

ENVIRONMENTAL,
SOCIAL AND GOVERNANCE



環境、社會及管治 (ESG) 報告

ENVIRONMENTAL,
SOCIAL AND GOVERNANCE
(ESG) REPORT

CONCH VENTURE
中国海螺创业控股有限公司

Incorporated in the Cayman Islands with
limited liability

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號: 586

ESG Report

China Conch Venture Holdings Limited

ABOUT ESG REPORT

Statement by the Board of Directors



The Board and all the Directors of the Company guarantee that the report does not contain any false representation, misleading statement, or major omission, and bear individual and joint liabilities for the truthfulness, accuracy and completeness of the content hereof.

Basis of Preparation



The environmental, social and governance report (“ESG Report”) was prepared in accordance with Appendix 27 “Environmental, Social and Governance Reporting Guide” of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Reporting Period is from 1 January 2019 to 31 December 2019, while part of the content covers a brief review of the relevant activities in the past. Having regard to the fact that its principal place of business is in mainland China, the Group had made selective reference to the Guidelines on Preparation of China Corporate Social Responsibility Report(CASS-CSR 4.0).

Business of the Group



Conch Venture is a large enterprise group providing “packaged” solutions for energy saving and environmental protection, and possesses leading technologies in treatment of industrial solid and hazardous waste and municipal waste, grate furnace power generation, energy-saving equipment manufacturing. The scope of business engaged by the Group includes collaborative treatment of industrial solid and hazardous waste and municipal waste by cement kilns, grate furnace power generation, energy-saving equipment manufacturing, new building materials, and port logistics. As at the end of the Reporting Period, the Group has a total of over 120 subsidiaries and about 3,950 employees with a total asset of RMB 42 billion.

Publication Cycle



The ESG Report is an annual report. This is the fourth ESG report released by the Group since April 2017 when the first ESG report was released. The ESG report for the next reporting period (2020) is expected to be released in April 2021.

Scope of the Report



The ESG Report mainly covers Conch Venture and its subsidiaries. In particular, the information in relation to policy and social aspects involves all businesses. The information in relation to environment does not cover the port logistics segment, which generates merely 4.25% of the operating income of the Group. In consideration of materiality, the information in relation to environment covers the principal business activities and principal places of business.

Sources of Information



The information in this report came from internal documents and relevant statistical information of Conch Venture and its subsidiaries.

STATEMENT OF SENIOR MANAGEMENT



The year 2019 marks the 70th anniversary of the founding of the People's Republic of China and the sixth year since Conch Venture was successfully listed on the Main Board of the Hong Kong Stock Exchange. We have achieved excellent results during this prosperous decade. Owing to the increased focus on the ecological civilization construction from the Communist Party of China (CPC), our country and the society, as well as all of our colleagues and partners' joint efforts in all times during the past six years, we have developed from a small group with merely seven subsidiaries upon listing into a large group with over 120 subsidiaries, and the operating income of the Group has increased by 221% as well, a exponential growth.

Looking back over the years of development, we are pleased to see that many employees who were young graduates at the early stage of the Group have become key staff and business elites today. They stick to the Conch spirit persistently, and prudently apply the advanced theoretical knowledge learned at school to business practices through hard work and with patience and perseverance, which helps the Group to flourish and grow rapidly while developing a career of their own.

Due to the characteristics of the industry in which the Group operates, some of the Group's projects are situated in geographically remote locations where lives are difficult, but we always try our best to provide staff with sports and cultural facilities and open the facilities to the communities where we operate. This on the one hand enables the staff to work, study, and live in a happy, healthy, and sustainable manner, and on the other hand helps build harmonious communities. We have spared no effort in staff care, as we understand that a united team of outstanding professionals is the cornerstone of the survival and development of the enterprise, and investing in our team means investing in the future of the enterprise.

Since Conch Venture's establishment, we have been consistently exploring ways to make better use of our advantages, resources, technology and experience to improve the environment and promote social harmony by driving scientific and technological advancements and sustainable economic development. We are also developing approaches to leverage a good natural environment and stable social environment to expand our business scale and economic benefits. We have gained recognition in the capital market through these explorations and practices. Morgan Stanley, China International Capital Corporation (CICC) and other large well-known domestic and foreign securities firms raised the Company's target share price early 2020, with an optimistic "outperforming" outlook. The social and market recognition is both an incentive and a spur to Conch Venture. Glory has become history, and achievements are just milestones. From this moment, Conch Venture will start again to achieve more through hard work!

Building on our current achievements and looking into the future, Conch Venture will seize the business opportunities arising with policies, stress the rights and interests of employees as always, highly value the harmony with neighbourhoods, accelerate technological research and development, focus on industrial development. Meanwhile, the Group will maintain leading technological expertise and sound partnerships and pursue sustainable development to create greater returns for shareholders. A journey of a thousand miles begins with a single step. Conch Venture with a great ambition will adhere to the goal of green development and strive for excellence in environmental protection industry to fulfil our mission and obligation.

On behalf of the Board
Guo Jingbin
Chairman of the Board

Wuhu, China
23 March 2020

China Conch Venture Holdings Limited

SUMMARY ON ENVIRONMENT SOCIETY AND GOVERNANCE

ESG



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SUMMARY ON ENVIRONMENT SOCIETY AND GOVERNANCE



ESG Strategy of the Group

The Group is committed to strengthening environmental protection and developing a low-carbon economy with well-established technology and a down-to-earth attitude, and regards the concerns of stakeholders as the requirements and direction of business development. It has incorporated environmental and social responsibilities into its corporate strategies and decisions to continue to develop and grow more harmoniously with the environment and society.



ESG Governance Structure of the Group

The Group established a top-down ESG governance structure involving all its staff, and established the ESG Report Working Committee led by its senior management and participated by its middle management. The working committee is organised by Li Daming, Executive Director and Deputy General Manager of the Group, and composed of representatives from relevant departments and subsidiaries which have significant influence on the Group's ESG performance. The working committee is responsible for conveying and communicating the Group's ESG strategies and measures, and collecting information and feedback, representing an important component of our efforts to promote sustainable development.



Stakeholders' Engagement

Conch Venture insists on a basic policy of stakeholders' engagement that encourages collective wisdoms and efforts. The Group's ESG stakeholders mainly include internal personnel, suppliers, customers, shareholders and investors, governments, and the communities where we operate. Since the publication of the first ESG report, the Group has been paying attention to stakeholders' engagement and updating its materiality assessment regularly. Over the past four years, we have interviewed the board members and senior management who were decision makers and designers of group strategies, listened to the middle management and front-line employees, customers and suppliers, local government departments and community residents. We also launched a questionnaire survey targeting peers through WeChat to understand stakeholders' latest concerns over the Group's environmental, social and governance issues.

Through face-to-face and remote interviews and over 100 online questionnaires, we better understood each stakeholder's major concerns, present views and future expectations about the Group's business operation and environmental, social and governance issues. It also enabled the stakeholders to access more in-depth insights into the Group's commitment to driving sustainable development as well as its measures in force or to be taken. Comprehensive stakeholder engagement facilitated the identification of the major or priority areas in preparation of the ESG Report, and, more importantly, served as a platform for interaction between the Group and each stakeholder, thus reinforcing the existing communication mechanism. In the future, we will continue to increase the number of representatives from and the coverage of stakeholders, and continuously review and update materiality assessment on a regular basis, so as to ensure that the ESG report and ESG practice fully reflect the Group's latest progress towards sustainable development.



SUMMARY ON ENVIRONMENT SOCIETY AND GOVERNANCE



Assessment of Materiality

The following materiality matrix was produced based on analysis and combination of the results of materiality assessment on each stakeholder:



- | | | | | | |
|----------------|-----------------------------------|--|--------------------|---------------------------------|-------------------------------------|
| Society | 1 Occupational health and safety | 7 Community investment | Environment | 13 Greenhouse gas emissions | 19 Direct energy |
| | 2 Development and training | 8 Production health and safety | | 14 Waste gas emissions | 20 Production materials |
| | 3 Employees' rights and standards | 9 Potential impact of environment and natural resources on the Company | | 15 Sewage discharges | 21 Discharge of non-hazardous waste |
| | 4 Supply chain management | 10 Use of packaging materials | | 16 Water resources | |
| | 5 Employment and labour practices | 11 Customer privacy | | 17 Discharge of hazardous waste | |
| | 6 Anti-corruption | 12 Advertisement and labelling of products and services | | 18 Indirect energy | |

We consider the following indicators, which are higher than the average level in terms of materiality to business and stakeholders, as having significant impacts on the Group's sustainable development. The Group will focus attention on the following aspects in fulfilling its environmental and social responsibilities.

- Indirect energy
- Water resources
- Sewage discharges
- Waste gas emissions
- Greenhouse gas emissions
- Health and safety
- Employee development and training
- Employee rights and standards
- Supply chain management
- Employment and labour practices

ENVIRONMENTAL PROTECTION

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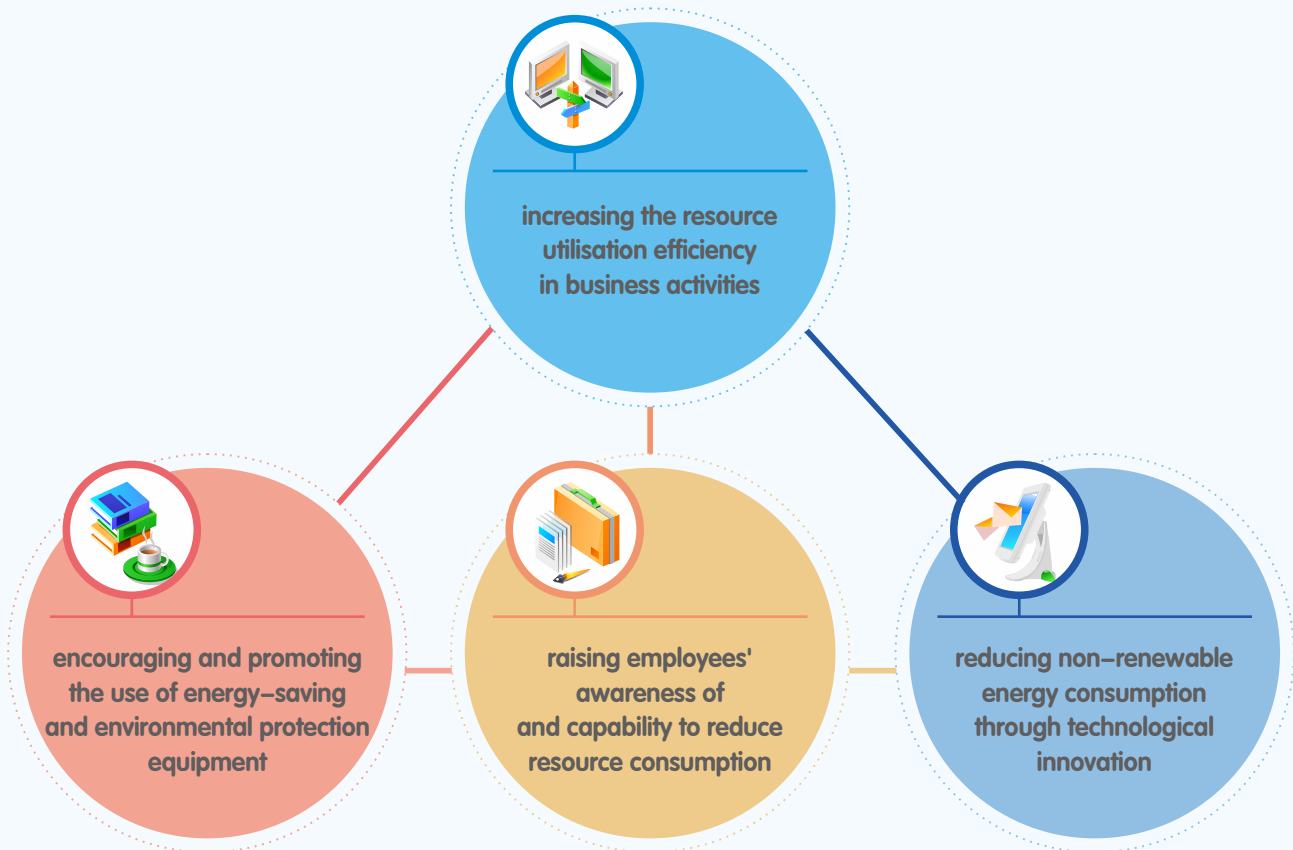
Environmental Policy

