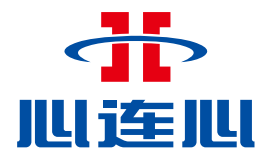


High-Efficiency Fertilisers in China

中國高效肥



Environmental, Social and Governance Report 2016 環境、社會及管治報告



China XLX Fertiliser Ltd.
中國心連心化肥有限公司*

(Incorporated in Singapore with limited liability)

(於新加坡註冊成立之有限公司)

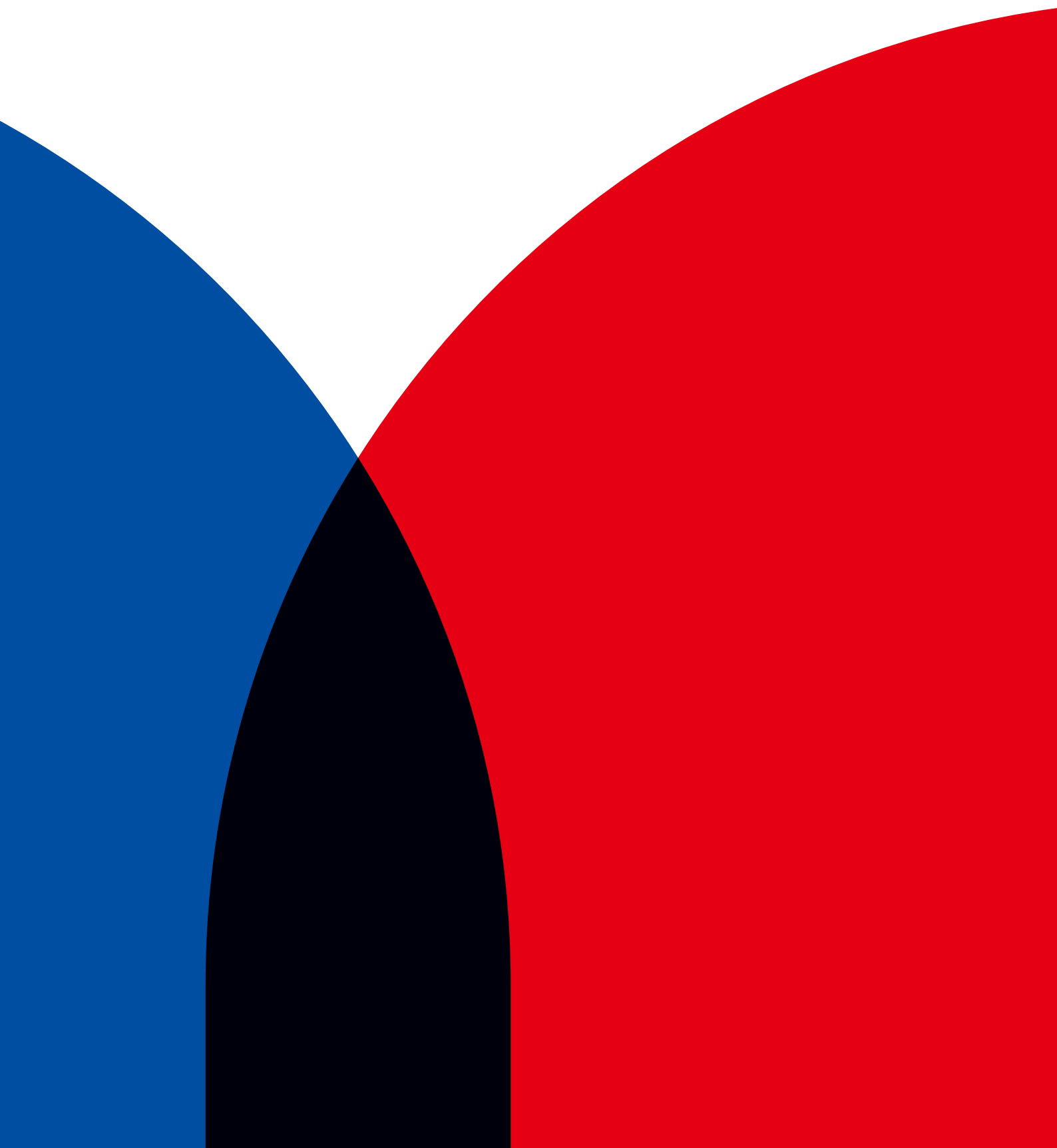
Stock Code 股份代號：1866

* For identification purpose only 僅供識別

CHINA XLX CULTURE 中國心連心文化

We attribute our achievements and breakthroughs to our dedicated team at China XLX. The team is committed to upholding the vision with integrity, discipline and strong commitment.

