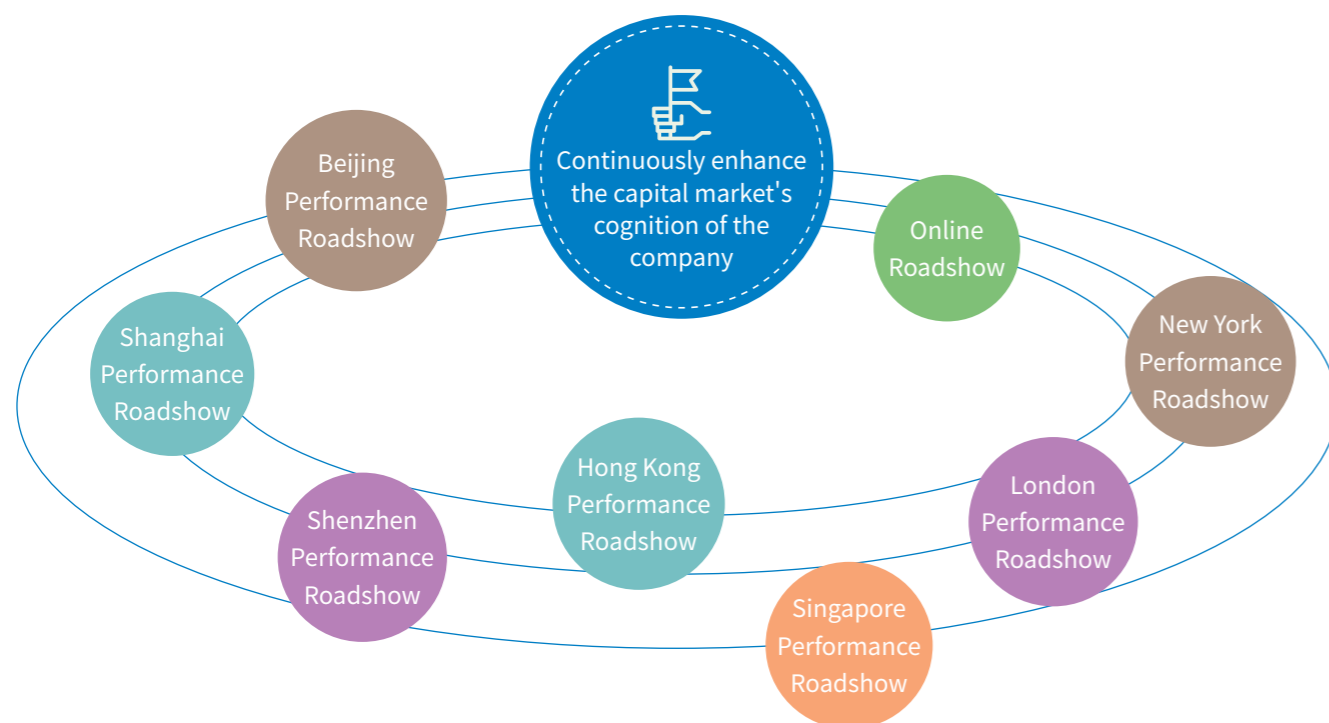
Shandong Gold pays great emphasis on the management of insider information. In accordance with relevant systems and regulations, personnel including insiders related to critical issues of the company before disclosure are recorded, to strictly control the range of insiders.



In 2020, Shandong Gold was accredited Grade A by Shanghai Stock Exchange for our 2019-2020 annual information disclosure for the third year in a row.

### Interest protection for small and medium investors

Shandong Gold fully respects and maintains the legitimate rights and interests of stakeholders. Through phone calls, faxes, emails, E-interaction, and on-site reception, we communicated with investors and stakeholders. We also carried out performance road shows in Beijing, Shanghai, Shenzhen, Hong Kong, Singapore, New York, London, and many other active capital markets, for improved communication and exchanges with domestic and overseas investors, analysts, and media on the basis of meeting regulatory requirements. In 2020, we have taken many measures to strengthen investor relation management amid the COVID-19 epidemic. We adjusted the original annual road shows to online activities, guaranteed successful online road shows, and continuously enhanced the capital market's awareness of the company.



## Risk and compliance

### Law-abiding operations

Shandong Gold strictly abides by national laws, regulations, and local government regulations, and promotes knowledge of laws with consideration of the actual operations. We adhere to the ethics of market economy, maintain the good market order, and build the integrity of the company through strict management and good reputation, so as to achieve the win-win result for both enterprises and customers.

Upon enactment of the latest Securities Law, the company attached great importance and actively organized special training sessions to fully understand the revisions and the core contents, and accurately follow the regulations. In this way, we raised the awareness of all staff to make sure they comply with laws and regulations, act in good faith, and are responsible.

### Comprehensive risk management

With a sound and comprehensive risk management system, Shandong Gold can supervise various risks in a timely and reliable manner, so as to ensure that the risks are within the allowable limits. This provides a strong impetus for enterprise operations management.





## Integrity management

The company takes anti-corruption and anti-bribery seriously. We take routine supervision measures, strengthen supervising counterparts, establish a "1+N" layout, promote the "3+X" and "5+3" supervision mode, implement the "cooperation in integrity construction" mechanism, set up honest business electronic files, and explore the integrity system and "Internet+" smart supervision pilot program, to keep increasing the integrity management in Shandong Gold.

### "1+N" joint supervision system

"1" indicates special supervision by the commission for inspecting discipline. "N" indicates supervision by different functional departments of inspection, audit, finance, human resources, and enterprise management. In this way, the responsibilities are clearly assigned at levels, and all participants are aware of their roles in the management process.

### "5+3" global supervision system

"5" indicates the 5 entities responsible for supervision within the Party, including the Party committee for comprehensive supervision, the commission for inspecting discipline for special supervision, the Party work department for function supervision, the Party branch for routine supervision, and the Party members for democratic supervision. "3" indicates the 3 entities responsible for supervision outside the Party, including department business supervision, carder and mass supervision, and social supervision. This ensures association and linked operations among different entities.

### "3+X" key business supervision

"3" indicates the 3 major supervision procedures of "supply procurement, bidding, and acceptance of works and settlement. "X" indicates the many supervision items such as the company's priorities, salary distribution based on performance, and implementation of the central government's eight-point decision on improving Party and government conduct.

## Strong Party construction

Shandong Gold has always given priority to strengthening the grassroots level to promote the standard running of Party construction work. We strictly implement the "three-meeting and one-lesson" system, organize communication sessions to exchange views among Party members, carry out themed education to bear in mind our missions, and ensure routine learning processes to promote quality development of the enterprise through quality Party construction.

In 2020, the company introduced three systems including the "three-meeting and one-lesson" system record, to standardize the organizational procedures. We also established 207 branch brands and achieved full coverage of branch brands. Besides, we set up the first SOE "Education Institution of Party and Nation History for China Cares for the Next Generation Working Committee" in Shandong province.



2021 Party Congress and Rewarding Conference of Shandong Gold



Fujian Xinyuan Company carried out Party day activity under the theme "cherishing the memory of our revolutionary martyrs and inheriting the pioneering spirit"





• Case

• **Playing the role of the first red education base in the industry**

To further explore and promote the glorious revolutionary history of Linglong Gold Mine, hand down and learn the revolutionary culture, further improve the company's cultural system and carry forward the spirit of Linglong, and add impetus to the achievement of the company's strategic objectives, Linglong Gold Mine established Linglong Red Education Base of Shandong Gold in one year. This is the industry's first comprehensive education center that integrates revolutionary education, patriotism education, Party construction learning, special Party construction brand presentation, and Party conduct and incorrupt government warning. More Party members and carders can receive education here, and understand Linglong and Shandong Gold. The Red Education Base is highly recognized by the local government and the community, greatly promoting the visibility and reputation of Shandong Gold.



• Case

• **Chifeng Chaihulanzi Mine set up a Party member commando**

"I'm a Party member, I will go first!" "I'm a Party member, follow me!" "Those who can accomplish tasks that ordinary ones cannot are heroes. We will definitely take the initiative and win the battle against the epidemic." These are Party members that are capable at critical times. Since the breakout of the epidemic, the Party Committee of Chifeng Chaihulanzi Mine has earnestly implemented the work deployed by the Autonomous Region and Chifeng governments at all levels, and given full play the role of grassroots Party organizations. A Party member commando was set up from the first time. Party members, leaders and cadres took the lead to make sure that the work of each major stope and working face is guaranteed by a designated Party member, so as to ensure production stability and safety.





