



兖州煤业股份有限公司  
Yanzhou Coal Mining Company Limited

2016 Social Responsibility Report



## Statement of the Report

We hope that by means of announcing the Social Responsibility Report, the issues and inadequacies of the performance of social responsibilities by the company can be reviewed, the experience and learning of the company can be summarized and shared, and we can have a fair, comprehensive and in-depth communication to the largest extent with the stakeholders, all organizations and people who care for and are concerned about the development of the Company, enhance trust and cooperation, promote sustainable development and progress of the society.

### Report subject:

Yanzhou Coal Mining Company Limited

### Report scope:

Yanzhou Coal Mining Company Limited and its subsidiaries.

### Time scope:

1 January 2016 to 31 December 2016, in view of the continuity and comparability of the information disclosed, the time of some information contents disclosed is clawed back earlier or extended later.

### Basis of preparation:

The report has been prepared by abiding by the relevant requirements of the "Notice on Enhancing the Undertaking of Social Responsibilities of Listed Companies" and the "Guidelines on the Disclosure on Environmental Information of Listed Companies" of Shanghai Stock Exchange, and the "Guidelines on Environmental Protection, Social and Governance Report" of The Hong Kong Stock Exchange, taking references from the standards of the "Guidelines on Sustainable Development Report" of Global Reporting Initiative (GRI), the "ISO26000 Social Responsibilities Guidelines" of the International Standards Organization etc.

### Sources of information:

Documents, statistics reports of the company and the summary of performance of social responsibilities by the subsidiaries. If there are any discrepancies in the information with that disclosed in the annual report, these are due to different statistic methods, measurement units and focuses of disclosure, the annual report shall prevail.

### Abbreviations:

To facilitate expression, in the report "we", the "company", "Yanzhou Coal Mining" refer to "Yanzhou Coal Mining Company Limited".

The currency herein the report refers to RMB yuan unless otherwise specified.

### Language versions:

The report is published in simplified Chinese, traditional Chinese and English versions, should there be any discrepancies, the simplified Chinese version shall prevail.

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## Chairman Mr. Li Xiyong's statement

Giving priority to people's interest and take our responsibility ahead of others. Acknowledge and performance of social responsibilities is an important way for upgrading the enterprise's core competitiveness and the foundation to maintain sustainable development. In 2016, confronted with intricate and complex international economic circumstances, the further domestic structural reform, and the ups and downs of coal market, located at the home land of Confucius and Mencius, Yanzhou Coal Mining upholds the corporate mission of "Contribute light and heat, create value", consistently integrates corporate social responsibilities with development strategy and the whole process of corporate management, including strengthening supporting sectors and developing new ones, valuing development and virtue, taking harmony as foundation, pursuing excellence, making contribution to the society, creating return to shareholders, benefiting our employees, achieving win-win with our customers and suppliers.

### Blueprint of responsibilities while promoting economic growth

While adapting ourselves to the supply side structural reform, we are pursuing outpaced development in the bad time of coal industry by sticking to two-wheel driving factors of industrial operation and capital operation, precisely catching market opportunity and implementing combined measures to increase efficiency and decrease cost. As a result, our business scale was increased substantially and our operating results grew to be stable and healthy. In 2016, the Company's production volumes of coal, methanol and power generation were 66.74 million tones, 1.64 million tones and 2.777 billion Kwh respectively, with sales revenue of RMB33.272 billion. The net profit attributable to shareholders of the Group was RMB1.649 billion with tax payment of RMB 5.273 billion, properly performing the social responsibility. The Company was ranked No.84 among Top 500 Chinese Enterprises by Fortune, with an increase of 8 ranking than last year.



### Carry out responsibility consciousness in stimulating innovation

We insist on management innovation and continuous improvement, take lean management as an important means to increase quality and efficiency, reshape management system, business processes and position standards, so as to promote enterprise transformation of quality and efficiency development, intensive development and innovation-driven development. We have carried out a "mass innovation, full-involved efficiency" activity to stimulate all the staff's vitality and potentiality of value creation, promoted a whole-industry, whole-process and all-round implementation of the "three reductions and three improvements" program, namely "reductions of development heading, workforce and system, and improvement of quality, speed and income", and optimized the internal market mechanism to achieve full coverage and standardized operation thereof. Based on resource sharing, management innovation and synergy development, the first sharing center among Chinese coal industry was established, which is a limestone of industry operation characterized by Cloud services management, Big data support and internet sharing. The Company was again rewarded an international quality management award of "Asian Recognition for Excellence in Quality Practice" due to further implementation of excellent

efficiency management. We stressed technological innovation, with our core technologies like clean coal utilization and high-efficiency mining technology leading the world level, which facilitated an important support for the stable and healthy development of the enterprise. In 2016, we obtained 22 awards in terms of science and technology at provincial and ministerial level.

### Enhance responsibility in stringent safety production

We always gave first priority to safety management and created a solid shield for safety production. We put forward the concept of "security risk is accident, prevention is better than disaster relief, health value supreme"; constructed "five systems" of cultural guidance, risk control, technical support, equipment guarantee, assessment and accountability, and also created a unique "153" safety management mode for safety the production. We, in a creative and tactic way, conveyed positive energy through new media and adopted a full-range, three-dimensional and visual education mode by establishing an E-platform of safety training for full staff, thus to increase the effects of safety education in all levels. Also we held national site conference on major coal mine disaster prevention to improve our safety risks prevention capability, carried out exchange conference on safety management to optimize our safety management, and implemented all-staff involved safety awareness program to consolidate our safety production. In 2016, the company maintained steady and safe development and achieved the tenth anniversary of production safety.

### Abide by the bottom line of responsibility in promoting ecological civilization

Our environment safety and environment protection efficiency was greatly improved. For which, we strived to deepen consensus on green low-carbon development, explored for effective combination between economic development and

ecological civilization, taken a resource-saving environment-friendly enterprises as our goal of development, adhered to green mining and clean production, constantly improved our environmental management system, promoted implementation of key environmental protection projects, and strengthened facilities operation and root-level management. Under an action of "environment protection improvement year", we invested RMB215 million for super-low emission control project for exhaust gas discharged by power plant, invested RMB152 million for 74 dust control projects, and the mining area and surrounding ecological environment has been effectively improved. Tapping inside potential, saving energy power and reducing cost, we saved energy equivalent to 10780 tons of standard coal, saving electricity expenses of RMB13.60 million. We also implemented the "blue sky project", which focusing on producing clean fermented coal and high-efficiency fine coal, so as to realize low-carbonized high carbon energy, make bituminous coal smoke-free, and changed high-sulfur coal into low-sulfur one, achieve clean utilization of black coal. The project is an important step for "clean utilization and green development" of coal, making the company a pusher in clean and high-efficiency utilization of coal.

### Strengthen responsibility for caring employees

We implement talent strategy, strengthen "three talent teams" construction in terms of operation management, professional technology and high skilled talents. Adhering to the principle of making the best use of each employee's talent, strengthen employees' career planning and capability training, we created platform for excellent employees to show themselves through outstanding technical skills selection, position capability contest, occupation skill appraisal and other activities. In accordance with "learn and practice on basis of job position" principle, we strengthened employees' occupation education training with 60,181 person-time trained totally. A new pattern of "full-employee benefits" was constructed to promote "full-coverage

benefits mechanism" for servicing all staff instead of "unitary alleviation mechanism" for poor workers, let all the employees to share homelike warm. The mechanism like full health check, paid vacation, healing and recuperation was implemented to safeguard the health rights of our employees. The implementation of "multi dimension assists" gradually achieved full coverage of poverty alleviation. The "female workers care", "sisters' love action" and other activities were carried out to solve difficulty and problems for female workers, safeguarding the special rights of female workers. For carrying out a variety of forms of spiritual civilization activities, 11 subordinate bodies of the Company was ranked as provincial-level civilized units, 10 subordinate units as civilized units under provincial management.

### Propagate responsibility culture and promote company brand through public welfare

"When drinking water think of its source", so we are grateful and insist on interpreting our responsibilities with action, and create hope and future with love. By implementing win-win cooperation strategy between enterprise and local government, we actively promoted the relocation of village in mining area and rehabilitation of land subsidence. The "intelligent community" construction facilitated residents with humanized and intelligent services and a safety, comfortable and convenient living circumstance. We continued to carry out "warm heart program" and advocate voluntary service spirit of "dedication, friendship, mutual help and progress". And 33 warm heart service associations were established, which constantly expanded the participation and coverage of "warm heart voluntary services" and increased the company's participation in public welfare, thus upgrading happiness Yancoal brand. A series of corresponding assistance works on individual poverty alleviation and solving people's difficulties was carried out, and the company received good remarks by the local government and people. By establishing a

contract management and supervision system, which combined vertical management system with horizontal supervision system, our compliance rate achieved 100%. The company was named "trustworthy enterprise" by the State Administration for Industry and Commerce of China, and the "national demonstration enterprise for cultivating industry brand" by the Ministry of Industry and Information Technology of China. Thus the company's reputation and public image were greatly upgraded.

"With dust unwashed after Mountain Guan, ride horse to take challenge again". Year 2017 is an important year for the implementation of the "13th Five-Year plan", is the year for further implementing supply side structural reform, also an important year for Yanzhou coal to realize industry transformation and upgrading, to unleash development potential and make new breakthrough. Standing at a new historical starting point, we will draw wisdom from tradition to lead future development and gather courageous spirit to move forward, we will listen to the willingness of our people by heart on our road of responsibility performance, and benefit people during sustainable development.

Chairman · Mr Li Xiyong  
Zoucheng City·China



31 March 2017



## Company profile



Mr. Wu Xiangqian, director and general manager

### 1 Introduction of the Company

With headquarters located at Zoucheng city, Shandong Province, Yanzhou Coal Mining Company Limited was a listed company and set up by Yankuang Group Company Limited itself in 1997. The H shares and A shares of Yanzhou Coal were separately listed in Hong Kong and Shanghai in 1998. In June 2012, its controlled subsidiary, Yancoal Australia Limited was listed in Australia Securities Exchange in Australia. Yanzhou Coal Mining is one of the coal suppliers with the best safety level in China and one of the coal companies with the highest degree of internationalization of China.

For years, Yanzhou Coal Mining has always been insisting on using industrial operation as the basis, using capital operation to foster development, leveraged on the capital market to actively push forward the optimization and upgrade of the industry structure and adjustment of layout. It has successively issued five rounds of shares, many rounds of bonds, and carried out over ten strategic acquisitions. It became one of the listed companies in China which had the highest utilization rate of the capital

market of China. It achieved expansion of scale, expansion of the industry, regional expansion and brand enhancement.

Faced with the globalization charactering resource integration, capital flow and market competition global wide, starting from its listed platform at home and abroad, Yanzhou Coal consciously geared to the international practice, put forward adhere to technological and systematic innovation and honest operation, improve conventional management model, and continuously cast and expand its advantages.

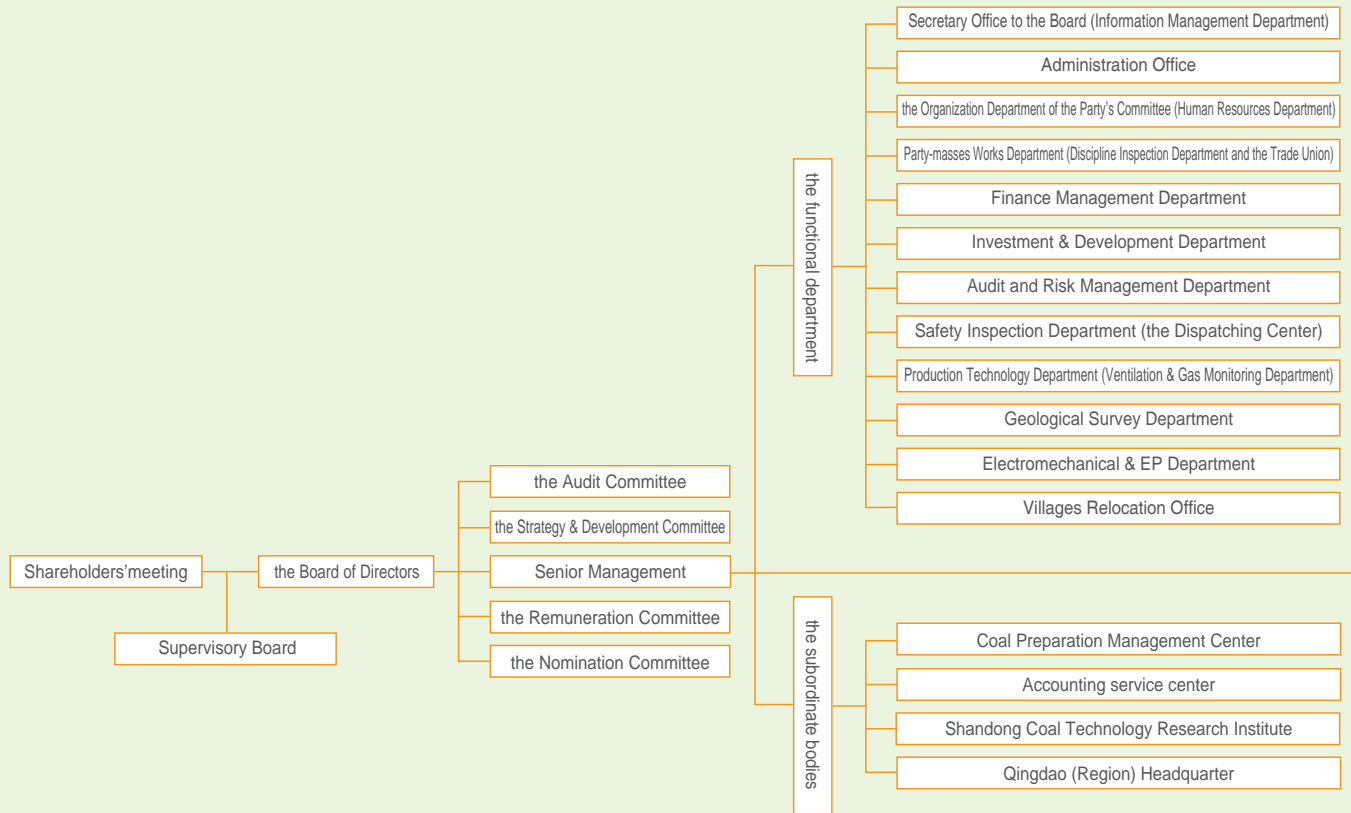
Inheriting the mission of development scientifically and harmoniously, attaching equal importance to company's growth & employee's development, economic benefit & environment protection, resource utilization optimization & resources reserve expansion, Yanzhou Coal obtained recognition of employees, society and the market.

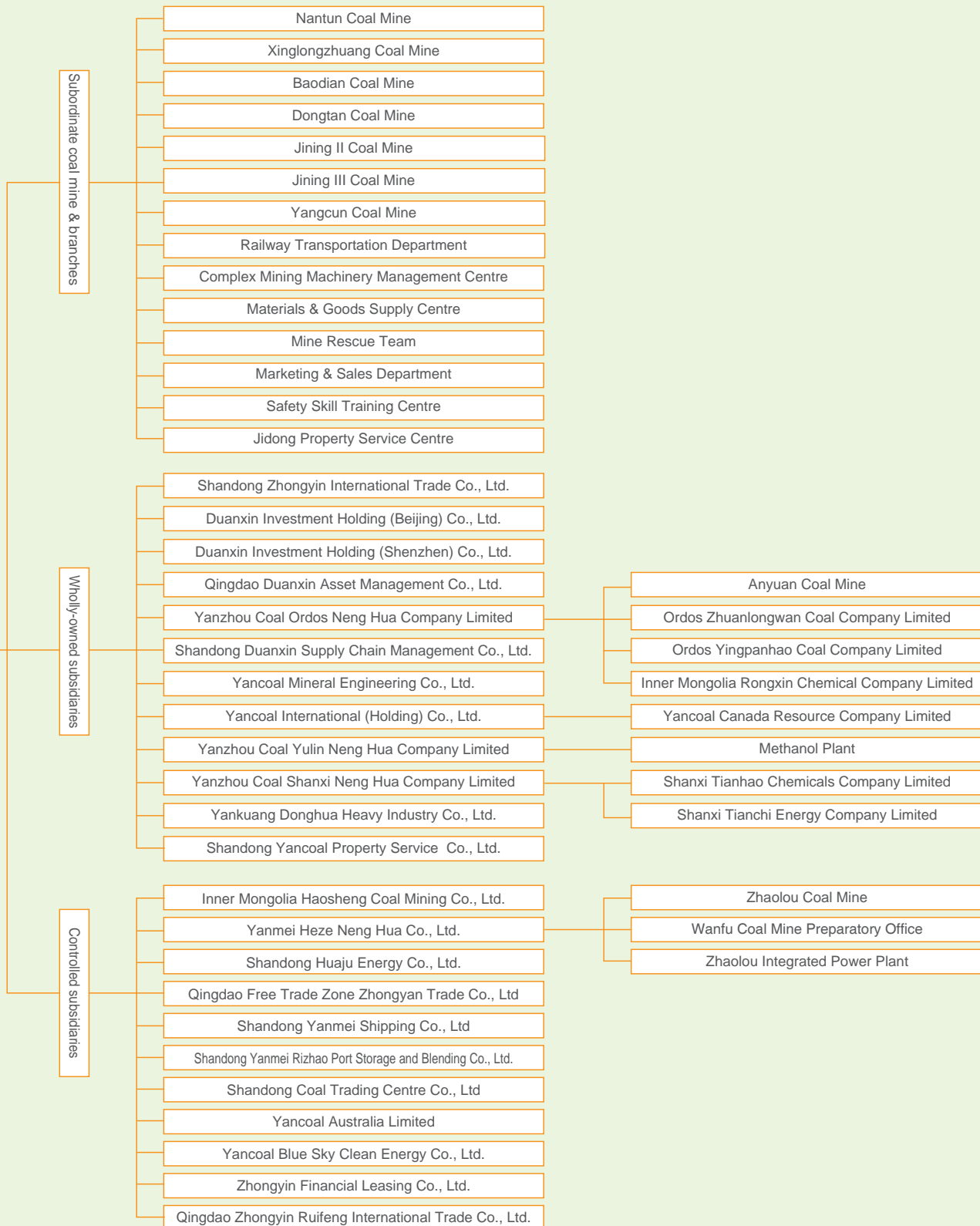
In 2016, Yanzhou Coal produced raw coal of 66.74 million tones, with sales revenue of RMB 33.272 billion and total profit of RMB 2.695 billion. As at the end of 2016, its total asset was RMB 147.455 billion.

Yanzhou Coal was the only coal enterprise that was rated as "Global Outstanding Performance-world class" by Asia Pacific Quality Organization and the first listed coal enterprise rated as "investment grade" by international rating agents. In 2016, the Company was awarded "Asian Recognition for Excellence in Quality Practice" again, making the company the only Chinese coal enterprise won the honor two times. Moreover, the Company was named "trustworthy enterprise" by the State Administration for Industry and Commerce, and the "national demonstration enterprise for cultivating industry brand" by the Ministry of Industry and Information Technology of China.

# Company profile

## Organization structure





## Corporate governance

*The Company has set up a more standardized and stable corporate governance mechanism according to the “Company Law of the People’s Republic of China”, the “Securities Law of the People’s Republic of China”, the provisions of supervision of the listed companies in China and overseas countries and the requirements of modern company system, followed the principles of transparency, accountability, protection of the interests of all shareholders.*

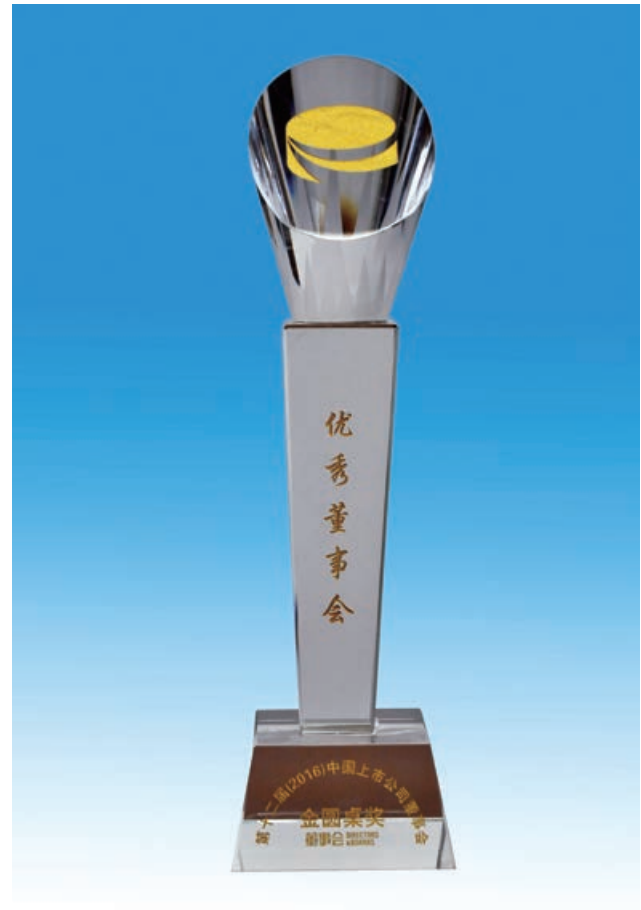
### 1 Standardized operation

The Company has set up a corporate governance structure comprising the shareholders’ meeting, board of directors, supervisory board and the management, forming a mutually coordinating and mutually restraining mechanism of clear responsibilities and duties, standardized operation of the authority body, decision-making body, supervisory body and the management. Special committees, namely the Strategy and Development Committee, Nomination Committee, Audit Committee and Remuneration Committee have been set up under the Board of Directors. The Company has set up a system of independent directors rather early by referring to the international practice.

In accordance with the listing rules and regulations of the regulatory institutes in China and overseas countries and the principle of openness, fairness and justice, the Company has set up a governance system with the standardized operation of the “shareholders’ meeting, board of directors, supervisory board”, independent directors, information disclosure, protection of investors, connected transactions and internal control to ensure that corporate governance level will continue to be enhanced. Since the differences between the regulations of China and overseas countries on the governance operation of a legal person, the Company has stipulated more stringent supervisory terms in “Articles of Association” and the governance system of the Company based on its own situations, this ensures that as long as it performs the “Articles of Association” and the internal governance system, it will comply with the regulatory requirements at home and abroad.

In 2016, the Company kept a close eye on the process of standardization and legalization of the security market, proactively improved the governance structure of the legal person to ensure

that the operation of the Company constantly comply with the laws and regulations and the supervisory provisions of the places of listing, and continuously enhanced its governance level and results. The Company made amendments to the “Articles of Association” according to the actual repurchase of H shares and decrease of registered capital, and revised the corporate governance system and the legal person governance structure in pursuant to new rules and regulations issued by the regulatory authorizes at home and abroad. The shareholders’ meeting, board of directors, supervisory board and the management all exercise their rights and perform their duties according to their respective statutory authority and the proceedings, with 6 shareholders’ meetings, 13 board meetings, 6 meetings of the supervisory board convened totally. And all the meeting procedures, poll procedures were in line with the relevant provisions of the Articles and proceedings of the Company, and all the poll results were legal and valid.



Gold Round Table “Excellent Board of Directors” Award



Awarded "Best New Media Operation in Investors Relationship of Chinese Listed Companies"

We actively pushed forward the training of the management and organized for the directors and supervisors to attend the relevant continuous training organized by the regulatory bodies, and the learning of the newly promulgated rules and regulations in time; sorted out and reported breaches of the capital market under investigation to continuously enhance the legal awareness, awareness of sense of responsibility and self-discipline and standardized operation awareness of the directors, supervisors and senior management of the Company, which facilitated the enhancement of scientific decision-making of the board and corporate governance level.

In order to motivate directors, supervisors and the senior management to perform their duties diligently and avoid the legal risks caused by performance of duties, the Company has purchased duty performance liabilities insurances for the directors, supervisors and the senior management of the Company since 2008.

## 2 Internal control

In order to enhance the results of the internal control work, the Company formulated the working rules of internal control, like the "Yanzhou Coal Mining Company Limited Design & Application of Internal Control" in 2007, "Yanzhou Coal Mining Company Limited Standards for Quantitative Appraisal of Internal Control" in 2010, "Yanzhou Coal Mining Company Limited Basic Standards for Internal Control" in 2011 and "Yanzhou Coal Mining Company Limited Administrative Measures (Pilot) for the Operation of Internal Control" in 2013, it established and improved the management system and operation work flow of internal control.

The Board of the Company was in charge of setting up a complete internal control system and its effective implementation, the Audit Committee of the Board of the Company was in charge of reviewing, supervising the effective operation, continuous improvement and self-appraisal of the internal control system of the Company, coordinating the audit of the implementation status of internal control of the Company by the external auditing firm and other related matters. The Supervisory Board carried out supervision of the setting up and implementation of internal control by the Board. The management was in charge of arranging and leading the daily operation of internal control of the Company.

Since 2013, the Company hired an annual audit accountant in China to conduct an assessment as to whether the establishment



"Top 50 Proactive Supervisory Committees of the Listed Companies"

## Corporate governance

of the internal control system in the financial report met the overseas regulatory requirements and the effectiveness of its running.

ShineWing (Special General Partnership) was appointed by the Company to carry out a review and assessment of the effectiveness of the internal control of the financial report, and considered that the Company followed the relevant provisions of the Basic Standards for Internal Control of the Company and maintained effective internal control of the financial report to all major aspects.

At the seventeenth meeting of the thirtieth session of Board of Directors held on 31 March 2017, the effectiveness of the internal control for year 2016 was assessed. The Board assessed and considered that the internal control system of the Company was complete, the execution thereof was effective, and no major defect in the design or execution aspects of the internal control was found.



## 3 Risk management

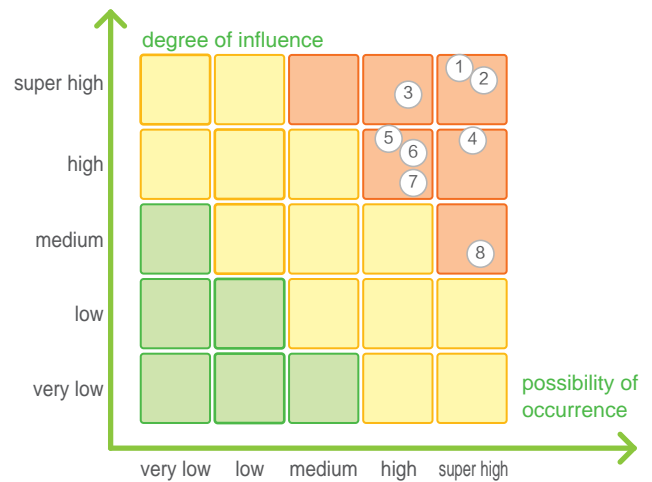
### 3.1 Perfect Risk Control System

The Company established major risks reporting mechanism and regular risks investigation and reporting mechanism, strengthened major risks prevention and monitoring mechanism, optimized analysis and feedback mechanism, and increased implementation of problems correction and rectification. Through perfecting relevant overall risk management systems and enhancing the enforcement thereof, a risk management and control system became more reasonable in management levels, more complete in content, clearer in responsibilities and more standardized in process.

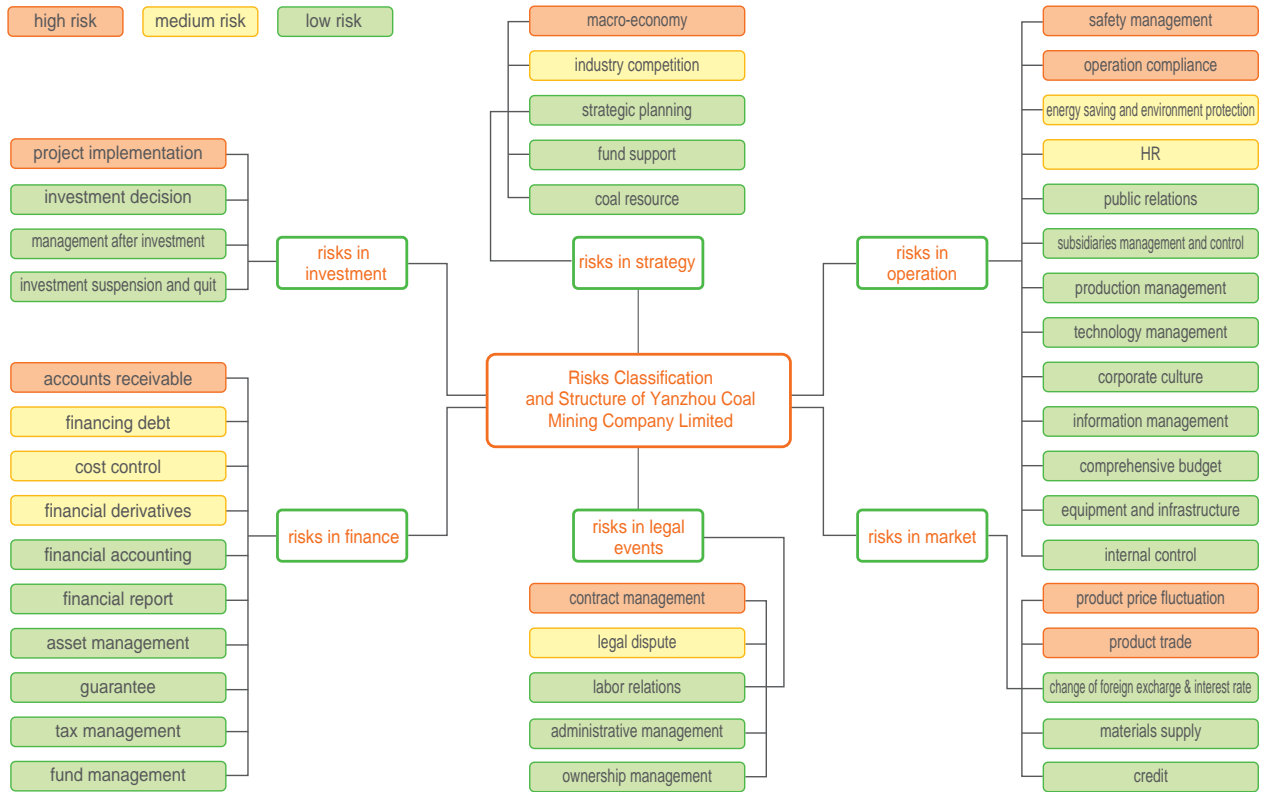
### 3.2 Specify major risk management and control

Based on risk assessment, the Company defined 8 high-level risks, 7 medium-level risks and 27 low-level risks for year 2016. The Company completed risks identification and assessment and drafted 2016 Risk Assessment Report and Risk Management Report, providing sound evidence for specifying major risks management and control.

By taking the possibilities of risk occurrence and the degree of influence to our operating targets as two dimensionalities, we drew a diagram in relation to major risks for year 2016 as following.