我們所有的成績與突破，都歸功於誠信為本、紀律嚴明、專注投入、放眼未來和充滿快樂的中國心連心團隊。



CHINA XLX DEVELOPMENT STRATEGY:

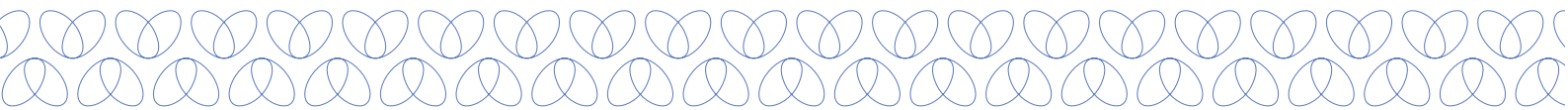
“Adhere to Produce Good Fertiliser”. Explore and appropriate develop new energy and new chemical materials. Adhere to the competitive strategy of combination of “combination of low cost and differentiation” with the focus on fertiliser industry. Based on the fundamental conditions of “Henan, Xinjiang, Jiujiang” bases, become market-oriented, follow the development path with high standard, parks and bases with special features.

中國心連心發展戰略：

「堅持化肥、做好化肥」。探索並適度發展新能源及新材料化工品。堅持「低成本和差異化相結合」的競爭策略做好化肥主業。根據「河南、新疆、九江」基地基礎條件，以市場為導向，走高標準、園區化、基地特色化發展道路。

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China XLX Fertiliser Ltd. (“XLX” or the “Company”) adopts a business philosophy of “essence and sincerity” (至精至誠), sticks to an enterprise spirit of “dedication” (執事敬業), and regards benefiting the society as its historic responsibility. It strives to increase the income of farmers and the performance of customers through continuous innovations in products and services. It adheres to the people-oriented concept, protects the lawful interests of employees, provides a smooth career development channel, and builds a fair and sound working environment in order to promote the growth of employees and the Company. It follows the philosophy of sustainable development and implements energy-saving and emission-reduction measures to achieve green operation. It actively participates in community development and public welfare activities and makes donations to fulfil its responsibility as an enterprise citizen.

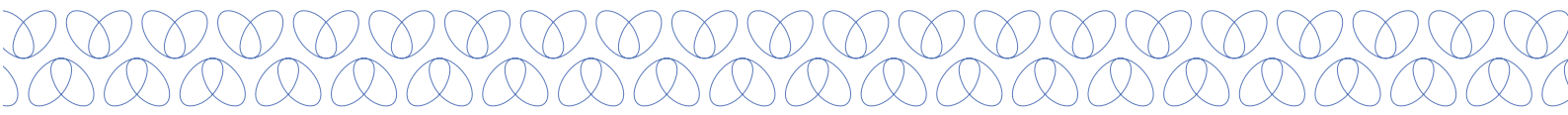
In order to comply with the requirements of the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group has established an ESG working group, which is led by the finance and management centre of the Group and comprises staff from the labour union, the production management centre, the technical centre, the enterprise management centre, the procurement centre, the marketing centre, the sales company and the audit and supervision department of the Group. Heads of these departments are directly involved and designate respective specified persons to conduct the work for ESG management and report. The ESG working group reports regularly to the management of the Company and makes appropriate recommendations for improvement.

The Company has prepared the “Environmental, Social and Governance Report 2016 of China XLX Fertiliser Ltd.” in accordance with the requirements of the Environmental, Social and Governance Reporting Guide. The report describes the concept and practice of sustainable development and social responsibility of the Company from two aspects, being environment and society. This report covers the period from 1 January 2016 to 31 December 2016.

中國心連心化肥有限公司(以下簡稱「心連心公司」或「本公司」)以「至精至誠」為經營理念，以「執事敬業」為企業精神，以為社會造福為歷史責任，通過持續產品和服務創新，為農民增收，為客戶增效；堅持以人為本，保障員工合法權益，暢通職業發展通道，營造公平良好的工作環境，促進員工與企業共同成長；深化可持續發展理念，推動企業節能減排，引領綠色運營；積極參與社區建設，投身公益，行善樂捐，努力履行企業公民責任。

為了遵守《香港聯合交易所有限公司證券上市規則》附錄27《環境、社會及管治報告指引》的要求，本集團成立了ESG工作組，由集團財務管理中心牽頭，形成了包括工會、生產管理中心、技術中心、企業管理中心、採購中心、營銷中心、銷售公司和審計監察部等部門在內的工作團隊，由各部門負責人直接參與，並指定專人負責開展ESG管理和報告的工作。ESG工作組定期向公司管理層彙報並提出適當的改進建議。

根據《環境、社會及管治報告指引》要求，本公司編制了《中國心連心化肥有限公司2016年環境、社會及管治報告》，從環境和社會兩個範疇闡述本公司的可持續發展與社會責任理念和實踐。本報告時間範圍為2016年1月1日至2016年12月31日。



A ENVIRONMENT

Sustainable development is an important area of corporate social responsibility. While striving for steady growth of corporate scale, XLX also attaches great importance to environmental protection and sustainable development by continuing to enhance environment management and accelerating the upgrading of environmentally-friendly technologies. It has embarked on a path for development of new coal chemical at “low cost, low emissions, and high efficiency”, and has played an exemplary role in respect of energy-saving and emission-reduction, green operation and reduction of environment load.