As a large-scale enterprise group that continues to grow, our production and operation naturally consume resources and generate emissions; but as a large-scale enterprise group that provides packaged solutions for energy conservation and environmental protection, what we have done has made significant contributions to the whole society's resource conservation, energy conservation and emission reduction.

As dedication makes profession, the Group has concentrated on the businesses of solid and hazardous waste treatment and grate furnace power generation in recent years, and has continued to invest in research and development of environmental protection technologies that are truly beneficial to enterprises and the society,

while continuously exploring the market. We firmly believe that the launch of advanced environmental protection technologies and products of Conch Venture with a shorter time-to-market is an actual action in response to the call for environmental protection. While actively promoting business distribution, we have stepped up publicity efforts to enhance the environmental protection awareness among all social sectors and join hands with them to promote sustainable development and build a beautiful China for creating a new era of socialist ecological civilisation.

During the year, the Group abided by relevant environmental laws and regulations of the places where it operated, firmly hold the concept of socialist ecological civilisation, and consciously practised the idea of green development, proactively building a society with a low energy consumption and sound environment. We persisted in environmental management and will continue to achieve the goals of energy conservation and emission reduction in the following ways to ultimately realise comprehensive management of the urban environment:



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Emissions

The rapid development of the society comes with various forms of emissions, and people are constantly seeking ways to minimize the impact of these emissions on the environment. Scientific and technological development and innovative thinking have brought ideas on resolutions. On the one hand, we have to reduce emissions per unit of production; on the other hand, we have to learn to turn waste into treasure and make full use of all kinds of emissions, so as to bring environmental benefits as well as considerable economic benefits to the enterprise.

In respect of emission reduction, Conch Venture reduces the impact of emissions on the environment through leading waste treatment solutions, residual heat power generation and technology for production of new environmental protection materials. At the same time, it reduces the density and total amount of emissions, such as waste gas, water and materials, through technological progress. For the comprehensive utilization of resources, Conch Venture has truly realised the complete treatment of waste by strengthening the research and development of new technologies and promoting the use of technologies of fly ash treatment with water and solid waste dry distillation.

Although certain emissions are inevitably generated in our production process due to the characteristics of the production technology and industry, as an environment-friendly enterprise, we exercise strict control to ensure that the emissions are in compliance with laws and regulations, and strive to better achieve efficient and clean production. We are always ready for examination by the society, the government and the masses.

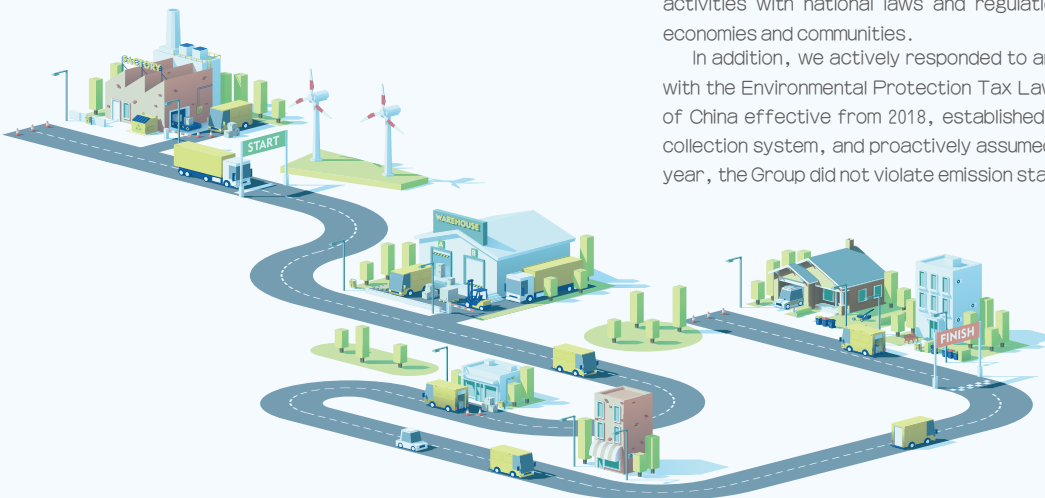


Compliance Management

Emission compliance is the bottom line in building ecological civilisation. The Group has established compliance management and prevention mechanisms for both internal and external operations. Internally, a comprehensive internal management system has been established, which involves the legal affairs department, internal audit department and the subsidiaries' safety and environment protection departments and inspection management departments to prevent deliberate and unintentional violations of laws and regulations. Externally, we communicate timely and learn modestly, and also invite external agencies to regularly provide guidance to us and carry out examination on our compliance with laws and regulations.

During the year, the Group continued to strictly comply with laws and regulations relating to emissions, such as the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Air Pollution Prevention and Control Law of the People's Republic of China, and the Energy Conservation Law of the People's Republic of China, as well as relevant emission regulations, such as the Standard for Pollution Control on Municipal Solid Waste Incineration (GB18485-2014), the Emission Standard of Air Pollutants for the Cement Industry (GB4915-2013), the Control Standard for Collaborative Disposal of Solid Wastes of Cement Kiln (GB30485-2013), and the Measures for the Administration of Environmental Surveillance. We strictly implemented pollutant emission standards and improved the monitoring and emission control systems to ensure up-to-standard emissions and clean production and compliance of production activities with national laws and regulations, benefiting both local economies and communities.

In addition, we actively responded to and was in strict compliance with the Environmental Protection Tax Law of the People's Republic of China effective from 2018, established a sound environment data collection system, and proactively assumed our tax obligations. In the year, the Group did not violate emission standards.



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Greenhouse Gas (ghg) Emissions

In 2017, the National Development and Reform Commission announced that the national carbon emissions trading system was officially launched, bringing the nation's greenhouse gas emission and management to a new stage. Guided by policies and with the unremitting efforts of various industries, the China achieved its carbon emission reduction commitment to the world for 2020 ahead of schedule at the end of 2019. The introduction of the economic system for greenhouse gas management creates limitless opportunities and meanwhile puts forward higher emission requirements on Conch Venture. The Group has to increase the amount of carbon recovered using energy-saving and environmental protection technology, and meanwhile reduce its carbon footprint through reducing emissions, so as to maximize carbon surplus and avoid carbon deficit.

In the daily production and operation of the Group, greenhouse gas emissions mainly come from the treatment of municipal waste, the use of natural gas and fuels and vehicle exhaust.

In respect of municipal waste treatment, grate furnace power generation produces less greenhouse gases than the traditional disposal method of landfilling, and meanwhile saves standard coal consumption by making full use of the caloric value of waste in power generation, thereby reducing the generation of greenhouse gases. As waste contains an average of 22% carbon, generating power with 1 tonne of waste through incineration may help reduce as much as 0.27 tonnes of carbon dioxide emissions.

During the Reporting Period, the Group treated a total of **2.18** million tonnes of municipal waste. According to the traditional approach of landfilling, about **1** cubic meter of land is needed for every tonne of waste. The municipal waste treated by the Group represents a reduction in landfills by **2.18** million cubic meters, and a reduction of **588,600** tonnes of carbon dioxide emissions. More specifically, if the amount of carbon dioxide emission reduced is calculated at the closing price of RMB **27.15**/tonne in the Guangzhou carbon market on 5 February 2020, the annual economic benefits created thereby for Conch Venture amount to over RMB **16** million.



During the reporting period

the Group treated municipal waste

2.18 million tonnes

Needed for every tonnes
of waste by landfilling

1
cubic meter of land



Reduction landfills

2.18 million cubic meters

Reduction carbon dioxide emissions

588,600 tonnes



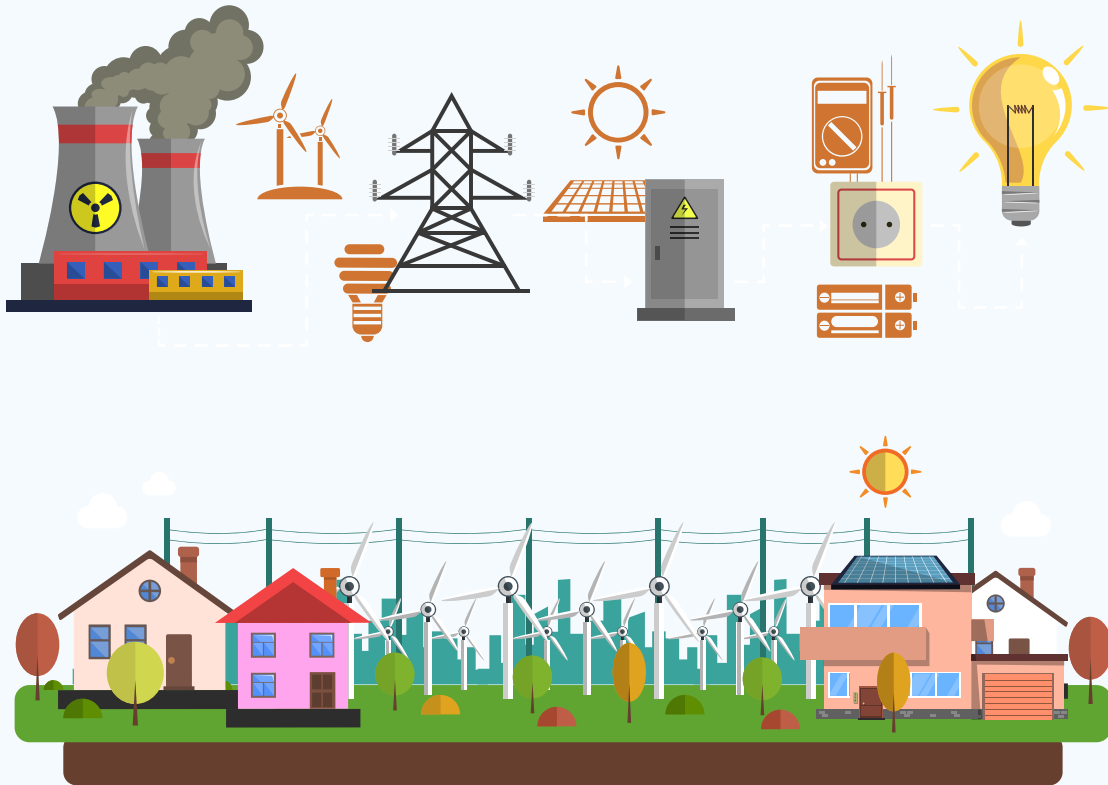
The benefit created from carbon trading

in Guangzhou according to its closing price of

RMB 27.15/t can be amounted to over 16 million.