# Responsibility governance

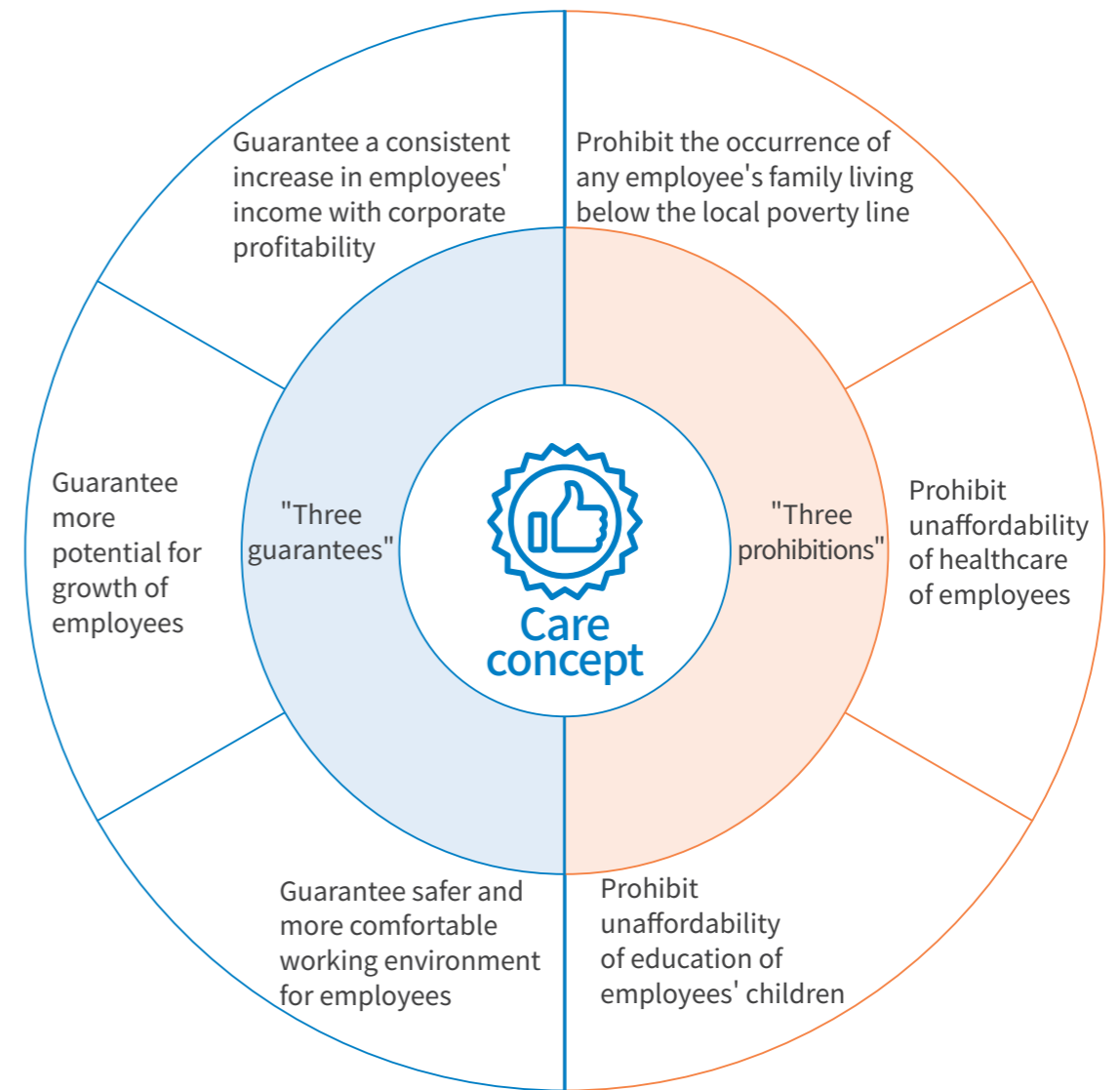
## Responsibility concept

The company has remained faithful to social responsibilities, and with win-win development lies at the heart. We promote efficient and safe operations, boost green development, show concern and care for employees, and give back to the community, to do our utmost for a wealthier society and a better life for those who support enterprise development.



<b>Enterprise spirit</b> In Search of Excellence, Keep Innovating	<b>Core values</b> Open Inclusive Loyalty Responsibility	<b>Brand image</b> Shandong Gold, Ecological Mining
<b>Desired goal</b> Benefit more individuals in the broadest possible scope	<b>Strategic vision</b> Become an industry-leading world-class gold mine enterprise	<b>Corporate philosophy</b> Benefit employees Reward shareholders Enrich the society Contribute to national prosperity

<b>Business philosophy</b> Put priority on resources Centered on profits Focus on innovation	<b>Safety and environmental protection concepts</b> Zero safety and environmental protection accident	<b>Talent concept</b> Having both integrity and talent appointing people according to their merits
<b>Party construction concept</b> Pass on the revolutionary spirit and bear in mind our mission	<b>Integrity concept</b> Strict and honest management to guarantee incorruptness	



Commitment to "three guarantees" and "three prohibitions"



## Responsibility system

The company has continued to improve our social responsibility management system. We strengthen social responsibility management, actively carry out social responsibility practices, promote inter-cultural communication, enhance exchanges with stakeholders, so as to ensure that we can fulfill our social responsibilities in a comprehensive manner that covers the entire process and has all related parties involved.



### Establish and improve an enterprise social responsibility governance structure

Set up social responsibility governance committee, form a network of social responsibility management that covers all business units and functional departments of the enterprise, specify persons in charge, functions, responsibilities and permissions, to supervise social responsibility practices; also, report to senior leaders and make suggestions for improvement, to guarantee the smooth implementation and continuous improvement of social responsibility strategy.



### Establish an enterprise social responsibility indicator system

Study on the expectations of stakeholders and strategic requirements for enterprise sustainable development, and compare with relevant international standards and related best practices in the industry, to establish an enterprise social responsibility indicator system that is in line with the actual situations of Shandong Gold, and specify the data collection process.



Social responsibility management system of Shandong Gold



Develop the social responsibility management planning, integrate the requirements for social responsibility fulfillment into enterprise operations and routine management, improve channels of enterprise social responsibility information disclosure, and improve the mechanism for stakeholder participation.

### Develop an enterprise social responsibility management system

Develop sound policies related to human resources, finance, and internal communication, to convey the corporate values about social responsibilities and strategies to all employees at all posts in all departments, so as to keep improving their knowledge, skill, and will in this respect.

### Develop social responsibility assurance policies

## Responsibility integration

The company included social responsibilities into our enterprise strategies. In our strategic planning for the "14th Five-Year Plan" period, we specified the social responsibility targets, put in-depth reform, innovation, safe production, and ecological mining as supporting measures, establish and improve the social responsibility management system from a strategic perspective, and integrate the social responsibilities into our enterprise management system and ensure accountability in specific department.



Responsibility	Department
Corporate governance	<ul style="list-style-type: none"> <li>Board of Directors (Capital Operation Department, Greater Reform Office)</li> <li>Strategic Planning Department</li> </ul>
Compliance operation	<ul style="list-style-type: none"> <li>Business Management Department</li> <li>Trading Center</li> <li>Major Project and Warrant Management Center</li> <li>Legal Affairs Department</li> <li>Audit and Risk Control Department</li> <li>Discipline Inspection and Supervision Department</li> <li>Safe Production Management Department</li> </ul>
Technological innovation	<ul style="list-style-type: none"> <li>Science and Technology Department</li> <li>Information Center</li> </ul>
Environmental protection and safety	<ul style="list-style-type: none"> <li>Safe Production Management Department</li> <li>business divisions</li> </ul>
Rights and interests of employees	<ul style="list-style-type: none"> <li>Human Resources Department</li> <li>Enterprise Culture Department</li> <li>business divisions</li> </ul>
Community dedication	<ul style="list-style-type: none"> <li>Enterprise Culture Department</li> <li>Finance Department</li> <li>business divisions</li> </ul>

## Responsibility communication

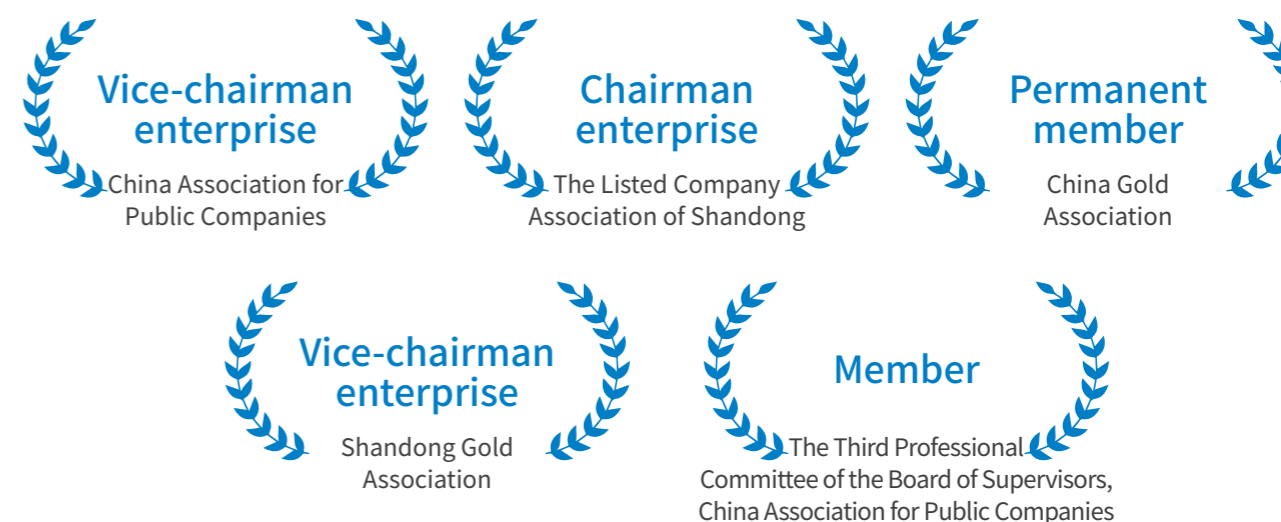
The company has continued to improve the social responsibility information disclosure system by establishing internal and external communication mechanisms. We understand the expectations and demands of stakeholders, and actively communicate with them through the company website, the press, social responsibility report, general meetings of shareholders, and association activities.