The Diagram of Risks category of Yanzhou Coal Mining Company Limited



3.3 Effective management and control over major risks

As for major risks identified and confirmed by all management levels of the Company, the Company, following the principle of management and control by levels, framed “Table of 2016 Major Risks and Corresponding Countermeasures”, which worked as a guidance for all subordinate bodies to work out major risks management and control measures and specify responsibilities to specific department. In this way, the Company achieved effective management and control over major risks.

3.4 Effective prevention and control over major fields

A effective regular operating risks reporting mechanism was established to supervise and direct all subordinate bodies to make comprehensive analysis on the source of risks of their own, collect and sort the risks existing in daily operation, and report legal proceedings and other operating risks each week. And make analysis on and study solution to the operating risk event, achieve effective prevention and control over major field of operation by elaborating risks prevention and control measures.

# Corporate governance

## 4 Anti-corruption & bribery

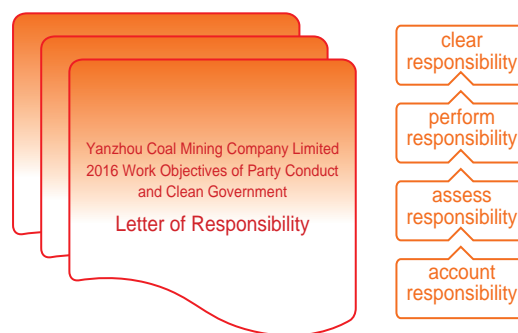
In 2016, the Company focused on major responsibility and core business, attached equal importance to education, supervision, prevention and control, comprehensively fulfilled the supervision responsibility, strengthened enforcement accountability. After extensive work, we made new achievements on party conduct building and anti-corruption bribery.



- 1 Firmly implement "two responsibilities" to form a pattern placing equal attention to anti-corruption and clean governance.
- 2 Make accurate investigation on cases, effectively containing violation of rules and discipline.
- 3 Strengthen clean governance alarming education and make strong publicity of anti-corruption and clean governance.
- 4 Make deep supervision on efficiency, solving outstanding problems effectively.
- 5 Make future governance on special cases, successfully bettering the working style of our management.

## 4.1 Enforcement of Responsibilities

Grasp and enforce "two responsibilities" and form a pattern of combating corruption and building clean government simultaneously



The Company formulated anti-corruption work opinions and division of responsibility and assessment rules for the implementation of Party conduct construction in 2016, which specified the tasks, timetable and outlines for each unit. More than 690 copies of Letter of Responsibility for Party Conduct and Clean Government were signed between the Company and each unit (Department), and between each unit and workshop, thus a pattern of management and implementation by levels came into being.

## 4.2 Case Investigation

"One priority and three strengthen" is to give priority to 6 major matters, including related/connected transaction, benefit transfer, office dodge, banquet at public expenses, taking cars at public expenses for private purpose and collecting money by chance of wedding, marriage and funeral; to strengthen supervision over positions in charge of personnel, money and properties, conveying pressure by supervision and using pressure to promote enforcement; to strengthen supervision and inspection on major holidays and festivals, with severe punishment to those violating rules and discipline; to strengthen efforts in investigation and dealing with bad working style and corruption.



### 4.3 Clean government training

Organize moral and clean government test for 390 Party cadres and discipline inspection personnel

Collect 111 pieces of papers on anti-corruption and clean government, and carry out 162 sessions of clean government warning training, more than 7200 party members above business manager level and assuming important positions totally received the training.

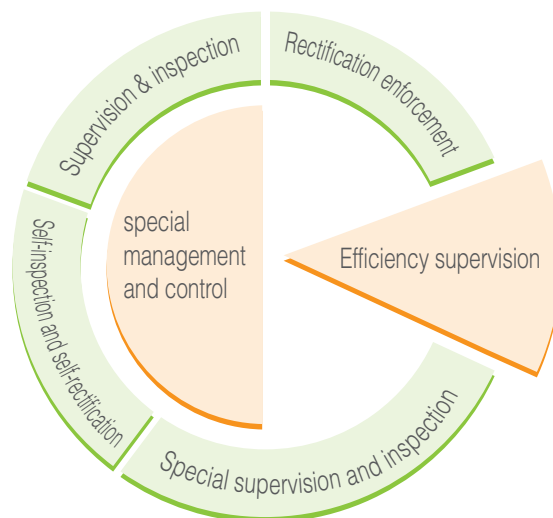
Organize to watch and held topic discussion on the feature film "corruption is always on the road" produced by the Central Commission for Discipline Inspection of the CPC, educate and guide Party members and cadres to keep the party disciplines in mind and hold the bottom line for being a person and doing things. As a result, a clean, healthy, entrepreneur working atmosphere was created.

### 4.4 Efficiency Supervision & Inspection

Focusing on important field and key links like safety production, marketing and trade, debt clearing-up management, environment protection and control, and tender and bidding, the Company carried out 63 items of efficiency supervision and 298 times of inspection, pointed out 466 pieces of correction and rectification opinions and gave 128 copies of inspection proposals.

### 4.5 Special management and control

The Company made topic interview and special inspection on clearing up debt management and marketing & trade, put forward 32 pieces of recommendation, strengthened ties with the local judicial organs, and actively assisted the debt clearing up through legal procedures.



The supervision on tender and bidding was further standardized, and self-inspection and self-rectification were carried out among whole party members and the personnel assuming important positions, which resulted a saving of procurement fund of RMB9.7 million.

With constant correction of "Four Working Styles" and 8 times of investigation openly and secretly, the Company supervised rectification of problems showing symptom and tendency. The working style of our management team turns good.

In 2016, the Company strictly abided by the relevant laws, regulations and policies of the Party and the State, as well as the requirements of the relevant authorities, no violation of the relevant laws and regulations was found nor any legal proceedings in relation to corruption, bribery, extortion, fraud and money laundering.

## Corporate governance

### 5 Building of credibility

In 2016 the Company continued to build enterprise credibility, launched some contests like “credible individual”, “credible company”, “credible family”, created a strong atmosphere of “Be a credible employee & Create a credible company”. We also adopted a credit rating assessment system, set up credit files and a statistics reporting system, and realized real-time management. A credit assessment and punishment system was set up to carry out strict inspection and assessment of the credit status of staff and organizations at all levels, to classify them into different credit ratings, so that the concept of “Abide by the rules and laws, be a credible operator” would be go deeply to the hearts of everyone and we remained as a Grade AAA Credit Enterprise.



All the subordinate bodies of the Company established contract management and organization system, specified contract management organization, and the whole company was covered with the contract management block of ERP system. The Company totally signed 43644 contracts of all kinds in 2016, with contact signature ratio above 90% and performance ratio of 100%. In July 2016, the Company was publicized as “Trustworthy Enterprise” for year 2014 to 2015 by the State Administration for Industry and Commerce, and the company has been awarded the honor for three consecutive session or six years.



Certificate of “Trustworthy Enterprise”

### 6 Pursuit of excellence

#### 6.1 Promote mode of excellent performance

Yanzhou Coal brought into and fulfilled excellent performance assessment criteria, improved outstanding leader teams with forethought, emphasized strategy orientation and customer driven, stick to cooperation and win-win and people-oriented, fulfilled social responsibility, implemented systematic management, enhanced ability of learning, improvement and innovation in an active manner and ensure mutual promotion of both management ability and innovation capability.

Yanzhou coal is one of enterprises that adopt excellent performance mode earlier than other Chinese enterprises. It was the first coal enterprise awarded National Quality Award in 2003. Since then,

the Company was the only Chinese coal enterprise awarded Asian Quality Excellence Award, Asia-Pacific Quality Award and Global Performance Excellence Award, successively. In 2016, Mr. Li Xiyong, the Chairman of the Company, was awarded the first session of Liu Yuanzhang Quality & Technological Contribution Award, and he is the only winner among Chinese coal industry. And Mr. Li Xiyong was awarded China Outstanding Quality Person (National Quality Award individual Award), making him the only winner of "National Quality Individual Award" among leaders of listed coal company.



## Tips

In September 2016, Yanzhou coal won again the international quality management award, "Asia Recognition for Excellence in Quality Practice". In the annual meeting of Asia Network for Quality (ANQ), we were invited to deliver a speech titled "The road of internationalization of Yanzhou coal brand". The lecture on our experience and practice on creating the international brand through concept innovation, management innovation won praise and recognition by the conference organizer and the delegates.



## Corporate governance

### 6.2 Brand construction

At the national industry and enterprise brand cultivating forum held in Beijing in July 2016, 76 enterprises having famous brands of their own, including Yancoal Mining Company Limited, were commended and awarded for their special contribution in relation to industry brand cultivating in national industry and enterprises.

Yanzhou Coal, following the general idea of "internationalization, capitalization and value-based", taking social responsibilities as our own and adhering to our mission of "giving light and heat & creating value", gradually found its own way to build up our brand.

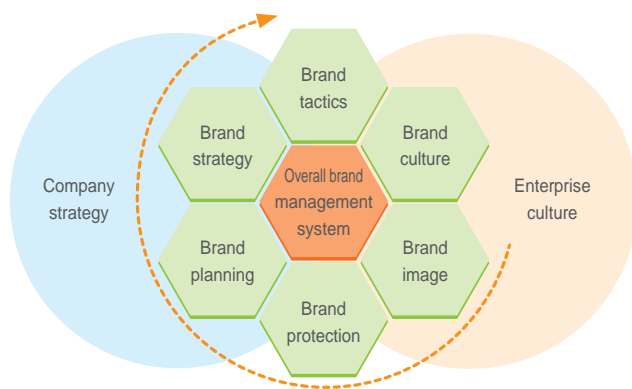
Yanzhou Coal, leading Chinese coal industry, firstly applied international standard management system authentication. Taking quality management system as main line, we introduced management system standards in relation to brand, environment, occupation health, energy, intelligent property right and measurement, combined with lean management and internal market management, optimized management process and finally promoted our company transform from standard management to excellence management.

As evaluated by China Brand Asset Assessment Center, the brand value of "Yanzhou coal " is up to RMB12.36 billion, ranking No.72 among China Top 500 Brand, and the brand of "Yankuang Coal" also joined China Top 500 Brand and ranked No.68.

The Company ranked No.84 in 2016 Fortune China Top 500, also the No.2 among 17 listed coal companies, 8 ranks ahead as compared with that of last year, and the Company is the only listed coal company with ranks going up.



Structure of Overall Brand Management System



Yanzhou Coal won "China Top 100 Enterprises" award

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# Concept



*Develop with responsibility & give priority to concept  
Responsible, fair and faithful  
Blooming given the economic downturn under  
guidance of a scientific view of social responsibilities*

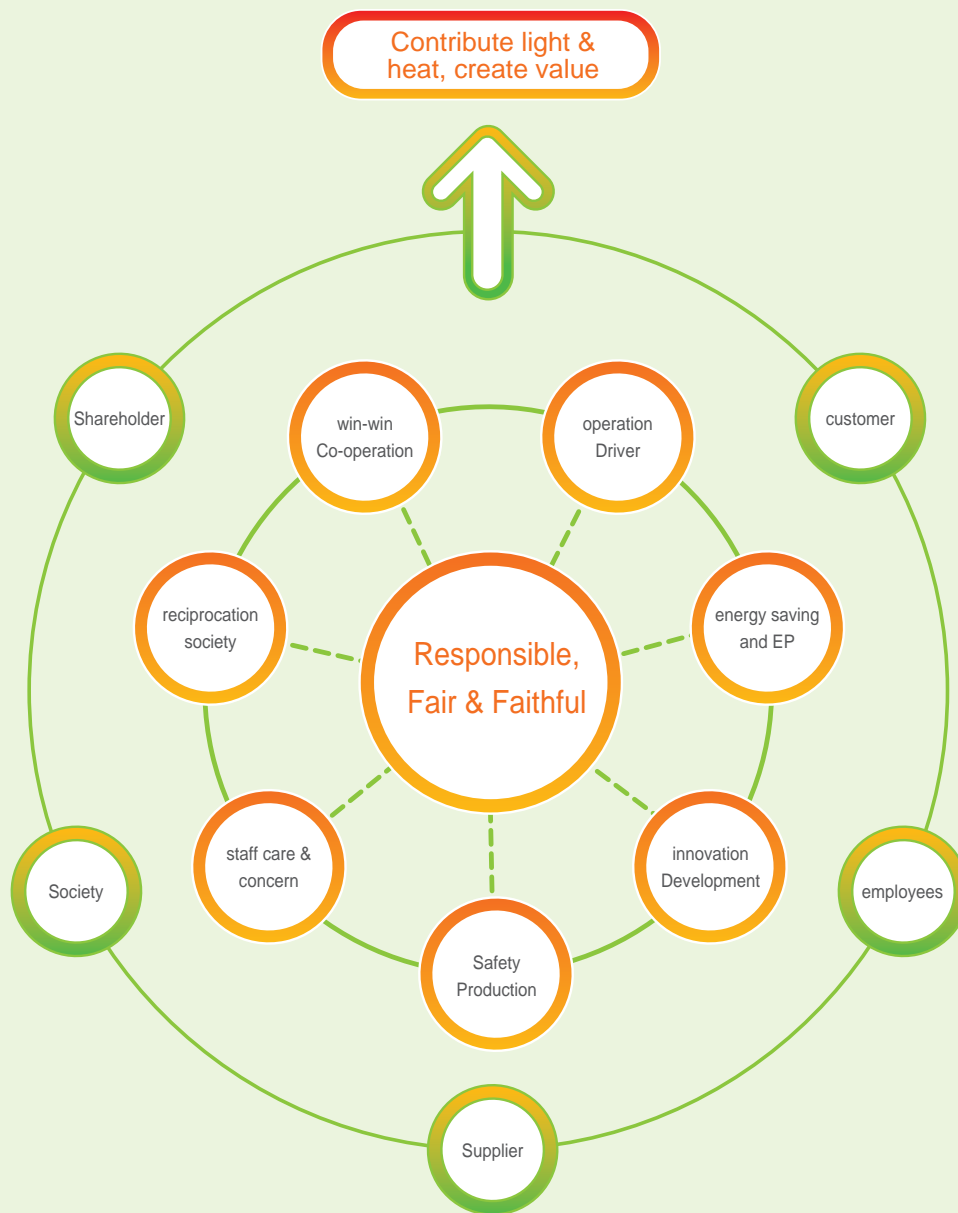
View of social responsibilities  
social responsibility management  
Communication with related parties

# 1 View of social responsibility

Yanzhou Coal Mining has established the responsibility concept of “responsible, fair and faithful”, with “contribute light & heat, create value” as its mission, and it is striving to promote harmonious development of economy, environment and the society and create

optimum comprehensive value through operation dynamics, innovation development, safe production, care and concern for staff, and community participation.

Social responsibility model of Yanzhou Coal Mining Company Limited



## 2 Social responsibility management

Yanzhou Coal Mining established a complete social responsibilities working system, improved the social responsibilities management system, continued to innovate social responsibilities management implementation to lay a solid responsibility management foundation for the sustainable development of Yanzhou Coal Mining.

### 2.1 Responsibility system

The Company set up a social responsibilities working system covering all levels and all fields, it set up a social responsibilities guidance group with the main leaders of the Company as group leaders to be in charge of guiding the overall social responsibilities management work of the Company, a social responsibilities office was set up under the social responsibilities guidance group, that office was mainly in charge of formulating the planning, system establishment of social responsibility tasks and arranging the implementation of putting social responsibilities concept into practice.

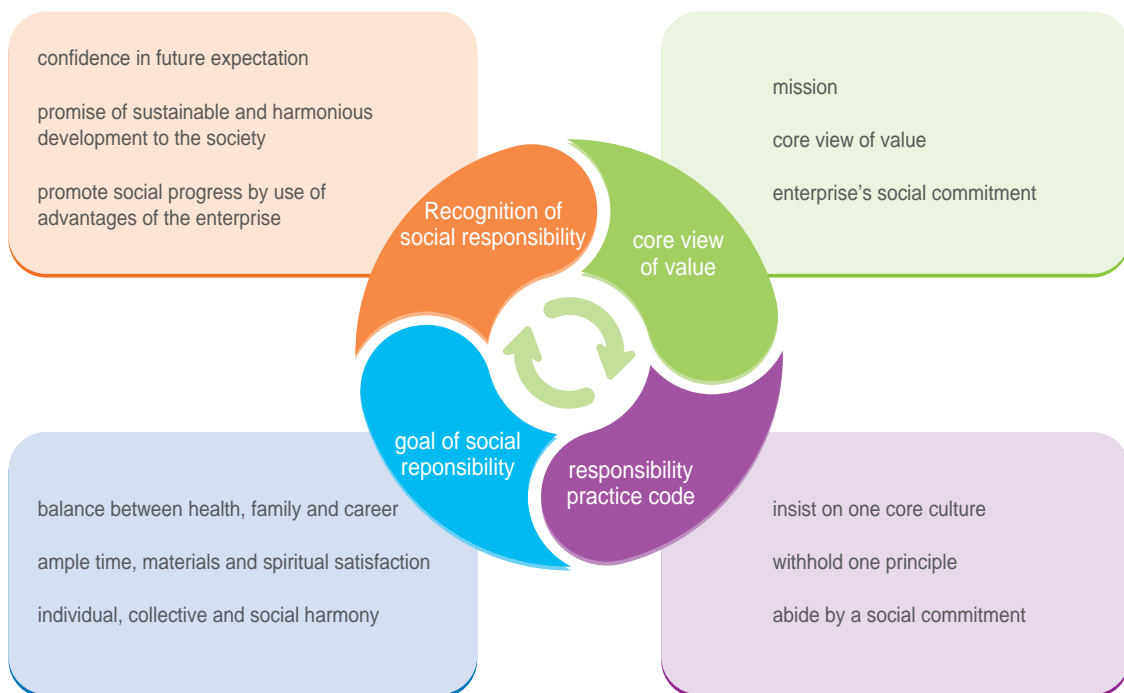
The Company formulated the "Administrative Measures of Social Responsibilities", specified the management principles

of social responsibility tasks, the body in charge of organizing the tasks and its authorities and duties, the contents of social responsibilities management to coordinate and push forward the social responsibilities work.

Based on the status quo and features of social responsibilities, we explored to prepare a social responsibility indicator system of the Company.

Social responsibility indicators of Yanzhou Coal

Name of primary indicators	Quantity of secondary indicators (unit)	Quantity of tertiary indicators (unit)
Social responsibility view & strategies	2	2
Social responsibility management	5	14
Economic impact	6	24
Environment impact	4	21
Social impact	5	37
<b>Total</b>	<b>22</b>	<b>98</b>

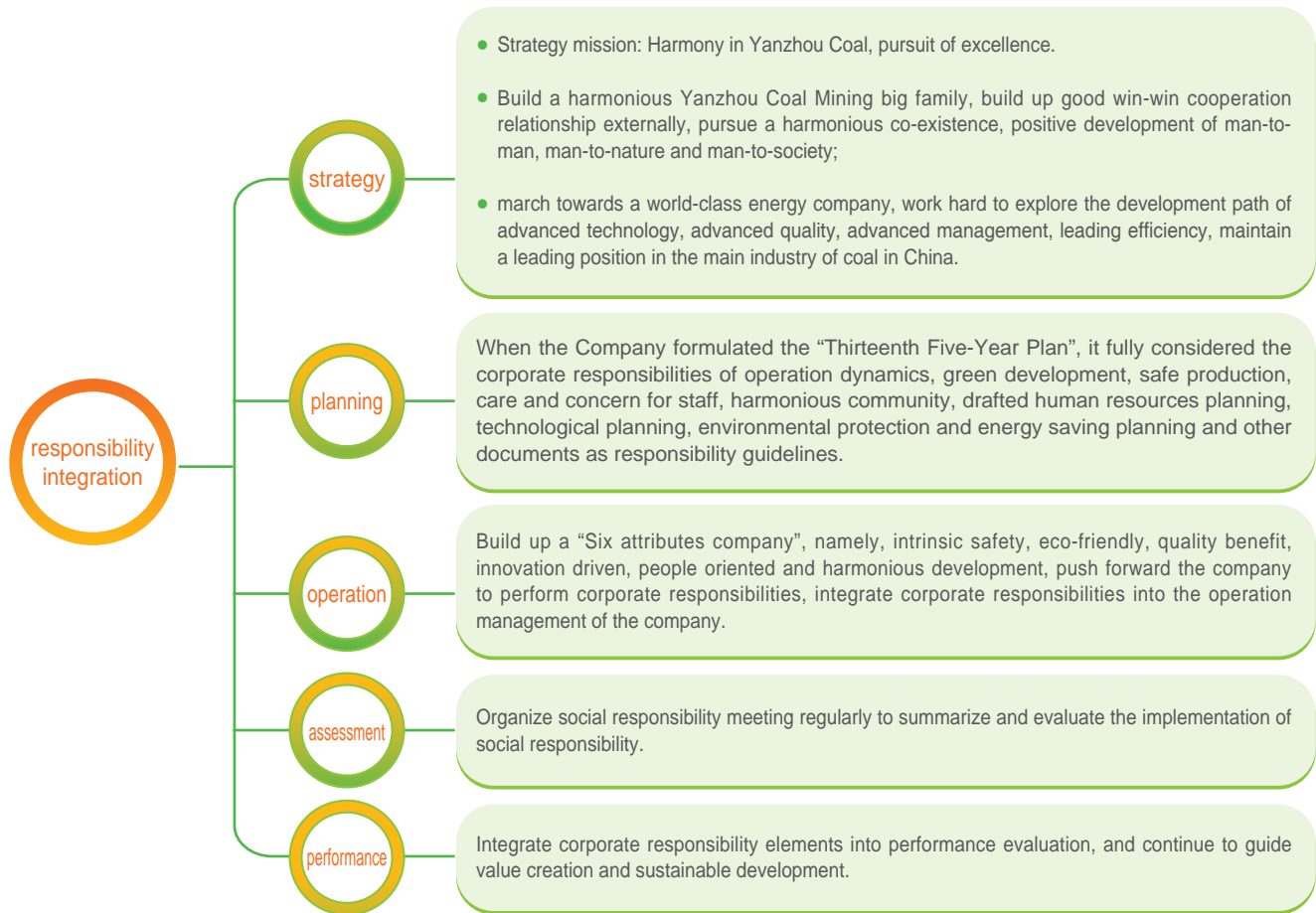


## 2 Social responsibility management

### 2.2 Responsibility Integration

Through integrating concept of social responsibility with enterprise

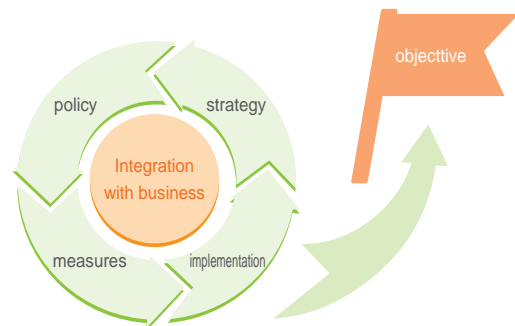
strategy, development planning, operation management, comprehensive assessment and performance evaluation, the concept of social responsibility was rooted in the Company.



### 2.3 Goal of responsibility

We will strictly implement the strategic planning of social responsibility and transform the social responsibility objectives, construction principles and development plans into practicable and measurable action. In order to standardize the behavior of corporate social responsibility and enhance social responsibility management, the Company will implement planning measures to enable each department carry out work in line with social responsibilities, publicize and promote social responsibility in value chain, and formulate common governance mechanism with related parties. By the end of the “thirteenth five-year plan”, the Company is planned to be a demonstration enterprise for social

responsibility construction, making it a model for Chinese coal enterprises in social responsibility performance.





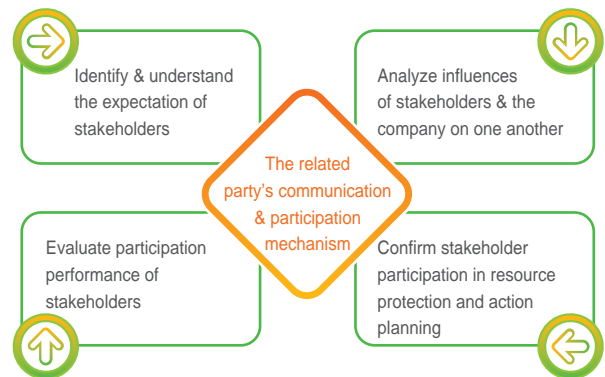
### 3 Communication with the related parties

The Company actively promoted and improved communication mechanism with the related parties, we carried out multi-level dialogues by various methods such as publishing the social responsibilities report, annual report of the listed company, result road shows at home and abroad, investor report meeting, organizing expert discussion panels to have an in-depth understanding of the concern and requests of the related parties, we actively performed our duties in relation to the related parties.

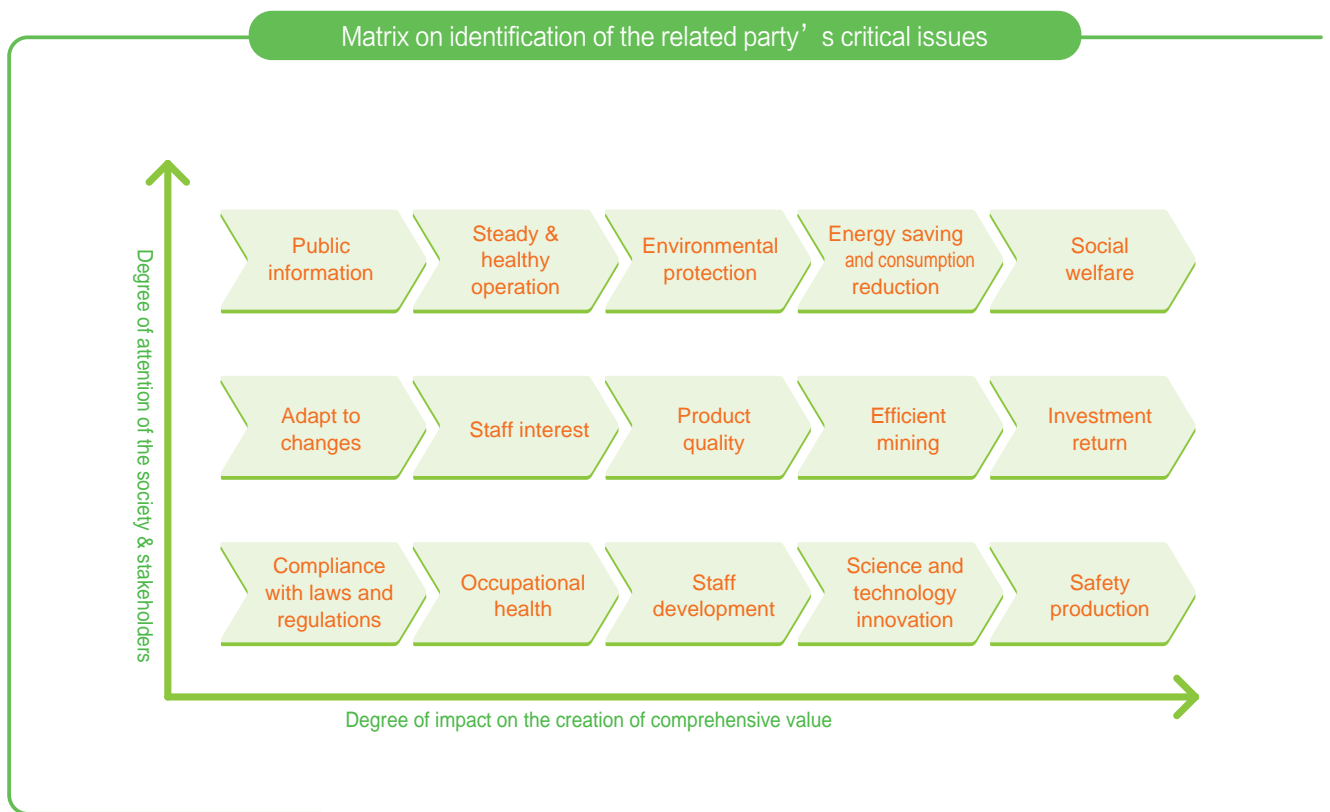
#### 3.1 Identification of the critical issues of the related parties

Based on the actual operation, Yanzhou Coal Mining applied a two-dimensional matrix identification of “value creation – degree of concern” by means of three methods (analysis of the leaders and experts, targeting at the social responsibilities standard and best practice, collection from each level of the Company) to determine the critical issues of social responsibilities, and evaluate the interrelationship between the issues and the comprehensive value

creation, the important and feasibility of the issues as well as the related party’s degree of concern about the issues.



The two-dimensional matrix mainly took four aspects into consideration: issues significantly affect the results of comprehensive value creation, issues of general concern by the society, issues highly concerned by the related parties and company feature issues that the Company emphasized to spread etc.



## 3 Communication with the related parties

### 3.2 Communication with the related parties

#### Communication with the related parties

The related parties	Target & concern	Communication & participation methods
Clients	Provide safe, quality products & services; enhance client satisfaction.	client satisfaction survey; technical and management innovation; conference & visit; explore energy saving channels.
Shareholders	Prudent operation; real, accurate, timely information disclosure; provide reasonable gains & returns.	Shareholders meeting
Suppliers	Keep promises; fair cooperation, mutual benefit and win-win; share experience.	Contract negotiation; routine business exchange; share management experience & technical standards; launch project cooperation; accept feedback opinion.
Society	Increase community employment; protect community environment; participate in society construction; support social charity; exchange & communicate with the community; obey law; pay taxes proactively; national energy safe; sustainable and stable returns; perform social responsibility	Investigate community needs; community education & publicity; conference & exchange; launching charity activities; safety & environmental protection knowledge advertising education; compliance management, pay taxes proactively; execute state energy policies; compliance information disclosure.
Staff	Staff interest; promotion & development; health & safety; concern & love for staff; realization of self-esteem.	Set up labor unions at all levels; provide staff exchange platforms; pay remuneration in full and on time; pay social insurances according to the law; provide healthy working environment; set up fair promotion mechanism; help distressed staff.