16 million

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Natural gas is a clean and environment-friendly source of energy, which contains nearly no sulphur, dust and other harmful substances. When combusting, it produces less carbon dioxide than other fossil fuels and is less likely to cause greenhouse effects, thus fundamentally improving the environment. The Group attaches great importance to the substitution of natural gas for coal and other traditional energy sources, and has sped up replacing traditional energy sources with natural gas for broader purposes. At the same time, greater efforts have been made in the research and development and introduction of natural gas application technologies such as the gas turbine technology, and the use of local available natural gas resources has been maximised in the construction of new projects, so as to improve the efficiency of natural gas application for maximum the production capacity per unit natural gas.

To facilitate disposal of solid waste, hazardous waste and municipal waste, the Group established Conch Venture

Logistics, a subsidiary engaging in transportation in 2018. When selecting and purchasing vehicles, we took into account the performance of vehicles, the demand for tonnage by route, national and industrial standards, as well as our requirements. When designing routes for the vehicles, we carefully considered the traffic volume, frequency, and traffic condition by period and area, so as to avoid unnecessary fuel consumption and minimise the impact on the surrounding residents. In terms of maintenance of vehicles, we used dedicated cleaning equipment to keep transport vehicles clean and avoid secondary pollution to the environment in the transport process, and extended the service life of vehicles through proper scheduling and regular maintenance. In 2019, we cooperated with leading domestic special-purpose vehicle manufacturers to jointly develop the fly ash transport tanker, which would effectively improve the efficiency of fly ash treatment after waste incineration.

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Waste Gas Emissions

"Waste gas" was once an unused treasure. After many years of theoretical research and practical exploration, we have established a sophisticated theoretical waste gas utilisation system for reducing the emission of waste gas and turning it into treasure. The Group's business of collaborative treatment of industrial solid and hazardous waste by cement kiln and business of collaborative treatment of municipal waste by cement kiln are typical examples of application of the system. During the collaborative treatment of solid and hazardous waste or municipal waste by cement kiln, the waste gas generated is fully degraded in the kiln to avoid increasing emission of flue gas at the kiln tail, thus effectively reducing the emission of nitrogen oxides, sulphur dioxide and particulate matter.

The Group's emissions also resulted from the use of diesel oil and gasoline. During the Reporting Period, a total of **2.17** million litres of diesel oil were used, mainly for combustion supporting for production machinery, on-site loaders, machinery vehicles, solid and hazardous waste transportation vehicles of logistics companies, etc. **1.3107** million litres of gasoline were used, mainly for the daily use of the Company's vehicles.

Another part of our emissions resulted from grate furnace power generation projects, and the project companies had installed waste gas emission monitoring devices. During the Reporting Period, 11 grate furnace power generation projects completed and operated by the Company produced **121.96** tonnes of sulphur dioxide, **52.21** tonnes of hydrogen chloride, **64.55** tonnes of carbon monoxide and **22.62** tonnes of particulate matter. As the denominators of the above amount of usage and emission are different, the Group has not yet calculated the aggregate density indicators.

2019
Sulphur Dioxide(SO₂)
121.96 tonnes
Particulate Matter
22.62 tonnes
Hydrogen Chloride
52.21 tonnes
Carbon Monoxide
64.55 tonnes



Sewage Discharge



(Pictured: Wenshan treatment of solid and hazardous waste by cement kilns project.)

Sewage is produced mainly during grate furnace power generation, collaborative treatment of municipal waste by cement kilns, collaborative treatment of industrial solid and hazardous waste by cement kilns, and new building materials production.



Leachate is produced when municipal waste and hazardous waste are stored for these procedures. For projects of grate furnace power generation, leachate is converted into reclaimed water, which is then used to cool the power generators. After processing, leachate concentrates are incinerated in grate furnace and other

sewage is recycled through comprehensive treatment. Through these steps, we are able to achieve zero sewage discharge. For projects of collaborative treatment of municipal waste by cement kilns and collaborative treatment of industrial solid and hazardous waste by cement kilns, less sewage is generated and hence it is fed into the cement kiln incinerating system to achieve zero sewage discharge. For new building materials production projects, sewage generated is of high alkalinity and is recycled through our improved in-plant water recycling system.

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Waste Disposal

	<p>11 Grate furnace power generation projects put into operation</p> <p>21 treatment of solid and hazardous waste by cement kilns projects put into operation</p>		<p>Capacity of 1.77 million tonnes of municipal waste per year</p> <p>Capacity of 2.52 million tonnes solid and hazardous waste per year</p>
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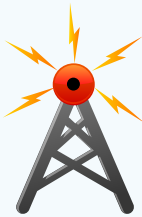
Treatment of solid and hazardous waste

666,600 tonnes

Urbanization has boosted the growth of urban population. With the improvement of the living standard and the popularisation of the concept of environment protection, garbage classification and harmless disposal have become an increasing focus of the public. As one of the benchmark technologies of Conch Venture, grate furnace power generation has its unique advantage and approach in eliminating the adverse effects of municipal solid waste on human beings, the society and the environment. Incineration treatment methods that can significantly reduce the volume of waste are being promoted by an increasing number of provinces.

Solid and hazardous waste disposal range

1-1.2 tonnes/m³



As a "rising star" in the waste incineration power generation industry, Conch Venture has quickly gained recognition and the business opportunities in the market owing to its strong competitive advantages. The Company has developed a globally leading technology jointly with Kawasaki ; the Company is skilled in project operation management and has explored a scientific, standardised and modern management system, with cost control and power generation indicators at the forefront of the industry.



Saved landfill space about

666,600-800,000 m³

In light of the characteristics of domestic waste, Conch Venture has jointly developed a new grate furnace power generation technology with Kawasaki, and built domestic-made grate furnace incinerators and residual heat boilers. By now, grate furnace equipment with a processing capacity of **300-750** tonnes has been

developed, which can meet the scale needs of different cities and regions. The process fully incorporates advanced foreign waste incineration technology, which combusts waste using heat within the waste. The high temperature flue gas heats the boiler to generate steams, which drive steam turbines to generate power, and the power is transmitted to the power grid. After tail gas treatment, the waste discharge meets the national standards. Remarkable features of this technology include thorough decomposition of dioxins, high applicability to waste, no special plant site requirements, high power generation capacity, harmless treatment of waste, and odourless emission.

Conch Venture's successful experience in grate furnace power generation projects has been rapidly promoted across the country. During the Reporting Period, the Group signed contracts for **38** grate furnace power generation projects, of which **11** projects with a total processing capacity of **1.77** million tonnes of municipal waste per year has been completed and put into operation.

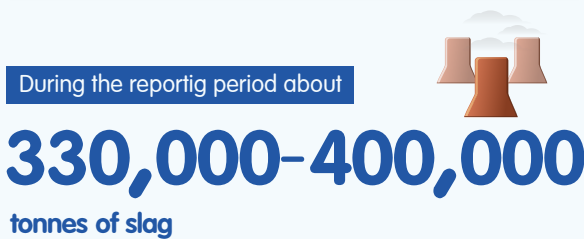
During the Reporting Period, the grate furnace projects for municipal waste disposal generated **38,800** tonnes of fly ash, some of which were collected for collaborative treatment using cement kilns and the rest were handed over to qualified third parties for professional treatment; the **315,100** tonnes of slag generated by the projects were handed over to qualified third parties for professional treatment; the **174,400** tonnes of leachate generated by the projects were treated by the in-plant treatment systems, and about 80% were converted into clean water reaching the Standard for the Quality of Industrial Water Recycled from Urban Waste Water (GB/T19923-2005) and reused as supplementary water for industrial use in factories. The remaining 20% were

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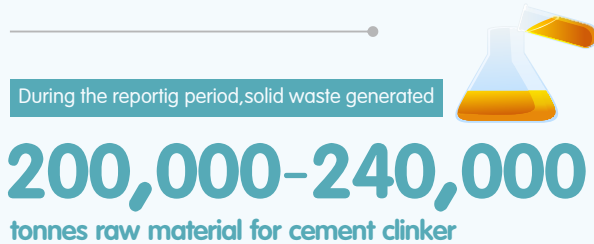
Per tonne solid and hazardous waste generated about

0.5–0.6 tonnes of slag



1 tonne of cement clinker about

1.63 tonnes of solid waste



sprayed back as concentrates into the furnace for incineration treatment to achieve zero effluent discharge.

Another part of the Group's waste comes from collaborative treatment of industrial solid and hazardous waste by cement kilns. During the Reporting Period, the Group had a total of **21** projects of collaborative treatment of industrial solid and hazardous waste by cement kilns put into operation. The projects have a total processing capacity of **2.52** million tonnes of solid and hazardous waste per year and has disposed of a total of **666,600** tonnes of industrial solid and hazardous waste. As the mean density of the solid and hazardous waste disposed of ranges from **1–1.2** tonnes/m³, about **666,600** to **800,000** m³ of landfill space has been saved.

Leveraging the technical advantages of collaborative treatment of industrial solid and hazardous waste by cement kilns, such as high temperature, large incineration space, long residence time and large disposal scale, Conch Venture collects the slag produced in the collaborative treatment of industrial solid and hazardous waste by cement kilns as raw material of cement

products to be add into the clinker. This also avoids the secondary pollution caused by the waste gas and slag from special incinerators, and solidifies the heavy metals in the waste at a high temperature and stably retains them in clinker minerals so as to realize resource recycling.