### Key topics related to communication with stakeholders and social responsibilities

Stakeholders	Topic	Communication mode	Disclosed chapter
Customers	Providing quality services	Customer communication	Innovation · The Business Strategy Cooperation · For Win-Win Result
Shareholders and investors	Reasonable investment returns Stable operations and risk control	Financial report publishing General meetings of shareholders	Robustness · Way of Governance
Contractors, suppliers and agencies	Ethics and integrity in business Procurement policy and mutual development	Contractor conference Phone call and email On-site visit and review	Robustness · Way of Governance Cooperation · For Win-Win Result

Stakeholders	Topic	Communication mode	Disclosed chapter
Employees	Safe and healthy working environment Satisfied salary and welfare Rights and interests of employees Career development	Employee satisfaction survey Employee panel discussion Internal website	Cooperation · For Win-Win Result
Safe environment	Safe production Pollution prevention, energy saving and emission reduction Response on climate change	Meeting, phone call and email Environment information declaration Non-governmental organization communication	Innovation · The Business Strategy Cooperation · For Win-Win Result
Government and regulator	Compliance with laws and regulations Tax compliance Technological innovation Employment improvement	Government meeting and symposium Compliance check On-site visit and communication	Robustness · Way of Governance Cooperation · For Win-Win Result
Community, public and non-governmental organization	Promotion of local economic development Participation in charity activities	Routine information disclosure Visit	Cooperation · For Win-Win Result

## Social organizations



The association the company participates in and the position it holds

# Innovation · The Business Strategy

- Technological innovation
- World-class demonstration mine
- Quality first
- Safe production



## Technological innovation

Shandong Gold implements in depth the strategy of innovation-driven development and keeps increasing the investment in technological innovation. We focus on key issues, promote the industrialization of scientific and technological achievements, and explore new momentum and new potential for growth.

Year of 2020



The company invested a total of R&D funds

RMB **369**million

Research investment growth

**10.8%**

Carry out scientific research projects

**221**items

Patent application

**115**items

## Major scientific breakthrough

Currently, the deep underground mining is facing issues such as technical challenges, low productivity, tough environment not suitable for long-term work by human being, and the conflict between resource exploitation and environmental protection. In this regard, the company actively undertook many national major R&D projects such as "large-scale unmanned mining technology for underground metal" and "R&D and demonstration of key technology related to green mining of deep metal", for the sake of resolving the bottlenecks that shackle on development of autonomous mining and studying efficient green mining of deep metal, thus offering technological guarantees for safe, efficient, and sustainable explorations of deep mine resources in China.

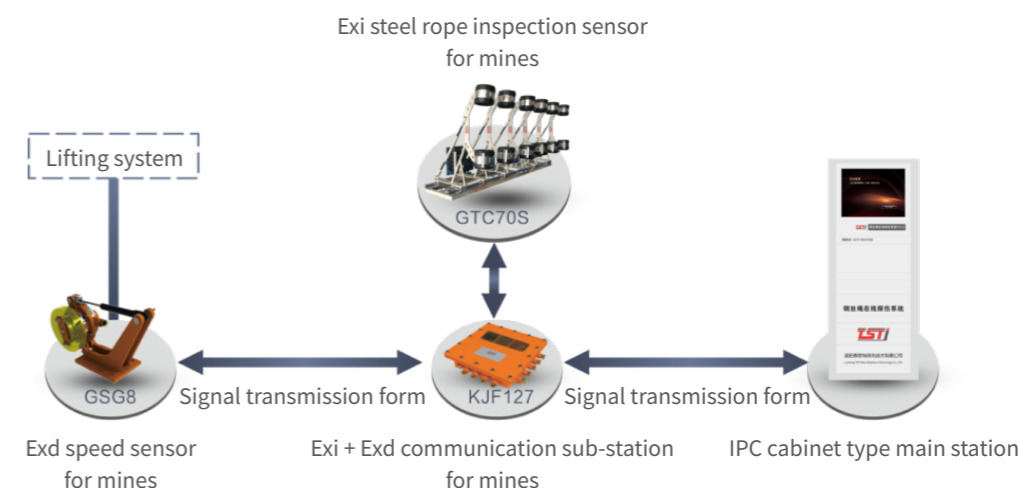
## Adhering to cost reduction and efficiency improvement

Shandong Gold places technological innovation as a major measure for cost reduction and efficiency improvement. We give play to our strong points and address shortfalls. In the perspective of increasing production and efficiency, we've taken optimized mining processing and ore dressing processing, strengthened our efforts to recover intergrowth mineral, tailings debris and residual ores, to increase the overall utilization of resources.

### Case

#### Steel rope online nondestructive inspection system

Guilaizhuang Company used to designate personnel for routine inspection of the steel ropes. This is inefficient and a waste of human resources. To effectively increase the correctness and efficiency of inspection, the technical personnel of Guilaizhuang Company adopted the online nondestructive inspection system in a mode of automatic + Internet to achieve unmanned online real-time inspection by adding steel rope to the online inspection system. This effectively reduced the cost and guarantees continuous and stable operations, which can be further promoted to more application scenarios.



## Innovative manufacturing

Shandong Gold keeps innovation as the primary momentum of development. We focus on deep resource exploration, green mine, and intelligent mining to promote process improvement and lead for quality development of the industry. In 2020, the company won 18 scientific awards from China Gold Association.



Technological innovation studio of Chifeng Chaihulanzi Mine



Case

**Promoting innovative mining**

Chifeng Chaihulanzi Mine, based on the actual circumstance, adopted the innovative "up and down filling mining method on slope ramp outside mineral vein" in deep mining, resolved the major technical problems of deep No.5 broken ore body: unsafe recovery, large loss and dilution, and low efficiency. Currently, the effectiveness of this method has been proved in 140,526 stope, 140,527 stope, and 140,528 stope.



Case

**Flexible supporting technique for mechanization in deep broken tunnel**

The original supporting and protection methods, and relevant construction and supporting facilities of Jincheng Gold Mine failed to meet the requirements for supporting and protection in deep and heavily stressed tunnels, and affected the safe production of the mine. To address this problem, we carried out study on rock mechanics, strengthened mechanical construction of the supporting and protection system, and conducted the construction of supporting system for material transportation. As a result, we successfully developed the flexible supporting technique for mechanization in deep broken tunnel and established a new construction system.



**Digital empowerment**

Shandong Gold pays great emphasis on digital empowerment. Through digital transformation in perspectives of perception, operation and management, service, and decision making, we keep strengthening the adoption of IoT, cloud computing, big data, and many other digital technologies, to promote the mechanical mining and the construction of an information-based production management system, connect the information silos of internal manufacturing system, management system, safety system, and automatic control system, and proactively promote industry digitalization and intelligent transformation. In 2020, the company vigorously promoted the operation of data center, and achieved cloud-based operation of many information systems of 12 subordinate units. We took the initiative in China to implement remote reconstructing and 5G application of imported drill jumbo, completed automatic filling reconstructing and the construction of slope ramp management, becoming a leader in "smart mine" and "ecological mining".





Case

Research and application of 5G-based intelligent shovel transportation

Based on the existing driverless electric locomotive R&D platform and underground scraper long-distance control platform, Laixi Company carried out the application of 5G technology in the industrialization of underground mine, to create unmanned operation scenarios that integrate digging and loading operation and transportation. Through sensor technology, intelligent video analysis, 5G+, and many other cutting-edge technologies, we can achieve real-time precise collection of information, high-speed transmission via network, and safe, efficient, and smart digging and loading operation and transportation with less or no personnel attended.



Case

Construction project of Laizhou Industrial Park

Laizhou Industrial Park focuses on the R&D of digital, intelligent and high value-added products. The main products include trackless carry-scraper, transport truck within the mine, vertical mill, deep cone thickener, and other equipment. On the premise of ensuring supply of general mine equipment and spare parts, we are developing towards a low-carbon, green, efficient, energy-saving, electrohydraulic control and intelligent direction, to enhance the technological and scientific content of products and gradually phase out low value-added products. The project was started in January 2019 and completed in June 2020. Pilot production is underway currently.