The Company has been in strict compliance with laws and regulations such as the Environmental Protection Law of the People’s Republic of China. In light of its own situations, the Company has developed a series of systems and documents including the Environmental Protection Management Regulations (環境保護管理規定), the Environmental Protection Facility Operation and Management Regulations (環保設施運行管理規定), the Solid Waste Management Regulations (固體廢物管理規定), the XLX Energy Saving Management Regulations (心連心公司節約能源管理規定) and the XLX Environment Protection Examination Management Regulations (心連心公司環保檢查管理規定) to regulate and promote the Company’s environmental protection, pollution prevention and control, energy-saving emission reduction work so as to gradually promote the institutionalization of environmental protection and achieve sustainable development.

A 環境

可持續發展是企業社會責任的重要領域。心連心公司在實現企業規模的穩步發展的同時，高度重視環境保護和可持續發展，不斷加強環境管理，加快環保技術升級，走出了一條受人尊重的「低成本、低排放、高效率」的新型煤化工發展之路，在企業節能減排、綠色運營、降低環境負荷方面起到了示範作用。

本公司嚴格遵守《中華人民共和國環境保護法》等法律法規的規定，並結合本公司實際情況，制定了《環境保護管理規定》、《環保設施運行管理規定》、《固體廢物管理規定》、《心連心公司節約能源管理規定》、《心連心公司環保檢查管理規定》等一系列制度文件，來規範和推進本公司的環境保護、防治污染、節能減排工作，逐步推進環境保護制度化，助力可持續發展。

ENVIRONMENT MANAGEMENT SYSTEM

The Company places stress on environmental protection, energy-saving and emission-reduction and comprehensive utilization of resources and improves its environment management by establishing an ISO 14001 environmental management system. The enterprise management centre of the Company plans for, organizes and arranges the implementation of internal and external audit of the environment management system and manages the management system documents on a centralised basis. The Company has introduced a “rolling audit” approach, whereby at the end of each year the Company prepares the rolling audit plan for the next year and conducts monthly audit on various departments. The rolling audit practice has achieved the organic combination of management with the system. The Company attaches importance to the training of internal auditors, and hires professionals to provide training on standards and audit knowledge on an annual basis. Currently the Company has 150 internal auditors for environment management system. In addition, the Company conducts annual external audits and renews the relevant certificate upon passing external audits. In order to strengthen environment management, the Company has incorporated its departments, plants and branches into its environment management network and set out the relevant environmental protection responsibility in view of their respective duties.

The Company conducts environmental protection facilities management, online equipment monitoring and record maintenance in strict accordance with the “Environmental Protection Facility Operation and Management Regulations” to ensure that the equipment are in good condition and can operate as planned. The Company has in place clear responsibilities for all units and departments. By effectively implementing the regulations, the Company has ensured normal operation of its environmental protection facilities and that the discharge of waste water, waste gas and other pollutants meeting the specified standards. The Company actively adopts internationally leading new processes and technologies and gradually use efficient, energy-efficient, low-polluting equipment, which has reduced energy consumption and the emission of pollutants.