With reference to the standard that **0.5–0.6** tonnes of slag can be produced with each tonne of solid and hazardous waste, a total of **330,000–400,000** tonnes of slag were produced during the Reporting Period. As 1 tonne of cement clinker requires about **1.63** tonnes of solid waste, the solid waste generated during the Reporting Period were used as raw materials for about **200,000–240,000** tonnes of cement clinker.

On 11 December 2019, a research team working on the environmental protection plan for the 14th Five-Year Plan of the Ministry of Ecology and Environment of the People's Republic of China visited Wuhu Conch Venture Environmental Protection for an on-site study of collaborative treatment of solid and hazardous waste by cement kilns. After learning about the remarkable contributions made by Conch Venture in recent



years to the development of the local economy and the improvement of the ecological environment, and listening to the detailed report on the development status, technological advantages and the disposal process of collaborative treatment of solid and hazardous waste by cement kilns, the research team spoke highly of the business model of Wuhu Conch Venture Environmental Protection in promoting the coordinated development of social benefits and economic benefits. It acknowledged that the business philosophy of Wuhu Conch Venture Environmental Protection was consistent with the policies on the construction of ecological civilisation that the state had been vigorously promoting, which pays great attention to improving the ecological environment and building a better home for the future generations. The research team hopes that Conch Venture and Wuhu Conch Venture Environmental Protection continuously contribute to environmental protection and further help improve the local ecological environment with a mission of "creating future living space for mankind".

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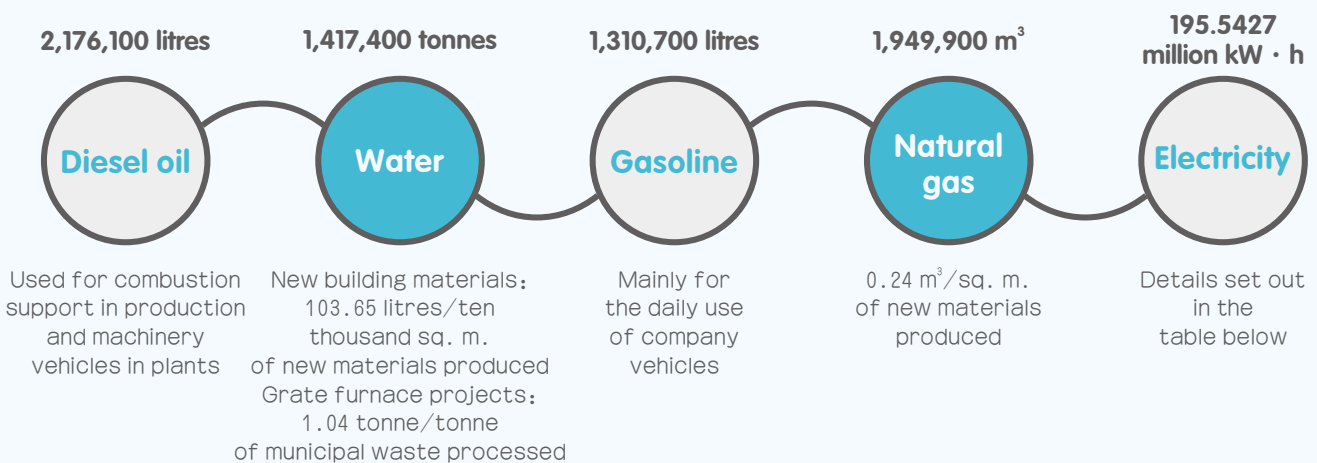


Resource utilisation

Natural energy resources are important material foundation for sustainable economic growth and social development. The use of natural resources has brought earth-shaking changes to the human society and made our material lives more comfortable. However, the massive use of natural resources has brought a series of serious environmental problems. As an innovative energy-saving and environmental protection enterprise, Conch Venture is both a creator and consumer of resources during power generation. Further increasing the efficiency of resource utilisation is another focus of the Group's research efforts in addition to improving power

generation technology.

On the one hand, the Group constantly optimises its energy structure, and develops and utilises clean and renewable resources, such as increasing using more natural gas resources for broader purposes; on the other hand, we mobilise all staff to save energy and improve energy efficiency. The contribution of each individual employee may be small, it becomes remarkable as the entire Group is involved. The types and amounts of major resources consumed by the Group in 2019 are as follows:



Business Segment	Production volume/Treatment	Electricity Consumption	Unit Consumption
municipal waste treatment	889,000 tonnes	78,218,100 kW · h	87.98 kW · h/tonne*
Grate furnace projects	1,286,200 tonnes	74,957,800 kW · h	58.27 kW · h/tonne
New building materials	8,926,900 sq.m.	14,055,700 kW · h	1.76 kW · h/sq.m.
Equipment manufacturing	5,697,000 sq.m.	12,850,800 kW · h	0.44 kW · h/sq.m.
Solid and hazardous waste	690,000 tonnes	3,061,600 kW · h	228 kW · h/tonne**
Port logistics		12,398,500 kW · h	

Note: * The increase in the unit consumption for the CKK business during this reporting year was mainly due to: (1) Insufficient waste input to certain CKK projects, leading to underutilisation of the waste treatment capacity; (2) Increased number of scheduled maintenance and restarting (high electricity consumption during the start-up) operations in this period.

** Electricity consumption for solid and hazardous waste treatment space not separated from that for normal production of the cement plants where the projects were located, and therefore electricity consumption statistics were not separated. During this reporting year, there were 4 solid and hazardous waste treatment projects with separate electricity consumption accounting. Therefore, the denominator of the density indicator includes only the 13,400 tonnes of processing capacity of these 4 projects.

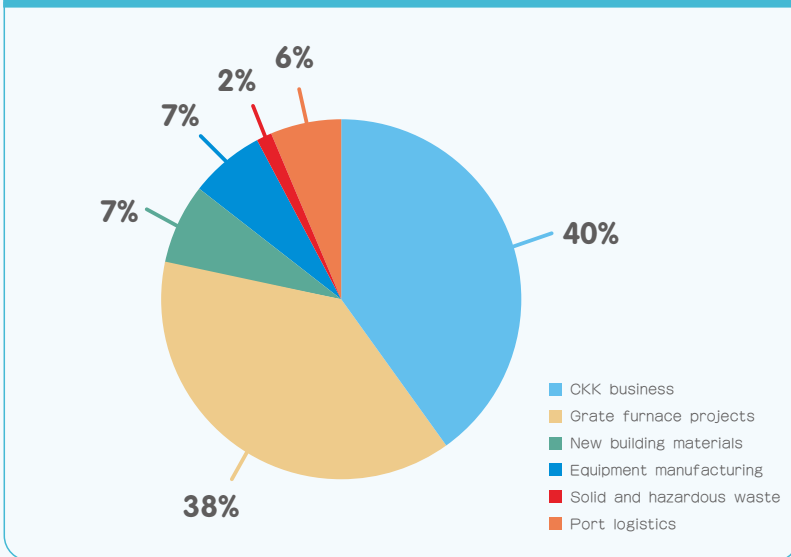
ENVIRONMENTAL PROTECTION



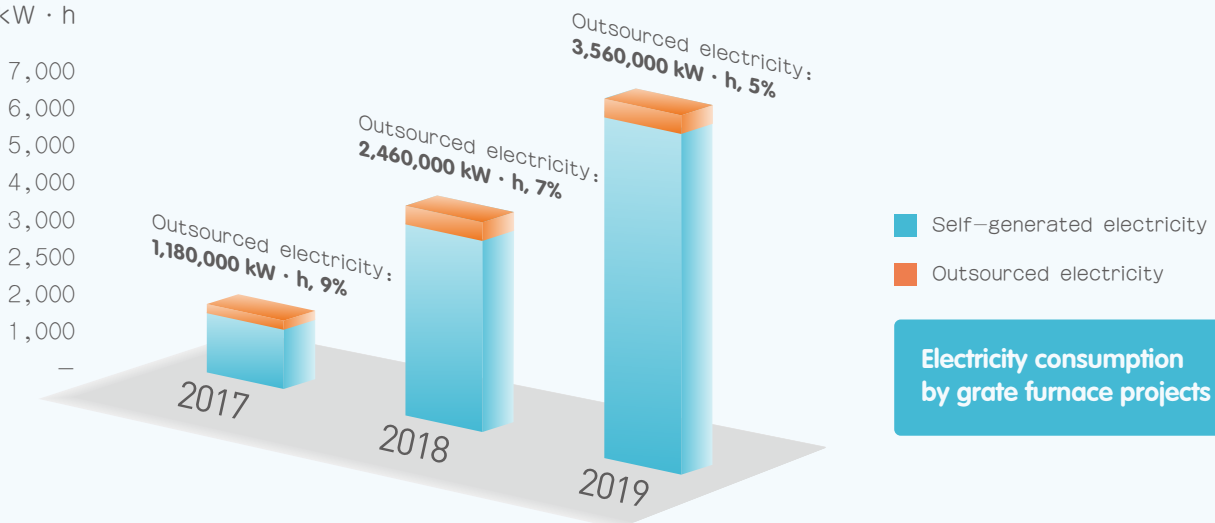
Indirect Energy

Electricity is the major type of energy used by the Group as well as a key product of the Group. Group comprises a number of power generation enterprises and the number increases quickly annually. The Group's annual power output is far more than power consumption. The Group always adheres to the policy of "tapping new resources and reducing consumption" for all types of resources, including electricity. On the one hand, the Group focuses on improving its production technology and project operation management capability and broadening the sources of energy for power generation to increase the total power output and power generation efficiency. On the other hand, we strive to reduce electricity consumption, improve the power utilisation efficiency and reduce energy loss in the power supply system during daily business activities. The Group seeks power supply by integrating outsourced electricity with self-generated electricity, and coordinates with regional power grids and other departments to supply surplus self-generated electricity to the grids. The Group's total electricity consumption and output during the year are disclosed as follows:

Electricity consumption of each business segment



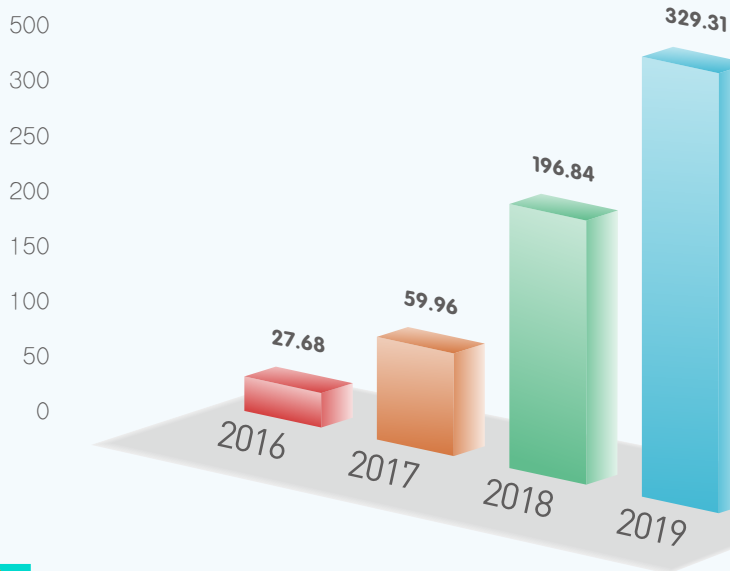
Unit:
10,000kW · h



Electricity consumption by grate furnace projects

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Unit:
million
kW · h

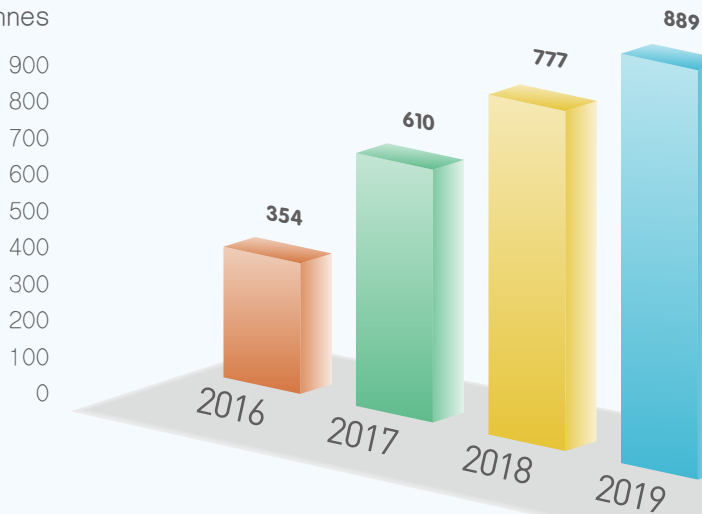


Total electricity output of
grate furnace projects



Municipal Waste Treatment

Unit:
thousand
tonnes



Total Volume of municipal
waste treatment

ENVIRONMENTAL PROTECTION



Water Resources

Water conservation has always been one of the public concerns. With the development of the industry, the increase of the human population, the expansion of industrial areas and residential areas, the amount of water used for living and industrial purposes keeps increasing and water shortage is becoming critical.

The Group's main business segments for which water consumption is calculated separately include new building materials and grate furnace power generation projects. The Group has a wide range of water sources, including tap water, recycled water, and reclaimed water from sewage treatment plants. Water meters have been installed for all water consumers to monitor the use of water resources in a timely manner. During the Reporting Period, the Group's subsidiaries engaging in new building materials and grate furnace power generation used a total of 1,410,000 m³ of outsourced water.

As grate furnace power generation projects are water-demanding, the Group designs a water consumption plan at the planning stage of each of the projects according to the local conditions to facilitate in-plant water recycling and even use reclaimed water from the beginning of the production procedures. For the Li Country project, we creatively use the water from the Li river as the direct water supply for production. After coagulation, sedimentation, and filtration in the plant, the river water is stored in the clean water tank and fire protection tank for the circulating water system and fire protection system. The Group paid close attention to the effectiveness of this substitution arrangement. It worked smoothly over the past two years and has achieved a remarkable water saving effect. Therefore, in 2019, it was applied, based on the successful experience, to the newly-built Yiyang project and the second phase of the Li County project. It will also be applied to 11 projects under construction, and is expected to be adopted for more projects in the future.



ENVIRONMENTAL PROTECTION



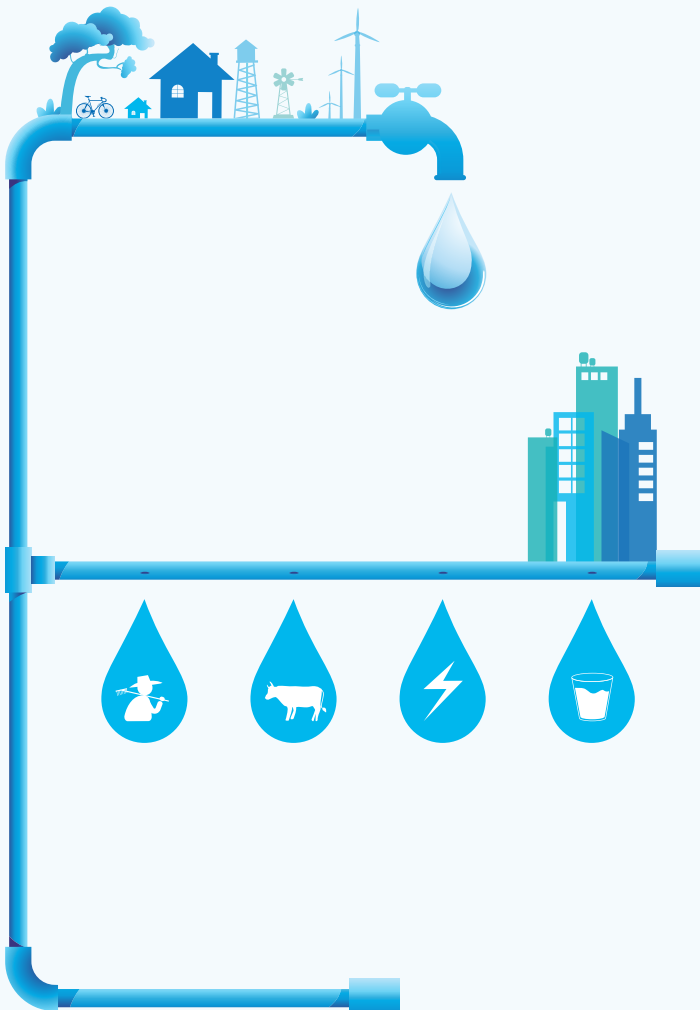
(Pictured: Li county grate furnace power generation project)

We also emphasise protection of water sources near our projects and harmonious coexistence with surrounding environments and communities. In the vicinity of some factories, tap water was not available and villagers were still using well water (underground water). Taking this into consideration, the Company concluded after assessment that using well water would cause shortage of water to the villagers, and therefore did not use well water in those areas.

ENVIRONMENTAL PROTECTION



Environment and Natural Resources



There is a saying that mountains of gold and silver are not as valuable as lucid waters and lush mountains, as lucid waters and lush mountains are what truly make a better world. Conch Venture believes that lucid waters and lush mountains are the genuine source of economic benefits.

Protecting the environment and natural resources is China's fundamental national policy and also our bounden duty, as well as the underlying purpose, driving force, and economic source of our business. Conch Venture was established following the macro-environment and trend of energy conservation and environmental protection. Conch Venture always strives to solve salient environmental issues through business activities, strengthen ecosystem protection and promote green development, and is committed to building a green Anhui, a green China, and even a green world.

The environmental protection business segments of the Group actively play their respective roles in protecting the environment and natural resources.

The environmental protection business segments of the Group currently leverage three kinds of technologies: treatment of industrial solid and hazardous waste by cement kiln, collaborative treatment of municipal waste by cement kiln, and grate furnace power generation. These technologies can fully degrade dioxins, solidify heavy metals, and digest sewage without odour diffusion, thus facilitating the reduction, resource reutilisation and harmless treatment of waste and thoroughly eliminating secondary pollution.

Since the establishment of the Group, it has been taking advantage of its technical expertise and service capability regarding equipment manufacturing to make extraordinary contributions to the cement industry for energy conservation and emission reduction. It also actively explores energy conservation and emission reduction for other industries such as metallurgy and chemical, and has made certain achievements such as residual heat recycling for sintering machines, converters, and heating furnace used in the steel industry and for arc furnace used in the ferroalloy industry.

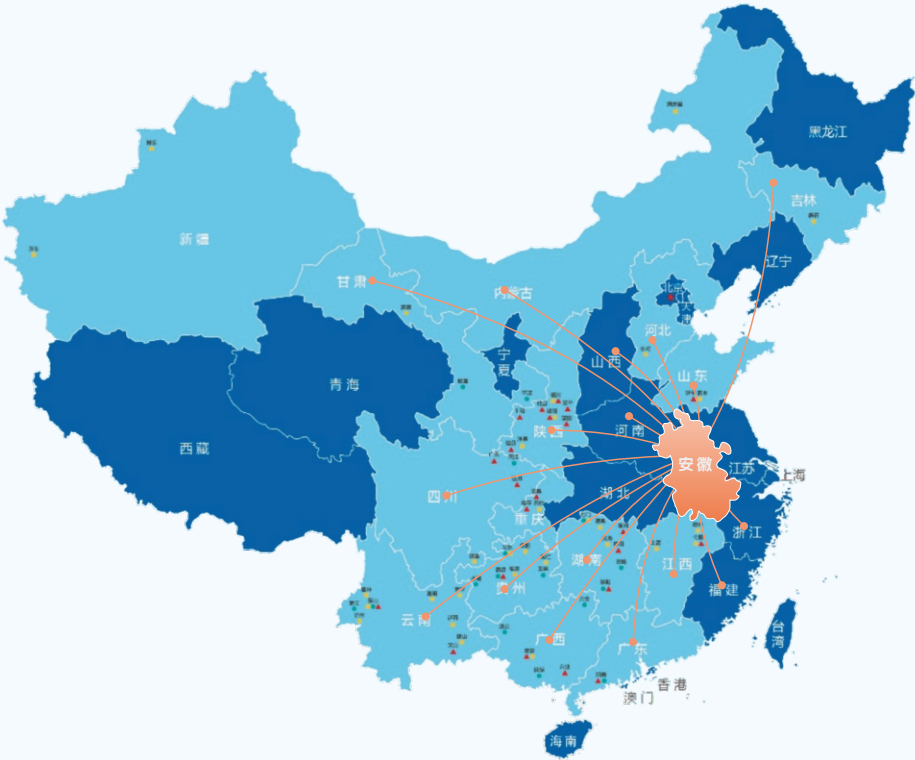
Meanwhile, the Group regularly organizes a variety of activities to raise employees' awareness of and encourage participation in environmental protection. For example, subsidiaries such as Bozhou Conch Venture, Yaobai Conch Venture, Xingye Conch Venture, Kunming Conch Venture, Suzhou Conch Venture and Yanshan Conch Venture held the 5 June World Environment Day Promotion Event and hosted Environment Day lectures to raise the environment protection awareness of employees and local residents, helping improve the level and transparency of comprehensive environmental protection management of the companies.