World-class demonstration mine

Shandong Gold published the 2020 "World-class Demonstration Mine" Construction Plan to regularly push forward relevant works. We actively adopted 5G, big data, AI, IoT and other technologies into our construction projects, and carried online and offline themed meetings to exchange views with Huawei, China Mobile, Digital Mine, ABB, and BGRIMM, to ensure the feasibility of technical schemes and lead the industry development. We organized visits to Wuhu Hailuo Cement Co., Ltd. and NARI Technology Development Co., Ltd. to learn advanced experience, and assigned personnel to attend the first intelligent technical transformation fair organized by the Department of Industry and Information Technology of Shandong Province, to provide new technology, new idea, and new mode for construction.

To the point of report date



"Construction of "world class demonstration mine"  
Now it has won **11** awards above the provincial level

Apply for **39** patents  
**1** item authorized

**22** are being accepted  
(**17** inventions and **5** utility models)

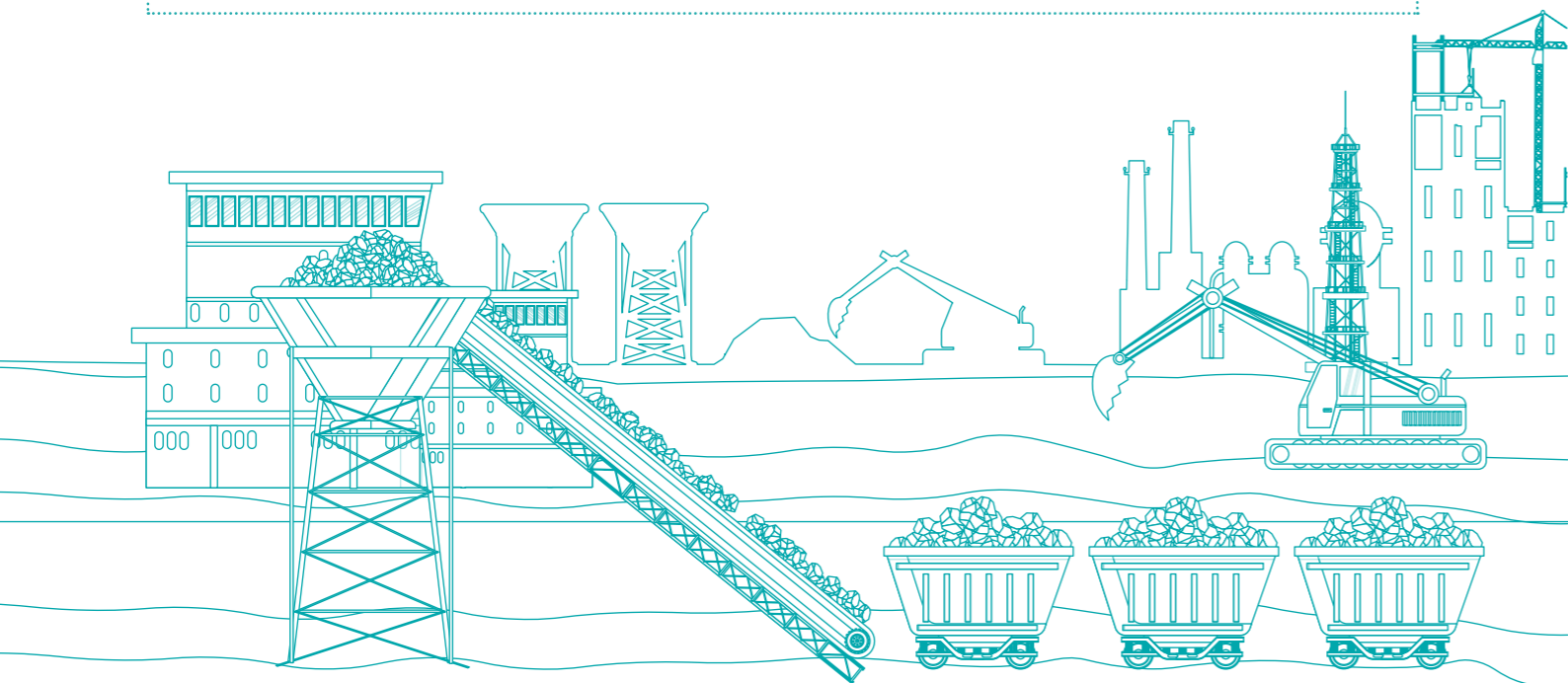






Process of 2020 "World-class demonstration mine" construction

- 01** Completed greening in new mining area and construction of lakeside terrace; completed comprehensive control system for new slope ramp and the construction of 5G-based remote control system of drill jumbo.
- 02** Completed data governance based on the big data platform, and broke down barriers of data read and share among different business systems.
- 03** Started the construction of mine comprehensive control system, achieved full-process control from resource management to mining operations, lifting and transportation, and mineral filling, to implement visual production, centralized scheduling, intelligent production analysis, and transparent safety management.
- 04** Completed smooth operations of stone crusher remote control, driverless electric locomotive, centralized control of lifting, centralized control of variable distribution, centralized control of drainage, centralized control of ventilation, and automatic filling.
- 05** Carried out construction of projects such as "smart logistics", "smart safety", "smart Party construction", "smart energy", and "smart chute management" to promote the application of intelligent technologies in mines.



## Quality first

Shandong Gold strictly follows quality management systems, centers on customer demands, conducts quality inspection on raw materials and products in accordance with relevant national standards, and establishes a sound customer communication mechanism. We have been accredited by ISO9000, ISO1400, ISO1800, LBMA and CNAS. "Taishan" brand proof gold and "Shandong Gold" brand products are of high quality, and received the honor of "Advanced Enterprise Qualified to Provide Standard Gold Ingot" from Shanghai Gold Exchange for many consecutive years.



Shandong Gold always centers on our customers and strive to provide quality services and products. We adopt strict standards for product manufacturing and inspection, pursue efficient product sales and delivery, and provide timely feedback to customers for satisfied after-sales services.

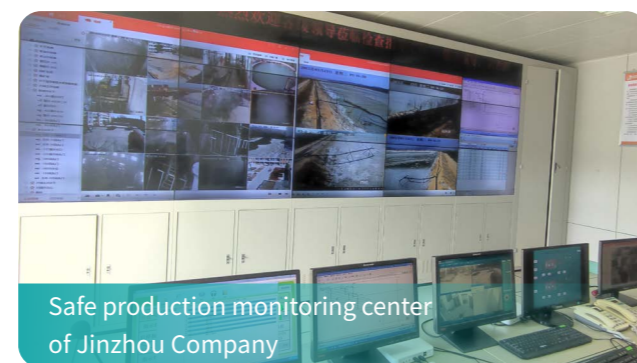
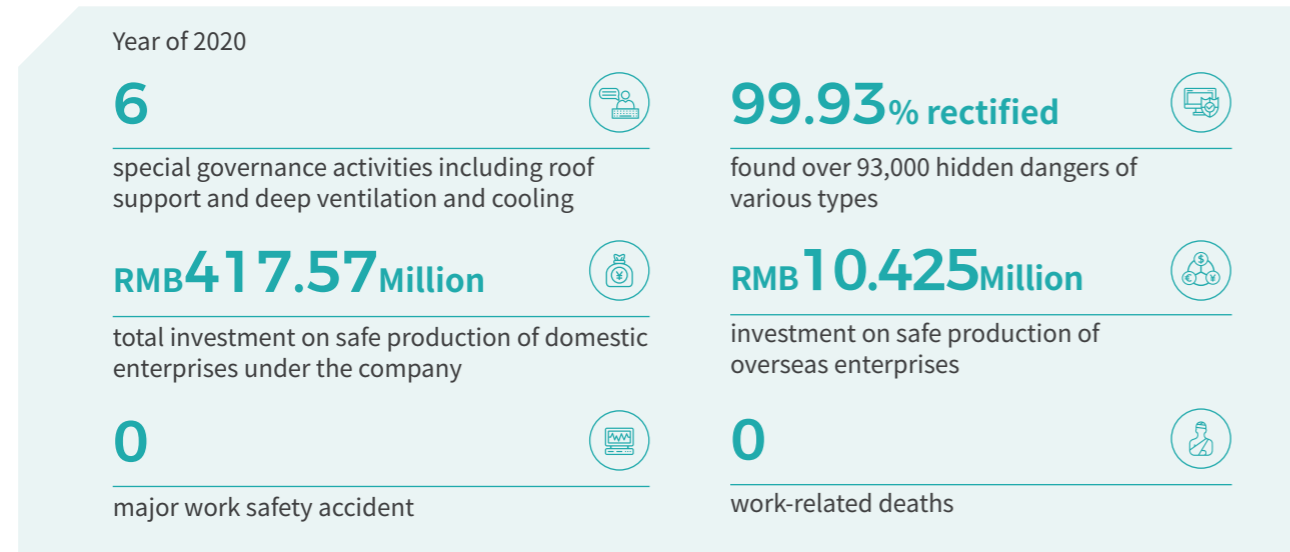
In 2020, through routine customer relation maintenance, and quarterly and annually return visits, we strengthened our efforts to satisfaction survey and follow-up of sales, outsourcing and processing customers. We responded to customer suggestions in a timely manner, adopted those favorable to company development and tracked the progress.