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# Implementation



*Keep in heart & put into action,  
Bearing the missions in mind & performing duties  
diligently,  
are the power and sources of sustainable  
development of Yanzhou Coal Mining.*

Innovation · Driving    Cooperation · Win-win  
Green · Development    Safety · Production  
Care · Concern    Reciprocation · Society



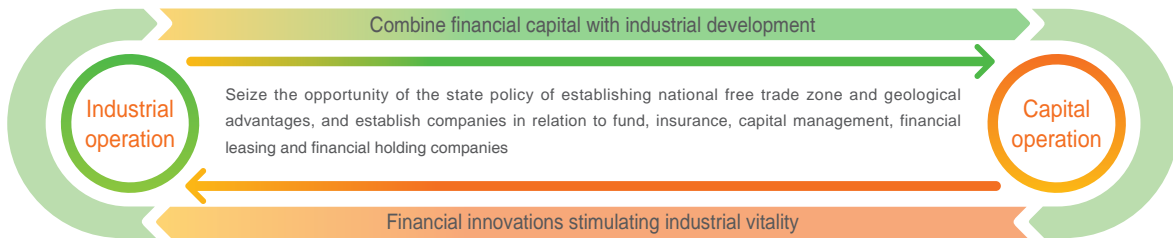
- Industry layout · High quality & efficiency · Marketing management
- Innovation development · Information sharing

*In 2016, given the intricate and severe economic environment, deep regulation and control of national policy, ups and downs of coal market and the complicated safety production condition, Yanzhou Coal accurately seized the opportunity of market upward and policy adjustment, implemented measures combining internal potential tapping with increase efficiency and decrease cost. And we successfully achieved coal output more than 100 million tones, sales income more than RMB100 billion, expanded overall scale and capacity, maintained a good momentum of economic benefits rising, construction project effective, comprehensive resource release, bidirectional activation of production and finance, and efficient reform progressing, representing a high start of "13th Five-Year plan".*

# 1 Industry layout

The Company, by taking safety production and risks prevention and control as prerequisite conditions, insisting on “two-wheel driving”, making further reform and innovation, stressing lean management, fostering development advantages, strived to push

forward transformation and upgrade development and increase the core competitiveness, the value creating capability and sustainable growth.



The Company expanded industrial sectors, made layout of financial sectors, promoted integrated development of industry sectors and financial sectors so as to make breakthrough in the market downturn and achieve transformation and upgrading.

and gained momentum in the financial operation. We also made steady financial investments, including contributing HKD2.0316 billion for purchase IPO shares of Zheshang Bank with initial dividend return of HKD67.51 million, increased equity interest of RMB222 million in Qilu Bank. And the completion of “Phoenix Project” and newly-launched “Project Monkey King” will lay a foundation for improving the operation of Yancoal Australia.

## Industrial Sectors

While strengthening and upgrading the existing sectors under operation, the Company extended from coal production to equipment manufacture, from coal mine operation to potash development.

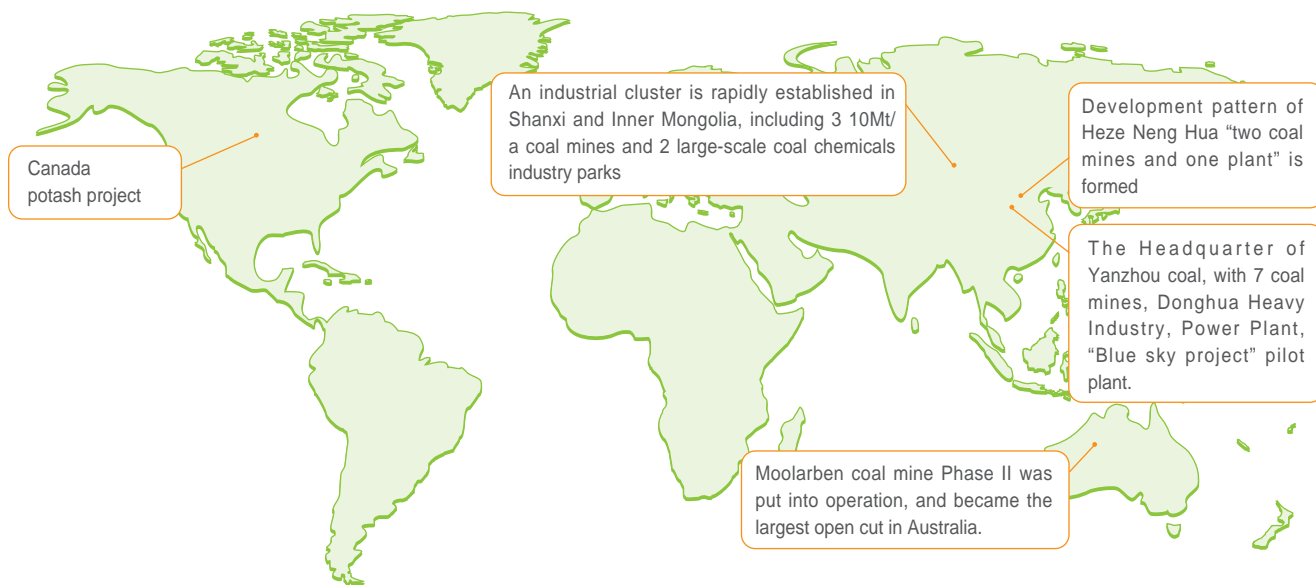
## Financial Sectors

Relying on current financial resources and brand and licenses, promoting the Company to realize transformation from “asset management” to “capital management”, realize the transformation and upgrading of industrial economy by financial sector development, and lay a solid foundation for four transformations: pay less attention to asset, finance-oriented, digitalization and internalization.

The company has primarily set up a “four in one” layout of financial sectors in Shenzhen, Shanghai, Beijing and Qingdao



# 1 Industry layout



## Tips

### “Phoenix Project”

According to Chinese tradition, "phoenix" is an auspicious bird symbolizing harmony and fortune; while phoenix nirvana meaning sublimation and rebirth. Therefore, the implied meaning of "Phoenix project" is to realize sublimation and rebirth through the optimization of existing assets.



Yanzhou Coal, with innovative financial and capital operation method, put three coal mine assets of Ashton, Austar and Donaldson into one wholly-

owned shell company, and realized asset securitization by sale of its management right with ownership unchanged, which realized financing of USD950 million. The project optimized the asset and capital structure of Yancoal Australia.

### “Project Monkey King”

Yanzhou Coal Australia Limited (“Yancoal Australia”) is to acquire 100% equity shares of the Coal & Allied Industries Limited owned by Rio Tinto Group at a consideration of USD2,350 million or USD2,450 million. Upon completion of this transaction, Yancoal Australia will become the largest independent coal operator in Australia, with total reserve and output rising to the third position in Australia. Meanwhile, Yancoal Australia, will be a major coal supplier to Japan and South Korea, and Chinese coal enterprise will have a big say in negotiation and pricing in Asia-pacific seaborne coal market.



## 2 High quality & efficiency

### 2.1 Product quality

With concept of “big quality” in mind, the Company adopted 6σ and other quality management technology to control quality at the very beginning, and strengthened the product quality management in an all area, whole process and all staff involved way. We continued to implement “3 Nils” project and “3 Prohibits” and “3 Non allowance” principle, increase coordinated cooperation between production department and sales department, frame market development strategy in line with market demand, promote “four optimization” in product mix, transportation, product trace and customers. In this way, we realized production on demand, high quality and sale price, smooth production and sales, and achieved potential tapping and efficiency increasing and efficiency increase through management to the maximum.

#### “3 Nils Project”

- 1 Nil management defect management
- 2 Nil product impurity
- 3 Nil customer complaint

#### “3 prohibits”

- 1 Disqualified raw material is prohibited from entering production site
- 2 Semi-finished or poor quality product are prohibited from going to the next process
- 3 Disqualified product is prohibited from leaving the factory

#### 3 Non allowance

- 1 It is not allowed until the person in charge of the disqualified event found
- 2 It is not allowed until we find the reason
- 3 It is now allowed until we prepare the rectification plan

### Coal products

The Company further promoted “3 nils project” of “nil management defects, nil product impurity and nil customer complaint”, and continuously improved product quality through advanced technology, lean management, prevention on disqualification causes, and process control. In 2016, the impurity ratio was below 1Kg per 10,000 tons of coal, no disqualified product was produced nor any effective customer complaint. “Yankuang Coal” was rated as “the first brand of Chinese coal industry”, and listed as inspection-free product by many Japanese customers.



### Coal chemical products

Following the concept of “supplying the most satisfactory product and service to customers”, the Company made strict control on the quality of methanol and all types of by-products by means of problem sources control and production process control, and maintained unified quality, quantity and price. The methanol products also met national standard GB338-2011 Premium, the US standard O-M-232FAA, the international standard ASTM A1152:2006 and other high quality demand, with production quality sampling ratio of 100% qualified.



## 2 High quality & efficiency

### Electromechanical manufacturing products

The Company continuously carried out “improve product quality & build famous brand” activity, valuing product quality as the enterprise’s life, and relying on scientific technology innovation to perfect product design and improve product function. The products of Jintong Company was sold to international market through Latin America Company, a subsidiary of Yankuang Group, our PVC belt conveyor and cables were certified by Germany DMT Testing Institute and the CE Certification of EU separately and completed international trademark registration thereof in Russia, Vietnam, India and other 6 countries.



#### Tips

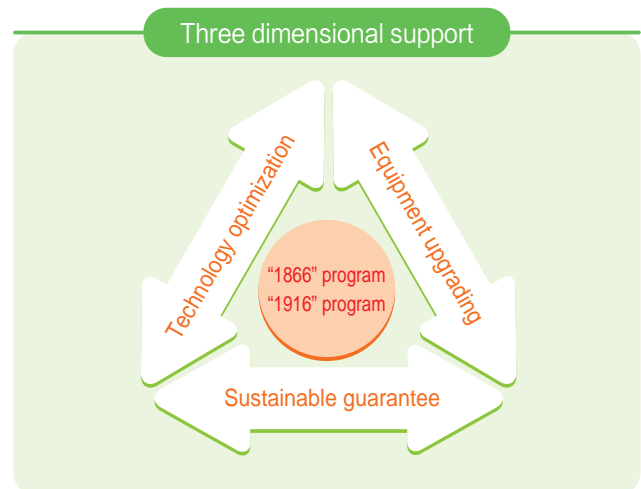
In April 6, Tangcun Industrial Co., Ltd successfully passed the site inspection on PVG whole-core flame retardant belt conveyor product by experts from Mine Safety Science Center Company Limited of Russia East Science Research Institute. The Russia experts highly recognized the PVG whole-core flame retardant belt conveyor product, considered the product fully complying with the production requirements of Russia coal industry, having pre-conditions to access Russian market.



### 2.2 High-efficiency production

#### “1866” and “1916” Program

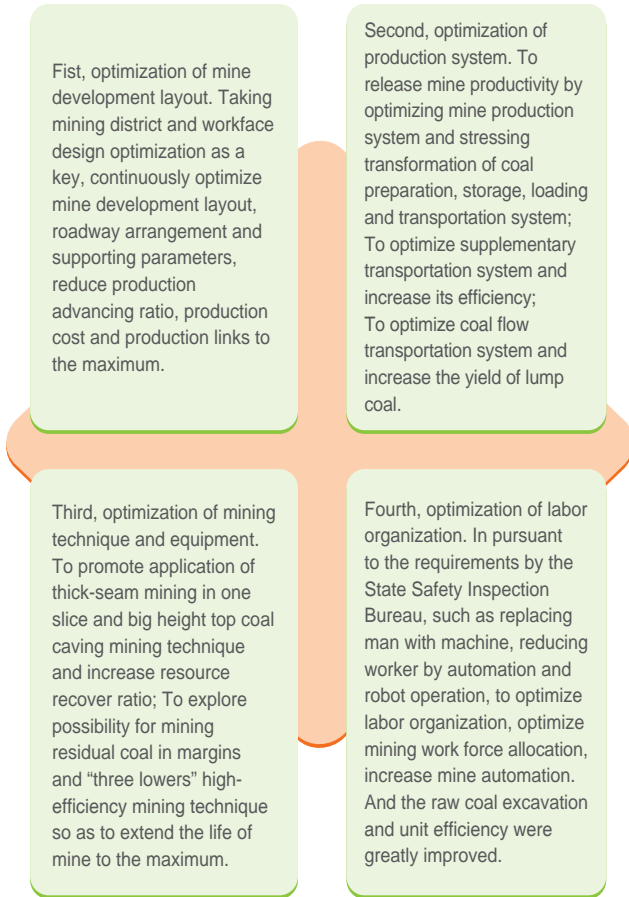
Our operation and development are confronted with unprecedented difficulties and pressure resulted from deep reform of macro economy and severe market competition. For which, we, relying on “three-dimensional support” of technology optimization, equipment upgrading and sustainable development, highly progressed “1866” and “1916” program and the unit production, unit development advancing and production efficiency were all significantly increased.



“1866”program is to give priority to system optimization, make comparison with advanced coal enterprises, carry out analysis on problems existing in mine development layout, production system, mining technique and equipment and labor organization, implement system optimization measures, and achieve cost and energy reduction, man reduction and efficiency increase.

“1916” program is, based on comparison with advanced coal chemical enterprises, taking optimization of technological indicator and reducing energy consumption as a key, to maximize economic benefit by carrying out one activity, strengthen four controls and promote three optimizations.





Realized plan of 8 coal mining teams and 10 tunneling teams, with unit production, unit tunneling and productivity increased significantly

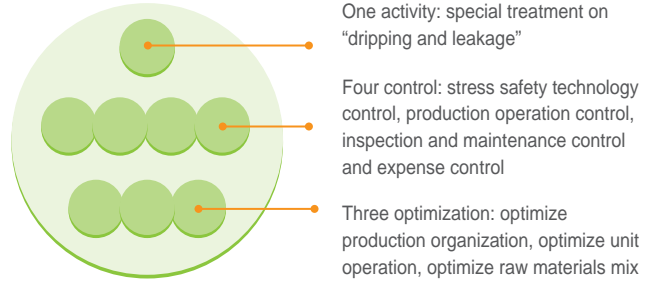
Successful trial of high power rock excavator in Zhaolou coal mine, with the highest monthly tunneling length recorded 150 meters and 200 meters and man efficiency increased by 50%.

Zhuanlongwan mining team is of annual capacity of 10 million tones, representing a new level in unit production.

The world first big height comprehensive mining equipment of 8.2 meters developed by our own was successfully applied in Jinjitan coal mine, making a historical record in world safety coal mining.

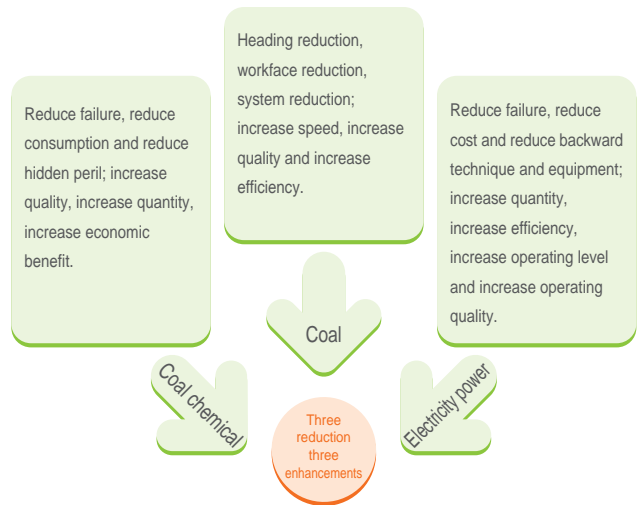
“big-diameter and deep mine freezing construction technology”, “full-length freezing construction for mine in complicated rock strata” and many other technological results are groundbreaking in deep mine freezing construction, making a new model for national mine construction.

Focusing on “safety, stable, long running hours, full capacity and premium product”, the coal chemical production created highest production records per shift, per day and per month, maintained profitable in the continuous low methanol price.



### 3 reductions and 3 enhancements

In 2016, Yanzhou Coal continued to implement the “3 Reductions and 3 Enhancements” in the whole production process as main way to create value. The Company made comprehensive use of subversive thinking of “increase through reduction, combination of reduction and increase” and systematic way of “interaction between reduction and increase, continuous improvement” and cast the value creation of “ecological system” of the Company.



Promote implementation and extension of “three reductions and three enhancements” in all sectors, whole process and all round way. The coal production units achieved high efficiency intensive production by optimizing development layout; increased unit production and unit heading by optimizing mining technique and equipment; increased recover ratio by popularizing and adopting advanced technique; increased transportation efficiency and

## 2 High quality & efficiency

safety reliability by optimizing auxiliary transportation system; made further synergy in materials and equipment management so as to reduce production cost; optimized labor organization to realize man reduction and efficiency increase. Our coal chemical and power generation companies realized full load, long cycle and stable operation by perfecting production organization, system allocation, unit operation, technique management and raw material mix, and reducing production stopping, bottleneck problems and production consumption.



### Tips

The implementation of “three reductions and three enhancements” activity is to address existing risks, to survive and develop, to optimize coal operation in headquarter so as to facilitate the Company overcome difficulties and achieve transformation development in the economic downturn. In 2016, we made achievement in carrying out “three reductions and three enhancements”, with 114 relative projects completed.

### 2.3 Innovation and Efficiency

In 2016, Yanzhou Coal fully carried out "mass innovation and profit-making by all employees" campaign, perfected economic benefit evaluation, assessment and rewarding, transform transaction mechanism. The activity is aimed to stimulate

our employees' potentiality and vitality for efficiency increase and value creation, through which, the company will increase economic benefit and the employee will get rewards. A new engine driving economic growth was built up to support the Company to overcome difficulties, realize transformation and upgrading and maintain sustainable development.

#### Insist on innovation

Encourage innovative, creative, passionate employees to organize “crowd innovation space” and “hit off factory”, thus providing every innovative employee space for self-employed and opportunities to show himself.

##### Good mechanism

Improve the innovation creation and profit-making mechanism, enhance system construction, make continuous creative space for innovation creation of all employees, arise the vitality of innovation creation and profit making of all staff.

##### Hardware support

Establish innovation workshop, provide incubator for people with innovation ideas, making these workshop become the think tank of the Company.

##### Structure optimization

According to the principle of optimization adjustment and upgrade profit increase, we made systematic analysis on structures of asset, investment, debt and staff and formulated optimization scheme.

#### Specify innovation measures

The cost line has become the life line of the coal enterprise. We must expand thought and tap potential from wider areas, deeper level and newer view.

##### Structure optimization

According to the principle of optimization adjustment and upgrade profit increase, we made systematic analysis on structures of asset, investment, debt and staff and formulated optimization scheme.

## 3 Marketing management

### Flow management

The core is to strictly control the 2 ends and preciously manage the middle. For the purchase area, we deepened and expanded material and equipment concentrated purchasing, made competitive negotiations, purchase from internet. For the marketing point, we further optimized sales channel and reduced marketing cost. For the middle stage, based on the value chain, we established cost and profit analysis system at all levels, optimized and recreated key business process, speed up to integrate factors and resources, ensured flat and efficient operation of the Company.

### Technological innovation

Tackle hard-nut problems in science and technology. further optimize production design and technological process, accelerate equipment upgrade and IT, speed up application of "4 news" result, emphasize "cost reduction by advanced technology" and "workers substituted by machine", popularize new technology and new process, such as big cutting height, permanent magnetic motor, ensure that cost control problems solved by technological innovation.

### Tips

Baodian coal mine, initiated by "mass innovation and profit-making by all employees" campaign, implemented innovation strategy to stimulate the vitality of its employees to make innovation and profit-making. It established a base for innovation and profit making, integrating sci-tech research and development, technology service, result transformation, skill training, learning and exchange, achievement show, which is the first one among Chinese coal industry. It constructed a China first high-efficiency, energy saving and intelligent belt conveyor, saving consumption and making profit of RMB2.8 million. The implementation of "one mine one workforce" saved installation and relocation expenses of RMB60 million, reduced roadway cost of RMB33.6 million, and reduced annual labor cost of RMB2.19 million. By optimizing main shaft lifting system, lifting time was shortened by 2 seconds and the annual lifting capacity was increased by 0.2 million tones.



Adopting internet thought of "user-oriented thinking" as core way, we made full use of marketing model and marketing platform to accurately grasp the market trends and regional demand, increased marketing network and strengthened marketing wisdom.

### 3.1 Marketing system

In 2016, the Company further implemented strategy of "big marketing, big trade and big logistics", established professional marketing and trade system in company group level and carried out accurate marketing, perfect layout of production and sales, so as to expedite development of integrated trade and logistics industry.

Focusing on marketing mode innovation, the Company explored market value-added channels in all round aspects. By taking Shandong province as center and Hebei, Zhenjiang, Shanghai, Jiangxi, Guangzhou, Xuzhou as six supporting regions, a marketing and sales network combining marketing and trade was established to cover the whole China.



## 3 Marketing management

### 3.2 Marketing measures

Study and judge market with forward looking	Take the regulatory price mechanism as the mainline, improve the mechanism method, implement flexible and differential pricing mechanism, strove to maintain market share.
Adhere to 4 optimizations	First, optimize sales market; second, optimize client's structure; third, optimize market layout; Fourth, optimize product structure.
Product customization	Take market needs as the orientation, take "one to one" customized coal product.
Internet plus	Establish WeChat marketing platform, realized transformation of marketing model from traditional model to e-commerce model.
Big data	The coal marketing efficiency mathematical model has been achieved online operation. The Company held data model analysis meeting regularly, applied big data thought and technique, optimized product structure and market layout.

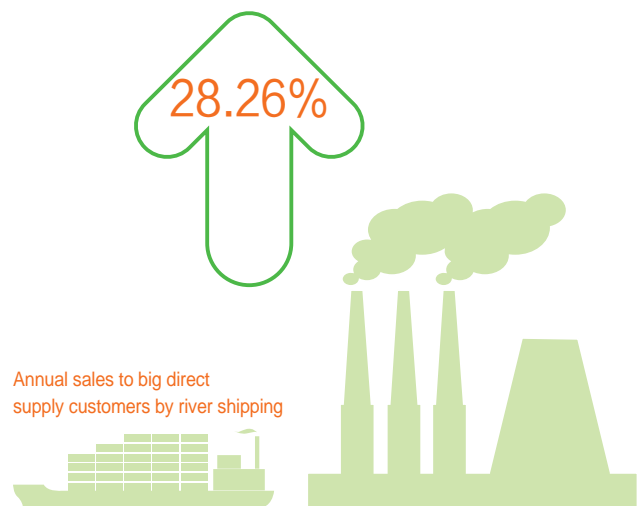
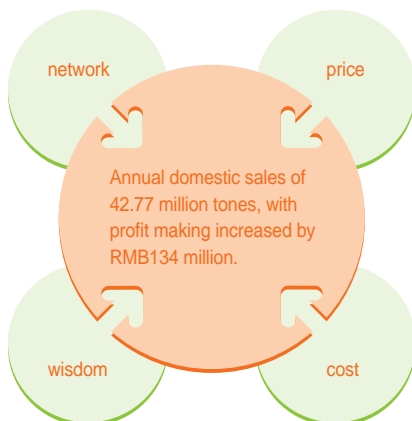
### Gradually rising of proportion of direct customers

Withholding to principle of "stable supply in Shandong, expanding to surrounding regions, extending to the southern China and increasing direct supply", the direct supply and sales in Shandong province was increased by 10.84% and the direct supply and sales by river shipping was increased by 28.26%.



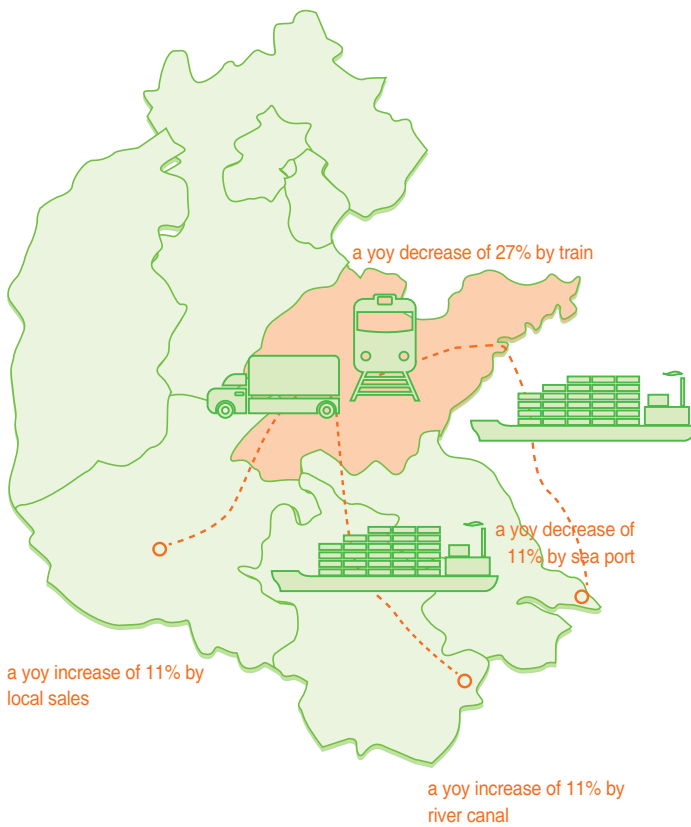
### 3.3 Marketing achievement

#### Historical record of coal sales



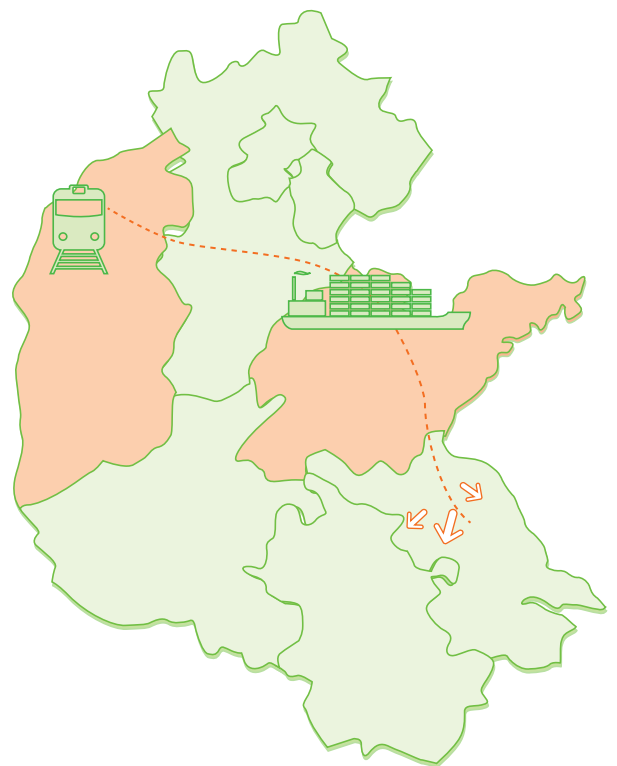
### History record of product flow optimization

By “increasing local sales, expanding river shipping, reducing sea port shipping and decreasing train transportation”, sales flow oriented to and concentrated on high profit-making way.



### Optimized logistic transportation mode

Made more efforts in negotiation with sea ports to reduce transportation volume in sea port and river port of higher expenses, increased ship loading in Sihe River port by taking advantage of the river, which increased the big direct supply users by the river from 12 to 21.



### Significant improvement of product mix

Adhering to premium coal strategy, implement tactic of “increase premium coal and lump coal while reduce slurry and sub-level coal”.



## 4 Innovation development

### 4.1 Management Innovation

#### Reform Innovation

In 2016, the company to carry out organization reform, with headquarter cut down to 12 departments and total management personnel of 154 person; Ordos Nenghua's headquarter was reorganized into "six departments and one center", Heze Neng Hua and Zhaolou coal mine completed duplicate management by "four department and one center", which resulted in a new management and control mode of flat structure in new development region. Our 8 subordinate bodies and management personnel were all reduced by more than 30%, and the goal of organization simplifying, less but capable personnel, structure optimization, efficient operation was realized.



Restructured heavy industry resource and realize professional operation on equipment manufacture, re-manufacture and electronics manufacture. Some subordinates of Donghua Heavy Industry completed mixed ownership reform, Jitong Company was incorporated by stock reform, and progress was made in equity transfer of Dongfang Electronics. The standard operation of three joint ventures, namely Dalu Benniu, Donghua Equipment Remanufacture, Dongfang Borui Electronics was newly transformed and incorporate, realized transformation from simple equity investment to joint cooperation and joint investment.

Beisu coal mine was closed and implemented transformation development, which successfully passed inspection by Shandong

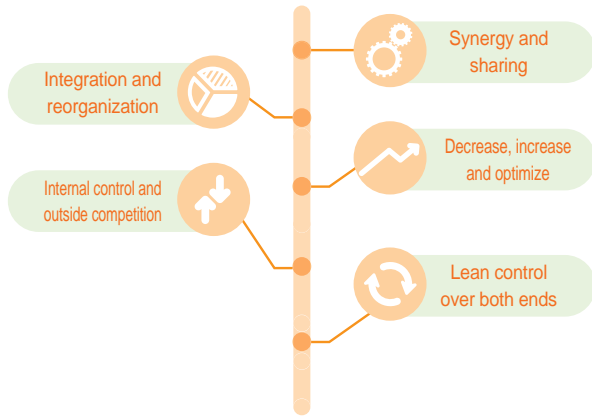


authorities and relevant department and commission of the State. Its Mining Engineering Company and Blue Sky Clean Energy Company was incorporated and put into operation, which working as a example for resource depletion coal mine in closing down and pursuing other way of development.

#### Lean management

The essence of lean management is the application of lean thinking in enterprise management, through fine standards, lean process, accurate evaluation and precise implementation , to create highest value with minimal resources investment and maximize the enterprise profit to the end. With comprehensive application of lean management concept, the Company relied efficiency increase on tapping internal potential, reducing cost and consumption and increasing management efficiency, and it firmly promote business process reconstruction and constant management perfecting based on integration of all kinds of modern management system so as to construct 6 lean management systems on innovation and profit-making, production management, cost control, supply and marketing, project management and operation management and control. By which to normalize system standard, improving enterprise management, enhancing employees' competence, increasing working efficiency, making more economic benefit, upgrading name brand and social image, push the enterprise to achieve transformational development in a quality, intensive and innovative way.

## Lean management



### Accurate control over two links

Expanded coverage of centralized procurement and manufacturer direct supply with their varieties proportion up to 94%, resulted a decrease of 10.5% in annual material purchasing price; promoted purchase from mine supermarket instead of material storage, which increasing storage by manufacturer and using social fund of RMB200 million.

### Internal control and outside competition

Made strict management and control of fund plan, with controllable fund dropped significantly; applied a governmental subsidy for treatment on ground pressure and environment protection. Coal preparation center commissioned social management of 6 preparation plants; mine engineering company make profit of RMB6.62 million.

### Decrease, increase and optimize

Completed 114 projects in relation to “three reductions and three enhancements”, and 43 projects in relation to “innovation and profit-making”; strengthened HR management by carrying out “Five streamlining” and “ten thousand persons training” plan, training 3096 person times for change of working posts, changed and allocated 1507 redundant persons; launched comprehensive assessment on production mine and solved the bottleneck problems restraining development of Jining II coal mine.