ENVIRONMENTAL PROTECTION



Focus on Environmental Protection and Active Business Expansion

The Group's business is closely linked to the public's demand for recycling of resources, and our pace of progress has never stopped as the awareness of environmental protection among people gets stronger. With Anhui Province as the centre, we have been actively expanding to achieve success nationwide thanks to our advanced technology and sophisticated operation model. As of March 2020, the Group has reached a contracted annual capacity for solid waste treatment and grate furnace power generation of 6.27 million tonnes per year and 10.25 million tonnes per year respectively.



contracted annual capacity for solid and hazardous waste treatment

6.27

million tonnes /year



contracted annual capacity for grate furnace power generation

10.25

million tonnes /year

China Conch Venture Holdings Limited

SOCIAL RESPONSIBILITIES



ENVIRONMENTAL
SOCIAL AND GOVERNANCE

SOCIAL RESPONSIBILITIES



Social Responsibilities

The society is the ground for enterprise development. Conch Venture is closely related to the environment and society due to the characteristics of its principal business. Rooting in the society, organically combining its corporate business with social development in China, fulfilling social responsibilities in multiple fields, and making corporate contribution to the sustainable development of China is a development strategy that Conch Venture constantly explores. The Group always insists on:



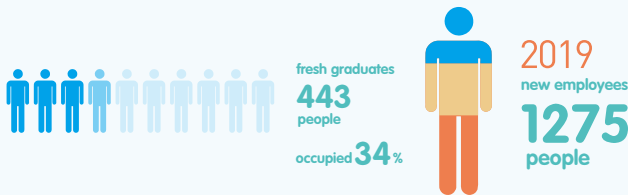
SOCIAL RESPONSIBILITIES



Employment

Employees are the backbone of our presence, development and expansion. The Group attaches great importance to the staff's well-being and career development, and provides employees with a pleasant working environment, a competitive compensation system and complementary benefits. In addition, the Group takes the initiative to build a fair and just strategic diversified talent development platform to enable employees to understand their own positioning and inspire their passion and enthusiasm. In April 2019, the Group conducted a payroll reform to share with outstanding employees the rewards from the rapid development of the Company and encourage further contributions from all staff.

The Group's human resources work highly focuses on attracting and training people. On the one hand, the good social reputation and excellent career platform of Conch Venture have been attracting lots of outstanding talents for many years. During the Reporting Period, the Group had 1,275 new employees, 443 of whom were fresh graduates, accounting for 34% of the total. On the other hand, Conch Venture pays attention to stabilising the workforce through remuneration package and cohesion. During the Reporting Period, a total of 307 employees resigned, and the staff turnover rate was 9%.

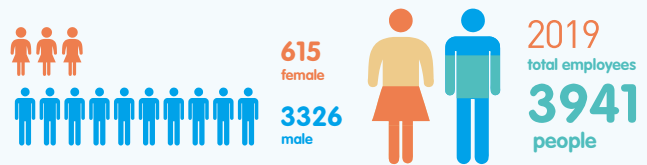


As at the end of the Reporting Period, there were 1,340 employees who had been working with us for over 5 years, representing 34% of the total staff.

Training means help employees maximise their potential. During the Reporting Period, the Group established 41 new project subsidiaries. Continuous business scale expansion has provided employees with opportunities to learn and grow. For years, the Group has provided open career development paths to fairly select and promote talents, creating a broad career platform for those who want to and can contribute. By the end of the Reporting Period, the average age of the Group's managers was 35 and it took an average of 3 years for fresh graduates to be promoted to managerial positions.

The Group and its subsidiaries protect the legal rights and interests of employees in strict compliance with relevant laws and regulations, such as the Labour Law, the Labour Contract Law, and the Social Insurance Law, and pay wages, social insurance contributions and housing fund contributions on time and in full amount. Furthermore, we have established a mutual assistance mechanism for in-house staff through the labour union to provide help for employees with difficulties. During the year, the Group conducted no violation of labour laws.

The principle of equal opportunities applies to all aspects of employment, including recruitment, training, career development and staff promotion. The Group advocates fair competition and does not



discriminate against any employee by sex, age, marital status, religion, race, nationality or health status. As at the end of the Reporting Period, the Group had 3,941 employees. Among them, 3,326 were male employees and 615 were female employees. There were 460 employees holding middle or senior managerial positions, including 27 females. The local employment rate maintained at above 80%.

The Group places emphasis on employee satisfaction, happiness and participation, and encourages employees to give feedback and contribute ideas. In 2019, the Group conducted a satisfaction survey on logistic services and canteens among Yanshan Conch Venture, Kunming Conch Venture and Fuquan Conch Venture and other subsidiaries, to find that the satisfaction rate averaged about 95%. In order to continuously improve employee satisfaction, our administration department carefully analysed the survey results and optimised internal services in a timely manner. Employees can submit comments or suggestions to the human resources department, labour union and managers at all levels, which are required to handle them in accordance with the established procedures, so as to ensure fair treatment of all employees and their reasonable requests.

SOCIAL RESPONSIBILITIES



In addition to stressing economic benefits and corporate development, Conch Venture regards spiritual wealth enhancement as one of its important work. On 12 January 2020, Conch Venture held the "Conch Venture Voice" new year concert for celebrating the 70th anniversary of the founding of the People's Republic of China. Dai Yuqiang, a famous tenor, and artists such as Mo Hualun and Wei Song were invited to perform at the concert, an event that brought spiritual entertainment to the employees and promoted the Group's corporate philosophy. Meanwhile, by setting up an occupational safety and health system, establishing a free annual physical examination plan and providing a variety of training courses for employees, the Group provides comprehensive supporting services for employees to maintain physical and mental health. For example, Yangzhou Conch Venture, Yiyang Conch Venture, Shanggao Conch Venture and Li Country Conch Venture built various exercise venues managed by designated personnel for

employees, which are opened at regular hours every day. Each subsidiary organises regular outdoor staff exercise activities, such as basketball matches, table tennis matches, badminton matches, and debate competition.

The Group highly cares for and protect female employees, not only by offering labour safety protection and occupational health protection, but also by organising related caring activities. For example, Conch Venture Enterprise organized a tour to Jingde county; Yangzhou Conch Venture organized a day trip to Zhouzhuang on Women's Day; Suzhou Conch Venture organized a tour to Huangzangyu on Women's Day; Anhui Conch Venture New Materials organized the cultural and sports activity themed "Stay Charming with Beauty and Elegance"; Yanshan Conch Venture, Yaobai Conch Venture and Bozhou Conch Venture also organized outdoor activities on Women's Day. These activities brought happiness to the employees through

teamwork and helped them shake off work pressure and relax during the pleasing and meaningful holiday.

The Company is proactive in providing care and assistance to employees in difficulty. On the eve of the Spring Festival in 2019, Li Jian, the general Party branch secretary and deputy general manager of the Company, led a delegation to pay visits to party members and employees in difficulty in Wuhu entities, and offered holiday allowances and daily supplies to them, encouraging them to strive to overcome temporary difficulties and grow along with the Company in the rapid development period. Yaobai Environmental also carried out a "Mid-Autumn Festival and National Day Caring Campaign" for employees in difficulty in September 2019. On the eve of the two festivals, the company visited the employees and their families and extended the Party and Company's care and holiday blessings.

SOCIAL RESPONSIBILITIES



Health and Safety

The health of staff members is important to their family, and to Conch Venture, because it is the cornerstone of the development of Conch Venture and the premise of better customer services and harmonious local community relations.

No work arrangement of the Group can be made at the expense of the safety and health of staff. With the idea of "safety first, prevention first", the Group strictly complies with relevant laws and regulations including the Safety Production Law of the People's Republic of China, the Prevention of Occupational Diseases of the People's Republic of China and the Provisions on the Supervision and Administration of Labour Protection Articles. The Group actively plans, conscientiously implements, scientifically evaluates and continuously improves work concerning the health and safety of its employees, takes health and safety as major considerations in its daily management and strategic decision-making, and resolutely prohibits safety regulation violations. During the Reporting Period, there was no major safety and health regulation violation by the Group.

Heading to the concept of "safety is of great importance", the Group has established a comprehensive safety accountability mechanism. During the Reporting Period, more than 60 various emergency drills were completed, involving about 2800 participants. According to the actual situation of the enterprise, it carries out safety propagation and health education regularly.

During the "National Occupational Disease Prevention and Control Law" propagation week in late April 2019, 13 subsidiaries including Suzhou Conch Venture, Yaobai Conch Venture, Yanshan Conch Venture, Tongren Conch Venture and Anhui Conch Venture New Materials launched a series of activities to promote knowledge of occupational disease prevention and control, and carried out hygiene inspections, so as to help employees understand how to prevent occupational diseases.

During the safety week in June 2019, the second safety knowledge contest and the first safety cases debate of Conch Venture were held in Wuhu

and participated by more than 130 employees.

Raising the safety awareness and developing safety protection abilities requires not only training and learning, but also practices. In 2019, the Group's related companies organised the "environmental safety drills" for related businesses. During the drills, the leakage of leachate pumped from the collection tank to the regulating tank was simulated to improve the ability of managers at all levels and employees to quickly respond to environmental emergencies.

The logistics company strengthened its safety protection by adding hardware equipment such as vehicle reversing camera systems, power failure protection for gull-wing doors, wall-mounted cargo compartment lights, infrared temperature measuring guns and hydraulic retarders. The company also completed the construction of safety production monitoring and scheduling centre, which laid an important hardware foundation for safety management and served as a management platform for "large companies, large logistics".

Adhering to the "people-oriented" philosophy, Conch Venture implements its staff occupational health and safety system in daily work. It relies on third parties to regularly inspect hygiene conditions in dorms to ensure a safe production environment and healthy life for employees. In addition, the Group provides employees with free annual occupational health checks.

The health and safety of employees should be protected with hardware facilities. During the Reporting Period, the Group incurred a total expenditure of RMB 6.3279 million on the maintenance and operation of safety facilities. Funds dedicated to safety facility investment were set up for projects under construction in accordance with the Measures for Supervision and Administration of the "Three Simultaneities" for Safety Facilities at Construction Projects. The health and safety of employees should also be protected with policies and awareness. The Group pays attention to improving staff's safety awareness and operational skills through training. During the Reporting Period, 100% of the Group's employees involved in special types of work possessed required certificates and received relevant continued education regularly.

In addition to internal practices, the Group actively participates in various external certifications and audits. By the end of the Reporting Period, eight subsidiaries successfully passed certifications on their environmental and occupational health and safety management systems.

In 2019, no event that has adverse impacts on employees' health and safety occurred due to the failure to meet working environment standards, and no major safety accident occurred.