## Safe production

Shandong Gold keeps strengthening the construction of safety management system. We always promote standard construction works related to safe production, deepen hidden danger investigation, and strengthen safe production training and education. Special activities such as "safe production month" was organized.



### Case

#### Fujian Xinyuan Company comprehensively promotes safe production

Improving standard construction and building standard demonstration mine: Xinyuan Company formulated and issued the Notice about Implementing Responsibility Management Related to Safe Production and Standard Construction of Xinyuan Company, to focus on standard construction of tunnel at frontline, keep improve underground working environment, and construct an intrinsic safe mine.

Comprehensively conducting "dual-system" demonstration team construction activity: Xinyuan Company set up 5 teams, of which, the flotation section team of Xinyuan Company concentrator successfully passed the annual acceptance.

Improving professional first-aid skills of part-time emergency rescue team: To improve the professional skills of part-time emergency rescue team for the mine, Xinyuan Company invited professional professors of the Red Cross to provide training for the 21 part-time rescue members. All these 21 people passed the test and were accredited with the qualification.

Adopting technologies to promote safe production: Xinyuan Company developed the folding sludge dewatering machine to routinely declodge the surface underground water storage and sewage tank, and the machine is proved effective. Xinyuan Company also improved the smart cloud monitoring system for remote monitoring through mobile phone and PC, so as to make the system operation more reliable, practical, safe, and advance, contributing to the digital mine construction of the enterprise.





# Cooperation · For Win-Win Result

- Environmental protection
- Employee empowerment
- Partners
- Industry progress
- Harmonious community





## Environmental protection

Taking into consideration of the ecological civilization concept, Shandong Gold strictly implements the system of "simultaneous design, construction and production" for environmental protection, adheres to the basic requirements for "scientific exploration, efficient resource utilization, standard enterprise management, eco-friendly manufacturing, and ecological mine environment", and takes active measures to promote ecological mine construction, fulfill our responsibilities of energy saving and emission reduction, pollution prevention, and resource conservation..

### Environmental governance

Shandong Gold strengthens internal assessment and strictly implements relevant emission standards. Through improved processing and equipment, we actively promote energy saving and emission reduction of the company.

Year of 2020

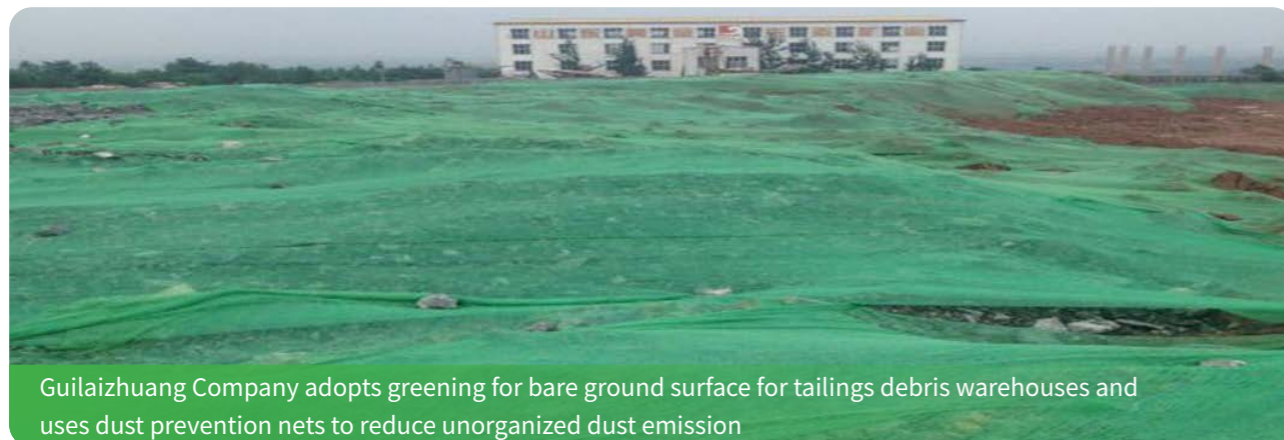


the total investment on environmental protection of domestic enterprises under the company reached **RMB166.6161 Million**

the total investment on environmental protection of overseas enterprises reached **RMB55.6 Million**

### Waste gas treatment

Enterprises under the company had equipped spraying devices at all major sources of dust, wind dust-controlling nets at tailings debris warehouses, and use spraying cars to regularly spray water on road surfaces. Our gold melting company uses the ventilation and collection pipeline system in workshop to transfer the acid exhaust and NOx generated from the refining process to the purification and cleaning device outside the workshop. The effluent concentration and rate of acid exhaust meet the Class II standard in Table 2 of the Integrated Emission Standard of Air Pollutants (GB16297-1996). The emission of NOx meets the concentration limit requirement specified in Table 2 of Regional and Integrated Emission Standard of Air Pollutants (DB37/2376-2019).



Guilaizhuang Company adopts greening for bare ground surface for tailings debris warehouses and uses dust prevention nets to reduce unorganized dust emission

### Solid waste Management

Solid waste is management by category. Barren rock generated during mining is used for underground filling, tailings debris warehouse damming, and construction. Tailings debris generated during ore dressing is mainly used for underground filling and goaf filling. The handling of hazardous wastes is strictly based on the "form in quintuplicate" system. All mines have their hazardous wastes storage, and qualified institutions were authorized for the handling of hazardous wastes.

### Noise Management

The company reasonably arranges the construction timetables and sites, and adopts low-noise equipment and process to reduce noise from the start. Besides, we also take measures such as sound absorption, sound insulation, noise elimination, and shock absorption for this sake, and properly select the blasting cycles and times to reduce impact on the surrounding environment.

### Green mining

The company has been led by the idea of sustainable development. On one hand, we strengthened the mineral resource management and improved the comprehensive utilization; on the other, we made a significant contribution to geologic prospecting, and established a mineral resource reservation system to further promote resource recovery.

Year of 2020

**1,715,300 tons**

the recovery of residual ores

**94.80%**

the ore recovery ratio

**94.65%**

the ore dressing recovery rate





## Passing on Concept

Enterprises under the company work actively to carry out training sessions on environmental protection, to foster the environmental protection awareness and responsibilities of employees. They also organized various activities of public interest such as tree planting, grass seed sowing, and environmental awareness campaigns, to promote greater participation by civil society.

Year of 2020



domestic enterprises under the company held a total of **60** training sessions on environmental protection

overseas enterprises under the company held a total of **48** training sessions on environmental protection

Cumulative number of trainees **11,316** individuals



Yinan Gold Mine holds "making our home more beautiful" volunteer activity



Volunteers from Sanshandao Gold Mine remove shoreline debris



Xihe Zhongbao Company organizes tree planting campaign on the Tree Planting Day

## Employee empowerment

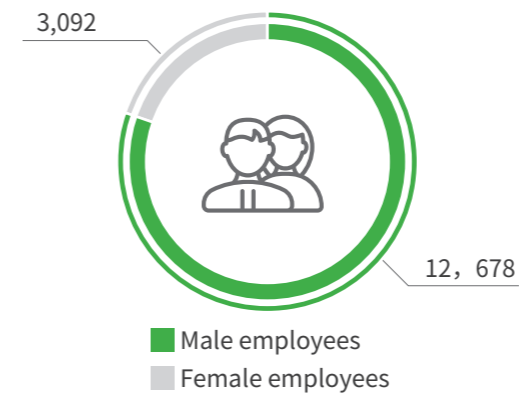
The company treats employees as treasures, and thoroughly implements the people-oriented concept. Based on the commitment to "three guarantees" and "three prohibitions", we devote our efforts to create a good development environment for employees and share development gains with them.

### Employment compliance

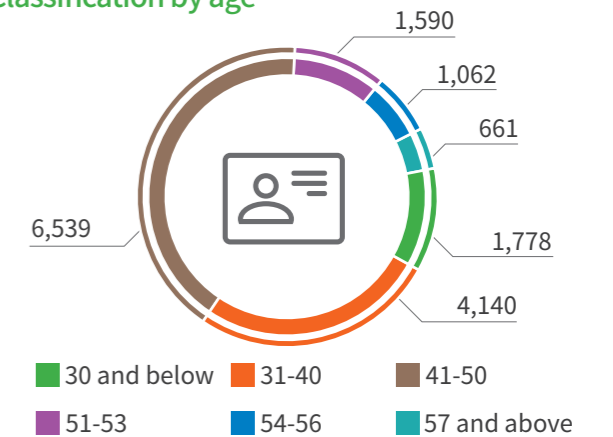
The company strictly complies with national laws and regulations regarding employment, and adheres to the principles of fairness, impartiality, and transparency. We recruit employees based on requirements of the vacancy, without discrimination against anyone in employment. We provide equal pay for equal work. 14.06% of the management are female. We strictly implement various employment policies and prohibit child labor and forced labor. We also strengthen the personal information management to protect employee privacy.