### Integration and reorganization

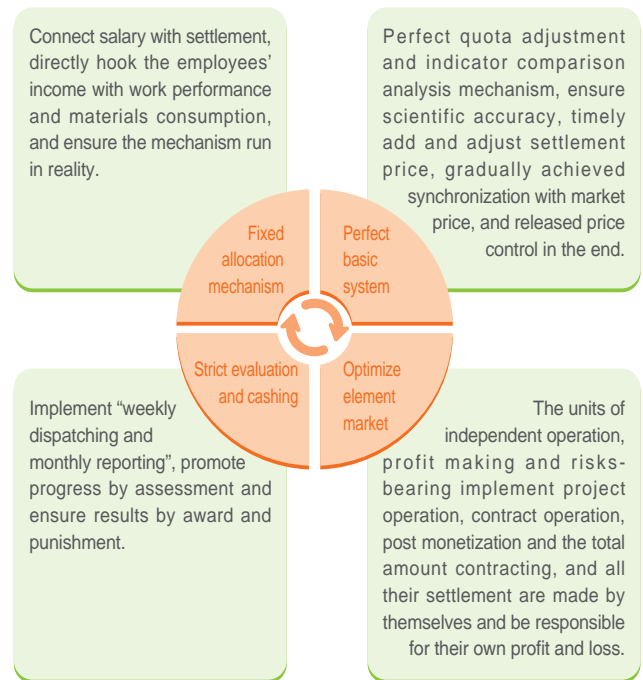
Integrated heavy industry resources and realized professional operation of equipment manufacture, remanufacture and electronics manufacture; combined catering and measurement with coal research institute; made advantages complimentary in management, HR and technology resources; centralized processing and supply of supporting materials.

### Synergy and sharing

Implementation of “five centralized” management, liquidized 318 sets of idle equipment, saving equipment purchasing fund of RMB21 million; reduced purchase of 628 sets of equipment, dropped by 75% as compared with plan at the beginning of the year. Promote the construction of sharing center, producing a new name card for industry operation based on “cloud service management, big data support, internet sharing”.

## Internal Market

In 2016, the Company gave priority to principle of “value” and “practical” during internal market management and construction. By implementation of post monetization and contract operation, binding salary assessment mechanism with material consumption, the Company adopted more flexible labor employment so as to realize increase in post value-creating, employees’ income and company profit.



Under guidance of cost reduction and profit making, to construct a market operation mechanism characterized by self profit making, self trade and self settlement, meaning to endow market entities with management power. By the role of market in resource allocation, to liquidize idle resources and optimize allocation of internal resources like people, property and materials, to stimulate the vitality of all element market and market entities to increase efficiency and make profit, and realize resource sharing.

Though restructuring the business process and organization structure, optimizing value creation chain, identification of management and control focus, to transform every production link into value creation link and each production behavior into market

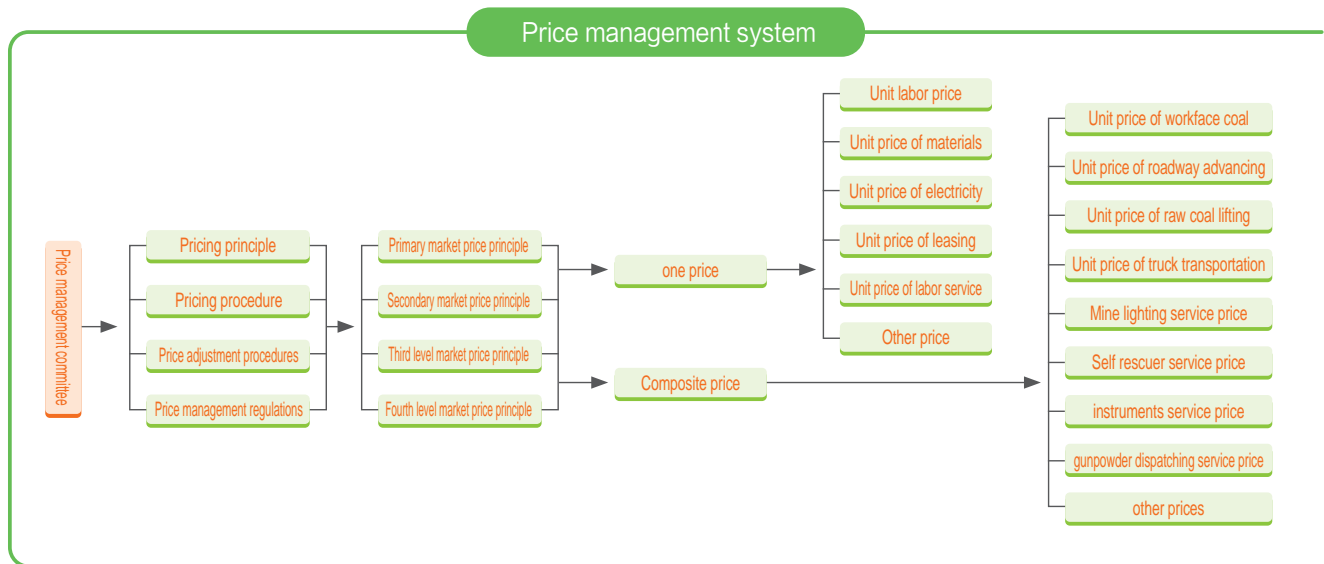
## 4 Innovation development

behavior. Based on production process, technique process, trade procedures and settlement process, to promote paralleling operation of production chain, safety chain, responsibility chain,

quality chain and value chain in the same direction, and make value settlement and transfer in accordance with production procedures and their relationship.

### Tips

Dongtan coal mine adopted 10 market operation measures including average profit-making assessment, salary guideline, increase efficiency and income, reserve fund management, personnel reduction and efficiency increase, and a market operation mechanism focusing on cost reduction and efficiency increase was established to make profit, transaction and settlement on its own. Posts bidding, operation contracting and contract operation were adopted for market entities that can operate independently, make profit and bear risks on their own. It reduced 40 labors by outsourcing buses and rock trucks; implemented contract operation for grocery stores and ventilation shaft saving 9 labors, monetization of 9 posts like water boiler in neighborhood with personnel reducing from 95 persons to 57 persons, saving labor expenses over RMB2.4 million.





## Business mode innovation

The Company fully promoted innovation and upgrading of production chain, operation mode and core technology through reform and innovation and overall marketization with orientation to satisfy customers' demand and by using advanced technology like internet plus, big data, cloud calculation and the internet of things.

The Company decided to implement "134" working thought in business mode innovation.

"1" is to clarify one essence, which means taking enhancement of profit making capability as the essence of promoting business mode innovation and also the core standard to check the efficiency thereof.

"3" is to grasp three natures, which means the nature of platform by the company level, mainly focusing on top-level design, goals framing and resource synergy; the nature of performance by the grassroots level, mainly undertaking procedures streamlining, mode design and implementation promotion; and the nature of innovation by the total staff, mainly viewing their innovative thought, playing their vitality and making dynamic practice.

"4" is to focus on four methods, which means, firstly to make breakthrough on production chain by "industrial sector + synergy"; secondly to make breakthrough on new technology, new concept by "industrial sectors + internet"; thirdly to make breakthrough in integration of industry and finance by "industrial sectors + finance"; fourthly to stimulate the wisdom of our whole employees by "industrial sectors + innovation and profit making".

## Online marketing sharing platform

The online marketing sharing platform was designed and

developed to facilitate decision making in coal marketing by "big data". The phase I was finished and put into use in October, and Phase II was finished and the platform was completed construction in November.

## Increase in volume of online transaction

Supported by internal resources, Shandong Coal Trade Center made cooperation with Shandong Energy Group Co., Ltd, Jining Mining Industry Group Co., Ltd, Sendamei Port, Jiexiang Port, and made strategic cooperation with Yulin Coal trade Market and zhaomei website. Synchronized operation of online and offline was adopted so as to promote online trade by offline trade between entities, and the online trade volume was significantly increased as a result.

## Capital Operation Innovation

A "four in one" capital operation platform was established in Shanghai, Beijing, Shenzhen and Qingdao to make strong development of companies in relation to finance, fortune, financial leasing and risk investment, to explore business opportunities like finance holding, asset management and industry fund. Zhongyin Financial Co., Ltd ranked No.11 among China financial leasing industry in term of asset size, with business scope expanded from internal synergy to outside market operation, and realized transformation from platform operation to industry operation.

## Innovation in business mode of clean fermented coal

To be a clean energy complete solution supplier, the first class R&D center was established to catch the vantage point in clean coal burning management and a leading level of production base was established to form a new development pattern of clean fermented coal.

## 4 Innovation development

### Tips

In 2016, Donghua Heavy Industry made reorganization of all its subsidiaries and built up an operation mode integrating development, manufacture and remanufacture of electronic equipment and machineries and financial leasing. It occupied domestic market by “core technology + complete set service” mode; implemented “going out” development strategy by relying on support of “One belt one road” initiatives, and gradually established overseas sales offices in advantageous places in a scientific and strategic way. It expedited exploration of Latin American market based on current Jintong Latin America Company. It sold products produced by Tangcun Industrial Company to Russia and Africa and expanded overseas market share. The products of Jintong Company were exported to more than 20 countries and regions, recording a high profit.

### 4.2 Technological innovation

The Company advocated safety, high efficiency and green development of coal industry, carried out R&D on fine, safety and high efficiency mining, analyzed the industry technology development trend, conducted research on clean coal utilization, upgraded the technologies of clean coal and related equipment.

#### Sci-Tech Innovation concept

Follow the principles of “self innovation, key-area breakthrough, supporting development and leading the future”, aimed at optimization and upgrading of industrial structure, focus on the core technologies of pillar businesses, promote innovation, integration and utilization of innovation.

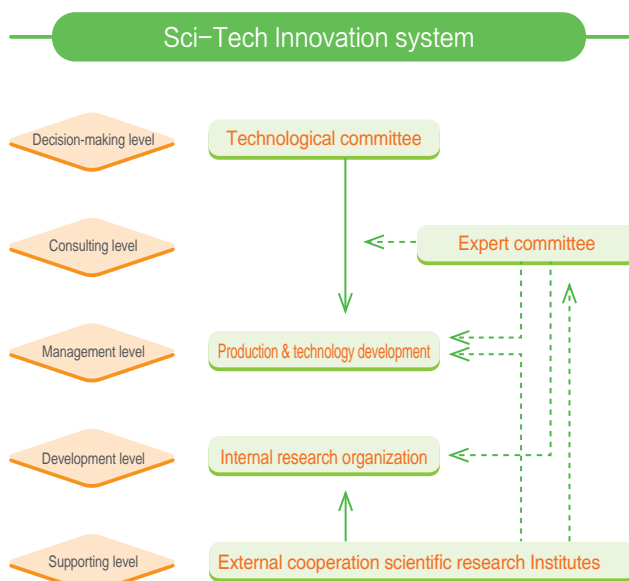
#### Sci-Tech Innovation objective

Systematically master core technology, command the height of industrial technologies, lead the coal industry in terms of business transformation and technology progress.

#### Technological innovation system

We improved the multi-layer technological innovation operation system

integrating production and studies which used the Technological committee as the decision-making level, the professional technological R & D organizations as the development level, the higher education institutes and R & D centers as the supporting level. We facilitated the promotion, transformation, transfer and application of advanced and mature technological results to rapidly transform practice results into productivity and generate economic benefits.



#### Technological innovation system

Adhered to theme of “safety, efficiency, clean”, the Company built up open-ended dominated-by-the-Company innovation system to meet the actual requirements of technology innovation. We implemented “Administrative Measures for Technological Innovation Work”, “Administrative Measures for Patent Work” and “Measures for Rewarding Scientific and Technological Progress” to stimulate technical staff devotion to innovation so as to promote technology innovation capacity of the Company. We implemented the Company’s “IPR management manual” and “IPR management program”, established corporate IPR management system to promote IPR creation, application, protection and management.

#### Results of technological innovation

In 2016, the Company was awarded 22 awards at provincial level, among which, 17 awards in the Science and Technology of coal

industry of China, 1 award in the Excellence Award in China's industry-university-institute Cooperative Innovation and 4 patents in the second session of China Coal industry.

In 2016 we completed the application of 112 patents, of which 34 were invention patents and 28 practical patents; 64 patents were granted, of which 19 were invention patents and 45 practical patents. 8 software copyright were received. 4 invention patents including the Belt Winding Unit and others were awarded in the second session of China Coal industry.

In 2016 the Company invested RMB77.574 million in research spending, completed over 85 technological results for the year, of which 32 technological results had been technically evaluated by supervising technological authority with 28 reaching the international advanced level.

In 2016 Pressure bumps management demonstration project in Dongtan Coal Mine of Yanzhou Coal was columned into the Major potential hazards of coal mines, obtaining RMB8.45 million of fund from the superior authorities. Research and demonstrative applications of laser additive and strengthening process system for key parts of large mining equipments, and the development and applications of key technologies for inversion device of regenerative braking energy absorption were columned into 2016 key research and development plan of Shandong Province (Major key technologies). The occurrence mechanism and management technologies for extra thick coal seam with high gas and high structural stress was columned into the 2016 list of the key science and technologies project of production safety and major accident prevention and controls. 7 projects including the Key technologies of integrated controls for mine water hazards in the base of Shaanxi and Inner Mongolia and others were columned into the 2016 guidance plan of China Coal Association. 22 projects including the researches on occurrence and management technologies of mine earthquakes in Yanzhou Mining Area and others were columned into technological innovation of Shandong Province.

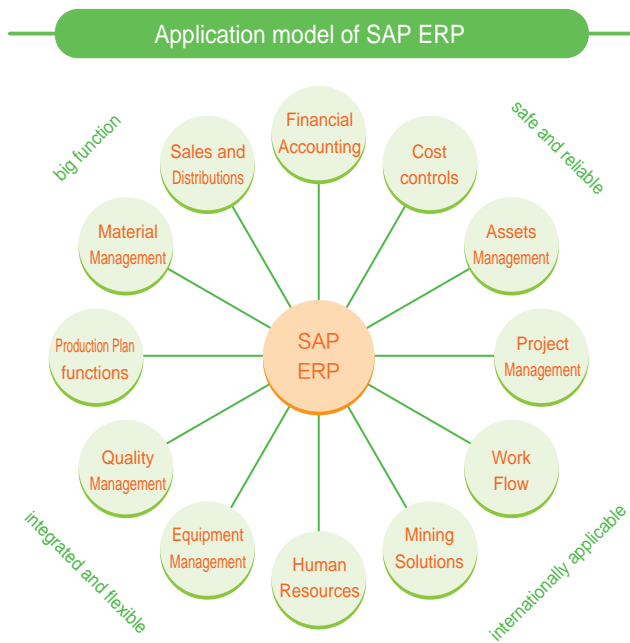
Four subsidiaries including Zoucheng Jintong Rubber Co.,

Ltd., Yanzhou Oriental Electromechanical Co., Ltd., Shandong Yankuang Changlong Cable Manufacturing Co., Ltd. and Inner Mongolia Rongxin Chemicals Co., Ltd. were recognized as new high-tech enterprises. Yankuang Donghua Heavy Industry Co., Ltd. and Yanzhou Oriental Electromechanical Co., Ltd. were rated as the provincial enterprise technical centers.



## 5 Information Sharing

Yanzhou Coal Mining insisted on the development concept of promoting commercialization by informationalization, and it could achieve safe production, informationalization of operation management through the automatic, electronic, networkconnected and informationalized new industrialized path.



### Information Integration

In 2016, the Company promoted the integration of informationalization, industrial upgrade and structure adjustment, further expand ERP system online of Donghua Heavy Industry, Shandong Yanmei Property, Duanxin Shenzhen, Duanxin Beijing, Duanxin Mingren, Duanxin Mingli, Duanxin Mingzhi and other subsidiaries, realizing the data collection automation, business information integration, information management and network, and completing full coverage of the ERP in the whole Company.

### Information Sharing

Based on resources sharing, management innovation and coordination development, and by means of internet technologies, cloud computing technologies, mobile terminal technologies and electronic commerce technologies and other

technologies, the Company established the integrated resources management platform, providing the cross-regional professional sharing supports and supporting services to domestic and overseas subsidiaries and external enterprises as a whole. It's mainly composed by branch platforms of financial sharing, funds management, investment and financing management, tax management, material sharing, equipment sharing, marketing sharing, trade sharing, talent sharing, technology innovation and others. In July, the financial sharing platform was put into operation, realizing the management sharing of the majority of our accounting subsidiaries. The preparation and establishment of other sharing platforms are being accelerated.



Through further extension of the other servicing applications and functions, Yanzhou Coal will make the sharing platform to be the management center, brand center and service window of the listed

company, and cultivate the industrial operating shows of Cloud Service Management, Big Data Support, Internet Sharing with Yanzhou Coal's features, providing new supports to the scientific controls and efficient development of the Company.

### IT and Industrial Integration

We built up industrial GbE making optic as transmission media and the mine underground achieved 3 webs integration, digitalization for mine construction. Yanzhou Coal has primarily established dynamic information system for mine safe production, including: EPC network monitoring management platform (GIS), production technology management function analysis software and intelligent warning of mine safety and had access to optic monitoring system, safety detection system, personnel location system and industry television system, etc.

### Tips

Dongtan Coal Mine implemented the project construction of Mobile Safety Forewarning System for underground mine, realizing the programmable and systematic safety management and monitoring through mobile handsets. Through mining industrial Ethernet network, and combined with informationalization integration of production automation integration, underground communicative information platform and others, the system realized 10 functions including potential risks, 3 violations and accident forensics based on pictures, video, audio data, and integrated surface and underground risk pre-controls, closing management of potential risks, records and navigations of underground routes, wireless communications, personnel performance management, and others. The dynamic management and controls of the whole process from design and construction to the inspection and acceptance were realized for the safety production the coal mines.





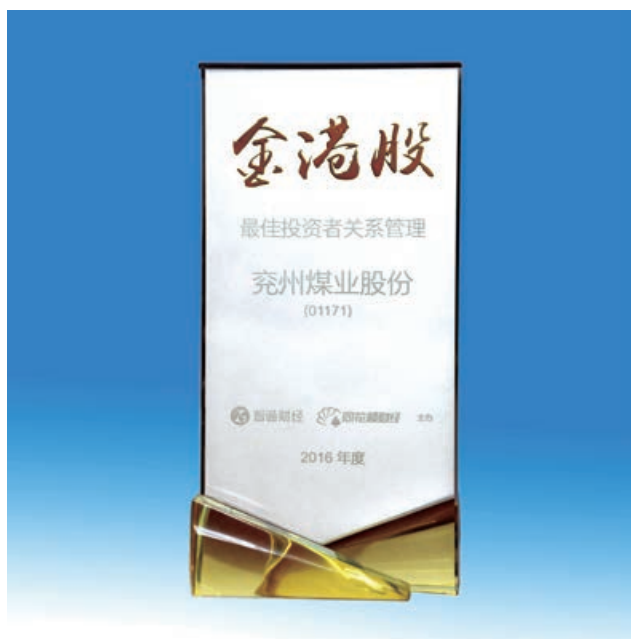
- Investor relations · Supplier management · Customer satisfaction
- Win-win cooperation

*In all our actions, we are committed to results that benefit all stakeholders: a 'win-win' strategy.*

*To achieve these mutually beneficial outcomes, responsibility and cooperation with stakeholders is vital. It means forming communities of interests with integrated resources and shared social responsibilities. It is through these partnerships with investors, suppliers and customers that we work together to develop and create value that rewards us all.*

## 1 Investor relations

As per the laws and regulations of the listing locations, we strictly implemented the company's Investor relations management system, and actively carried out the investor relations management, effectively maintaining the excellent image of the company in domestic and overseas capital markets. In 2016, the company's information disclosure was awarded as Class A in the annual assessment by Shanghai Stock Exchange. Meanwhile the company also won the award of 2016 Best Investor Relations Management by Gold Hong Kong Shares.



In 2016, facing the ups and downs of the coal market, adhering to the strategy of Going out and calling in, we increased the density of interactions with domestic and overseas investors, continuously broadening the channels of communications with investors. Through various channels, various forms of active and broad communications, we maintained excellent investor relations, ensuring the overall interests of the company and rights and interests of the minority shareholders.

We adhered to carry out synchronous performance road shows in both domestic and overseas markets at least twice a year, reporting the operating condition to investors face to face.

During road shows, we focused on statements of the company's operating performance to domestic and overseas investors and analysts, pointed explanations on hotspot issues including the national supply side structural reform concerned by the capital market and the impacts of coal production capacity reduction on the company, and meanwhile understanding and soaking up the views and suggestions of the investors and capital markets on the company.

The company has also actively participated in large-scale investment forums organized by domestic and foreign securities brokers, as well as communicating effectively with fund managers and analysts via one-on-one and group meetings.

Another effective venue of communication has been the 'reverse roadshow', in which the company invites investors to explore its operations on-site. Contact with domestic and foreign investors, securities analysts and other media is also maintained via frequent teleconferences.

The company has continuously optimized its website and its presence on the Shanghai Stock Exchange's 'e interactive platform'. We have classified and ensured the timely publication of disclosure for domestic and overseas capital markets, as well as making announcements of thematic issues.

The company values communication with shareholders in its general meeting. The participation of minority shareholders is actively encouraged during these occasions, either by network, voting or by other means. Usually all directors, general managers, the chairman of the Supervisory Board, relevant supervisors and senior managers attend the shareholders' meetings.

The company arranged specialized person to answer the hotline, emails and fax from investors, learning about the opinions and requirements of minority shareholders and timely report to the company.

# 1 Investor relations

According to incomplete statistics, in 2015 the company met more than 400 domestic and foreign investors and 36 sessions of roadshows in total, which highlighted the company's invest value in special period of unfavorable market condition and greatly improved the image of the company.

Yanzhou Coal will, under principle of faithfulness, compliance, passion and transparency, continue to learn other excellent listed company and promote positive interact with domestic and foreign capital market, and promote harmony and win-win between the company and the investors.

Major Approaches to Communicate With the Investors

Roadshow	Actively introduce the company to investors
Reverse roadshow	Invite investors to make on-site project investigations
Report on the capital market	Provide comprehensive support to the study report's completion
Investors' strategy meeting	Discuss the company's development and industry prospect
Telephone /email/telecommunication	Convey timely information to promote understanding
Investors reception party	Provide professional answers and explanations to the questions from investors





## 2 Supplier management

Yanzhou Coal attaches great importance to the management of suppliers' social responsibility. We therefore thoroughly investigate and evaluate suppliers' operations, develop and promote suppliers' CSR, and endeavors to build a sustainable supply chain while achieving mutual development with suppliers.

### 2.1 Supply chain management

The company has established supplier evaluation, information feedback and supplier credit filing systems with the aim of defining a clear standard for supplier evaluation, regular selection access, and continuous monitoring. Using these tools, the company has ranked the management of suppliers, established strong strategic partnerships with key suppliers, and formed a comprehensive supply chain management mechanism.

As of the year 2016, the company had 1,416 ERP suppliers. All intermediaries and agents were frozen, excluding few special product suppliers. The percentage of manufacturing supplier reached 96.61% and the direct supplying percentage of the main materials is over 93%.

Product Sources	Number of Suppliers	Percentages
Productive	1368	96.61%
Operational	48	3.39%
<b>Total</b>	<b>1416</b>	

Region	Number of suppliers	Ratio
<b>1 Domestic</b>	<b>1398</b>	<b>98.73%</b>
(1) Shandong	563	
Jining Area	292	
Other areas	271	
(2) Other provinces	835	
<b>2 Overseas</b>	<b>18</b>	<b>1.27%</b>
<b>Total</b>	<b>1416</b>	

### 2.2 Suppliers' Interest Protection

The company formulated and implemented "Suppliers

Management Rules" via ERP management platform, by which, it proactively carried out transparent procurement to create an open, equal and fair procurement environment and prevent commercial bribery and other corruption-related events. The company stringently fulfilled contracts, made on-time imbursement of payables under contract, and protect the legal rights of the suppliers. In 2016, the contract fulfillment reached 100%.

### 2.3 Enhancing suppliers' CSR performance

The company has integrated CSR into its entire procurement process by stipulating assumed social responsibility into its contracts. By including social responsibility commitments and other measures in contracts, the company encourages and leads suppliers to fulfill their social responsibilities. As a further beneficial effect, this measure also enables the company to reduce the environmental and social risks of its procurements.

### 2.4 Development together with the suppliers

Through the establishment of technology sharing platform, the Company shares information with suppliers, discusses the development directions of the industry and market, influent the progress and growth of suppliers applying the Company's own advantages,. Through multi-channel communications such as MDM platform, the Company timely responses and solves the problems concerned by suppliers, and establishes harmonious interactive relationship with suppliers.



## 3 Customer Satisfaction

The company is continuously refining its customer service systems. Among other actions, we have multiplied communication channels to improve customer satisfaction and build trusting, long-term partnerships with them.

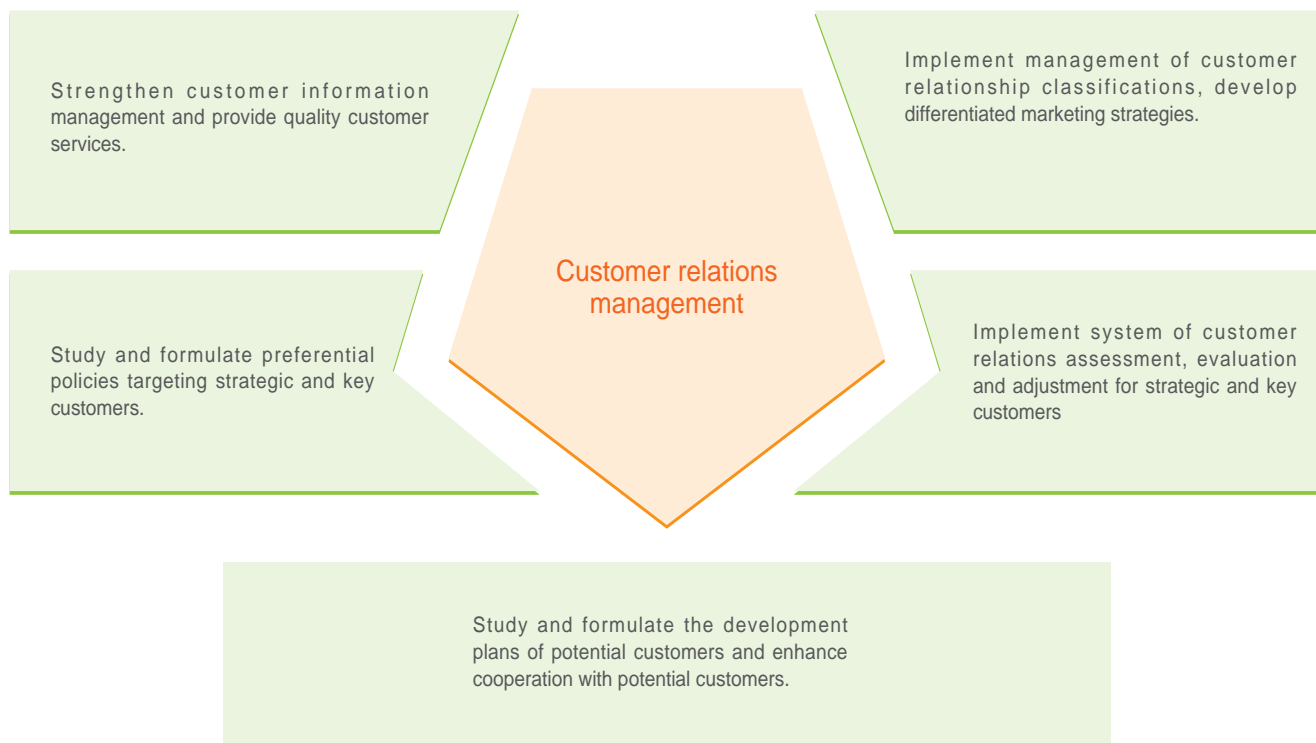
### 3.1 Customer relations

Based on the Rules for Customer Relationship Management formulated by the company, and in accordance with production scale, credit level, purchase quantity, cooperation relations and development potential of customers, the company's customers are classified into 3 types of strategic, key and normal, to which, the company emphasizes customer differentiated management, insurance strategies, emphasis combination, normal maintaining,

realizing the dynamic optimization of customer structure.

Based on our strategic and key customer relationship evaluation criteria, the company evaluated the customer relations annually, with the strategic and key customers selected for next term. Following the principle of 'Promote cooperation and Achieve mutual benefit' and in accordance with strategic and key customers' level of supply and demand, the company acts on the appropriate price, flow, settlement, delivery, etc., to ensure a stable longterm partnership.

In 2016, the sales of strategic customers, key customers, potential customers and normal customers accounted for 38%, 19%, 22%, and 21% respectively.



### 3.2 Customer communications

There are several means by which the company maintains effective customer communication, including high-level administrator visits, visiting strategic customers, holding regular seminars, invited customers visits, and survey questionnaires. By gaining customer feedback through engagement, the company develops a better understanding of their needs and their ideas on improving our products, services and marketing. Information communication and business cooperation between the two sides can be enhanced as a byproduct of this engagement.

#### Means of Communication



On 1 December 2016, on the 2017 national coal trade meeting held in Qinhuangdao Hebei Province, the Company took the lead in signature of long-term letter of intention of cooperation for 2017 with Huadian, Huaneng and other large power companies. At the meeting, the Company held a colloquium with Huadian Fuel Logistics Co., LTD., focused on further discussion for stable long-term supply of imported Australian coal.



Holding the supply and demand gathering, taking the Maximize Customer Values as the first premise of deepening cooperation, the Company fully took the views and advices, put the itself in the customers to provide more, better products and upgraded services, maximally satisfied and facilitated the customers, achieving the mutual reciprocity, benefits and mutual appreciation of both cooperative parties.

The company established Yanmei marketing Wechat platform including sections of company's elegant demeanour, market information, online marketing, logistics news and other, to share the economic news and coal market development with the customers. It acts as the communication platform for customers established by the Company, through which the customers can timely learn about the marketing news and information of the company. In 2016, we prepared and sent 150 terms of messages and over 450 articles of information through WeChat ID of "Marketing of Yanzhou Coal", broadening the marketing channels and promoting Yanzhou Coal Brand.



### 3.3 Product liability

The company has valued health and safety concept in respect of its products and services, and mainly promoted main product of environmental-friendly, green and clean thermal coal and clean coal of low sulfur, low ash, high calorific value and high viscosity. In order to gain more fame and popularity of those products, the company has adopted technology of all coal washed and floated so as to reduce the content of sulfur and ash. In 2016, the Company's coal recalled for sake of safety and health over total volume of product sold and transported is zero.

The company has paid great attention to faithful operation. Provisions on Administration of Confidentiality was formulated to protect the privacy of its consumers, under which, the company keeps all data secret, including contact, price, shipping relating to customers. The company has attached importance to the

## 3 Customer Satisfaction

product contract through the revising of the Contract Management Measures, Regulations of Strengthening of the Special Seals for Contracts and Notice of Further Standardization of Settlement Ways for Domestic Marketing Trade, further clarifying the process and responsibility of contract management, and standardizing the processes of seal management and settlement. The company shall, in accordance with its Terms of Reference for Discrepancy in Quality and Quantity of Salable Coal and the agreed terms of discrepancy settlement under procurement contract of coal, deal with any loss caused by quality of its products.