SOCIAL RESPONSIBILITIES



Development and Training

Innovation is the driving forces of enterprise development and talents are directors of technological innovation. Conch Venture attaches great importance to the cultivation of innovative talents in science, technology, management and other aspects, providing employees with a comprehensive training system, rich training resources and diversified learning programs. At the same time, Conch Venture emphasizes the integration of theory and practice and advocates learning during practice, so as to truly improve the capability to pursue scientific and technological innovation and management skills for better services and technical support for customers. In 2019, the Group incurred a total expenditure of RMB 956,800 on internal and external training, including 2,619 technical training sessions (about 6,092 hours) and 1,267 non-technical training sessions (about 2,123 hours) for staff at the headquarters and non-frontline operating staff at the subsidiaries. Technical training and safety education were offered constantly to frontline operators as well.

Conch Venture encourages, supports and supervises employees' continuous learning. At the policy level, the Group has formulated the Interim Measures for the Administration of Staff Training, developed annual training plans, and supervised and inspected from time to time the subsidiaries' attendance records, training content, examination results and trainer feedback. We believe that for individuals, graduation from school is not the end of learning and employees need to keep up with the pace of business development. Therefore, we are truly responsible to employees and the enterprise if only we provide a platform and support for continuous learning.

We implement policies to ensure that employees can learn through online and offline interactions such as on-site exercises, visits to experienced peers, and lecture videos. The Group has established a curriculum system with diversity in training methods and contents for employees according to different posts and functions:



Professional skills training and test for certification

For example, Conch Venture held group training before registered safety engineer qualification exams;



Safety production training

which focuses on improving employees' production safety awareness and the enterprise's safety management capability. For example, Yiyang Conch Venture carried out dedicated training sessions on full implementation of the safety production responsibilities by the enterprise, Xingye Conch Venture conduct drills on first-aid for intoxication in narrow space, and Tongren Conch Venture performed plant-wide power failure response drills;



Management training

improve the professional skills and comprehensive capabilities of managers. Such as: training of middle management personnel in the solid waste business sector, seminars for production professionals, and improvement of project operation quality;



Comprehensive management training

covering compensation training, ISO system training, financial system training, financial training for the solid waste segment, document management training, etc.;



Corporate culture training

which strengthens employees' recognition of the Company's culture and development plan. For example, Qianyang Conch's art show for celebrating the 70th anniversary of the founding of the People's Republic of China and the 10th anniversary of the establishment of the factory provided an important channel for young employees to understand the spiritual culture of the Company and the development of the industry where the Company operates.

SOCIAL RESPONSIBILITIES



Employees are the cornerstone in achieving good performance and ensuring long-term success. The skills, commitment and enthusiasm of employees make Conch Venture more competitive and ready to meet future challenges. The Group has established a comprehensive employee career development channel and promotion system, and taken actions and invested resources for employee development and team building. Through promotion mechanism improvement, job transfer and rotation and other measures, the Group has built a platform to facilitate employees' career development, set up professional title grades according to the nature of posts, paid attention to and helped employees to carry out career planning, and developed personalised career development paths for employees.

Young employees are an important core force for the future development of Conch Venture. The Group pays attention to the pool of young cadres, focuses on cultivation and training of young cadres at the front line, and constantly selects and appoints talents proven through practices. We hope that young employees will correctly understand various complicated conditions, maintain a spirit of perseverance, and work in a down-to-earth manner, so as to grow together with the Group and make contributions to the sustainable and healthy development of Conch Venture.

SOCIAL RESPONSIBILITIES



Labour Standards

In accordance with national laws and regulations such as the Minors Protection Law and the Provisions on the Prohibition of Using Child Labour, the Group strictly checks the identity information of candidates in the recruitment and filing procedures and prohibits child labour recruitment. Wrongdoings, if found, are reported to the human resources departments and addressed in a timely manner.

We attach great importance to the care for and protection of the physical and mental health of minors, who represent the future of the motherland, actively promote the implementation of the compulsory education system, and safeguard all legitimate rights and interests of minors, so as to fulfil the Group's obligations and responsibilities to the country and society.

We uphold the concept of equality between the enterprise and its employees, and fully respect employees' freedom of employment,

respect and safeguard employees' privacy, and protect human rights. The Group strives to build and develop harmonious and stable labour relations. During the period of employment, there are no such acts as detaining employees' valid certificates, collecting deposits, forcing labour or defaulting remuneration.

Given the nature of the industry, certain positions in the Group require three work shifts. However, we have fully considered the work sustainability and the legitimate rights and interests of employees. According to historical experience and actual needs, we have carefully planned production to avoid unnecessary overtime work, and strived to ensure a balance between work and life of staff. If overtime work or night shift is indeed required due to the nature of work, unexpected requirements or other unavoidable factors, we proactively arrange leave in lieu to ensure that employees get adequate rest. We are never lopsided towards development at the expense of the health of employees, but earnestly safeguard their labour rights and interests.

During the Reporting Period, no incident of use of child labour or forced labour occurred.



SOCIAL RESPONSIBILITIES



Supply Chain Management



Conch Ventures is strict with not only itself, but also its partners. We strive to achieve sustainable development in Conch Venture, the macro-environment, and the supply chain system. We hope to establish common cooperative values with suppliers and achieve long-term and responsible partnerships.

For us, supply chain is not only an integral part to implement customer contracts, but also a necessary bridge for fulfilling social responsibilities. Suppliers are not only business counterparties, but also partners in fulfilling social responsibilities. Conch Venture has maintained a good cooperative relationship with suppliers while doing a good job of risk management and control in the procurement process, and has worked hand in hand with them to achieve win-win cooperation.

Conch Ventures is committed to building a responsible supply chain and promoting joint development of upstream and downstream companies in the supply chain. By formulating and implementing the Procurement Control Procedure, the Tentative Measures for the Administration of Material Supply and the Tentative Regulations on Contract Management, the Group regulates the entire process from supplier exploration and selection to supplier control and evaluation. The Group adheres to stringent supplier selection criteria and open

tender processes to ensure the quality and efficiency of supply, and enters into environmental agreements to jointly uphold safety commitments with suppliers.

Sustainability of suppliers has always been one of the key supplier selection criteria of the Group. Conch Venture requires suppliers to conduct business in compliance with applicable laws and regulations and sustainable development agreements, and establishes mechanisms to help suppliers keep improving, so as to drive growth of suppliers. In order to continuously optimise and stabilise supply channels and prevent operational risks, the Group also conducts comprehensive information check when selecting suppliers, including but not limited to production and technical capacities, contract implementation capabilities, corporate reputations, product quality and certification.

In this regard, the Group conducts periodic and non-periodic reviews of suppliers through both internal and external audits. The audits cover not only the evaluation of suppliers' manufacturing capability, but also their performance in labour rights protection, health and safety protection, environmental protection, business ethics and management systems. In this process, we also learn a lot from communications with and visits to suppliers.

SOCIAL RESPONSIBILITIES



Product Responsibility

Products and service quality

Product quality is the lifeline of an enterprise, and the foundation of its existence and foothold. Conch Venture always puts product quality first, and constantly strengthens product quality control and quality management capability to provide customers with products that meet their expectations and needs for higher customer satisfaction.

We strictly abide by the Product Quality Law of the People's Republic of China, the Regulations on the Liability for Industrial Product Quality and other relevant laws and regulations. With an objective of "top quality and dedicated services", the Group has established a three-in-one quality assurance network composed of quality management system, quality training and special quality inspection. We guarantee production efficiency and product quality with fine manufacturing equipment, systematic professional training for employees, and strict quality management standards. In addition, the Group proactively listens to customers' ideas, remains sensitive to market demands, combines outsourced and self-developed measures, constantly optimises product designs, and launches products with better energy-saving performance and higher stability, so as to meet customers' demand for quality, performance and delivery.

With continued emphasis on building quality control systems, the Group has formulated the Quality Manual, the Product Inspection Management System and the Quality Record Management Policies, and encouraged its subsidiaries to seek ISO9001 certification. As at the end of the Reporting Period, a total of five subsidiaries of the Group, namely, Jinzhai Conch Venture, Conch Kawasaki Equipment, Conch Kawasaki Engineering, Conch Kawasaki Shanghai and Anhui Conch Venture New Materials, had passed ISO9001 certification. During the Reporting Period, no product of the Group had to be recalled due to safety or health concerns.

Intellectual property rights

Ownership of intellectual property rights is vital to the success of the Company. Since establishment, Conch Venture has devoted itself to building a sound strategic defensive intellectual property system and intellectual property management framework by developing its own intellectual properties.

The Group dedicates its efforts to promoting the research and development of green products with high technology, and has set up a technical centre to support research and development activities and build research and development capacities. During the Reporting Period, the Group invested a total of RMB 21,392,300 in research and development. As at the end of the Reporting Period, the Group had acquired 11 new technology patents. The legal department of the Group is responsible for protecting intellectual property rights and providing legal training for technical personnel to enhance their knowledge and awareness of rights protection.

Conch Venture continues to promote the policy and practice of intellectual property protection, improves the awareness of intellectual property protection and the intellectual property management process, and reasonably protects the intellectual property rights of the Company and its customers. Through inter-departmental cooperation and internal reviews, the Group actively safeguards its intellectual property rights and interests and also encourages its partners, customers and third parties to participate in protecting intellectual property rights.



Customer relationship management

Apart from maintaining the existing customer base, the Group continuously develops potential customers. The principle of customer relation management is to market honestly and communicate proactively. We constantly improve products, services and solutions to meet customer needs. To this end, the Group attaches great importance to customer feedback, regularly conducts customer satisfaction surveys and other forms of communication to identify product and service problems of the Group, timely adjusts marketing strategies, and continuously improves the quality of products and services. To address the major problems mentioned by the customers in the surveys, practical improvement measures were implemented, including improving the communication and visit efficiency, shortening the time for customised processing, and dispatching goods from different warehouses to meet demands.

In order to adjust and improve marketing strategies and formulate sales policies and prices, the sales departments of the Group and its subsidiaries are responsible for collecting statistics about customer needs, collecting various kinds of market information, and forming opinions on sales market information management. Relevant personnel are required to strictly protect the information collected during customer communication and market information, so as to effectively protect customers' information and privacy. Conch Venture has been committed to acting as a fair and reliable partner and building harmonious customer relationship for sustainable development.



SOCIAL RESPONSIBILITIES



Anti-corruption

In respect of policy design

risk management and internal monitoring systems are established, and a check-and-balance mechanism governing the division of duty and authority of each level-2 department has been implemented to reduce or even eliminate any chances of misconduct;

In respect of team development

a two-way transfer or rotation system for key positions is adopted to ensure the effective operation and continuous improvement of the punishment and prevention system;

In respect of supervision and management

the audit department is established to supervise various work and carry out regular, special and daily audits. Reporting channels are also established, through which all staff have the right to report any violation of laws and regulations and any damage to the Group's interests to the management or relevant departments of the Group.