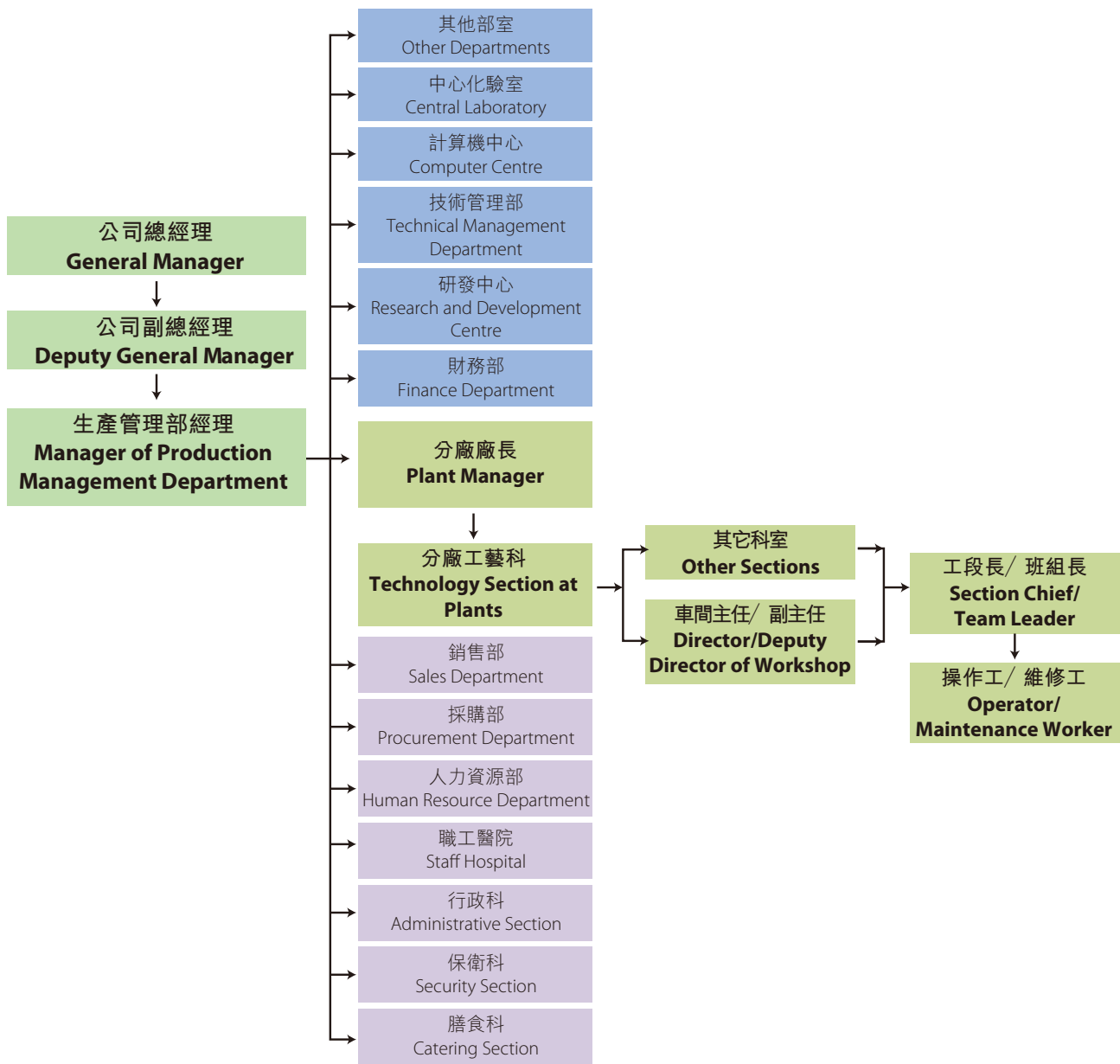


ISO 14001 環境管理體系認證證書
ISO 14001 Environmental Management System Certificate

環境管理體系

本公司注重環境保護、節能減排和資源的綜合利用，通過建立ISO 14001環境管理體系來提高本公司環境管理水平。本公司企業管理中心策劃負責組織並實施環境管理體系的內外部審核，統籌管理管理體系文件。本公司引入了「滾動審核」的做法，即每年年底編制公司下年度滾動審核計劃，分月份對各部門進行審核。這種「滾動審核」把管理與體系有機的結合在一起。本公司重視內審員的培養，每年聘請專業人員到本公司進行標準及審核知識的培訓。本公司現有環境管理體系內審員150人。此外，每年進行一次外部審核，並按要求通過外部審核，換發證書。為加強環境管理，本公司將各部門、分廠和分公司納入了環境管理網絡，並根據各自職責規定了相應環保職責。

本公司嚴格按照內部《環保設施運行管理規定》做好環保設施管理、設施在線監控、台賬記錄維護等工作，以保證設施完好，達到處理效果。本公司各單位、各部門職責明確，有效有序落實規定，確保了環保設施的正常運行以及本公司的廢水、廢氣、其他污染物穩定達標排放。本公司積極採用國際領先的新工藝、新技術，逐步使用高效、節能、低污染的設備，降低了能耗，減少了污染物的排放量。



心連心環境管理網絡
XLX Environment Management Network

The Company has developed the “XLX Environment Protection Examination Management Regulations” in order to ensure compliance with external environment regulations, maintain the normal operation of its internal environmental protection system and achieve its environmental protection performance objectives. All subsidiaries of the Company have developed their own environmental protection examination system with reference to these regulations and in light of their actual situations. Internal comprehensive inspection, special inspection and hidden trouble investigation are organised by management at all levels of the environmental protection system of the Company.