In 2020, all our employees have their labor contract signed, and the social insurance and house fund provided. We also provide holidays for employees according to national regulations, to safeguard the employees' rights to have a rest and enjoy holidays, actively constructing harmonious and stable labor relations. For termination of employment, the company adheres to the principles of volunteering, equal rights, and reasonableness and fairness, and strictly complies with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and other relevant laws and regulations, and properly handle the transfer of files and social insurance for voluntary termination of employment.

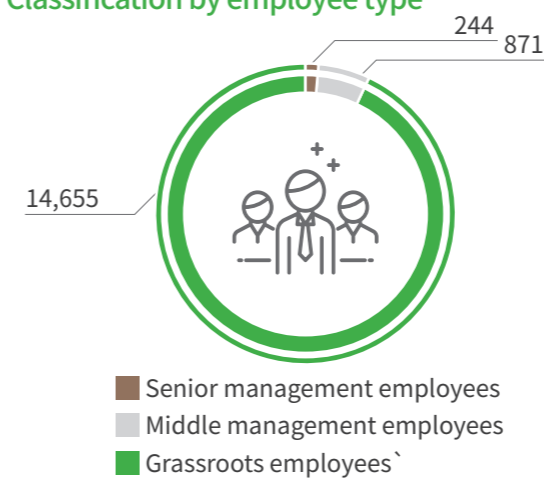
#### Classification by gender



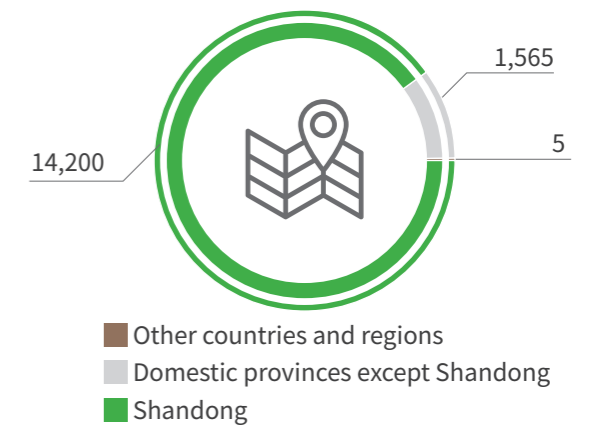
#### Classification by age



#### Classification by employee type



#### Classification by region





## Caring for people

The company pays emphasis on caring for employees. Through aiding the needy employees, caring about female employees, and enriching employees' lives, we have effectively improved their happiness and established harmonious staff relations across the company.

### Support to employees in need

The company is continuously intensifying support to employees in need. As required by the Administrative Measures of Shandong Gold Rescue Fund, we have maintained records about the needy employees and their families, and adopted dynamic management and follow-up measures to achieve precise support. In 2020, the company assisted over 1100 needy employees, and the amount of aid reached over RMB5.5 million.



Xincheng Gold Mine visits elder Party member in need



Linglong Gold Mine provides cash assistance for needy employee

## Caring for female employees

The company takes innovative measures to keep strengthening the efforts to caring for female employees. We organized various activities on International Working Women's Day, carried out rights protection activities for female employees, and offered opportunities for cultural development that allows female employees to enhance their quality of life.



Female employees from Xincheng Gold Mine engaged in reading on International Working Women's Day

## Recreation and sports

The company continuously reinforces the spiritual fulfillment of employees. We organized and encouraged employees to participate in various recreational and sports activities, so as to further develop their interests and hobbies, enrich their daily lives, enhance team solidarity, and create a positive, harmonious and energetic working environment.

### Case

#### 2020 miner art performance

In the afternoon on November 2, 2020, the 2020 miner art performance of the company was grandly held at the main venue in Jiaojia Gold Mine and the sub-venue in Shandong Gold Hainan Company. Business division and their subsidiaries of secondary companies presented 21 programs. Employees from Hong Kong, Canada, Australia, and Argentina sent their best wishes online. A total of approximately 800 people, including company leaders, actors and staff from inside and outside Shandong, representatives of model workers, and representative of miners, attended the event.





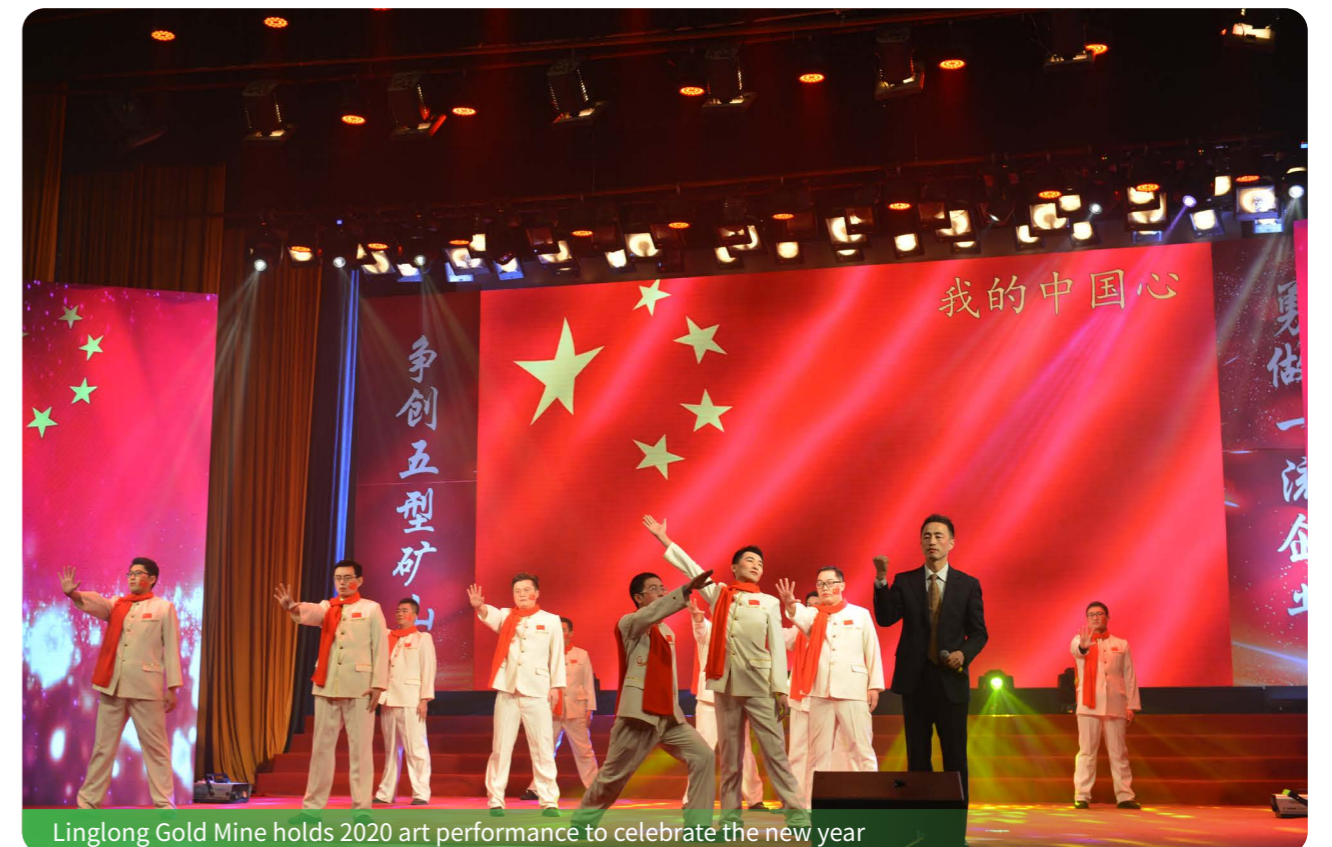
Chifeng Chaihulanzi Mine holds employee sports meeting



Jiaojia Gold Mine holds New Year party



Xincheng Gold Mine holds national-flag-raising ceremony to celebrate the National Day



Linglong Gold Mine holds 2020 art performance to celebrate the new year



## Commitment and practice

Shandong Gold adheres to democratic governance and democratic communication. Through congress of workers and staff, and trade union organizations, we safeguard the employees' right to know, right to expression, right to participation, and right to oversight. We regularly collect rational advices from teams and hold secret ballot to let employees speak out and guarantee their democratic rights. Our staff representative committee provides legal aid and right protection assistance for employees free of charge. We also hold congress of workers and staff and congress of trade union members on a routine manner to discuss about employee proposals and guarantee employee rights and interests.



Sanshandao Gold Mine holds congress of workers and staff



Laixi Company holds congress of workers and staff



Jiaojia Gold Mine holds the 12th session of the 9th congress of workers and staff and the 12th session of the 8th congress of trade union members





## Health and safety

The company pays great attention to occupational disease control and prevention. We have developed and always strictly implemented the Management System of Occupational Disease Control and Prevention, the Operating Rules for Occupational Health of Different Positions, and many other related documents, for the sake of improving the working environment for employees. We have provided our employees with necessary personal protective equipment, and annual health check for employees that are exposed to harmful substances in work. We have set up records to monitor the occupational health of employees, and carried out relevant training sessions to enhance the employees' knowledge in occupational health and safety.