The company has advocated product publicity with concept of positive, responsible and progress via TV, computer, mobile terminal, newspaper, brochure, product exhibition, order-placing meeting and other channels. In the year 2016, the image and fame of the company has been substantially upgraded for publicity and reports by People's Daily, China Coal Industry News, China Energy News, China Coal News, Dazhong Daily, Xinhua Net, Dazhong Net and several other newspapers and media.



### 3.4 Service promotion

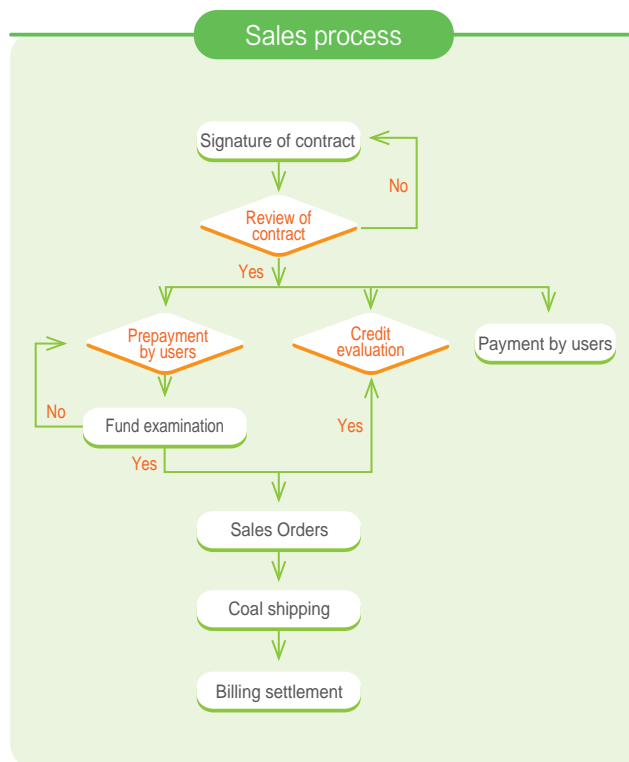
Adhering to the management principles of Customer-oriented, the Company regarded the customer satisfaction as one of the quality control targets to control and manage, developed enterprise quality idea to customer quality, and extend the enterprise focus to the period before and after the product purchasing of the customers. The company has implemented 'zero distance' service, insisted on transparency in selling, shipping and preferential policies, and secured the company's and customers' mutual interests in a fair and open manner. The Company has set up the Customer Quality Improvement System, constructed the faithful and effective service system, continuously met the changing needs of the customers

and enhanced the customers' satisfaction, therefore realizing the continuous improvement of products and services.

### 3.5 Continuous satisfaction

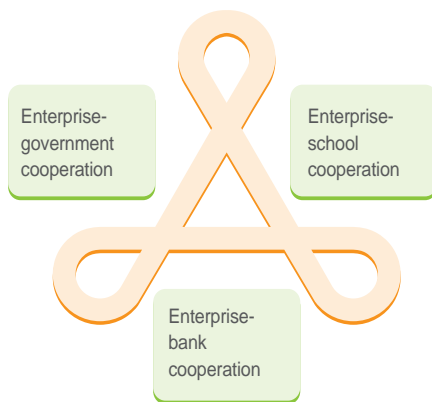
There being no limit of quality, the customer satisfaction is the sole criterion to test the product quality. The company investigates and collects information concerning the customer satisfaction in respect of product quality, specification and service in various ways and from different points of view, and makes improvement correspondingly.

In 2016, the company has investigated customer satisfaction in respect of quality, quantity measuring and relating services. According to questionnaire-based surveys, our customer satisfaction score for the first half of year 2016 was 99.44%, and 97.27% points for the second half of the year, and 98.36 points for the whole year average. Notably, the company achieved 100% in contract fulfill ratio and timely product delivery ratio, and did not receive any complaints pertaining to its products and services.



## 4 Win-win cooperation

Yanzhou Coal Mining Company adheres to the principle of Trust and cooperation for mutual benefit, and is committed to strengthening its cooperative links with local governments, financial and research institutions and other parties relevant to its core competencies of developing product resources, technological innovation, and commerce. We are keenly aware of the positive impact of our activities on regional economic development, and their potential mutual benefit for all related.



### Enterprise-government cooperation

Through cooperation with the local government, the Company promoted the development of regional economy and relative industries, realizing win-win of enterprise values and government responsibilities.

Over the years, Yanzhou Coal and Zoucheng City, headquarters compound of the Company, have helped and supported each other, forming good cooperation atmosphere of home companion of enterprise and locality. As always, the continuous communication and cooperation has created good conditions for the development of enterprise and locality, creating a new situation of enterprise-locality cooperation, mutual benefits and win-win results.



### Enterprise-bank cooperation

Based on the sound financial structure and excellent business performance, the Company has obtained the full trust from the banks. The timely obtained credit aid has provided funds guarantees for the sustainable development of the Company. Meanwhile, the good development of the Company has provided stable returns to financial institutions.

23~26 October 2016, during visit in Canada, Mr. Li Wei, Vice President of the Company, discussed with Governor of Saskatchewan, Economic Minister, Resources Minister and personnel from Montreal Bank on contents of world potash market, financing environment and capital market condition.



### Enterprise-school cooperation

Through the Company's cooperation with research institutes and universities including Qinghua University, China Coal Science Research Institute, China University of Mining and Technology, a series of strategic cooperation agreements have been signed on the CnTech research and development, personnel training, result transformation.

The Company and Xi'an University of Science and Technology have spent 5 years on the research and experiment of prevention and controls technology and equipment for mine fire based on coal ash reclamation. In this research, the main solid waste from coal-fired power plant is used to make various concentration of slurry as new types of grouting materials, realizing the utilization of prevention system of coal seam spontaneous combustion with functions of coal ash reclamation including leaking stoppage, inerting and cooling, being used for the comprehensive prevention and controls of mine fire. Through the returning of the coal ash to its "Original home", the Company has taken the burden for peace keeping.



- Set up a green management platform
- Promote energy conservation and emission reduction
- Facilitate green production
- Construction of eco-friendly mining area

*Yanzhou Coal continues to live up to its commitment to building a resource-efficient, environment-friendly enterprise and developing ecologically friendly coal mines. The company's response to global climate change includes the implementation of healthier production processes, making continuous improvements to environmental management systems, adopting effective environmental protection and resource conservation measures, pollutant emission controls, and reducing energy consumption.*

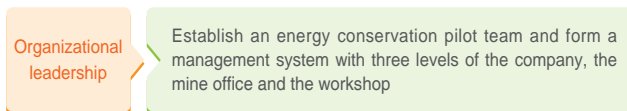
# 1 Set up a green management platform

In 2016, the state has continuously intensified environmental protection. The more stringent environmental governance rules, regulations and related policy are introduced, and meanwhile, the strength of environmental protection supervision has been enhanced. Facing the unprecedented severe environmental pressure, Yanzhou Coal made systematic analysis and forward-looking, continued to improve environment management system, strengthen the management of projects in construction, heighten the ability in dealing with emergency issues, enhance environmental protection propaganda and education and continuously promote environmental control and management capacity.



## 1.1 Environmental management system

The company's GB/T24001 environmental management and GB/T23331 energy management systems have been continuously strengthened by improvements in organizational leadership, system security, targeting and responsibility, supervision and evaluation, information construction, and benchmark management.



## 1.2 Construction project management

The company strictly complies with laws and regulations for environmental protection, and environmental impact assessments, energy impact assessments and anti-pollution measures shall be applied concurrently with the project's design, construction and commencement of operation. This is required for all new construction and reconstruction projects. Such requirement has been fulfilled by 100%. All units of the company have passed the sewage treatment inspection organized by the government and obtained sewage permits.

## 1.3 Environmental emergency management

The company and its subordinates has established emergency department and perfected relevant regulation and system separately. The contingency plan adopts multi-level management over emergency preparation and emergency response. With relating emergency provisions and frequent interdisciplinary emergency drills, the environmental emergency management has been substantially promoted.

## 1 Set up a green management platform

### 1.4 Environmental publicity & education

Environmental awareness underpins all effective environmental action. The company therefore uses opportunities such as 22nd April as the Earth Day, 5th June as the World Environment Day and Energy Saving Publicity Week to publicize energy conservation knowledge and promote 'Wu Jin' activities. As part of its education initiative, the company has also organized activities such as 'experiencing the energy shortage' and 'the exemplary position of energy conservation' to highlight the issue and promote better understanding. The Company vigorously promoted clean production, "5 promotion" of energy saving and emission reduction, creating a good atmosphere of environmental protection and energy saving.

Internally, the company uses centralized training and video lectures to ensure that all employees are aware of its energy-saving policies and standards. Professional training on energy management, clean production and environmental protection qualifications further improves the environment-related performance and skills of the management team.



## 2 Promote energy conservation and emission reduction

The Company has set up 2 concepts of Sources combined with energy saving system, and Technology laid equal stress on energy saving management. With an emphasis on the total energy consumption controls, by means of technology innovation and management strengthening, the Company carried out strict supervision and inspection, realizing increasing of quality and efficiency, decreasing of cost and consumption of the energy usage, and laying the foundations for construction of the resource-conserving enterprise featuring "reasonable energy consumption structure, advanced consumption indicators, resources recycling, clean, low carbon and efficiency".

### 2.1 Index of energy conservation and emission reduction

In 2016, the total energy consumption was 4.14 million tons of standard coal; the comprehensive energy consumption of raw coal production was 3.24 kg of standard coal/ton, 358 g power standard coal consumption of standard coal/KWH, electricity standard coal consumption of 396 g standard coal/KWH, achieving 10,780 tons of standard coal of energy saving as compared with that of last year; Power consumption for coal preparation and washing of 6.39 KWH/tons; Comprehensive utilization rate of coal gangue and ash was 100%; Water withdrawals of coal mining and coal preparation were 0.15 and 0.02 m<sup>3</sup> / ton respectively, and the water amount for power generation was 39.2 m<sup>3</sup>/KWH; the recovery rates of water supply, power supply, heating supply were 67.5%, 87.1% and 96.4% respectively.

### 2.2 Projects of energy conservation and emission reduction

The Company implemented projects, including: Energy saving



upgrade and revamp of air compressor in mine shaft, waste heat recycling of circulating water in power plant of Xinglongzhuang Coal Mine; Replacement of coal-fired boiler with waste heat in gas power plant of Tianchi Coal Mine; Heat energy utilization in mine site of Zhaolou; Revamp of air compressor of Jintong Rubber Co., Ltd.; Recycling and utilization of waste heat of air compressor in Jning No.3 Mine; Phase II of clean energy project of Yangcun Coal Mine; Energy saving revamp of boiler of Dongtan Power Plant; Recycling and utilization of waste heat and upgrade and revamp of circulation water pump of Yulin methanol plant, etc. Through the diversion of Boman Creek and natural environmental rebuilding project of Ashton Mine Australia, the Company won the Environment Protection Excellence Award on the 2016 New South Wales Mining Health and Environmental and Community Meeting.

## 2.3 Implementation of “Five” activities

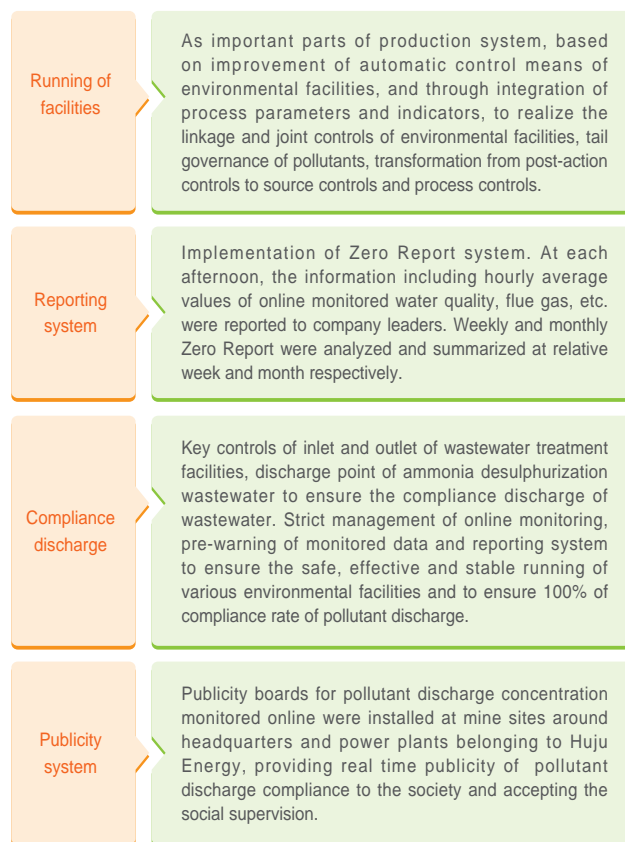
In 2016, the Company implemented five activities, including: Electricity saving for cost reduction; Energy saving demonstration year of belt conveyor systems; Water management and controls by the entire personnel; Energy consumption statistical analysis and benchmarking of production processes; Quality and efficiency increasing of equipment operation.

Among the above activities, regarding to electricity saving, the Company used the methods including electricity consumption at valley time instead of peak time, power supply optimization, frequent conversion technology, permanent magnet motor, aramid fiber belt, SVG power compensation device, waste heat recovery and other methods. The total saving of electricity charge of eight coal mines in Shandong Province reached RMB13.6 million in 2016. Rongxin Chemicals Co., Ltd. won the honor of Water Saving Enterprise of Ordos City, Inner Mongolia Autonomous Region.

## 2.4 Environmental protection facilities in operation

The Company completed the construction of domestic environmental projects including 17 sets of mine water treatment facilities, 4 sets of production waste water treatment facilities and 18 sets of domestic waste water treatment facilities. In 2016, the Company paid RMB18.86 million of pollutant discharge fee.

During the reporting period, the Company made operation in accordance with relevant environment protection laws and regulations of the State and did not subject to any severe penalty in relation to environment protection.



## 3 Facilitate green production

### 3.1 Green mining

Based on the mining condition in the headquarters and resource condition in other new mining areas, targeted at high efficiency, green and sustainable mining, the Company focused on the research of key technology in terms of high efficiency production, green sustainable mining, improving automation and IT level and energy saving and emission reduction in 2016. With the breakthrough of some key technologies, the core competitiveness of the Company was further enhanced.

In order to increase recovery rate of coal resource, the company continuously expanded the application of big height-cutting method. The company has used big-height-cutting with one slice per longwall workface and one cutting of full seam height. For instance, through the full seam mining application successively applied on coal seams with thickness of 4.0-5.5 meters in Dongtan Coal Mine, the recovery rate of the high seam was increased from 87% to 95%, with applications of innovated comprehensive machinery equipments for full seam mining.



The company has established 21 stations for observing surface movement and transformation in the underground mining area of three belows, which collecting information saving energy, minimizing pollution and maximizing cost effectiveness are at the core of the company's approach to cleaner production. As part of our 'cleaner production audit', the company has

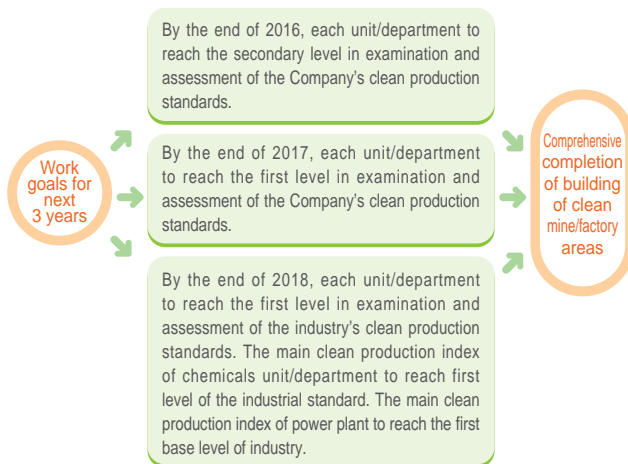
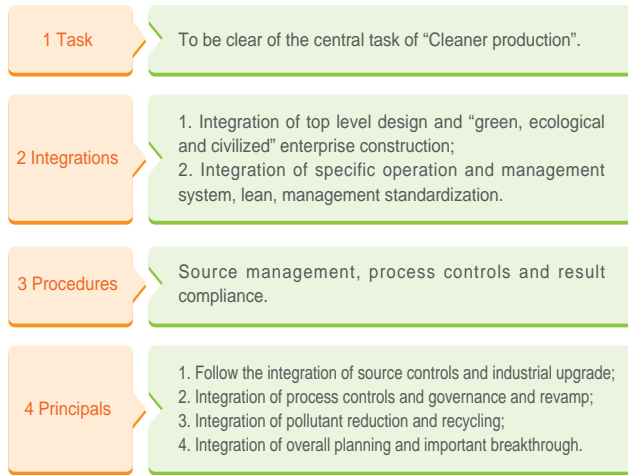
conducted tests on thermal, water and electric equilibrium, and implemented a 'cleaner production plan' by putting in place new technology and stronger management of energy and product consumption relating to the impacts of underground mining to surface buildings. In reference to the rule of surface subsidence supported by the information, the company can ensure the safety underground mining of the three lowers.

The Company adhered to safe, effective and green mining; constant optimization of the coal mining face layouts and retreat mining process; reduction of refuse discharge and strengthening of comprehensive utilization of by-products of coal such as refuse and coal slurry. The research and application of the prevention technology system of seam spontaneous combustion based on "leaking stoppage, inertion and cooling" of coal ash reclamation, solved the problem of coal ash discharge, meanwhile, saved the big amount of loess needed for underground filling. Shandong Huaju Energy Co., Ltd. was awarded the title of "Top 10 Demonstration Enterprises for Comprehensive Utilizations of Resources of Jining City".

### 3.2 Cleaner production

Through the implementation of development strategies of "Efficiency, cleaning and low carbon; Green ecological civilization", the Company constantly promoted levels of clean production and comprehensive utilization, reduced resources and energy consumption and, decreased generating and discharge of pollutants, increase the comprehensive utilization rate of resources and carried out the structural reform of supply side, realizing the company's green, environmental, low carbon and sustainable development.

In 2016, the Company set up the Implementation suggestions on deepening of cleaner production, defining "1234" work ideas and work goals for next 3 years.



### Tips

On 29 June 2016, main principals, principals in charge, principals of environmental and energy saving departments, related personnel and related personnel of affiliated units participated in the training of cleaner production.



All of the 82.1 tons, 140.37 tons, 1850 tons and 31.45 tons of waste chrome brick, waste catalyst, fusel oil, waste mineral oil and other hazardous solid waste respectively produced by the Company's chemicals industries were entrusted to relevant qualified unit/departments for handling and processing.

All the packing materials including stretch film, bubble pad and the wood met the requirements of safety and environment protection.

### 3.3 Low-carbon Development

With the outstanding of "efficiency, clean and green development" goals, strengthening of four big supports of core technologies, of expert team, transformative application and business model", the Company promoted "Low carbonization of high carbon energy, low sulfur usage of high sulfur energy and green usage of black energy", constructed unique "145" development model, building the domestic first-class comprehensive supplier of efficient and clean energy.

#### Greenhouse gases interrogation

Yanzhou Coal actively promote development in low-carbon by setting up a leading group headed by the chairman for carbon emission interrogation, and authorizing department of electric machinery and environment protection as permanent establishment for monitoring, calculating and making disclosure of carbon emission by the company. Statistical accounting system and statistical mechanism for emission of greenhouse gases was formulated in accordance with ISO 14064 to enhance initiative management. In 2016, the emission of greenhouse gas was 7.8492 million tons (measured in tonne of carbon dioxide equivalent).

#### Industrial low carbon

Based on the thinking of safe mining, scientific mining, green mining and clean mining, the Company transmitted to "Three Reduction and Three Increases", i.e. reductions of development headings, workfaces and systems and increases of speed, quality and profits. The Company increased the coal resources recovery, realizing complete washing of all coal and flotation of all coal slurry.

### 3 Facilitate green production

The Company applied the operating integration of innovative manufacturing, leasing, remanufacturing in equipment manufacturing industry; applied the way of financial leasing and capital operation to revitalize the stock of assets, and realized 50% of cost saving, 60% of material saving and 70% of energy saving respectively through remanufacturing.

In the power industry, the Company was the first to research and develop power generation technologies of 35 tons/hour, different specific gravity of coal slurry and coal gangue, circulating fluidized bed. The Company built 8 coal slurry-fired and coal gangue-fired low calorific power plants with a total installed capacity of 529 MW, and constructed energy project bases of combined supply of electricity and heat with the applications of coal gangue and coal slurry.

#### Efficient utilization of clean coal

The clean coal branded “Blue sky” researched and developed by the Company has become a “New green card”. When it was burned in special stoves, compared to the traditional coal-fired stoves, the emission of nitrogen oxide, sulfur dioxide were reduced to 30%-45%, over 60% respectively, and the coal dust can be reduced by 95%. Meanwhile, the combustion efficiency was increased significantly, and the energy saving reached 15%-30%.



Chairman interviewed by CCTV 2

### 4 Construction of eco-friendly mining area

#### 4.1 Construction of eco-friendly coal mines

Adhering to management principles of “People-oriented, equal importance of environmental and safety”, the Company actively built ecological and livable mine areas, and constantly push forward the further development of environmental-friendly mines, to ensure the safe work, healthy work, honorable work and happy life of employees.



A park for employees in Baodian Mine

#### 4.2 Ecological environment construction

By combined means of utilization and environment protection, the company has paid great attention to the integrated planning in pre-mining phase, which including scientific survey and argumentation, defining the area of subsidence. Instead of after-phase rehabilitation, the company undertakes proactive prevention against subsidence by simultaneously carrying out coal mining and subsidence control.

By means of rescue digging of soil resources about-to sink, the company carried out land rehabilitation and realized protection

while utilizing and exploitation while protecting, consequently maximized the utilization of land.

In pursuant to mine rehabilitation and environmental control as stipulated in relevant state laws, policies, various tax and payment standards of the governments of state, province and Jining City, the company paid all reclamation and leveling fees, and actively and effectively implemented land rehabilitation and compensation for mining subsidence.

In 2016, the Company paid RMB11.6401 billion for village relocation compensation, subsidence land compensation, subsidence rehabilitation, cultivated land usage tax, young crop compensation, attachment compensation, river bank treatment, road governance and other various route line governance, etc.

### 4.3 Constructing environmental-friendly/green mine areas

With strong sense of social responsibility and mission, the Company implemented “Green coal strategy”, built green mines, provide green energy, realize green development, contributing to the promotion of sustainable development of coal industry and maintaining of regional ecological security. The Company actively “100 Day Plan” of dust depression, promoting the comprehensive improvement of air, environmental quality of mining areas.

Through the investment of RMB152 million, the Company implemented 74 dust governance projects including ground hardening of coal stockpiles and gangue hills, road hardening, and construction of water drainage, retaining wall, wind dust-controlling nets, sprinkler pipe network and vehicle wash station, etc., among which, construction of retaining wall and wind

dust-controlling nets of 13,819 m and 104,557 m<sup>2</sup> respectively, sprinkler pipe network of 23,326 m and 22 car wash stations, and purchasing 32 vehicles including multi-function dust-controlling trucks, cleaning trucks and water spraying trucks. Video online monitors and PM10 monitors were installed all over the coal stockpiles for timely data upload, realizing 24-hour remote online monitoring by local governments. All dust depression and management projects have been accepted by the local governments.



Wind dust-controlling nets



Coal haulage truck on the vehicle wash station



· Safety culture · Risk pre-control systems · Emergency management

*Regarding the production safety as the rigid indicators of insurance of benefits, development and overall situation, Yanzhou Coal ensured the sustainable and steady safety through implementation of safe production responsibilities, pre-controls and prevention of safety hazards, continuous increases for safety accountability, innovative implementation of safety education and training, realizing guidance of safety culture, support of pre-control system and further improvement of emergency system, ensuring the constant and steady safety.*

# 1 Safety culture

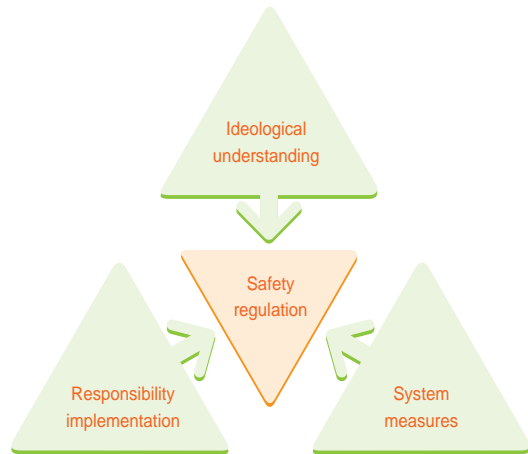
The Company implemented the “153” safety control mode; followed 1 concept of “Safety Philosophy”; built “5 Big Systems”; promoted the realizing of “3 crosses” of safety management.

- Set up 1 philosophy**
  - Hidden hazards are the accidents; disaster prevention is more important than disaster relief; top priorities of the health values.
- Build 5 big systems**
  - Cultural guidance, risk pre-controls, technical support, equipment support, assessment and accountability
- Realize 3 crosses**
  - 3 crosses of safety management include: from the accident prevention to control risk; from survival to protect health, from the "man-to-man" management to the scientific, systematic and lean management.



# 2 Risk pre-control systems

The Company established five big systems of cultural guidance, risk pre-control, technical support, equipment support, assessment and accountability. With the premise of the philosophy leads, guarantee of pre-control in advance, basis of quality promotion, the Company strengthened team construction, system improvement and strict governance of enterprise, promoting the constant stability of the Company's production safety situation.



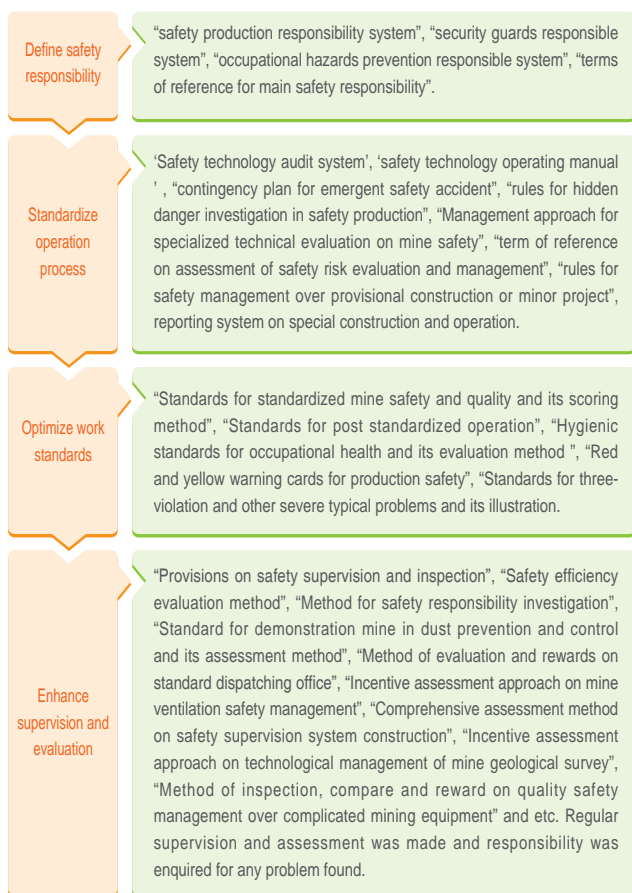
## 2.1 Concept-guided system

No.	Consciousness	Interpretation
1	Respect and fear of life and safe development	From the promotion of thought levels, the Company actively built the safety cultural guidance of thought into brain and heart, and full practice of safety culture guide system.
2	Hidden hazards are accidents	The Company treated the hidden hazards as accidents, treated the symptom as accidents, analyzed problems as accidents, pushing forward of strategic pass of safety management.
3	Disaster prevention is more important than disaster relief	Based on prevention in advance, accurate prediction and scientific prevention, the Company put risk controls in front of hidden hazards, the trouble shooting and governance in front of accidents, with disasters and hidden hazards eliminated in the bud, eventually realizing the goals that no disaster to relief, no emergency to deal with and no accident at all.
4	Top priorities of health values	Regarding the life safety and health as the biggest welfare of the employees and the first responsibility of leaders, the Company implemented assurance projects of occupational health, realizing the employees' decent work, happy work and healthy life.

## 2 Risk pre-control systems

### 2.2 Rule and norms system

The Company defined safety responsibility, strictly standardized management process, optimized work standards, formulated and revised over 20 safety technology documents including Safe production responsibility system, Safety management regulations for individual operating on single occupation, and Prevention management of pressure bumps in mines, etc. The Company paid attention to the system implementation effect and put them into the safety performance evaluations.

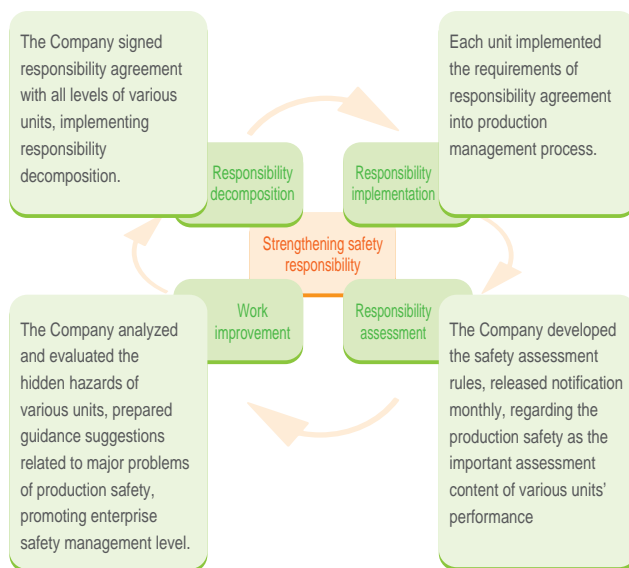


### 2.3 Risk pre-control system

#### Safety level controls

The Company strengthened "Double responsibilities on one post" of enterprise principals and production safety management responsibilities of all levels of enterprises, created vertical level control system, and promoted production safety responsibilities

covering all levels, all occupations and all processes, realizing the closed-loop management of responsibility decomposition, responsibility appraisal and work improvement.



#### Safety assessment

The Company established safety assessment trinity mechanism of hidden hazard inspection by experts, supervision by departments and rectifications by units, based on "Big system inspection, big hidden hazard treatment and big accident prevention". Through the internal and external expertise team establishment, stagnation point office and tracking realism, the company implemented the "full body inspection" of basic management, system optimization, disaster prevention, technology and equipment. In 2016, the Company implemented the comprehensive assessment to Jining No.2 Mine, completing 23 special assessments such as One Ventilation and Three Prevention, prevention and controls of water, etc., raising 104 questions and 38 recommendations. The Company also implemented the closed-loop management of "evaluation diagnosis, implementation rectification, assessment rewards and punishments, optimization and promotion".