本公司制定了《心連心公司環保檢查管理規定》，以確保本公司滿足外部環保合規性，維護內部環保體系的正常運行，以及實現環保績效目標。各子公司參照該規定並結合自身實際情況均制定了本單位的環保檢查制度。本公司環保系統各級管理部門組織內部綜合檢查、專項檢查和隱患排查。



In addition to these regulations, the Company has also developed the “XLX Online Environmental Protection Indicator Monitoring and Alert Measures” (心連心公司環保在線監測數據超標預警管理辦法), the “Environmental Accident Reporting and Treatment Guide” (環保事故上報及處置作業指導書) and the “Emergency Preparedness and Response Control Procedures” (應急準備和響應控制程序) to enhance the Company’s management and control of environment risk.

A1 EMISSIONS

As China places greater importance to environmental pollution control, the Company also increased its investment in environmental protection and conducted optimisation and improvement in respect of the emission of wastewater, waste gas, waste and greenhouse gases.

WASTEWATER DISCHARGE

For wastewater, in accordance with the Law of the People’s Republic of China on Water Pollution Prevention and Control, the Company has developed and strictly implemented a series of systems, regulations and rules including the XLX Environmental System Objectives and Indicator System Management Guide (心連心公司環保系統目標、指標體系管理導則), the Integrated Measures for the Management of Water Resources (for Trial Implementation) (水資源一體化管理辦法(試行)), the Regulations on the Administration of Environmental Pollution Control at Old Plant Area (老廠區域環境污染控制管理規定), and regulates wastewater discharge using the Company’s sound sewage treatment system and online monitoring system.

The Company’s sewage discharge has been in strict compliance with national and local standards, including the “Water Pollutant Discharge Standard for Rivers in Henan Province” (DB41/777-2013) (省轄海河流域水污染物排放標準) and the “River Section Work Standard in Xinxiang County for 2012 (draft)” (新鄉縣2012年河流處境斷面達標工作方案(草案)), both local standards at Henan Province, as well as the “Safety and Environmental Protection Standards of XLX for 2016” (關於心連心公司2016年安全環保目標指標的請示). In 2016, the Company controlled the impact of wastewater discharge on groundwater and surface water using the indicators of $COD \leq 40mg/L$ and $NH_3-N \leq 4mg/L$, which had met the relevant standards.

All units have an effective control over the links producing sewage, which has minimized the sewage produced and ensured the normal operation of environmental protection facilities and wastewater discharge meeting standards. The clean water (directly) discharged by the Company mainly comprises reverse osmosis concentrated water, synthetic circulating water and urea cycle water. The Company

除了上述制度外，本公司還制定了《心連心公司環保在線監測數據超標預警管理辦法》、《環保事故上報及處置作業指導書》、《應急準備和響應控制程序》等制度來加強公司的環境風險的管控。

A1 排放物

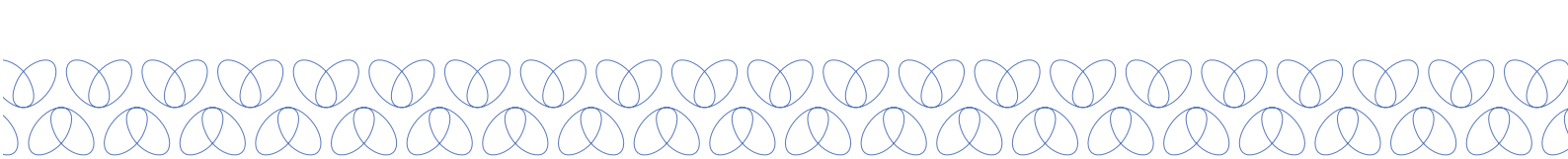
隨著國家對環境污染治理的重視程度的提升，本公司亦相應加大環保投入，在廢水、廢氣、廢棄物和溫室氣體排放等方面進行了優化改善。

廢水排放

廢水方面，本公司根據《中華人民共和國水污染防治法》等法律法規制定並嚴格執行《心連心公司環保系統目標、指標體系管理導則》、《水資源一體化管理辦法(試行)》、《老廠區域環境污染控制管理規定》等制度、規定和辦法，並利用本公司完善的污水處理系統和在線監測系統，對廢水排放進行規範化管理。

本公司的污水排放嚴格遵守國家、部頒、地方、區域及企業標準，包括河南省地方標準《省轄海河流域水污染物排放標準》(DB41/777-2013)、《新鄉縣2012年河流處境斷面達標工作方案(草案)》及《關於心連心公司2016年安全環保目標指標的請示》。2016年，本公司按照 $COD \leq 40mg/L$ 、 $NH_3-N \leq 4mg/L$ 的指標來控制廢水排放對地下水和地表水的影響，符合相關標準。

各單位對產生污水的環節進行了有效控制，最大限度地減少了污水的產生，此外，確保環保設施的正常運行和廢水穩定達標排放。本公司清水(直排)的排放主要包括反滲透濃水、合成循環水排污、尿素循環水排污等。本



discharges water through clean ditches or clean pipes only when the water quality meets the standard for external discharge. All units at the Company strengthened outfall management, installed standard metering facilities to conduct regular comparison and mandatory inspections, had in place manual monitoring of advection channels, and arranged the demonstration and filing for outfall renovation in order to conduct standardized management of wastewater outfall. The Company has set up an online monitoring system to conduct online continuous monitoring of wastewater discharge and measures the indicators of wastewater through internal self-measurement and measurement conducted by the environmental monitoring departments of Xinxiang City and Xinxiang County.