Compliance with laws and business ethics are the endogenous motivation and fundamental guarantee for the long-term healthy development of Conch Venture. The Group is committed to communicating with every employee on anti-corruption and anti-commercial bribery through various channels. Every member of the Group, including executives, managers and employees, recognises that "those without integrity will achieve nothing". The Group has taken precautionary measures to fully intervene and prevent any possible occurrence of corruption without an exception or tolerance.

In 2019, the Group constantly and strictly abided by the laws and regulations of the place where it operates and the compliance standards and norms formulated by the Group such as the Ethics Guide, the Anti-Corruption Policy and the Gift and Entertainment Policy, and has established relevant organisations and systems and formed a systematic management and supervision mechanism to ensure fair and just operation, eliminate corruption, reduce risks, and create a business environment of good faith and harmony.

To tackle fraud in high-risk areas, the Group has put forward the Administrative Measures for Complaints and Whistleblowing, the Regulations on Risk Management and Internal Monitoring, the Management Measures for Procurement Bidding, the Tentative Measures for the Administration of Material Supply, the Regulations on Internal Audit and the Regulations on Contract Management etc., with reference to relevant national laws and regulations and based on practical experience. At the same time, a firewall against corruption has been established through complete internal control:



SOCIAL RESPONSIBILITIES



Keep a Foothold in the Industry and Leverage Our Strengths

Conch Venture focuses on community needs and seeks joint development with the community. The Group capitalises on the technologies of collaborative treatment of municipal waste by cement kiln and grate furnace power generation with municipal waste to help local governments of the places where it operates with centralised harmless treatment of municipal waste collected by and transferred from relevant government departments, so as to resolve the problems of land occupation and environmental pollution by municipal waste landfills.

Many subsidiaries of the Group, such as Yiyang Conch Venture and Huoqiu Conch Venture, set up environmental protection education bases, which are open free of charge to internal and external visitors. As of the end of the Reporting Period, 2,000 people from seven units had visited the bases. Through education on science and technology, we have raised the public's awareness of environmental protection and won their understanding of and support for environmental protection projects, creating favourable public opinions on environmental protection projects beneficial to the country and the nation and promoting the social welfare notion of "sharing both joy and sorrow with the public and prospering together with the society".

Subsidiaries at different places have proactively undertaken their respective social responsibilities depending on their own expertise. For example, Tongren Conch Venture helped the 15 March campaign to destroy counterfeit and shoddy products centrally, which safeguarded the rights and interests of consumers, and discharged its social responsibility; Suzhou Conch Venture carried out centralised drug destruction using collaborative treatment with cement kilns, innocuously destroyed 6.6kg drugs seized by public security authorities across the city in recent years. The technology not only instantly vaporises drugs to avoid residue, but also prevents environmental pollution caused by drug destruction.



Community Investment

Enterprises benefit from communities and shall in return contribute to communities. Enterprises are an important part of community. As a responsible corporate, Conch Venture, while focusing on its growth, takes building a green, healthy and prosperous community ecology as its important social responsibility. Conch Venture made due contribution to improving the lives of the people in the vicinity of its production bases and project sites with its technical and economic strength. Meanwhile, we did our part in improving the living conditions and standards for the disadvantaged based on social needs.

Leadership of Party and Party Members

All 16 subsidiaries, which are in formal production and operation, have set up their Party branches. Party members have fully demonstrated their vanguard and exemplary roles in creating benefits for communities and the society. On the eve of the 98th anniversary of the founding of the Communist Party of China, many subsidiaries of the Group had participated in the "1 July" poverty alleviation activities. For example, during the "1 July" activities, Huoqiu Environment visited senior and needy party members in Shuangzhuang Village, Shidian Town, Huoqiu County, Anhui Province, to extend the Party's care and wishes and provide them with festival consolation allowance.



ESG Report

China Conch Venture Holdings Limited

SOCIAL RESPONSIBILITIES



Targeted Poverty Alleviation

"Targeted" has become an important parameter to measure the performance of corporate social responsibility. Supporting the government in targeted poverty alleviation represents an effective use of corporate resources. The Group calls on its subsidiaries to actively participate in local poverty alleviation activities to fulfil the social responsibility as a large enterprise and help with local development, so as to contribute to the national initiative to build an all-round well-off society by 2020. During recruitment by each project company of the Group, they proactively communicated with relevant local authorities and offered more opportunities to the disadvantaged meeting specified conditions, so as to enable them to create a promising future with their own hands and build their confidence necessary for shaking off poverty. We also extend care to people in difficulty in the places where we operate. On 12 September 2019, Huoqiu Environment visited the impoverished households in Xiaoxin Village, Linhuai Town, Lu'an City, Anhui Province during the Mid-Autumn Festival, providing them with supplies such as rice, noodles and edible oil to help improve their lives.

A Caring Society amid Ruthless Floods

Hit by the typhoon in August 2019, places such as Xuancheng and Ningguo in Anhui severely suffered from heavy rains, flash floods and landslides. With a sense of responsibility as a large enterprise to the local community, Ningguo Environment, a local subsidiary of the Group, responded promptly and actively participated in the rescue. It bought more than 150 boxes of necessities such as rice, instant noodles, canned porridge and mineral water on 14 August and rushed for disaster relief in the stricken area such as Meijiawu and Yangshi Village, Nanji Town of Ningguo City.

Tree planting and Voluntary blood donation are traditional volunteer activities of the Group. In 2019, over 100 employees from subsidiaries of the Group, including Wuhu Conch Venture Environmental Protection, Suzhou Conch Venture, and Anhui Conch Venture New Materials, participated in tree planting activities to help make China and the world greener.

Enterprises rely on the community to grow, and should bring back benefits to the community. The Group actively makes efforts to build a green and harmonious community via public welfare activities such as science and technology education, targeted poverty alleviation, public facilities improvement, planting, and voluntary blood donation. As a corporate citizen, we firmly believe that social development should not rely solely on enterprises, but requires the participation of other stakeholders. Therefore, we work closely with them in building the community, bringing happiness and warmth to the public, and trying our best to drive harmonious social development and living standard improvement.



SOCIAL RESPONSIBILITIES



DEFINITIONS

Terms

Definitions

Dioxin

A colourless, odourless and highly toxic fat soluble substance which has a high melting point and is stable. It can hardly dissolve in water, but is soluble in most organic solvents. Thus, dioxins tend to accumulate in living organisms and are harmful to human body.

Fibre cement panel

Fibre cement panel refers to panel made of cement, being the basic material, and adhesive, reinforced with mineral fibre cement and other fibres, through pulping, moulding, curing etc. It is widely used as fire-retardant materials for cable work in power plants, chemical enterprises and other power-intensive activities as well as indoor decoration of shopping malls, hotels, guesthouses, halls, enclosed garment markets, light engineering markets, theatres and other public premises.

Collaborative treatment of municipal waste by cement kilns

A technology innovated and developed by the Company for the purpose of municipal waste treatment. It is an ideal alternative to traditional landfill treatment method that takes up large areas of land and results in environment pollution. This technology is the first-of-its-kind in the world, which requires no classification of waste and can degrade dioxins without producing any undesirable odours and at the same time solidify heavy metals and purify sewage.

Nitrogen oxides (NOX)

Include a number of compounds such as nitrous oxide (N₂O), nitric oxide (NO), nitrogen dioxide (NO₂), dinitrogen trioxide (N₂O₃), nitrogen tetroxide (N₂O₄) and dinitrogen pentoxide (N₂O₅), etc. Except for NO₂, all other NOX variants are extremely unstable and, when exposed to light, moisture or heat, are liable to converting into NO₂ and NO, and then from NO into NO₂. Therefore, the gas to which workers are exposed in the working environment is usually a mixture of several types of gas, which is called smoke (gas) and is mainly composed of nitric oxide and nitrogen dioxide, with nitrogen dioxide being the main component. Nitrogen Oxides are all toxic to a varying degree.

Vertical mills

An ideal large-scale grinding equipment, widely used in cement, power, metallurgy, chemical, non-metallic minerals and other industries. It integrates crushing, drying, grinding, grading and conveying, and has high production efficiency. It can grind bulk, granular and powdered raw materials into the required powdery materials.

Greenhouse gases

Include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆).

Residual heat power generation

A technology converting residual heat in production process into electricity. It facilitates energy conservation and environmental protection. The key equipment for the technology is the residual heat boiler, which produces steam for power generation through the use of heat sources or inflammable substances such as waste gases and waste liquor.

Grate furnace

A kind of waste incineration technology. There are various forms of grate furnace incinerators. This type of furnace is technologically sophisticated, stable, reliable and widely applicable. Most solid wastes can be directly incinerated in the furnace without any pre-treatment.

Reclaimed water

Reclaimed water is also known as recycled water, and its quality is higher than sewage but lower than running water. It is non-drinkable water which has been purified and achieved national standards and can be used for a certain purposes such as cityscape and daily lives.

SOCIAL RESPONSIBILITIES



ESG GENERAL DISCLOSURE REFERENCE LIST

ESG index	Key performance	Description	Page	Note
Environment				
A1	Emissions	Policies on waste gas and greenhouse gas emissions, discharge into water and land, generation of hazardous and non-hazardous wastes, etc.; and Compliance with the relevant laws and regulations that have a material impact on the issuer.		2.1
A2	Utilisation of resources	Policies on efficient use of resources (including energy, water and other raw materials).		2.2
A3	Environment and natural resources	Policies on minimising the impact of the issuer on the environment and natural resources.		2.3
Society				
B1	Employment	Policies on remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination as well as other benefits and welfare; and Compliance with the relevant laws and regulations that have a material impact on the issuer.		3.1
B2	Health and safety	Policies on providing a safe working environment and protecting employees from occupational hazards; and Compliance with the relevant laws and regulations that have a material impact on the issuer.		3.2
B3	Development and training	Policies on improving employees' knowledge and skills for performing their duties. Description of training activities.		3.3
B4	Labour standards	Policies on preventing child labour and forced labour; and Compliance with the relevant laws and regulations.		3.4
B5	Supply chain management	Policies on managing environmental and social risks of supply chain.		3.5
B6	Product responsibility	Policies on health and safety, advertising, labelling and privacy relating to products and services provided as well as remedial measures; and Compliance with the relevant laws and regulations.		3.6
B7	Anti-corruption	Policies on preventing bribery, extortion, fraud and money laundering; and Compliance with the relevant laws and regulations.		3.7
B8	Community investment	Policies on community engagement to understand needs of the communities where the issuer operates and to ensure its business activities take into consideration the communities' interests.		3.8

ESG

Report

2019

環境、社會及管治 (ESG) 報告

ENVIRONMENTAL,
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(ESG) REPORT

CONCH VENTURE
中国海螺创业控股有限公司

Incorporated in the Cayman Islands with
limited liability

(於開曼群島註冊成立的有限公司)

ENVIRONMENTAL,
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