### Case

#### Jinzhou Company organizes free cervical cancer and breast cancer screening for female employees

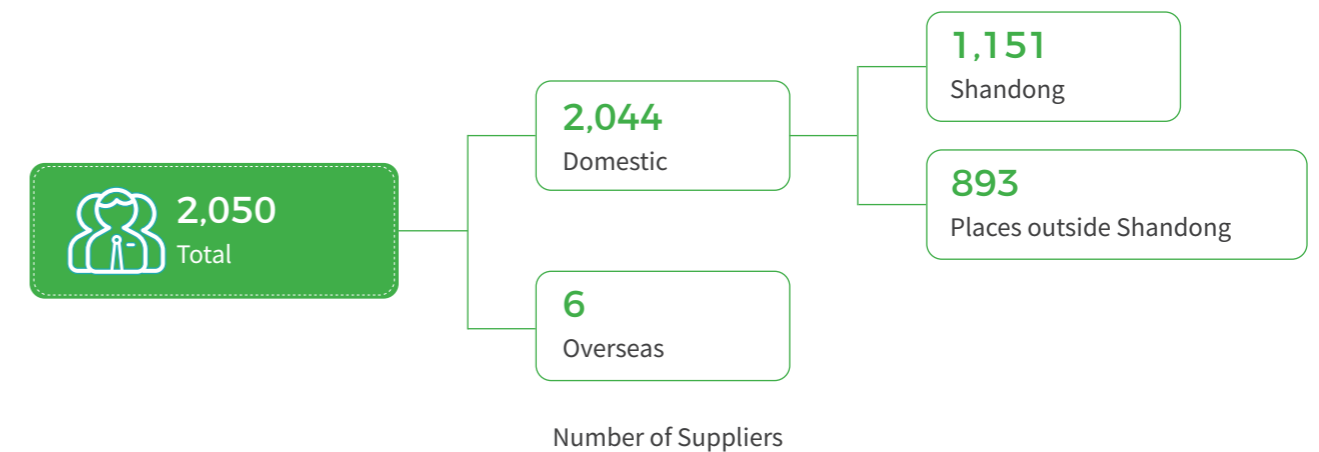
On August 24, Jinzhou Company trade union organized a one-day cervical cancer and breast cancer screening for female employees. Medical staff from Rushan Maternal and Child Care Service Center screen the two cancers for these female employees free of charge, to ensure cancer prevention, and early detection, diagnosis and treatment, protecting the reproductive health of female employees. The hospital also established health documents for the female employees who have attended the screening. The work of caring for health of female employees has been institutionalized, which is of great importance as it contributes to a growing awareness of cervical cancer and breast cancer and makes female employees to pay more attention to their own health.



## Partners

The company has always improved our supplier management system and supplier evaluation system. Based on comprehensive evaluation of the integrity, performance, qualification, product quality, performance of contract, and after-sales services of suppliers, we adopts a standard supplier admittance system, and is committed to provide impetus to upstream and downstream enterprises of the industry chain to jointly fulfill the social responsibilities.

### Suppliers





## Industry progress

### Contributing to sustainable development of the industry

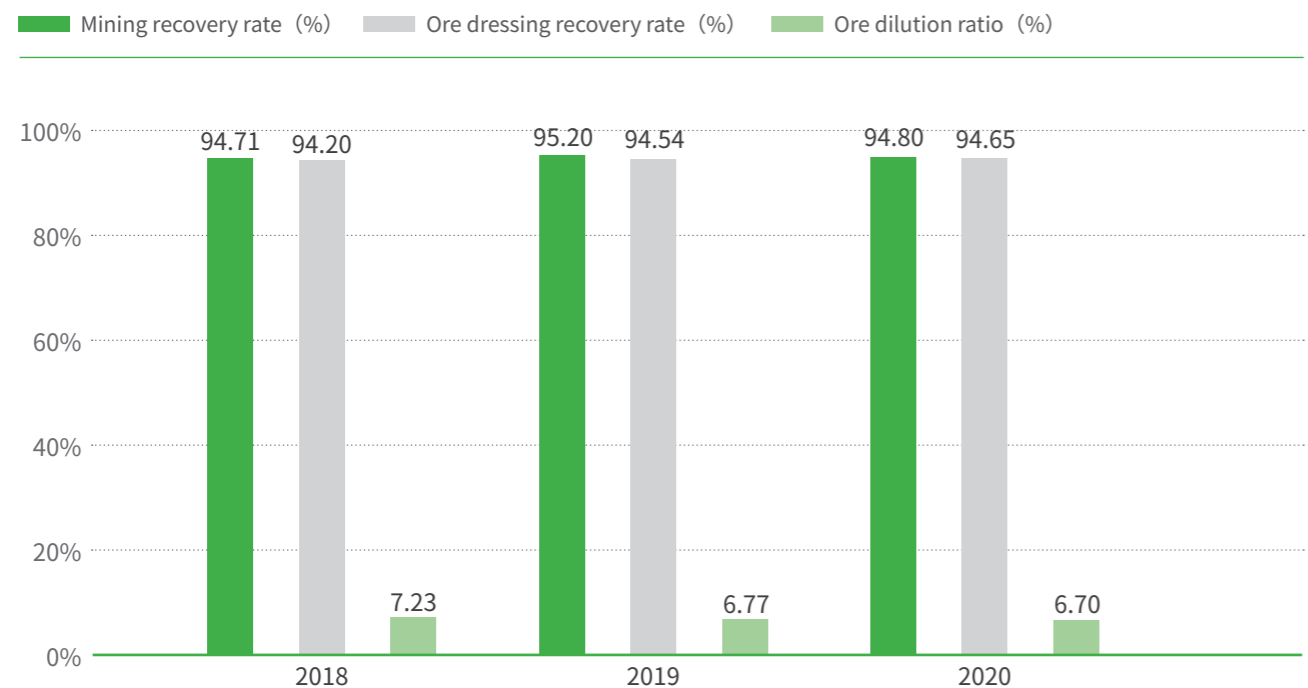
On September 12, 2019, the World Gold Council (WGC) issued the Responsible Gold Mining Principles (RGMPs) to address key environmental, social and governance issues, setting out a framework for responsible gold mining across the mine life-cycle, including investors, stakeholders, and downstream supply chains in the gold industry. Being a member of the WGC in China, Shandong Gold Group also participated in the development of the RGMPs.

Shandong Gold Mining Co., Ltd., a holding company of Shandong Gold Group, has consistent targets with the RGMPs. In December 2020, the management of the company joined the seminar organized by the WGC at the group's HQs, Jiaojia Gold Mine. After learning and discussion, the company completed analysis of variances of the RGMPs and self-assessment.

### Strengthening technical management

Linglong Gold Mine and Jinzhou Company strengthened the recovery of high grade ores at the middle section of the upper area of mine, and adopted advanced technologies such as blind scan, secondary development, reference materials, and consolidated fill, to maximize the recovery of ore pillar and branched lode with the precondition of safety.

Chifeng Chaihulanzi Mine, with "strengthening output quality management", "stabilizing ore quality", and "improving mining capability" as the guidelines, carried out activities to further explore technical potentials to enhance the mining quality and technical management.



Sanshandao Gold Mine strengthened technical innovation, and took full advantage of 3D design software to optimize the mining design and support parameters, so as to greatly improve the engineering quality and minimize the loss rate and dilution rate.

### Strengthening skill training

Through strengthened technical management, Jinzhou Company adopted technical reconstruction of the ore dressing equipment, and provided technical training for personnel at major positions to improve their capabilities. In 2020, the ore dressing recovery rate is 1.22 p.p. higher than the previous year.

Jiaojia Gold Mine invested in the technical reconstruction and upgrading of key equipment in the concentrator, to greatly improve the ore dressing quality. The ore dressing indicator is maintained even when the head grade is decreased by 0.51 g/ton.



The company organizes skills competition for employees

### International layout

The company responds positively to the needs of the time, and speeds up the "go global" process. We focus on the mining and capital markets, and explore overseas businesses, to build a stable, sustainable, eco-friendly and future-oriented gold industry with global partners.

In 2020, amid the COVID-19 epidemic, the company adopted various online apps such as xylink and Zoom to maintain effective communications with work sites, and managed project progress through Lenovo Filez, to promote international project acquisition.



On September 22, 2020, Shandong Gold "Review, Appreciation, Sharing, and Cooperation" Strategy Development Seminar was held in Beijing 山东黄金 生态矿业



## Harmonious community

The company is committed to building a harmonious relationship with local communities and benefiting the local people. We actively share resources with communities, participate in community construction, and organize charitable contributions and volunteer services to give back to society.

### Charitable donations

Enterprises under the company actively participated in charitable contributions and created an environment where people are willing help others, which has been widely acclaimed throughout society. During the epidemic, the company donated RMB6 million to Shandong Charity Federation, and mobilized our cadres and employees to donate over RMB5.13 million and more than RMB300,000 worth of supplies and materials to Shandong Charity Federation and local charities.