#### Risk assessment

The Company established the mechanism of "Safety and risk assessment in four levels" of mines and departments, workshops, teams and occupations, focusing on the management and



controls of site dynamic risks. The company strictly controlled the “Six implementations” of hidden hazards of responsibilities, measures, funds, duration, emergency plan and monitor means. The general hidden hazards cannot be over shifts and critical hidden hazards cannot be over days. All the hidden hazards shall be monitored online and tracked for rectifications, until eliminated thoroughly. In 2016, the Company has completed the governance of 8 A Class and 171 B Class of hidden hazards.

at the Company, showing the Company’s achievement and management level of major disaster governance.

**Tips**

Jining No.2 Mine has made the innovation of rectification means of hidden hazards, bringing the hidden hazards into the management of inner market, i.e. regarding the hidden hazards found by supervision person at site as the commodity to be sold to the site responsible person; the site responsible person would make rectification after purchasing it, and keep it to be his own commodity. Based on the review of the supervision person, it would be a commodity again if it was qualified, accordingly forming a complete hidden hazards trading chain composed of “find-sell-purchase-rectification-review”.



**2.4 Technology-supported system**

Relying on science and technologies, controlled from the sources and treated both principal and secondary aspects, the Company has solved five severe disaster governance problems of fire prevention and controls, pressure bumps, water management, gas outburst, coal dust controls, etc. on 28~29 July 2016, National Safety Supervision Bureau and National Coal Mine Safety Supervision Bureau organized the national on-site meeting of prevention and treatment of major coal mine disasters



**Spontaneous combustion prevention and controls**

The Company developed fire prevention and control technologies elaborately, realizing the transformation from traditional technologies to new hi-tech, from passive governance to early prediction and from early prediction to extra advanced prevention. There had been no spontaneous combustion accident of the coal seam for constant 12 years.

**Pressure bumps**

The Company explored and implemented pressure bumps prevention methods of “Two advancing and Three strengthening”. With advancing optimized design and advancing argument and evaluation as the prerequisites, the prevention and management system of pressure bumps has been formed with strengthened monitoring, pressure releasing and strengthened supports”.

**Rush management**

The Company has successfully conducted technical researches on upper limit of mining, grasped the empirical formula of strata caving zones and development height of water flowing fractured zones. The safety assessment modeling for mining of lower section coal has provided experience of mine water disaster management for similar mines in China.

**Gas outburst**

The Company adhered to “Three equal importance” of learning and innovation, system and equipment, exhausting mining and utilizations to ensure the “Zero ultra limits, zero outburst and zero accident” of gas; realized the routing management of prevention measures for regional and local gas outburst through the setting up of six-step coal uncovering method. Strengthening the gas exhausting mining with the increases of rate from 20% to 70%, realizing the total exhausting mining of 170 million m<sup>3</sup> and total utilization of 50 million m<sup>3</sup> annually.

**Coal dust depression**

The Company carried out the mine construction with demonstration of comprehensive dust controls and created 5 enterprise technical standards. The dust concentration of the longwall faces and development units were controlled and kept below 50 mg/m<sup>3</sup> and 20 mg/m<sup>3</sup> respectively, substantially improving the site work environment and ensuring the health and safety of employees.

## 2 Risk pre-control systems

### 2.5 Equipment support system

#### High-tech equipment

Since the "twelfth five-year plan", the Company has built more than 80 major disaster control projects with demonstration significance. Based on "Three Year Upgrade Plan" of comprehensive machinery, the Company has updated and upgraded 3000 sets of equipment.

#### The production process

The Company practiced big mining caving technique for high coal seam and full height mining process, complete sets of efficient development and process in rock (half coal-rock) roadway, supporting technology of large section development roadway along goaf, etc., and aslo promoted the process and equipments of the intensive mining with the individual yield of ten million tons and big power road headers, etc. The Company successfully researched and developed the world's first fully mechanized

equipments with 8.2 m of extra large mining height, realizing the upgrading of coal mining technologies and equipments.

#### Intensive system

Through the optimization of production layouts, the Company achieved reductions of 24,000 meters of road development, 400 transport links and more than 5,000 personnel for underground operating, and meanwhile, the raw coal production efficiency was increased by 34%.

#### Information system

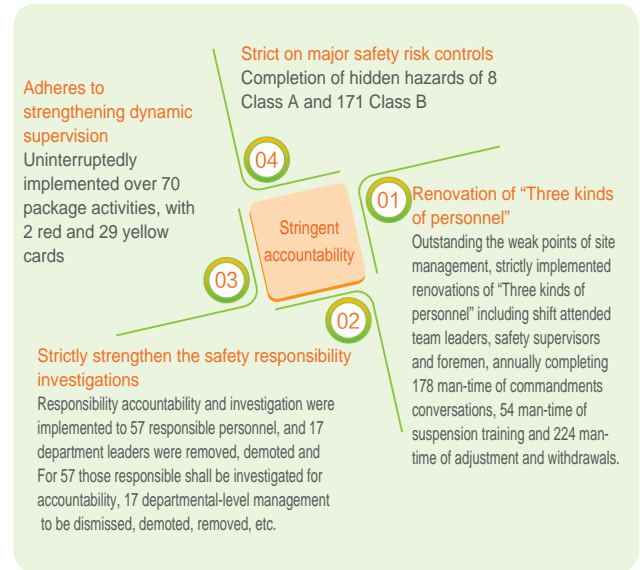
The Company practiced the digital mine construction, upgraded the control and command systems, and set up the new version of coal mine safety monitoring and pre-warning system based on optical fiber transmission technology. The Company has built the big data management platform, realizing the real-time interactions of information resources across regions, departments and units.



## 2.6 Assessment and accountability system

Regarding to defining, performance, supervision of the responsibility and accountability, six safety responsibility systems were rationalized transverse to the edge. The Company adhered to one theme monthly, one urge quarterly and treated all kinds of symptoms and hidden hazards based on attitude of “Zero tolerance”, realizing “Four severities” of safety targets, safety supervision, educational training and assessment of accountability.

<b>Severity of target implementation</b>	In the Company, safety target tasks were quantized and decomposed based on professions, systems and periods, and the Safety target responsibility agreement we signed by all levels. The Company strictly implemented systems of safety reporting and performance appraisal of the leading cadres. Safety targets were closely linked to occupational performance, wages and salaries, and post promotions.
<b>Severity of monitoring and inspections</b>	Through the formulation of red, yellow cards and serious “Three violations” defined standards, the Company designated 20 red safety lines of serious violation behaviors. Improving linkage mechanism between safety supervision departments and business departments, the Company implemented the complete dynamic and analyze-type “Four No and Two Straight” inspection, carrying out the problem analysis and differential assessments. The Company implemented the public disclosure, questioning and warning to the units and departments with outstanding safety issues.
<b>Severity of education and training</b>	Through the development and construction of safety “online school”, complete simulation and fully functional training bases, the Company tailored “training package” for the employees, and set up reversed investigation mechanism for training quality. The Company strictly controls the jobs access, no access allowed if knowledge was not grasped; site expression was not accurate; or practical operation not standardized. The Company established “Chief Engineer” and “Skill Master Studios”, regularly carried out post training and technology tournament, and distributed special allowance to the experts and outstanding technical and skilled talents.
<b>Severity of assessment and accountability</b>	The Company strictly implemented safety “one-vote veto” system of the cadre selection and outstanding appraisals, and implemented process, strengthened accountability in advance. Regarding to all safety violations and outstanding problems, no matter if consequences were caused, the Company implemented public handling according the principle of “Four never misses”. Decided organizational measures were taken to the team and cadres who did not perform their safety responsibilities.



## 2.7 Quality promotion system

Yanzhou Coal has a safety skill training center, and is recognized as “national first level safety training institution” and “national demonstration base of coal mine safety training”. Currently the Company has 10 training centers with qualifications for national safety training and 10 practical training bases, forming the training management system with all available functions comprehensive covering.

**Preparation of training materials**

- 01** Selected typical cases on production safety accidents of recent 5 years to make analog video animations as the warning education training materials.
- 02** Completed the training content for 71 occupations; establishment and reviews of training test libraries; and finished the network platform commissioning of safety training for all employees.
- 03** Completed the preparation of training materials for access training of team leaders, and promoted the implementation of the team leader training.
- 04** Completed training test libraries, courseware development and file importing for special types of work.

## 2 Risk pre-control systems

### Implementation of training

01

The Company conducted "Training for one thousand personnel" project with training contents of skills and practical operation training. 400 business backbones formed the part-time teacher team. Professional skills training for total 1,460 personnel of 29 core jobs were completed.

02

1,706 employees were organized to participate in the examination of professional skill appraisals, including 1,473 senior workers, 184 technicians and 41 senior technicians.

03

The Company organized professional trainings of spontaneous combustion prevention, prevention and control of rush, electrical and mechanical management, safety management, emergency rescue, new Coal mine safety regulations and others.

04

The Company organized the 7th tournament of employee's post skills, forming the good atmosphere of "Catching up and surpassing".

### Training Flow Chart

Principles and targets of training

Leaders being the first

Total involvement

Separation of teaching and test

Strive to build the training system of "Goals for training, standards for evaluation, dynamic for promotion and assurance for quality"



Classifications and grading

Teaching for needs

Should be training, must be training

Strict examinations



Field of mine rescue technical jousting



Field of gas inspectors' technical jousting

### Tips

In 2016, the Company completed various 330 classes and 14,500 man-times, including: 9,660 man-times of safety qualification training, mine water hazards training, mine spontaneous combustion prevention and other technical trainings; 1,990 man-times of training for Party members and cadres, business training for administrative department office and special training of management; 1,830 man-times of "Five types" team leader training; and 1,040 man-times of vocational skills training.

### Publicity and Education

The safety training was given in various ways. Based on traditional education training, the Company actively explored and promoted the innovation of safety culture and safety education, and pioneered "Omnibearing, multi-angle, stereoscopic and visualized" education in the same industries. Strengthening the safety education guidance through applications of new media, the Company shot and exhibited 37 films including microfilms and public service films, increasing the attractiveness and infectivity



Technical jousting kick-off in Baodian Coal Mine

of the safety training.

The Company adopted “WeChat+1” direct safety education pattern, especially the first attempt to the mood of “micro film + WeChat” through “Yanzhou Coal” WeChat platform, being honored to be ranked No.11 due to its WeChat influence in China's coal enterprises.

The Company built a safety training network platform with the method integration of “Come in and call out”, “Long distance video safety education”, “Foreign stones may serve to polish domestic jade” and others, making the employees feel convenient to learn anytime and anywhere.

With the integration of safety warning education with new media of micro films and WeChat and other forms, let people around talk the things around to affect the cadres and workers by the means of immersive and emotional rendering.

### Team construction

Based on the establishment of “Five types” team of “Safe and stable, lean of quality, innovation and efficiency, democratic harmony , unity and collaborative”, the Company standardized the team configurations, strictly controlled the selection and management of team leader, and set up the system of selection, access training, promotion, assessment and elimination of the team leaders. Through the strengthening of the basic level's independent safety management ability and creativities, continuous innovation of team management mode, playing the role of team management, exploring of the team management potential, the Company established brand team of “Head to tail”, escorting for the innovation and development of enterprises.

In 2016, the Company completed accumulative total 1,832 man-time of team leaders' concentrated training, 2,148 man-time of independent training and 166 man-time of attendance of unified training organized by Shandong Province. The satisfactory rate of the training reached over 90%.



Meeting of safety warning education



Team building and training for team leader



The second awards of micro films (Public service films)



Training for team leaders

## 3 Emergency management

The company attaches great importance to taking precautions, continuous improvement of emergency management systems, the building of emergency management teams, formulation of emergency plans, and regular emergency drills. All of the above enhance its capability to minimize and deal with emergencies.

### 3.1 Emergency mechanism

The company has established leading group for emergency management, subordinated with one emergency rescue dispatching department and nine emergency rescue teams. Dispatching department and safety inspection departments at all levels implements 24 hours duty mechanism. And emergency management system was constituted of classification management, responsibility per each level and local management.

Digital, intelligent and modernized dispatching centers for safety production has been established in all production units with the integration of controlling information communication system, personnel tracking system, industrial TV system and safety monitoring system.



Through the specification of emergency disposal work, establishment and optimization of emergency duty system, clearing of emergency procedures, handling essentials and responsibility division for different disasters, controlling personnel's perfection themselves in the disposal points and concise procedures of execution starting of the contingency plans.

### 3.2 Contingency plan and drills

The Company has formulated Contingency plan for production safety in coalmines and contingency plan and site disposal proposal for the nine coalmines in the headquarter area, which are all filed in relevant governmental department. The Company prepared emergency disposal cards for all posts, carried out the escape safety, self and mutual rescues and early treatment of emergency drills, improving the ability of scientific and rapid rescues. Currently, the Company and its subsidiaries and departments have prepared totally over 1280 items of plans including comprehensive contingency plans, specialized contingency plans and site treatment plans.

In 2016, the Company completed the annual flood controls and emergency drills, with 23 teams and 530 man-times, among which, the 8 coal mines located in Shandong Province organized 80 drills of comprehensive contingency plans, specialized contingency plans and site treatment plans.



### 3.3 Emergency resources

The company's mine rescue brigade is specialized in underground coal mine disasters like spontaneous combustion, gas, dust, flood and roof falling and was designated as regional coalmine area rescue base by the State Administration of Work Safety. Equipped with rather advanced facilities for rescue, detect and investigate, telecommunication and traffic vehicles, it was defined as one of the fourteen key regional rescue team of China.

No.	Category	Current situation
1	Personnel	The Company currently has 8 rescue squadron and 24 squads. Various production and business entities totally established 48 teams of various part-time emergency rescue teams with 12,000 personnel.
2	Emergency materials	The Company's materials supply center and materials supply stations (points) of various departments/units have urgent relief supplies and equipment warehouses, equipped with corresponding emergency rescue materials and equipments. Currently the total reserves of emergency supplies are more than 140000 PCS/sets.
3	Technical guarantees	The Company set up the emergency command platform covering the connectivity of various units and the database of emergency materials, rescue teams, social organizations, escape routes, etc.
4	Escape facilities	The Company established 56 underground temporary and permanent escape chambers, and prepared all escape facilities including compressed air for self rescue, water supply for rescue and transition stations.
5	Emergency funds	The Company reserved the special emergency funds in the funds for safe production; all the emergency facility construction, emergency drills, emergency equipment expenses and others are included in the safe production funds and disbursed from the costs and expenses according to facts, ensuring the emergency funds in place.

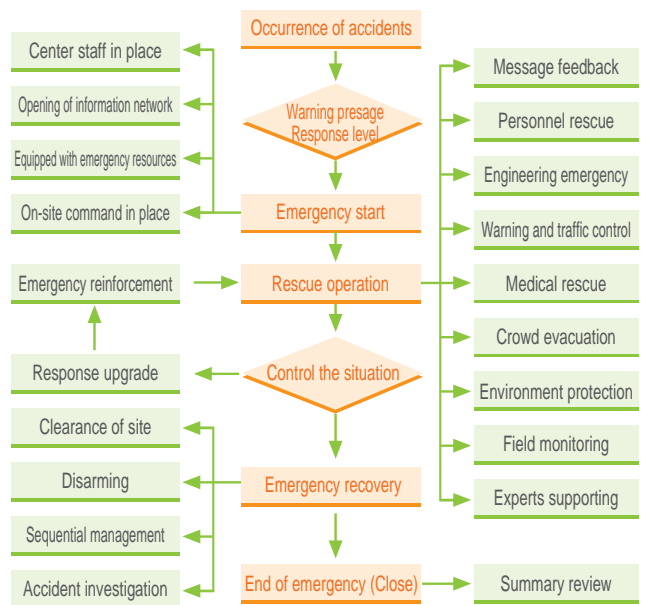


### 3.4 Emergency Training

The Company has held 166 sessions of emergency training courses, totally 22,939 person times attended. 58 times of emergency publicity and education were organized, 25,000 brochures handed out, 146 times of TV and internet broadcasting on production safety, with 69,000 person times involved. The Company organized 23 personnel to participate in the emergency management training of Shandong Provincial Coal Bureau.



### 3.5 Emergency response procedures





- Protection of welfare and rights · Occupational health · Staff training
- Staff development · Concern for employees

*Staff is the most precious strategic resources of enterprise development. Yanzhou Coal always adheres to the “people oriented” , respects human rights, and attaches importance to guarantee the rights and interests of employees, nurtures each individual’s development and stimulates their enthusiasm, initiative and creativity, with purpose to achieve company and staff development simultaneously.*



# 1 Protection of welfare and rights

Trustworthy, dedicated and efficient employees are a resource and fortune valuable to the Company in maintaining sustainable development. As a people-oriented company, Yanzhou Coal are dedicated to the protection of each staff member's rights and interests.

## 1.1 Labor relations

The legal rights of our staff are protected and guaranteed by the company in full compliance with the 'Labor Law of the People's Republic of China' and the 'Labor Contract Law of the People's Republic of China'. The company's labor contracts with all employees are based on the principles of equality, free will and consensus. Our contract signing rate is currently 100%, and employment rate on record is also 100%.

As part of our corporate social responsibilities, the company advocates compliance with the 'Universal Declaration of Human Rights', as well as observing international conventions, national laws and regulations concerning human rights. We respect and uphold the human rights of employees and other associated persons, especially in the areas of health, safety, freedom, wages and welfare.

## 1.2 Legal employment

The company strictly enforces the standard work-hour system. Its

employees enjoy statutory paid vacations, including statutory holidays, annual leave, marital leave, family leave, funeral leave, maternity leave, sick leave and work-related injury leave. The company also funds various types of social insurance for its employees, including basic pension insurance, basic medical insurance, supplementary medical insurance, industrial injury insurance, birth insurance, unemployment insurance and housing accumulation fund.

In regard to employment, salaries, promotions, dismissals and retirement, the company has no discriminatory provisions against the race, social status, nationality, religion, physical disability, gender, sexual preference, union members, political affiliation and age of any prospective or current employee. The company also strives to eliminate discrimination in its daily activities.

The company consistently abides by national laws and stipulations. For example, the company does not use child labor as defined by the 'Provisions on Prohibition of Child Labor'.

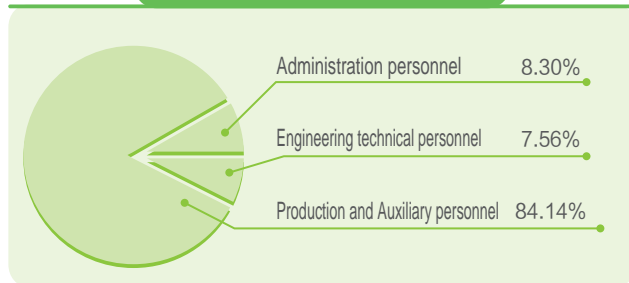
Employees are allowed to choose their jobs freely. If an employee resigns, the company will not restrict the employee's choice of a new job in any way (for example, by withholding the employee's certificates or records).

### Indicators

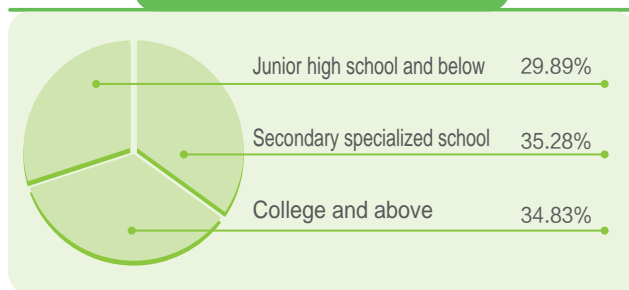
Principles and targets of training	2012	2013	2014	2015	2016
Total employee (persons)	69381	73046	68193	65894	68550
Female employee(persons)	18080	18261	18370	18213	17678
Signing rate of employee contract (%)	100	100	100	100	100
New employees per year (persons)	507	1942	407	278	62
Staff training (person times)	79469	61513	97805	118741	60181
Coverage of Social security (%)	100	100	100	100	100
Proportion of employees joining labor union (%)	100	100	100	100	100

# 1 Protection of welfare and rights

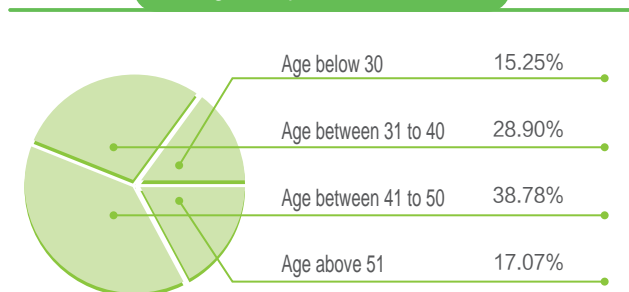
Staff Composition



Education Mix in PRC



Age composition in PRC



Geological Distribution of the Staff

location	Person(s)
Shandong province	60345
Shaanxi province	854
Inner Mongolia	4112
Shanxi province	1399
Australia	1834
Canada	6

## 1.3 Political rights

Each grass-root unit within the company is encouraged to establish a 'double representative conference' system and hold periodic meetings with staff and labor union representatives. The company strengthened and perfected equal consultation mechanism, hold equal consultation meetings, signed important documents such as collective contracts, collective wage agreements and special contracts for protection of female workers' rights and interests. The company stuck to truly and comprehensively disclose major decisions on reform, salary & bonus allocation, worker therapy recuperation, various relieves and other matters involving employee's vital interests. The company organized employees representatives to elect and adjust the employee director and employee supervisor of the board of directors and the board of supervisors to perfect corporate governance structure.

In cooperation with workers' congresses, public media, Company TV stations and websites, wechat, and public appraisal, the company publicizes issues of employee concern and guarantees their rights to be informed, to participate and to supervise.

To innovate democratic management and supervision, the company adopts public appraisal on the development difficulties of the enterprise and employee's concern and has organized 28 sessions of democratic appraisal meeting in 2016.

## 1.4 Protection of female workers' welfare and rights

The company has done a lot of work in implementing Labor law, Trade Union Law and Law on the Protection of Women's Rights and Interests, bringing women workers committee into full play, highlighting consultation on an equal basis, carrying out the collective contract signing for female workers' special benefits, organizing the annual female workers health check-up system, implementing female workers special holiday and health fee stipulation and defending their rights and interests.

The company has continued to improve quality of female workers by

advocating achievements by female workers: over 200 sessions of training in all fields with 10000 persons attended; 62 times of skills contests with 2234 persons involved; and 1096 pieces of advice and suggestions collected from the female workers.

The company helped tough female workers out through “sister’s love” activities. During the period of women’s day, the company visited 349 holds of female labor model, single, serious illness, tough female workers, issuing solatium of RMB0.24 million. The company also visits 322 households of tough works’ children, issuing RMB0.261 million.



occupational health care for female workers

### Tips

On June 17, 2016, BaoDian coal mine hosted the “public lecture on care for women -- meet you beautiful”. More than 520 female workers and families of workers in mine came together to listen to the lecture. The expert was invited to explain related knowledge of woman’s health, which was well accepted by the vast number of female employees.



## 1.5 Handling of complaints

The company has formulated the Regulations on Letters and Visits, stipulated the procedures for complaints, established an office to take care of such issue, including the set up of general manager mailbox and encouraged employees to make known their troubles and lodge their complaints at work. The “721” mechanism for letters and visits of complaints was innovated by dealing with letters and visits with responsibility, legal procedure and people care. The company adhere to problem oriented, highlight the livelihood of the people, open channels of complaint reporting, resolve disputes, maintaining order of the handling of complaint reporting, safeguard the rights and interests of workers, and create a harmonious and stable situation so as to achieve zero visits to higher level of management.

The company also established some appealing channels for resolving discrimination. Employees can appeal through the proposal of Congress of Workers, through writing letter or paying visit or seminars for workers. In 2016, there were no appeals for discrimination.



## 2 Occupational Health

The company strictly obeyed relevant laws and regulations including Law on Prevention and Control of Occupational Disease in PRC, treating occupational hazards prevention and cure as the top project and bringing it into safety overall planning and promotion. The company set up "Four Operating Mechanism" of occupational health organization operation, responsibility realization, investment guarantee and demonstration driving to ensure successful implementation of occupational health work.

### Demonstration and driving mechanism.

A series of activities have been carried out to build up dust-prevention sample mines and occupational health management model units. Advanced technologies and equipment for occupational hazard prevention and control have been on probation, and a number of dust-proof excavation model units and dust-free plants have been completed. Baodian Coal Mine and Dongtan Coal Mine have been conferred the title of the "First Batch of National Model Enterprises in Occupational Health" and the "National Advanced Unit in Coal Mine Occupational Safety and Health" respectively.

### Organization operating mechanism.

The Company and the mine departments have established the occupational health leading groups and the full-time occupational hazard prevention and control organization, and have assigned full-time and part-time managerial and technical staffs, to gradually form a harmonious and unified occupational health working mechanism with a sound organization, clear separation of duties and normative management.

### Occupational health system

### Investment guarantee mechanism.

The Company has established a special system to manage the occupational hazard prevention and control funds which are used for the detection of occupational hazards in operation sites, occupational health supervision, labor protection and so on. In recent five years, over 300 million yuan has been invested to protect the occupational safety and health.

### Responsibility fulfillment mechanism.

The Company has perfected 13 systems and 45 technical management standards, such as the Regulations on Management of Occupational Safety and Health. Different departments have been mobilized to make cooperation and fulfill their own responsibilities. The Company has combined the daily supervision and the special evaluation on occupational hazard prevention and control, so as to vigorously promote the proceeding of occupational health work.

The Company has included the staff rehabilitation and recuperation into the Rules and Regulations on Life, Wage and Work and the Collective Contract which explicitly stipulate the proportion of staffs on recuperation vacation, the funding channel and the organization mode, and stipulate that it should be made as an important index for duty performance of the labor union and should be assessed. In 2016, 3280 underground workers participated in the occupational health care, 2600 workers participated in honor health care, 400 workers participated in recuperation care.

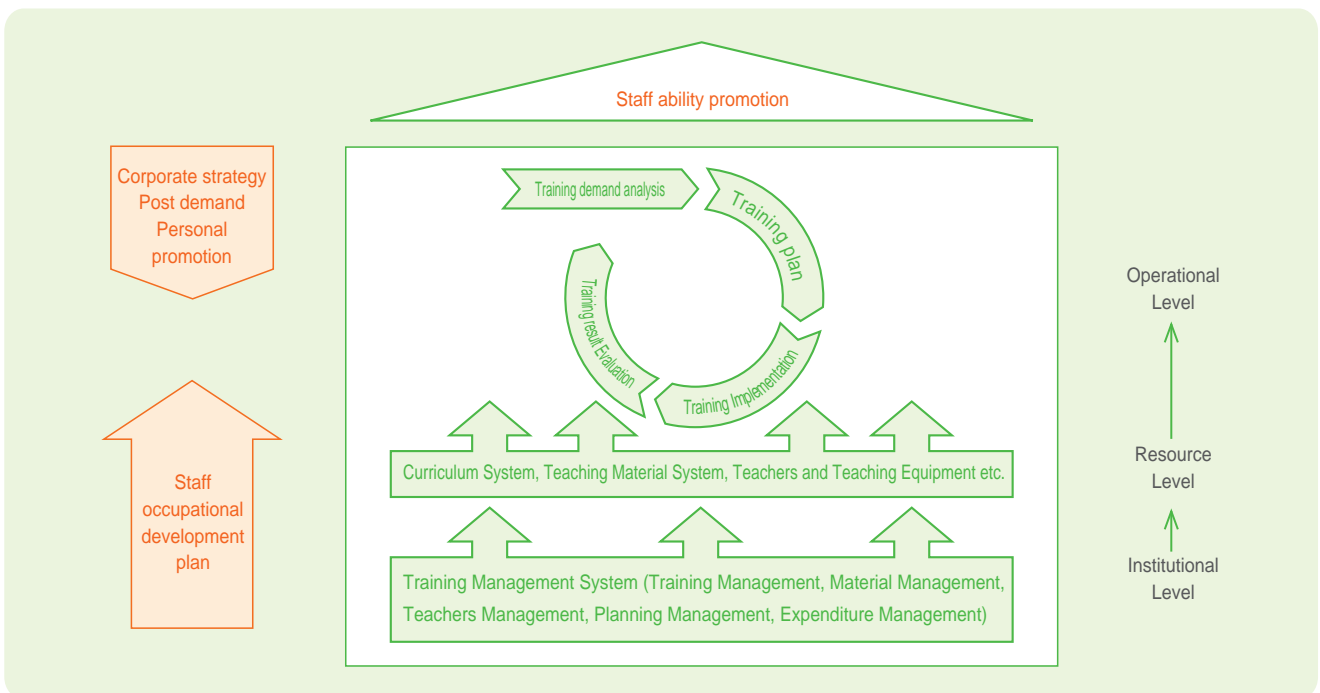


## 3 Staff Training

The company implements the strategy of “talents to revitalize the enterprise” and reinforces the talent development. Focusing on the ‘Three Groups of Talents’ program construction on operating management, professional skill and high-skilled talents. The company

continuously improves talent cultivation mechanism, management mechanism and evaluation mechanism, innovates training mode, raises a batch of creative talents with industry leading level to provide powerful talent guarantee to the sustainable development of the company.

### 3.1 Education and Training System



### 3.2 The Implementation of Education and Training Program

The Company optimized the training resources by inviting trainers to train our employees, adopted flexible training methods, implemented extensive training on safety production, operation and management, conducted diploma and degree education. The Safety Skills Training Center founded the ‘Safety Training Brand’ and was jointly awarded Coal Institution Training Center of China Open University by China Coal Industry Association and Coal Education Association, becoming one of first-batch training centers of 8 Coal Institution Training Center of China Open University.

Training type	Training object	Organization implementation
Forth & fifth level joint training	Post operating employee	The company combined forth & fifth level safety training of coal mine and fifth level self-training of work team, established a training mode of “forth & fifth level joint training”. The company equipped teaching facilities for work team, formed the direct teaching way of scenario simulation, case analysis, site teaching, mentoring activities, etc. to promote the practical operation skill of post employee.
Order-oriented entrusted training	General management, professionals	Oriented with mine development and potential demand, the company signed training contract with colleges and universities, set training goal, content and quality requirement, carried out training program with various forms including off-job training, day release, single-handed recruitment, etc.
Advanced training class	Intermediate & senior management	The company ran classes with colleges and universities every year, assigned intermediate & senior management to participate in MBA excellent course training, CPMQ training, business management qualification training and other advanced training class.