EXHAUST EMISSION

The exhaust emission of the Company shall meet national, local and corporate standards, including, among others, the Emission Standard of Air Pollutants for Thermal Power Plants (GB 13223-2011) (火電廠大氣污染物排放標準) and the Technical Specifications for Ammonia Flue Gas Desulfurization Projects of Thermal Power Plant (HJ2001-2008) (火電廠煙氣脫硫工程技術規範氨法). In 2016, the Company conducted exhaust emissions meeting the standards of $SO_2 \leq 200\text{mg/L}$, $fume \leq 30\text{mg/Nm}^3$ and $NO_x \leq 200\text{mg/Nm}^3$ to control the impacts on exhaust emission on air and human body.

In order to meet the emission standards for fume, SO_2 and NO_x , all boilers of the Company are equipped with dust removal, desulfurization and denitration devices, and online monitoring devices at boiler outlets, which are operated by third parties, with monitoring data uploaded to monitoring platforms at provincial, city and county levels. The Company is also equipped with manual monitoring instruments to conduct monitoring as scheduled and is subject to quarterly monitoring and comparison by environmental protection authorities to ensure the authenticity and validity of online monitoring data.

The safety and environmental protection department of the Company conducts monthly monitoring of the effectiveness of flue gas desulfurization at plants to form the basis for appraisal of environment objectives. Each plant must maintain a record of operation, failure and maintenance of flue gas desulfurization facilities to record the generator load, fuel consumption, power consumption, conduct coal quality analysis of fuel coal, record the consumption of desulfurizing agent and treat desulfurization by-products in a reasonable manner.

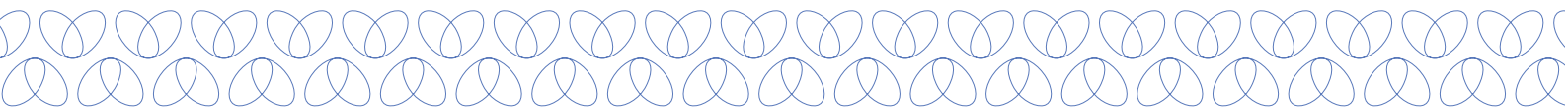
公司只有在水質符合公司外排水水質標準時才通過清水溝或清水管直接排水。本公司各單位加強排放口管理，安裝規範的計量設施，進行定期比對和強檢，並設有人工監測平流規整渠道，組織排放口改造的論證和備案等，以對廢水排放口實施進行規範化管理。本公司建立了在線監測系統，對廢水的排放進行在線連續監測，並通過內部自測和新鄉市、新鄉縣環境監測部門測量對廢水各指標進行測量。

廢氣排放

本公司廢氣排放須符合國家、部頒、地方、區域及企業標準，包括《火電廠大氣污染物排放標準》(GB 13223-2011)規定，《火電廠煙氣脫硫工程技術規範氨法》(HJ2001-2008)。2016年本公司按照 $SO_2 \leq 200\text{mg/L}$ ； $煙塵 \leq 30\text{mg/Nm}^3$ ； $NO_x \leq 200\text{mg/Nm}^3$ 的指標達標排放，以控制廢氣排放對空氣和人體的影響。

為實現煙塵、 SO_2 和 NO_x 達標排放，本公司鍋爐全部配套安裝有除塵、脫硫、脫銷裝置，在鍋爐排放口安裝在線監測裝置，並實施第三方運營，在線數據能夠上傳到省、市、縣三級監控平臺。本公司內部配備相應手工監測儀器，按照計劃定期開展監測，並接受環保局的季度性監測比對，保證在線監測數據的真實有效。

本公司安全環保部每月對分廠煙氣脫硫運行效果進行一次監測，為考核分廠環境目標指標的達成提供依據；各分廠必須建立煙氣脫硫設施運行、故障和維護台帳；記錄發電機組運行負荷、燃料煤用量、用電量，進行燃料煤煤質分析；記錄脫硫劑的用量，合理處置脫硫副產物。



Currently the Company has seven sets of wet ammonia flue gas desulfurization systems, five sets of blow gas recovery systems and six sets of urea granulation tower dust recovery systems to ensure exhaust emission meeting standards and reduce emissions. In addition, in response to the government's call, upon completion of soot upgrading and renovation in August 2016, the Company continued to optimise and upgrade boiler dust removal system between September and December 2016, meeting the standard of extremely low emission of less than 10mg/Nm³ for boiler soot emission.