Chifeng Chaihulanzi Mine donated school uniforms to local primary school

### Volunteering service

The company keep promoting and encouraging employees to participate in volunteering services. Volunteers of enterprises under the company carried out many volunteer activities, and organized blood donations, tree planting and other events through trade union and communist youth league committee, giving back to the community.

Year of 2020

**710** hours



The total length of time the company organizes or participates in various voluntary service activities

**1,557** individuals



Number of participants in volunteer service activities

### Case

#### Penglai Company holds donations

On March 17, 2020, Penglai Company launched an initiative to mobilize employees and outsourced personnel make donations.

During the epidemic, an employee surnamed Wang, an underground maintenance worker took the lead to finish the urgent repairs in spite of illness. He fell sick in the end. The municipal government of Penglai started the disease prevention plan and organized multiple specialist consultations. The worker and was diagnosed as sepsis, with MODS, respiratory failure, mental confusion and many symptoms, and got diagnosed as terminal for many times during treatment in ICU. After consciousness was regained, he cannot see clearly, and further surgical treatment is required. Currently, the worker had spent about RMB300,000 for treatment, and more will be required. The family could not afford such an economic burden.

Leaders of Penglai Company attached great importance to the patient's condition, and called for funding support within the company after full-scale work recovery. Although the donation could not cover the huge amount of treatment fees, it provided necessary economic and emotional support to this needy family. In only two days, RMB43,750 were received from the cadres, employees and outsourced personnel.





Case

Jinzhou Company organizes Party members to serve the community

On November 16, Jinzhou Company organizes 27 Party committee members, Party members, and league members to conduct volunteering services at local community. This volunteer activity focused on three aspects. First, to promote epidemic prevention and control knowledge. As required by the latest prevention control work, we delivered brochures and face masks to local villagers, and provide blood pressure and body temperature taking services, to facilitate epidemic prevention and control in communities. Second, to maintain clean environment. We assigned Party members to clean waste, cigarette butts and scraps of paper from streets, and thorough clean corners of flower bed, for the sake of building a healthy and clean community. Third, to provide on-site maintenance services. We organized mechanical personnel to maintain and repair faulty agricultural machinery equipment, electrical appliances, and electric heaters for villagers, and explained the maintenance instructions to them. This volunteer activity was well welcomed by the local community, and effectively promoted the grassroots service-oriented development, and achieved the targets of serving the community and the mass for joint development and harmony.



Sanshandao Gold Mine carries out healthcare service at local community



Xincheng Gold Mine organizes volunteering services in community



Permanent staff of Penglai Company participate in population census

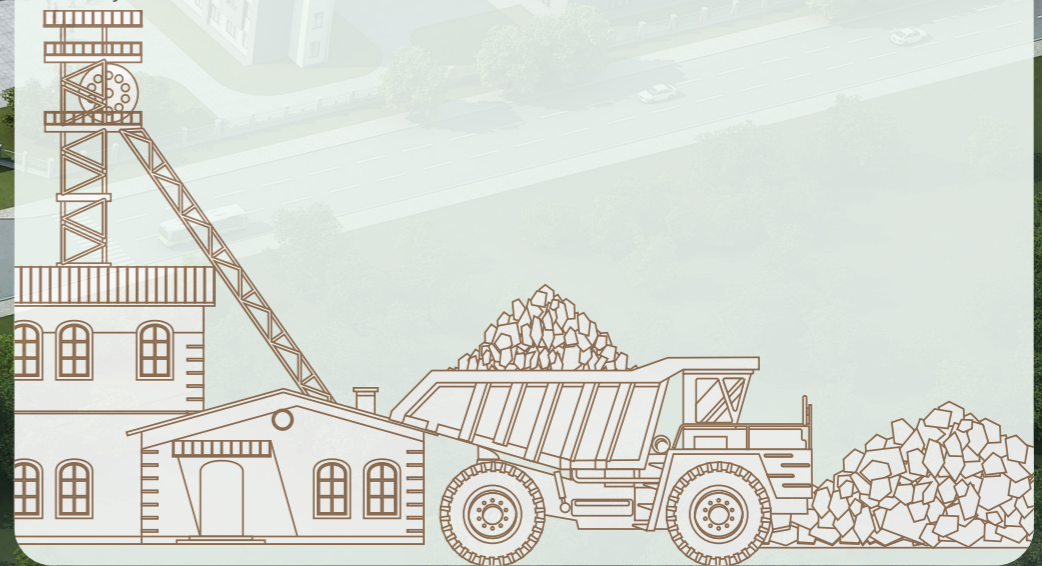


Employees of Xihe Zhongbao Company fight against flood

# Conclusion

## Future Outlook

2021 marks the start of the "14th Five-Year Plan" period and the second hundred-year objectives. Company must grasp this opportunity to speed up transformation and upgrade, deepen enterprise reform, and achieve development of higher quality. In the face of economic downturn and greater conflicts, we can still see opportunities of energy release and capacity enhancement. Under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, will further ensure stronger follow-up of the 19th National Congress of the CPC, the second, third, fourth, and fifth plenary sessions of the 19th Central Committee of the CPC, and national and provincial economic work conferences. We will steadfastly implement the new development concept, base ourselves on the "dual circulation" development pattern, focus on the strategic objectives of the "14th Five-Year Plan", and strive to make breakthroughs in fields of strategic implementation, greater reform, resource M&A, operation management, innovation, and leading enterprise construction on the theme of higher quality development and driven by reform and innovation, making a good start for the development in the "14th Five-Year Plan" period and paying tribute to the 100th anniversary of the founding of the Communist Party of China with honors.





## Indicator benchmark

Guidance on Social Responsibility Reporting, and China-CSR4.0 General Mining Industry by index

Chapter	Indicator			
Company profile	About the Report	P1.1	P1.2	P1.3
	Letter from the Chairman	P2.1	P2.2	G2.3
		M4.15		
About Shandong Gold	P4.1	P4.2	P4.3	
Responsibilities	Join hands to fight against the epidemic	S2.11	S4.11	
	Green mines of splendid Shandong Gold	E3.1	E3.2	E3.3
		E3.4	E3.6	E3.7
		E3.8	E3.10	
Major events 2020	P3.1			
Robustness · Way of Governance	Corporate strategy	P4.1		
	Corporate governance	M1.1	M1.5	
	Risk and compliance	M1.2	M1.3	M4.1
		M4.2	S1.1	S1.3
	Strong Party construction	/		
Responsibility governance	G1.1	G1.2		
Innovation · The Business Strategy	Technological innovation	M3.3	M3.5	M3.6
		M3.10		
	Quality first	M3.1	M3.2	M3.11
		M3.12		
	World-class demonstration mine	M3.6		
	Safe production	S3.1	S3.2	S3.3
S3.4		S3.5	S3.6	
S3.7		S3.8	S3.9	
S3.10		S3.11	S3.12	
S3.13		S3.14	S3.15	
E2.20				

Chapter	Indicator			
Cooperation · For Win-Win Result	Environmental protection	M2.16	E1.7	E1.9
		E2.2	E2.3	E2.4
		E2.5	E2.6	E2.7
		E2.9	E2.12	E2.14
		E2.15	E2.16	E2.18
	E2.22	E2.24		
	Employee empowerment	S2.2	S2.3	S2.4
		S2.5	S2.6	S2.7
		S2.8	S2.11	S2.24
		S2.25		
Partners	M4.6	M4.8	M4.9	
	M4.13	M4.14		
Industry progress	M4.15			
Harmonious community	S4.10	S4.12	S4.13	
	S4.14			
Conclusion	Future Outlook	A1		
	Indicator benchmark	A5		
	Reader Feedback	A6		



# Reader Feedback

Dear readers:

Thank you very much for reading the 2020 Corporate Social Responsibility Report of Shandong Gold Mining Co., Ltd. If you have any questions or suggestions, please fill in the following feedback, and send it to us through mail, fax, or email. Thank you for your valuable advices.

Name: \_\_\_\_\_

Tel.: \_\_\_\_\_

Email: \_\_\_\_\_

1. Which chapter provided important information for your? ?

- Responsibility management     Financial responsibility     Environmental responsibility  
 safety responsibility     Employee responsibility     Public interest responsibility

2. How do you say about this report?

- Readability     Excellent     Good     Poor  
Completeness     Excellent     Good     Poor  
Neutrality     Excellent     Good     Poor  
Layout and design     Excellent     Good     Poor  
Overall impression     Excellent     Good     Poor

3. How do you say about the quality of the disclosed information?

- Very high     High     Fine     Low     Very low

4. What is your advice on our next annual report?

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**Contact us:**

Board of Directors, Shandong Gold Mining Co., Ltd., No.2503, Jingshi Road, Licheng District, Jinan, Shandong  
Post code: 250100  
Tel: 0531-67710376  
Email: hj600547@163.com

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The World of Shandong Gold  
The Gold Mountain of The World