## 3 Staff Training

The company carried on job skill competition, occupation skill appraisal, professional titles review and other activities to provide employees development platform. At the end of 2016, there are 366 senior technicians, 1447 technicians, 6952 senior workers, 6807 intermediate workers, 1216 primary workers in the company. For management and technical staff, there are 954 senior professional titles, 2758 intermediate professional titles, 2906 primary professional titles.

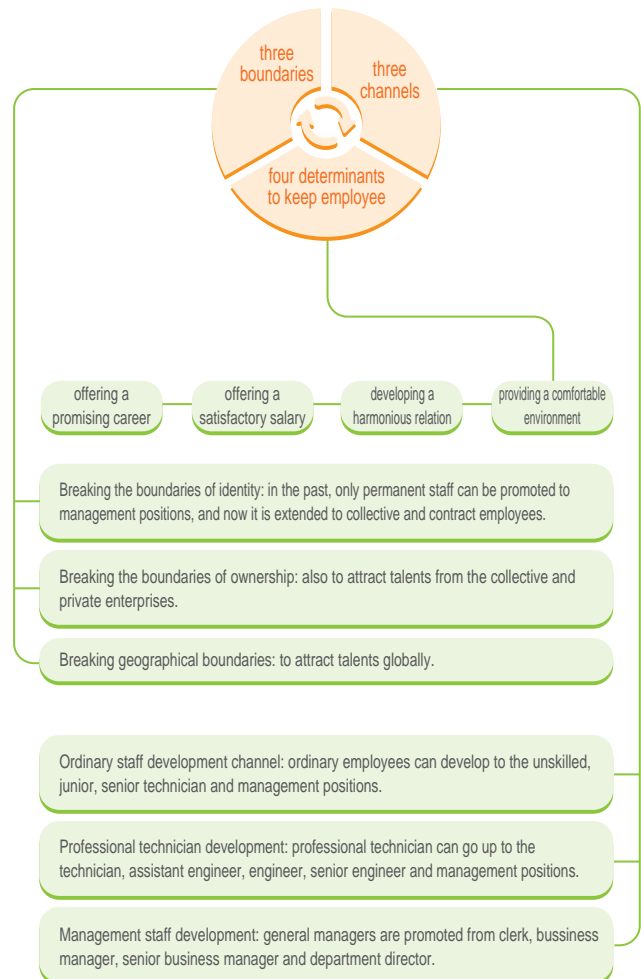
### Tips

To optimize the structure of labor employment, solve structural vacancies, enhance workers' theory skills and comprehensive qualities, Yanzhou Coal initiated "thousand training" plan. According to the principle of "learn what is doing, reinforce what is lack", through the off-job training ways, the company implement professional skill training to 29 core work types, 1460 workers.



The company insists on the principle of "everybody was let to display his talents fully", and actively create favorable conditions for the employees development, realizing each employee personal value maximization in their own work practice. The company emphasizes on respecting for the value of people, paying attention to communicating with the employee, thoroughly implementing the people-oriented management concept, arousing the enthusiasm of every employee and making employees work in a kind and collaborative atmosphere to realize their self-worth.

The company fully explores staff's potential and builds the "green corridor" for the staff with these principles in mind to break the "three boundaries", provide "three channels" and insist on the "four determinants".



# 4 Staff development

In accordance with the requirement of "mass training, mass competition, mass troop training, mass promotion", the company held competition for 188 work types, involved in total employees of 31525.

Based on the "Home of Staff", the work mode is innovated, and the work carrier is optimized. A series of labor emulations have been organized centering on key work and major projects. And the "pioneer worker" activity and staff technical innovation activities have been carried out. Taking the model worker

innovation studio as the lead, the Company has advanced the rating of "Innovation Dab" and "Innovation Model Post". In 2016, 13 labs were praised by the Group Headquarter, and 3 labs were named by China National Coal Association. 4 "Heroine Innovation Studios" were set up. Currently, there are 19 skilled coal technicians, 8 coal technician studios and 11 provincial-level chief technicians. One worker has won the "Yueqi Sun Science and Technology Award for Youths", and one worker has been awarded the "National May 1st Labor Medal".



Coal technician studios named by Diao Xinwen, coal technician in China and gold & blue collar in Shandong



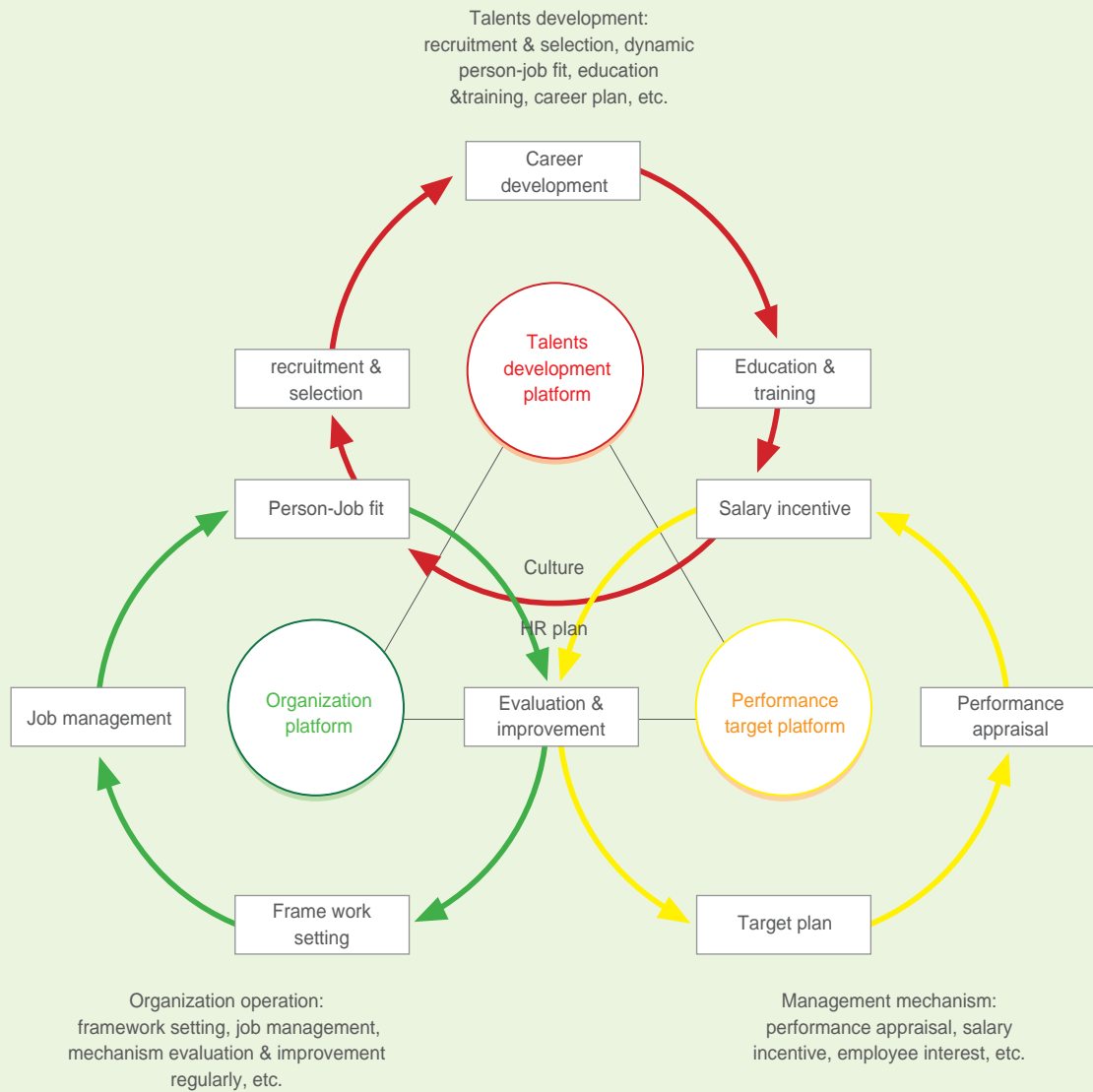
Heroine Innovation Studios for Yang Bin, coal dispatching section in Jining No. 3 coal mine



Technician studio of Chen Zhonghe, the winner of "National May 1st Labor Medal" in Jining No. 2 coal mine

## 4 Staff development

### Human Resource Management System





## 5 Concern for employees

### 5.1 Generous welfare benefits

In order to improve employees' living quality and feeling of happiness, the company provides competitive welfare and salary benefits to employees, which include housing accumulation fund, summer high temperature allowance, housing subsidies, holiday difficult solatium, disabled family solatium, night shift allowance, wage subsidies, team leader allowance, poisonous and harmful post allowance, good bath environment, food and beverage service, etc. In 2016, employees' wages and salaries were RMB5.584 billion in total.

Build new pattern of "benefit for employees". The company send birthday blessing for the employees, fully implementing the paid holidays system, applying a system of physical check-up for the whole staff, making them share the warmth from home.



### 5.2 Optimization of living conditions

The company continuously promoted the housing reform, with the improvement of infrastructural facilities and living environment. The company organized the comprehensive repair and renovation to old residential area in town and mine area for needy workers. In 2015, Beisu coal mine shanty areas have been renovated, with 12,800 square meters construction area and 117 households.



## 5 Concern for employees

### 5.3 Civilization and culture

The company established culture and sport projects for employees elaborately, strengthened based investment and construction for staff's home, set up staff activity room, staff bookstore, and culture & sport facilities. In 2016, the company paid RMB1.42 million for culture&sport facilities improvement in Yulin Methanol Plant, Jining East Property Service Center, Huaju Energy Company, Tianchi Company, Wanfu Coal Mine.

The company organized summer cultural square, competition for badminton and table tennis, painting and calligraphy exhibition, walk around lack and other rich and colorful activities, actively attend the third session of "China dream, labor beauty" national employees' photo exhibition, the fourth session of "book for women" national reading activity to nurture spirituality, enrich spiritual and cultural life, create a relaxed and harmonious production and living environment and promote coordinated development of the physical and mental health of employees.

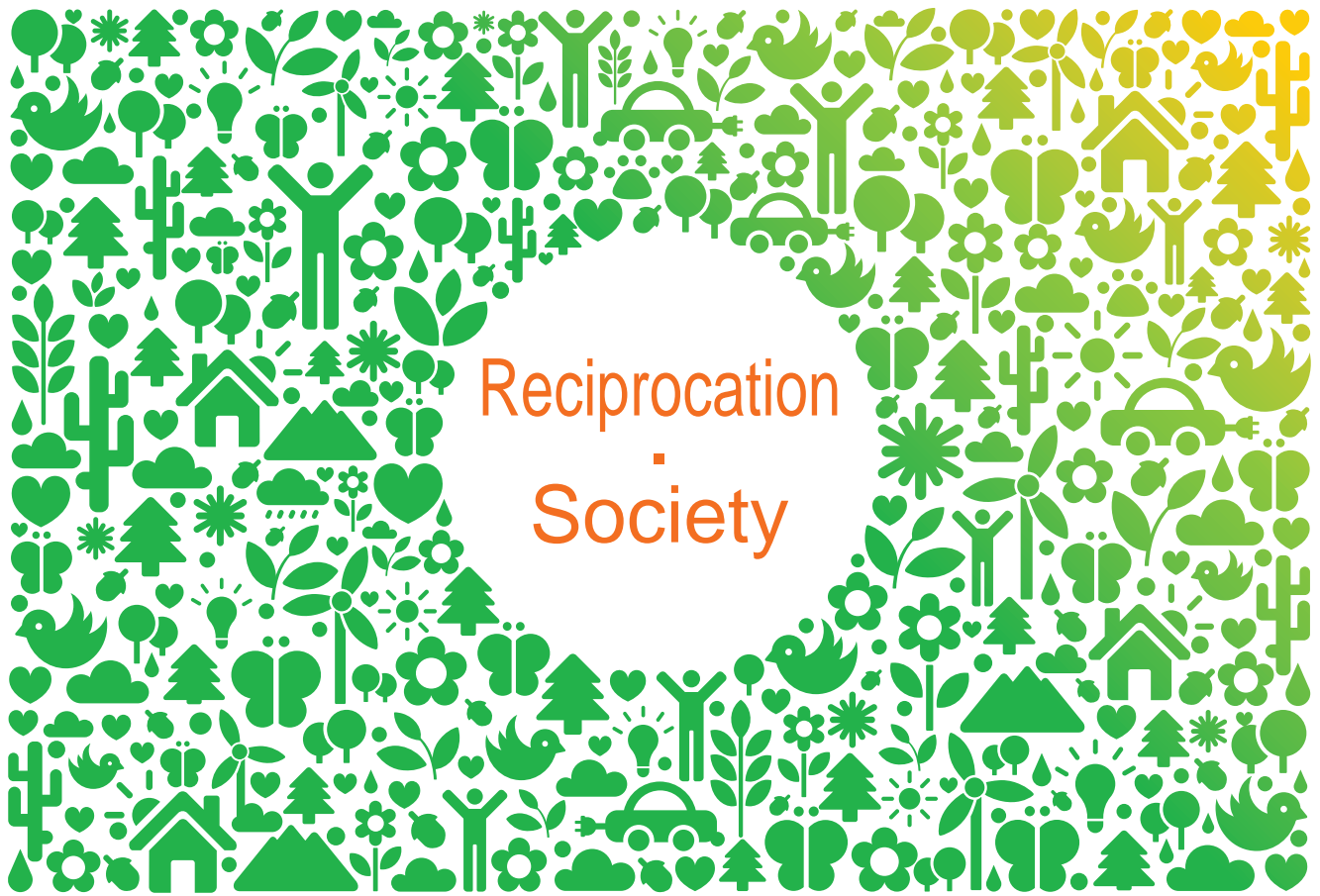


## 5.4 Enhance employee satisfaction

The company conducted employee satisfaction survey activities regularly focusing on the safety production, working conditions, democratic interests, the living environment improvement, occupational health protection and other aspects. There were total 6300 respondents including senior management, departmental management staff, general management staff and front line workers.

The survey results showed that the employees held a positive attitude on the increase of work and livelihood index, considering them enjoyed the dividends of reform and development of the company, and lived a generally improved quality of life. In the bad situation of coal market, most employees keep pace with the company and pull together in times of trouble. Employees concerned about reform and development of company, loved and cherished "Yanzhou Coal" reputation and status in society future more.





· Lovely homeland · Love action · Social welfare

*Yanzhou Coal is always convinced that: to help others is helping itself. Yanzhou also knows to contribute to the community is the responsibility of an enterprise.*

# 1 Lovely homeland

In 2016, the company actively promotes the construction of warm home, changes the concept of servicing, improves the service standards and enhances workers' well-being.

## 1.1 Property service Brand

The company continues to promote the construction of a warm home. The company carries forward the work of real estate management, logistics, medical and health services, early childhood education, etc. and builds the characteristic logistics service brand. The Company arranged special fund for renovation and repair of heating system, water supply system, power supply and employees' dormitory building, with an employee satisfaction rate of over 98%.

## 1.2 "Green, bright and beautiful house" Project

The company implements the "green, bright and beautiful house" project, the company created a clean and environmental friendly community, realized fine management of environmentally clean process, with an community greening coverage rate amounting to 39.16%.

## 1.3 "440" community service hot line

The Company has opened up the "440" community service hot line so as to provide services for residents, such as water, electricity and heating maintenance, illuminating line repair, sewer dredging and so on. The "prompt supervision and handling" and "regular return visit" systems have been established to receive information feedback. Hence, the hot line has been praised by residents as the "smooth line".

## 1.4 Smart community service

Starting from the "smart community service", the Company has built up the intelligitized community service management platform so as to provide various services for residents, such as community health care, community support for the elderly, smart traffic, electronic voting, environment monitoring, automatic meter reading for water, electricity and gas, security and protection monitoring, food safety tracing, community culture and education, new media push, smart home, e-payment and so on, thus initiating a new residential consumption experience for residents.



## 2 Love action

### 2.1 Heart-warming action

The Company is committed to carrying forward the traditional virtues of the Chinese nation, actively advocates the voluntary service spirit of “dedication, friendship, mutual help and advance”, expands and develops the “Loving Care Project”, carries out the “Heart-warming Voluntary Service” activities in a deep-going way, and works hard to make the programs for public good expand and grow. In 2016, the company established 33 heart-warming voluntary associations.

By carrying out the activities of “surrogate children”, “housework sister-in-law in mines”, “caring mother” and so on, the “heart-warming action” volunteers have gone to the mining areas to provide considerate services of “integrated operation, one-stop service and a package solutions” for empty-nest elderly, the



elderly of no family and extremely poor families, thus solving the staffs' practical difficulties in life and earning complete recognition of staffs and their families.

### 2.2 Poverty Alleviation

The heart-warming project of “multidimensional support” was implemented. In 2016, the company visited 2819 households of needy workers, granted funds and materials of RMB2.87 million, succoured RMB921.4 thousand to 25 households of serious illness workers and 77 households of bereaveds without sustain.

### 2.3 Assist the improverished students

The company established hardship help system with the principle of “never let one child from needy worker's family drop out of school for financial difficulty”. The company insists on “golden autumn student support” for ages, ensures the fair and public subsidizing to make every child feel the care and warm from the company. In 2016, 20 special difficulty students were subsidized in full with RMB140 thousand relief fund.

#### Tips

15 households of family and 17 students were helped with fellowship of RMB63 thousand in the 2016 Golden Autumn Student Support Activity of Dongtan coal mine.



## 3 Social welfare

Yanzhou Coal takes the initiative to assume social responsibility, adheres to carry out the precise poverty alleviation work, seeks common development with local, and builds a harmonious society.

### 3.1 Serve the local economy

The company continued to improve their economic benefits, at the same time, in accordance with the “complementary advantages, benefit-sharing, coordination in hand” principle, actively implemented the integration with the regional economy, cooperation and win-win strategy to enterprises, spawned “regional economic effect”, drove the company’s surrounding area to achieve regional economic growth and industrial structure upgrading.

In 2016, the company paid green compensation of RMB71.87 million, mining subsided land attachment compensation of RMB57.89 million, mining subsided land one-time compensation of RMB236.16 million, village relocation compensation of RMB664.25 million. The company actively communicate with the local governments with the flood prevention standard increase in the progress of riverbank governance and paid riverbank expenses of RMB39.78 million, paid RMB94.06 million for cultivated land occupation tax, road repair and relocation public utility lines, etc.

### 3.2 Accurate poverty alleviation

#### Education poverty alleviation

The company has sponsored and built a hope primary school in Liangshan of Jining city, named Yankuang Hope Primary School, helping a group of dropout children in the impoverished area to return to school to complete their studies. The Hope Primary School is in flourishing development and now has more than 800 students, and a large amount of students graduated from the school became skilled talents.



## 3 Social welfare

### Counterpart assistance

To actively perform social responsibility, the company selected young cadres as the first secretary working group to assist Dengzhuang village, Zhangsanhuai village, Houmenwang village of Xiaolukou town, Liangshan county, respectively. With true feeling and solid work, focusing on the aspects of beautiful village construction, accurate poverty alleviation work, helping the people out, etc., the first Secretary led villagers to mend roads, drill wells, build squares, library and children bookstores, organize dance team, build pig houses and greenhouses, cover photovoltaic panels, provide sheeps, develop ecological breeding, etc., and have done lots of fruitful work which moved

villagers and Liangshan county. In 2016, the “first secretary” Ding Yijun was honored by “2015 Moving Liangshan Person”; the “first secretary” Sun Chenggang was honored by Excellent Cadre in Assistance in Xiaolukou town and “Liangshan Good Man” in Liangshan county.

The Company successively input RMB4.825 million to the three poor villages with the residency of the first secretaries, and invested RMB500 thousand during the reporting period. With the linking to the 76 personnel of poverty households of national level and prefecture level, the Company invested RMB150 thousand of support funds in reporting period.



Guide poverty households learn radix ophiopogonis planting technique



Vocation class for pupils

Statistical table on poverty alleviation of listed company in 2016

RMB10 thousand

Index	Quantity and progress
<b>I. Overall</b>	65
Including: 1. capital	65
2. Material converted into cash	0
3. poverty removal number of poor people who are helped to set up files and cards	76
<b>II. Itemized input</b>	
1. Social poverty alleviation	
including: 1.1 investment amount in east and west poverty alleviation collaboration	0
1.2 investment amount in fixed-point poverty alleviation	50
1.3 charitable foundation on poverty alleviation	0
2. Other project	
including: 2.1 project number	1
2.2 investment amount	15
2.3 poverty removal number of poor people who are helped to set up files and cards	76
2.4 other explanation	N/A



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# Achievements



*Cherish the resources to create value.*

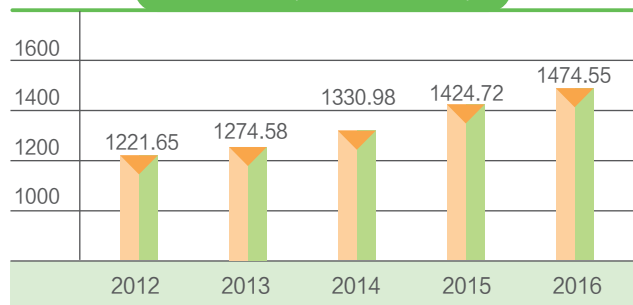
*Accountability for performance, make evergreen a reality.*

*With shared values to win stakeholder satisfaction.*

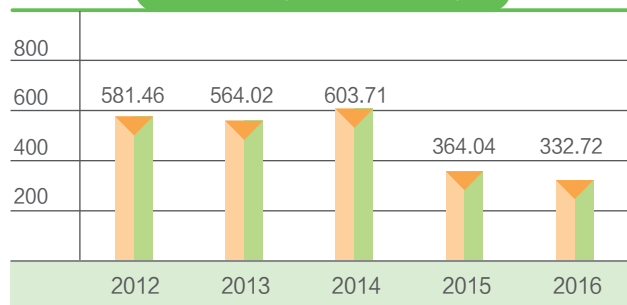
Operating Results; Innovative Achievement;  
Environmental Performance; Social Contribution;  
Main Honors

# 1 Operating results

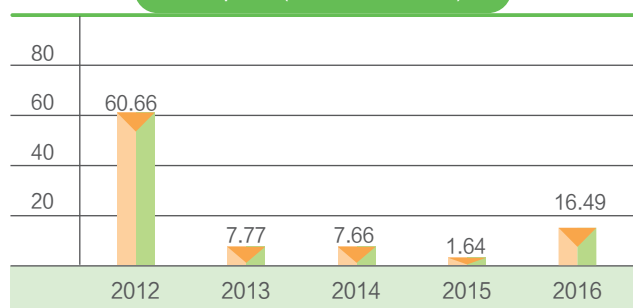
Total asset (RMB 100 million)



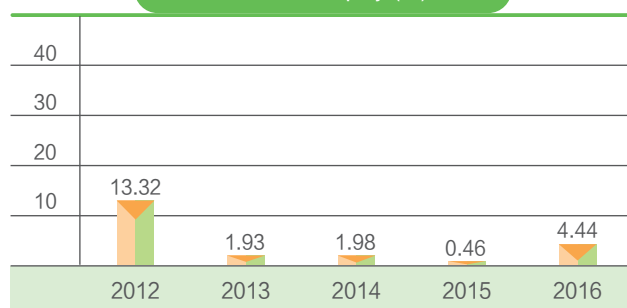
Revenue (RMB 100 million)



Net profit (RMB 100 million)



Return on equity (%)

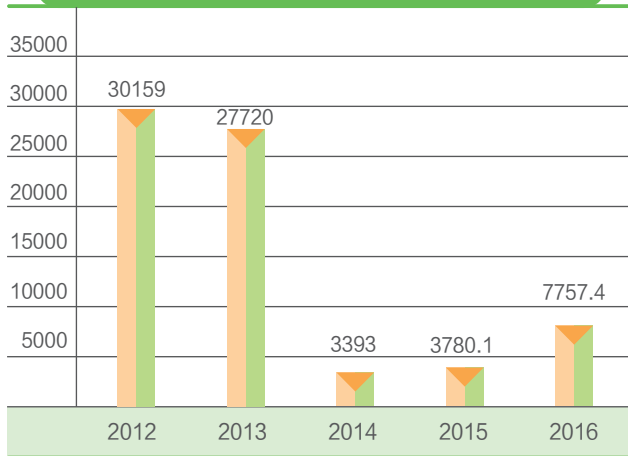


Other major economic indicators

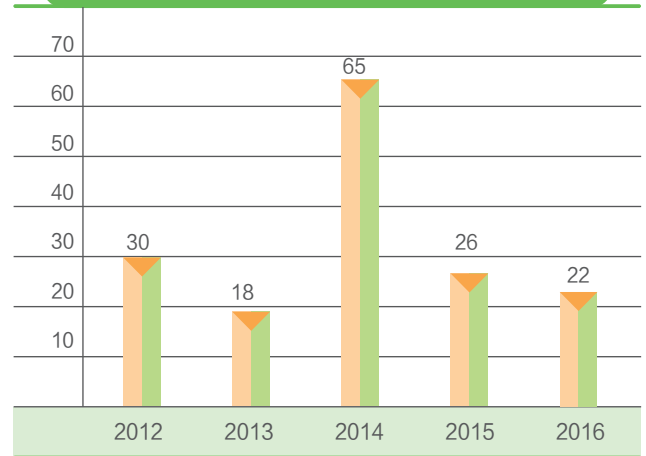
No.	Items	Unit	2012	2013	2014	2015	2016
1	Earnings per share	RMB	1.23	0.16	0.16	0.03	0.34
2	Net asset	RMB10 thousand	455.30	403.79	387.26	353.70	371.39
3	Asset-liability ratio	%	62.65	68.32	70.90	67.85	63.78
4	Velocity of liquid assets	times	1.94	1.84	1.73	0.84	0.74
5	Ratio of profits to cost	%	11.34	-1.03	2.62	1.62	7.9

## 2 Innovative achievements

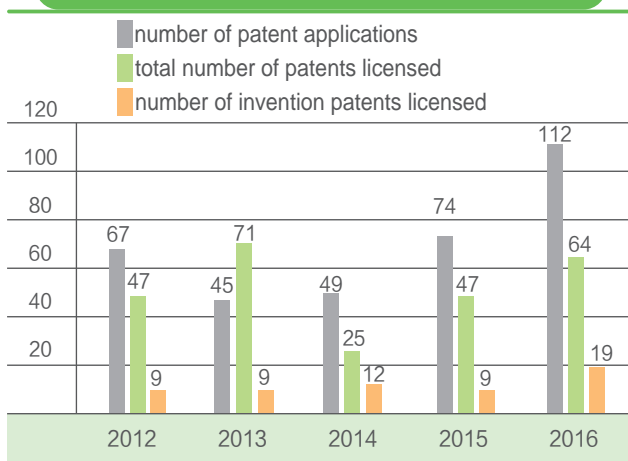
Science and technology investment (unit: ten thousand yuan)



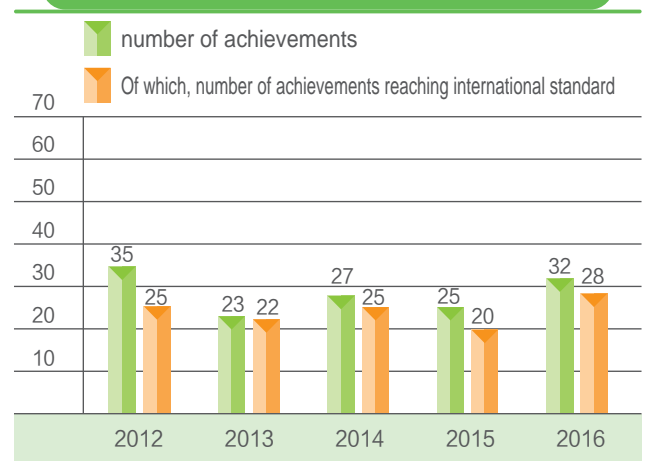
Statistics of provincial and ministerial level scientific and technological awards (unit: item)



Statistics of the number of patent applications and licensing (unit: item)



Accreditation results tables (unit: item)



Accreditation results tables (unit: item)

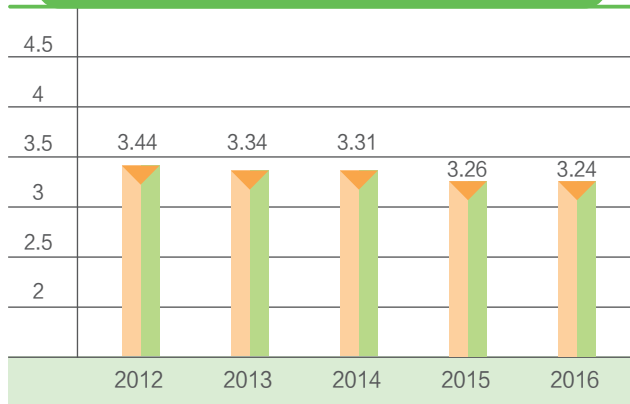
Items	Number
National Superior Quality Management Team	5
Shandong Provincial Superior Quality Management Team	5
China National Coal Association Superior Quality Management Team	26
Shandong Provincial Coal Association Superior Quality Management Achievement	48
Shandong Provincial Corporate Management Innovation Achievement	1
China Quality Association Brand Innovation Achievement	1
China National Coal Association Excellent Management Innovation Achievement	11
Shandong Provincial Coal Association Excellent Management Innovation Achievement	72

### 3 Environmental Performance

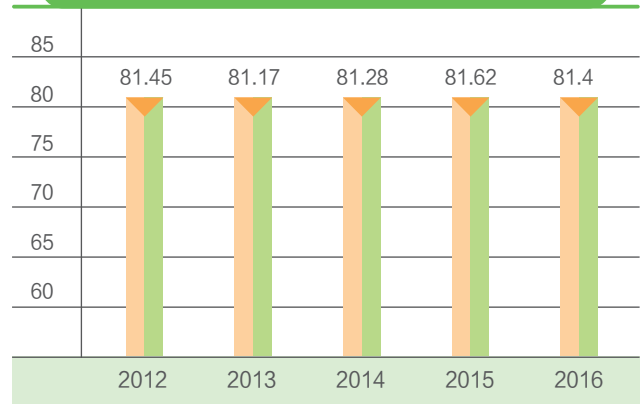
The Assessment of the Environmental Protection Performance in 2016

Number	Items	Identified Unit	Identification Level	
1	SO2 Emissions (ton)	6633	2612	
2	Nitrogen Oxide Emissions(ton)	5497	3111	
3	COD Emissions(ton)	1168.8	225	
4	Ammonia Nitrogen Emissions(ton)	122.8	12.5	
5	Emission standard rate of main pollutant (%)	100	100	
6	Comprehensive utilization rate of refuse and ash (%)	100	100	
7	Comprehensive energy consumption of raw coal production (kg of Standard Coal/ton)	3.26	3.24	
8	Power Consumption of Coal Preparation (kilowatt-hour/ton)	6.67	6.28	
9	Standard Coal Consumption of Electricity Generation (gram/kilowatt-hour) (excluding heating Supply)	360 ( 397 )	358 ( 396 )	
10	Water Withdrawal for Coal Mining (cubic meter/ton)	0.36	0.15	
11	Water Withdrawal for Coal Preparation (cubic meter/ton)	0.13	0.02	
12	Water Withdrawal for Electricity Generation (cubic meter/10 thousand kilowatt-hour)	41	39.2	
13	Recovery of water (%)	67.2	67.51	
14	Recovery of power (%)	85.2	87.12	
15	Recovery of heating (%)	95.3	96.4	
16	Physical Quantity of Energy Consumption	Raw coal (ton)	969870	961119
		Middlings (ton)	824629	637308
		Slurry (ton)	1330000	1194179
		Power (10 thousand kilowatt-hour)	129070	112144
17	Total Energy Consumption (tons of Standard Coal)	4527566	4141761	
18	Energy-saving (Tons of Standard Coal)	10690	10780	

Comprehensive energy consumption of raw coal production (kg of Standard Coal/ton)



Recovery rate of Coal Resources (%)

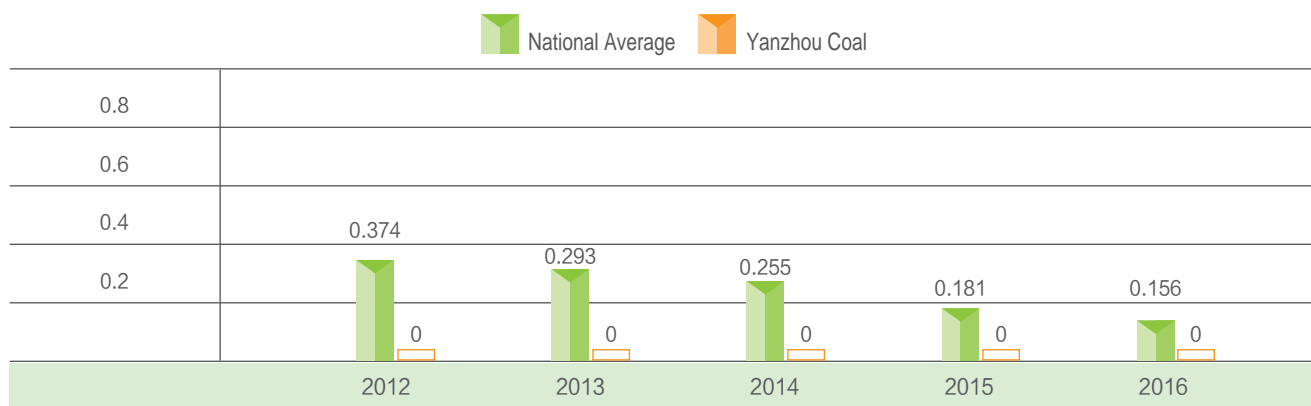


## 4 Social Contribution

### Safety Indicators

Safety Indicators	2012	2013	2014	2015	2016
Input for Safety Production (RMB10 thousand)	114307	104349	112528	137700	67625
Number of Employees Participating in Safety Training (person time)	16274	17569	58001	65000	29929
Rate of Personnel with Special Operational Certificate (%)	100	100	100	100	100
Number of Seriously Injured	0	0	0	0	0
Number of death	0	0	0	0	0

### Mortality Rate of Yanzhou Coal Mining Company Limited per Million Tons of Coal Compared to the National Average



The Company has always given priority to the public responsibility, staff rights, staff development, regional development and participation in welfare activities, which are important for practicing social responsibility.