WASTE DISCHARGE

In order to protect environment and comprehensively utilise resources, the Company has adopted necessary measures including recycling and harmless treatment of solid waste in accordance with laws and regulations including the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste and the Solid Waste Management Regulations, which has reduced the environmental pollution of solid waste.

The Company classifies wastes according to local standards and report to competent environmental protection authorities on the types, production, flow, storage, disposal and other relevant information of major industrial solid wastes in accordance with the requirements of China's industrial solid waste declaration and registration system. It stores solid waste at proper location or delivers them to qualified entities for incineration, compression and other compliant treatment.

• HARMLESS WASTE

The Company classifies and stores solid waste. The Company's solid waste storage site meets the Standards for Storage of General Industrial Solid Wastes and Control of Pollution at Disposal Sites (一般工業固體廢物貯存、處置場污染控制標準). In the disposal of harmless solid waste, the Company gives priority to internal recycling, and solid waste which cannot be recycled for internal use will be sold or disposed of. For solid waste to be disposed of, the Company classifies them according to their different metal contents, specifications and models and degree of waste and sells them to qualified entities in compliance with the regulations. It follows up on the waste transfer processes and results to prevent the impact of waste on the environment.

目前，本公司建有7套濕式氨法煙氣脫硫系統、5套吹風氣回收系統及6套尿素造粒塔粉塵回收系統，確保廢氣達標排放，力求減少排放。此外，為積極響應政府號召，本公司在2016年8月份完成煙塵提標改造的基礎上，在當年9月-12月份繼續對鍋爐除塵系統進行優化改造，實現了鍋爐煙塵排放含量達到10mg/Nm³以下的超低排放標準。

廢棄物排放

為達到保護環境和資源綜合利用的目的，本公司按照《中華人民共和國固體廢棄物污染環境防治法》等法律法規及本公司《固體廢物管理規定》，對產生的固體廢物採取了回收利用、無害化處理等必要的措施，減少了固體廢物對環境的污染。

本公司按照地方標準對廢棄物進行分類管理，並根據國家工業固體廢物實行申報登記制度的要求，向環保主管部門提供主要工業固體廢物的種類、產生量、流向、貯存、處置等有關資料；對廢棄的固體廢物進行合理堆放，或轉移給有處理資質的單位進行焚燒、壓縮填埋等合規處置。

• 無害廢棄物

本公司對固體廢物分類儲存和標識。本公司的專用存放場地符合《一般工業固體廢物貯存、處置場污染控制標準》要求。在處置無害固體廢物時，本公司優先考慮內部回收利用，確實不能內部回收利用的則考慮外售或廢棄。對外售的固體廢物，本公司會根據不同的金屬含量、不同的規格型號、不同的廢舊程度等進行分類，並按規定銷售給有資質的處理單位，並跟蹤廢物的轉移流程和結果，以防止廢棄物對環境的影響。

• HAZARDOUS WASTE

Entities of the Company develop the rules for the site, volume and time of storage of hazardous waste and regulates labelling based on their features and external factors in accordance with the Solid Waste Management Regulations. In light of their own economic and technical conditions, industrial solid waste is recycled for re-use, and qualified hazardous waste treatment entities are appointed to conduct daily transfer and ensure proper disposal of waste without increasing environmental burden.

According to the List of Hazardous Waste, the hazardous waste generated by the Company mainly include waste catalyst, waste oil, fuel oil and alkylated waste, for which the Company has in place corresponding disposal measures. In particular, Xinxiang Company has adopted the following measures:

- 1) Catalyst: Catalyst will be scrapped after use for a certain number of years, which, following cobalt molybdenum catalyst converter, alcoholization catalyst copper and zinc system and hydrocarbonation and synthesis of iron, will be sold to qualified entities for recycling in accordance with the procedures specified by the government and through bidding.
- 2) Waste oil: The Company has built waste oil refining devices to recycle and refine the waste oil generated by the Company and for further use in equipment operation. The sludge and impurities generated will be mixed with slag for regular combustion.
- 3) Fuel oil and alkylated waste: Such waste is sent to the boiler for combustion to release heat and by-product steam and discharged after flue gas desulphurisation/denitration and meeting emission standards.

For hazardous waste for internal use, the Company requires treatment or recycling facilities (equipment) with mature technology, qualified operators through training, normal operation of key equipment, clear records of material consumption and finished goods (semi-finished goods), and that the risk of secondary pollutants should be lower than the original waste and be effectively treated. The Company timely reports to or files with competent authorities once their conditions are ready.