In 2016, the social contribution value per share of Yanzhou Coal Mining Company Limited is RMB3.96 yuan in accordance with Chinese Accounting Standards or RMB3.87 yuan in accordance with International Financial Report Standards..

The measure for social contribution value per share is: based on the basic earnings per share the company has created for shareholders, plus the tax the company has created for the country, wages paid to employees, loan interests paid to banks and other creditors, the external donations and creation of value for other stakeholders during the reporting period, then deduct other social costs caused by environmental pollution etc. The

measure for social costs caused by environmental pollution etc. should include all taxes and fees the company paid in accordance with relevant state regulations, such as sewage charges, fund of coal sustainable development, compensation for soil erosion, deposits for mine environment restoration.

### 2016 Win-win Cooperation Indicators

Tax Amount (100 million yuan)	52.73
Dividend per Share (yuan/10 shares)	1.2
Total Cash Dividends (100 million yuan)	5.894
Issuer Credit Rating (level)	AAA
Rate of Contract Compliance (%)	100
Major Partners Complaints	0
Major Law Violations	0

## 5 Main Honors

### Main honors in 2016

No.	Awards	Awarded by
1	Asia Quality Excellence Award	Asia Quality Organization
2	Trustworthy Enterprise	China's National Bureau of Administration for Commerce and Industries
3	National Industry Brand Cultivation and Demonstration Enterprise	Ministry of Industry and Information Technology of China
4	Board of supervisors was honored by "Top 50 Aggressive Board of Supervisor in Listed Company"	China Listed Company Association, Shanghai Stock Exchange, Shenzhen Stock Exchange
5	Excellent Board of Directors Award 12th Gold Round Table Award for the Board of Directors among PRC Listed companies	Board of Directors Magazine
6	China Top 100 Enterprise	Top 100 China Listed Company Summit Forum
7	2016 "Best Investor Relation Management" Award	Zhitong Finance
8	The 7th session "Tianma Award for Investor Relation in China Listed Company"	Securities Times, China Fund

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# Outlook



*Grasp the opportunity deepen the reform  
Lean management take responsibilities  
2017, we will work harder*







In 2017, the important year to implement the “thirteenth five-year plan”, the further year to deepen the supply-side structural reform, the key year for us to transform and upgrade, release the potential and make a breakthrough, Yanzhou Coal will make concerted efforts to grasp the opportunities and face the challenges with high efficiency, high spirit and perseverance to create our better future together.

### Form new industrial layout, release economy growth potential

The company forms the new strategic industrial layout of “trilateral support” including entity industry, trade&logistics and financial industry, realizes the transformation from “two wheel drive” to “trilateral support” and promotes advantages complementing, mutual support and synergetic development, to provide stable scale benefit guarantee to the company development. The company clarifies regional business orientation, boosts domestic and overseas industrial development, keeps the production stable and efficient, continuously deepens the “1866” and “1916” projects, enlarges and strengthens Shaanxin and Inner Mongolia base, promotes the upgrading and quality enhancement of electric and equipment manufacturing industries, and improves the operating quality of Yancoal Australia. The company implements the “large-scale marketing, trade, logistics” strategy, accelerates the establishment of scientific, professional, integrated marketing, trade and logistics guarantee system through the quality&efficiency enhancement in marketing, professional&standard operation in trade, resource integration&synergy in logistics to strengthen market competition ability and benefit-making level.

### Open the mind on management, activate the energy on value creation

The company penetrates the lean thinking and concept into each management level, curing in each operation link, blending to the whole process of value creation, backward driving the reengineering and innovation of management process and realizing fine standard, precise execution and accurate assessment to promote the transformation to an enterprise with quality efficiency, connotation development and innovation drive. The company accelerates to establish resources sharing platform, build dynamic linkage mechanism among resources, industry, plate, regions, forge and cultivate new economic growth point. The company deepens the internal marketization construction to promote settlement coverage and accuracy, realizes the combination between staff wages and their responsibilities & labor value and enterprise benefit. The company continues to impel the “three reduction, three enhancement” project, comprehensively use the new thinking of “promote enhancement by reduction, realize enhancement and reduction simultaneously” and the systemic method of “interacting between reduction and enhancement, continuously optimizing”, forge the ecosystem of value creation in the whole process. To dig the innovation and benefit-making potential, the company develops the “three functions” of mechanism leverage, unit collaboration, work together to realize the shared platform and monetization deal and to support the efficiency increase by whole staff value creation.

### Build the new safety system, consolidate the good foundation

Guided by the “153” safety control mode, aimed at constructing stable and controlled safety work pattern, the company strengthens the implementation of institution& measures and comprehensively deepens the precontrol of hidden safety risk and check& governance of hidden danger. The company perfects



## 2017 Outlook

and improves the “horizontal” six responsibilities system for safety, “vertical” level management and control system for safety, integrated management system for safety with clear rights and liabilities and the institutional system to make sure the effective implementation of safety responsibility step by step to consolidate safety responsibility and fasten safety “fence”. The company strengthens safety education training, takes ability appraisal, warning reinforcement, application platform and other measures to comprehensively enhance the pertinence, practicability and flexibility of safe education training. The company is strict on safety operation control, safety supervision & inspection, safety emergency management and major security risk precontrol to further standardize the site operation process and operation behavior, improve the site disposal ability of emergency response team, strengthen the advancement, time limit and closed loop of major security risk precontrol.

The company firmly establishes a concept of “energy saving is to reduce cost, emission reduction is to guarantee survival”, raises the environmental protection & energy saving work up to the “red line” concerned with the existence of the enterprise, promotes industrial structure optimization, enterprise technology advancement, environment quality improvement, energy saving & cost-reducing & benefit increase , economic cycle development by clean production.

### Realize the new mode on environmental protection, construct the ecological culture mining area

The company carries out the activity named “environmental protection model year”, aimed at constructing ecological culture

mining area and environmental protection model enterprise. The company deepens the dust treating facility management, controls the ultra-low emission from power plant with full effects and forms the normal mechanism of air pollution prevention. The company implements the study on high salt water processing, concentrates on energy-consuming equipment selection, and consolidates the achievement of power-saving and water-saving activities. To promote the ability of environmental risk emergency precontrol, the company further strengthens the daily supervision on environment, improves the emergency treatment measures and realizes complete coverage of environmental and safety management. The company further promotes the “blue sky project”, speeds up the R&D, production and distribution centers construction for efficient and clean coal, explores the integrated marketing mode to become the green&clean energy comprehensive provider.

### Pay attention to new demands of employees, unit passion on harmonious development

The company insist on the development depending on employees, development achievements sharing with employees to promote the continuous and health development of the enterprise. The company deeply develops the construction of employee’s home and perfects the democratic management and public affairs to propel harmonious labor relations and service materialization. The company utilize comprehensive resources to build employee service platform, boost the deep development of service system and obtain the new breakthrough on satisfy diversified demands. The company strives to improve the livelihood of the people, provides good competitive welfare and salary treatment for the worker and steadily improves worker’s income. The company deepens the people benefiting activities in



culture and sports, explores the culture service mode in the form of joint construction and sharing between enterprises and society, and forges employee culture front and brand with popularity and influence. The company formulates the practical talents training quality standard, forms a complete training management system, perfects the incentive mechanism for skilled talents, builds human resources sharing platform to open channels for talent development and broaden the growth space for talent career.

### Respond to the new expectation of society, stick to the original intention of enterprise responsibility

The company actively spread charitable idea and realizes the deep integration of the enterprise sustainable development and the fulfillment of its social responsibility and charity, passing on the care and warmth to more people who needs the help. The company optimizes the construction of warm neighborhood and intelligent community, changes the service idea and pays attention to service details to improve residents' happiness index.

The company deeply carries out accurate poverty alleviation and warm-delivering activities , solves the subsistence guarantee for difficult workers and establishes the normalized and long-term assisting mechanism according to different difficulty situation. The company boost the local employment through project development and drive the local economic development by industry to help farmers out of poverty and get rich. Meanwhile, the company promote ideological & ethical construction and spiritual civilization construction, strengthens the support to folk public welfare organization to carry forward the good& positive energy and lead the new fashion of the spiritual civilization.

Facing the new 2017, Yanzhou Coal will improve the state in grasping the overall situation, be active in exploration & innovation, cultivate career with agglomerate mental efforts, and use self advantages and energy to make greater contribution for the social civilization progress and sustainable development with broader view and mind, more confidence and courage and heavier responsibility and obligation.



## Global Reporting Initiative (GRI) indicator index (G3.1)

NO.	NO.	G3.1 indicator's related requirements.	index
<b>1.Strategy &amp; Analysis</b>			
1	1.1	Statements of the institutions' highest decision-makers (eg, president, chairman or equivalent positions) on the relationship between sustainable and corporate development and strategy.	P2-P7
2	1.2	Description of major influences, risks and opportunities.	P2-P7/P10-P11
<b>2.Institution Introduction</b>			
3	2.1	Name of institution.	cover page 1&4,report description
4	2.2	Primary brands, products and/or services.	P2-P7/P16
5	2.3	Institution's operating structure, including main divisions, operating companies, subsidiaries and joint ventures.	P5-P7
6	2.4	Address of institution's headquarters.	Cover page 4,report description
7	2.5	In which countries does the institution operate? Which countries provide the majority of its business? Which countries are especially relevant to the sustainable development described in the report?	P2-P7/P25-P26
8	2.6	Nature of ownership and legal form.	P8-P14
9	2.7	The institution's markets (including types of regional divisions, supplied industries and customer beneficiaries).	P32-P33/P46
10	2.8	Report on the institution's scale.	P2-P7
11	2.9	Report on major changes to the institution's scale, structure and ownership during the reporting period.	P2-P9
12	2.10	Report on awards received during the reporting period.	P87/P90
<b>3.Report Specification</b>			
13	3.1	Information payback period (eg, fiscal/calendar year).	Report description
14	3.2	Date of the last report (if any).	Report description
15	3.3	Reporting period (annual, biennial).	Report description
16	3.4	Point of contact for this report or enquiries on its contents.	Report description
17	3.5	The process of defining report content.	Report description
18	3.6	Boundaries of the report (eg, countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Report description
19	3.7	Notes on restrictions to the report's scope and boundaries.	Report description
20	3.8	Basis for reporting on joint organisations, leased facilities, foreign procurement and other entities that may have a serious impact on the different reporting periods and/or comparability between different institutions.	Report description
21	3.9	Data measurement techniques and the basis for calculations, including assumptions and techniques, indicators and other information on which various estimates are based.	Report description
22	3.10	Reinterpretation and reanalysis the informational basis (such as mergers/acquisitions, benchmark year/year change, nature of business, calculation methods) of previous reports.	Report description
23	3.11	Significant changes to the report in terms of scope, boundary or methods of measurement methods, and the large differences in calculations compared to the previous report.	Report description
24	3.12	List locations of various standard disclosures in the report.	Report description
25	3.13	List the institution's normal and current measures of the external certification for reporting outsourcing in the certification report attached to the sustainable development.  If not listed, please explain any external certification scope and follow-up, and explain the relationship between the reporting organisation and the verifier.	Not implemented
<b>4. Governance, Commitments &amp; Engagement</b>			
26	4.1	The governance structure of the institution.	P8
27	4.2	Note on whether the Chair of the highest governance has served in other administrative positions.	Undisclosed
28	4.3	For organisations with a unitary board structure, please indicate the number of independent and/or non-executive members of the highest governance bodies.	Undisclosed
29	4.4	Mechanism for shareholders and employees to make proposals and suggestions on business direction to the highest governance.	P8-P14
30	4.5	The direct relationship between the compensation (including departure arrangements) for the highest governance members, senior managers and executives, and the institution's performance (including social and environmental performance).	Undisclosed
31	4.6	Procedures for avoiding conflicts of interest within the highest governance body.	P8-P14
32	4.7	How to determine the qualifications and experience the highest governance members should possess, and leading members' economic, environmental and social project strategies.	Undisclosed
33	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental and social performance and their implementation status.	P18-P20
34	4.9	How does the highest governance body define and manage economic, environmental and social performance (including relevant risks and opportunities)? Does it possess a supervisory procedure to determine whether it observes internationally recognised standards, codes of ethics and principles?	P8-P14
35	4.10	Assess the highest governance body's own performance procedure, particularly with regards to economic, environmental and social performance.	P14-P15
36	4.11	Explain whether and how the institution acts according to the precautionary approach or principle.	P8
37	4.12	The institution's participation or support for external economic, environmental and social charters, principles or other initiatives.	P21-P22
38	4.13	Memberships in associations (eg, industry associations) and/or national/international advocacy organisations.	P21-P22/P49

NO.	NO.	G3.1 indicator's related requirements.	index
39	4.14	A list of stakeholder groups introduced by the institution.	Undisclosed
40	4.15	Basis for defining, selecting and introducing stakeholders.	P21-P22/P49
41	4.16	Policy for the introduction of stakeholders, including the frequency of introducing stakeholders relative to different forms and groups.	P21-P22/P49
42	4.17	The main projects and foci proposed by stakeholders and the institution's responses, including responses included in reports.	P21-P22/P49
<b>Economic Indicators</b>			
43	EC1	Direct economic value generated and distributed by the institution, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and government.	P25-P41/P81-P84/ P86-P87/P89
44	EC2	The financial impact, risks and opportunities of climate change on the institution.	No statistics
45	EC3	Institution's definite proposal for staff treatment and salaries.	Undisclosed
46	EC4	Significant subsidies granted by government.	P39/P53
47	EC5	Ratio range for primary salary and local minimum salary in the institution's key operating site.	P69
48	EC6	Institution's policies, measures and expenses in proportion to local suppliers in the main area of business.	P45
49	EC7	Ratio of local staff to managers in the main area of business.	P69-P71
50	EC8	Institution's infrastructure investment and service status for the purpose of public welfare and its influence.	P81-P84
51	EC9	The institution's understanding and explanation of its significant indirect economic impact.	P9-P14
<b>Environmental Indicators</b>			
52	EN1	Weight and volume of raw material.	P54-P57
53	EN2	Proportion of recyclable material within the raw material.	P54-P57
54	EN3	Direct consumption of primary energy.	P54-P57/P88
55	EN4	Indirect consumption of primary energy.	P54-P57/P88
56	EN5	Energy saved through dedicated measures and enhanced efficiency.	P54-P57/P88
57	EN6	Energy saved through provision of energy-saving and energy-efficient products and services.	P54-P57/P88
58	EN7	Measures to reduce indirect energy consumption and their effectiveness.	P54-P57/P88
59	EN8	Account of total water consumption by source.	P88
60	EN9	Water sources affected by the institution's use of water.	P88
61	EN10	Ratio of water recycling and reuse, and its total amount.	P88
62	EN11	Location and area of sites owned, leased, managed or adjacent to conservation areas, and biodiversity-rich areas of the business premises.	Not applicable
63	EN12	Impact on environmental preservation and biodiversity-rich areas.	P56-P57
64	EN13	Protected or restored habitats.	P56-P57
65	EN14	Strategies, initiatives and plans for biodiversity impact management.	P56-P57
66	EN15	State the number of endangered species included on the World Conservation Union's (IUCN) Red List and in the country's protection list whose habitats are affected by the institution's operations.	Not applicable
67	EN16	Direct and indirect greenhouse gas emissions.	P88
68	EN17	Other relevant indirect greenhouse gas emissions.	P88
69	EN18	Measures to reduce greenhouse gas emissions and their effectiveness.	P54-P57
70	EN19	Total emissions of ozone-depleting substances.	Not applicable
71	EN20	Emissions of nitrogen oxides, sulfur oxides and other important gases.	P52-P57/P88
72	EN21	Drianage calculated according to water quality and drainage region.	P88
73	EN22	Waste amount calculated according to type and dealing methods.	P88
74	EN23	Major leak material number and volume.	No statistics
75	EN24	Total volume of transportation, import and export, or disposal of hazardous wastes, and the ratio of those wastes in international transportation.	Not applicable
76	EN25	Effects of drainage or runoff on water bodies and relative habits of plants and animals.	Not applicable
77	EN26	Measures and progress to reduce environmental effects of products and services.	P54-P57
78	EN27	Ratio of recyclable products and packing materials calculated by type.	P88
79	EN28	Number and amount of major punishments due to violation of environment rules.	N/A
80	EN29	Significant environmental effects of transporting products, other cargo and employees.	N/A

NO.	NO.	G3.1 indicator's related requirements.	index
81	EN30	Total investment and classification of environmental protection.	P88
<b>Labour Practices &amp; Decent Work Indicators</b>			
82	LA1	Total number of employees in terms of working type, agreement and working region.	P69-P71
83	LA2	Total number and ratio of employees' mobility in terms of age, gender and region.	P69-P71
84	LA3	Welfare of full-time employees.	P77-P79
85	LA4	Ratio of employees under the collective negotiation agreement.	P69
86	LA5	Minimum notice period for major changes.	P69
87	LA6	Ratio of employees receiving occupational safety and hygiene guides.	P72/P89
88	LA7	Ratio of employees with work-related injuries, occupational diseases, missed work and absenteeism, and number of employees with work-related injuries.	P89
89	LA8	Plans for education, training, consulting, prevention and risk control to aid labour and staff members' families or community members with diseases.	P74-P79
90	LA9	Health and safety topics included in the formal agreement with labour union.	P69
91	LA10	Annual average training times for all types of employee.	P69/P89
92	LA11	Plans for aiding staff career management, skill enhancement, development and life-long learning.	P74-P78
93	LA12	Ratio of employees receiving regular performance assessments and professional development evaluations.	P74-P75
94	LA13	Management structure.	P70
95	LA14	Ratio of basic pay between male and female employees.	No statistics
<b>Human Rights Index</b>			
96	HR1	Total number and ratio of major investment agreements involving human rights clauses or being examined from a human rights perspective.	Not applicable
97	HR2	Ratio of important suppliers or contractors who have been subject to human rights investigation and have implemented relevant measures.	Not applicable
98	HR3	Ratio of employees who have received policy training and training time.	Not applicable
99	HR4	Total number of discriminatory events and countermeasures.	P69
100	HR5	Possible major risks resulting from freedom of association and collective negotiations and measures.	P69
101	HR6	Possible risks of using child labour and relevant measures.	P69
102	HR7	Possible risks of forced or compulsory labour and relevant measures.	P69
103	HR8	Ratio of security personnel who have received human rights training.	Not applicable
104	HR9	Total number of rights infringements of local people and measures taken.	Not applicable
<b>Social Indicators</b>			
105	SO1	Implementation of operating point rate of local community involvement, impact assessment and development programmes.	P81-p82
106	SO2	Total number and ratio of business units that been subject to risk analysis for corruption.	P12-p13
107	SO3	Ratio of employees who have received anti-corruption training.	P12-p13
108	SO4	Concrete actions taken against corruption.	P12-p13
109	SO5	Stance and actions toward public policies.	P12-p13
110	SO6	Donations to political parties and organisations in various countries.	Not applicable
111	SO7	Total number of lawsuits and outcomes involving anti-competition, antitrust and anti-monopoly.	Not applicable
112	SO8	Frequency of heavy fines and total amounts due to violation of laws.	N/A
<b>Product Liability Indicators</b>			
113	PR1	Proportion of products and services which passed life-cycle health and safety influence assessment.	P47-P48
114	PR2	Number of events which violated rules and voluntary codes for health and safety.	N/A
115	PR3	Provide product and service information in the format required by the assessment.	P46-p48
116	PR4	Total number of events which violated rules and voluntary codes relating to product, service information and labelling.	N/A
117	PR5	Survey results of user satisfaction and promotion measures.	P46-p48
118	PR6	Plans for compliance with laws, regulations and voluntary codes.	P47-p48
119	PR7	Number of marketing events which violated laws, regulations and voluntary code.	N/A
120	PR8	Number of events which violated user privacy and resulted in loss of users (approved).	N/A
121	PR9	Penalties due to the violation of marketing laws and regulations.	N/A

Environment, Society & Governance Reporting Guide Key Indicators Index by The Stock Exchange of Hong Kong Ltd

No.	Level	Relative Indicators	Index
<b>Environment</b>			
1	A1	Emissions.	
2		Related to the emission of exhaust and greenhouse gases, sewage to water and earth and generation of hazardous and non-hazardous waste: (a) policy; and (b) documents that comply with and seriously violate relevant standards, rules and regulations.  Emissions include nitrogen oxides, sulfur oxides and other pollutants regulated by state laws and regulations. Greenhouse gases include sulphur dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes refer to those defined in the state regulations.	P51–P57
3	A1.1	Pollutant types and related data.	P88
4	A1.2	Total emissions volume (by ton) and density (if applicable) of greenhouse gases (calculated as per production unit, each facility).	P88
5	A1.3	Total volume (by ton) and density (if applicable) of hazardous waste generated (calculated as per production unit, each facility).	P88
6	A1.4	Total volume (by ton) and density (if applicable) of non-hazardous waste generated (calculated as per production unit, each facility).	P88
7	A1.5	Description of measures to reduce emissions and progress achieved.	P51–P57
8	A1.6	Description of methods to deal with hazardous and non-hazardous wastes, measures to reduce amounts generated, and progress achieved.	P51–P57
9	A2	Resource utilisations.	
10		Policies for effective use of resources (including energy, water and other raw materials), resources available for production, storage, transportation, buildings, and other electronic devices.	P51–P57
11	A2.1	Total consumption (kWh per thousand seconds) of direct and/or indirect energy (such as electricity, gas or oil) classified by type and density (such as calculated as per production unit and each facility).	P88
12	A2.2	Total water consumption and density (such as calculated as per production unit and each facility).	P88
13	A2.3	Description of plan for efficient use of energy and its result.	P51–P53
14	A2.4	Description of potential problems in sourcing suitable water, the resulting plan for improving water use efficiency, and its result.	P54–P56
15	A2.5	Total weight of packing material used by finished products (calculated as per ton), and if applicable, estimate of per production unit.	P88
16	A3	Environment and natural resources.	
17		Policy for reducing the significant impact of operations on the environment and natural resources.	P56–P57
18	A3.1	Description of the significant influence of business activities on the environment and natural resources, and actions taken to manage this impact.	P56–P57
<b>Society</b>			
<b>Employment and labour practices</b>			
19	B1	Working environment	
20		Related to salary and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity and other treatment and welfare: (a) policy; and (b) documents that comply with and seriously violate relevant standards, rules and regulations.	P69–P79
21	B1.1	Total number of employees in terms of employment type, age and region.	P69–P70
22	B1.2	Employee turnover ratio in terms of age and region.	P69–P70
23	B2	Health & Safety	
24		Provisions related to a safe working environment and protecting employees from occupational hazards: (a) policy; and (b) documents that comply with and seriously violate relevant standards, rules and regulations.	P72
25	B2.1	Number & ratio of work-related deaths.	P89
26	B2.2	Number of working days lost due to work-related injuries.	P89
27	B2.3	Description of occupational health and safety measures, and related execution and monitoring methods.	P72
28	B3	Development and training	
29		Policies related to knowledge and skills that can improve employees' execution of work duties, description of training activities.  Training refers to occupational training, including internal and external courses paid by the employer.	P73–P75
30	B3.1	Percentage of employees attending training activities in terms of employee type (eg, senior management, middle management).	P70–P71
31	B3.2	Average hours for completion of training for each employee, in terms of employee type.	P70–P71
32	B4	Labour Standards	
33		Related to the prevention of child labour or forced labour: (a) policy; and (b) documents that comply with and seriously violate relevant standards, rules and regulations.	P69–P70
34	B4.1	Description of measures to review recruitment conventions to prevent child and forced labour.	P69–P70
35	B4.2	Description of procedures to eliminate relative situations when finding violations.	P69–P70

Environment, Society & Governance Reporting Guide Key Indicators Index by The Stock Exchange of Hong Kong Ltd

No.	Level	Relative Indicators	Index
<b>Operating practices</b>			
36	B5	Supply chain management.	
37		Supply chain management environment and social risk policies.	P45
38	B5.1	Number of suppliers in terms of region.	P45
39	B5.2	Description of conventions related to employ suppliers, the number of suppliers to whom relative conventions are executed, the execution and monitoring methods of related conventions.	P45
40	B6	Product responsibility.	
41		Health and safety, advertisements, marks, privacy issues and remedies of products and services provided: (a) policy; and (b) documents that comply with and seriously violate relevant standards, rules and regulations.	P47–P48
42	B6.1	Percentage of recycling in the total products sold or sent due to safety and health reasons	P47–P48
43	B6.2	Number of complaints about products, services and solutions.	P47–P48
44	B6.3	Description of management related to maintenance and protection of intellectual property rights.	P38–P39
45	B6.4	Description of quality-checking process and product-recycling procedures.	P27–P28
46	B6.5	Description of protection and privacy policies for consumer data, and relevant execution and monitoring methods.	P46–P47
47	B7	Anti-corruption.	
48		Related to the prevention of bribery, extortion, fraud and money laundering: (a) policy; and (b) documents that comply with and seriously violate relevant standards, rules and regulations.	P12–P13
49	B7.1	Number and results of finished corruption lawsuits proposed by the issuer and its employees during the reporting period.	P12–P13
50	B7.2	Description of prevention measures, reporting procedures and related execution and monitoring methods.	P12–P13
<b>Community</b>			
51	B8	Community investment.	
52		Policies related to the understanding of operating communities' needs by community involvement and the consideration of community benefits to ensure business activities.	P81–P84
53	B8.1	Focus on contribution scope (eg, education, environment, labour needs, health, culture, sports)	P81–P84
54	B8.2	Resources (eg, money, time) used in focused scope.	P81–P84/P89



## Shanghai Stock Exchange Disclosed Proposal Index

No.	Proposed Disclosure of Shanghai Stock Exchange	Index
Table 1: On strengthening listed corporate social responsibility work and publishing notice for the 'Shanghai Stock Exchange Listed Company Environmental Information Disclosure Guidelines'		
1	Article 1	Not in report
2	Article 2	P5-P7/P18-P20/P25-P41/P43-49/ P51-P57/69-P79
3	Article 3	Not in report
4	Article 4	P89
5	Article 5: Point 1	P27-P28/P59-P67/P72/P81-P82
6	Article 5: Point 2	P51-P57
7	Article 5: Point 3	P25-P41/P46-49/P73-P76
8	Article 6	Not in report
9	Article 7	Not in report
10	Article 8	Not in report
11	Article 9	Not in report
Table 2: 'Shanghai Stock Exchange Listed Company Environmental Information Disclosure Guidelines'		
12	Article 1	Not in report
13	Article 2	Not applicable
14	Article 3: Point 1	P51-P52
15	Article 3: Point 2	P88
16	Article 3: Point 3	P51-P53
17	Article 3: Point 4	P53-P57/P88
18	Article 3: Point 5	P53
19	Article 3: Point 6	P53-P57
20	Article 3: Point 7	Not applicable
21	Article 3: Point 8	P56-P57
22	Article 3: Point 9	P54-P55
23	Article 4	Not applicable
24	Article 5	Not in report
25	Article 6	P86
26	Article 7	Not in report
27	Article 8	Not in report
28	Article 9	Not in report
Table 3: 'The Company's Social Responsibility Report'		
29	Article 1	Not in report
30	Article 2	Not in report
31	Article 3	Report statement
32	Article 4: Point 1	P27-P28/P59-P67/P72/P81-P82
33	Article 4: Point 2	P51-P57
34	Article 4: Point 3	P25-P41/P46-49/P73-P76
35	Article 5	P89
36	Article 6	Not implemented
37	Article 7	Not applicable



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