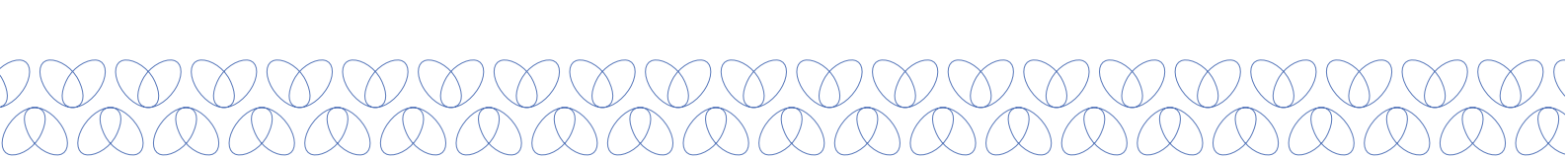
• 危險廢棄物

對於危險廢棄物，本公司各單位依據公司《固體廢物管理規定》，按固廢的不同特性及外部因素規定其存放區間、存放量和存放時間，並規範標籤設置；根據自身經濟和技術條件對產生的工業固體廢物進行回收及再利用，並委託有資質的危險廢棄物廠商進行日常轉移，保證廢棄物妥善處理，不增加環境負擔。

根據《危險廢物名錄》，本公司主要的危險廢物有廢催化劑、廢機油、雜醇油和煙化廢液公司有相應的處理措施，如新鄉公司採取以下措施：

- 1) 催化劑：通當觸媒使用達到一定年限後將被報廢而，此廢觸媒(變換觸媒鈷鉬系、醇化觸媒銅鋅系、煙化及合成鐵系)，通過招標，按照國家規定的程序外賣給有資質的單位進行回收利用。
- 2) 廢機油：公司建設有廢油精製裝置，將公司內部廢油回收，煉油調整，循環利用，繼續用於設備運轉；產生的雜質、油泥摻進爐渣進行定期燃燒處理。
- 3) 雜醇油和煙化廢液：此類廢液被送往鍋爐進行燃燒放出熱量並副產蒸汽，然後經煙氣脫硫/脫硝系統處理後達標排放。

對內部利用的危險廢棄物，本公司要求處置或回收設施(設備)技術成熟，操作人員經過培訓合格，關鍵設備正常運行、物料消耗以及產品(半成品)等數據記錄清晰，二次污染物的危險程度應低於原始廢物並得到有效治理，具備條件後及時向主管部門申報或備案。



For hazardous waste for external use, the Company strictly implements the relevant national administrative licensing requirements and conducts bidding in accordance with its established procedures and manages the five forms in strict compliance with the requirements of the Management Measures for Transfer Forms of Hazardous Waste (危險廢物轉移聯單管理辦法) as follows: The hazardous waste generator shall truthfully fill in the generator box in the forms and affix official seal. Upon verification and acceptance with signature by the hazardous waste transporter, the duplicate first form shall be retained for record; the second form shall be delivered to local competent environmental protection authority; and the original first form and other forms shall be delivered to the transporter and transferred with hazardous waste.

GREENHOUSE GAS EMISSION

In accordance with the requirements of the Notice of the General Office of the National Development and Reform Commission on Doing a Good Job in Key Work for the Launch of National Carbon Emissions Trading Market (國家發展改革委辦公廳關於切實做好全國碳排放權交易市場啟動重點工作的通知), XLX finished the inspection of greenhouse gas emission data for the period from 2013 to 2015. As verified and confirmed by a third party appointed by local government, the Company discharged 6,184,900 tons of carbon dioxide in 2015. In accordance with the notice of the NDRC, the Company submitted additional data on unit emission of synthetic ammonia and methanol, attended the Training for Enterprises in Henan Province on the Enterprise Greenhouse Gas Emission Data Direct Reporting System (企業溫室氣體排放數據直報系統河南片區企業能力建設培訓會), and completed the direct reporting of green gas emission data in September 2016.

XLX attaches great importance to the energy conservation and greenhouse gas emission reduction, actively participates in and cooperates with the government on various activities. It saved a total of energy consumption of 169,000 TCE during the 12th Five-Year Period, exceeding the binding energy-saving target of 99,100 tons for the 12th Five-Year Period set by the government. It reduced emission by 341,300 tons of carbon dioxide, 2,782 tons of sulphur dioxide, 8,038 tons of soot, and 1,363 kg of nitrogen oxide.

對外部利用的危險廢棄物，本公司要求嚴格執行國家相關的行政許可要求，按照既定的工作流程組織招、投標工作，並嚴格按照《危險廢物轉移聯單管理辦法》的規定對五聯單進行管理，即：危險廢物產生單位應當如實填寫聯單中產生單位欄目，並加蓋公章，經交付危險廢物運輸單位核實收簽字後，將聯單第一聯副聯自留存檔，將聯單第二聯移交出地環境保護行政主管部門，聯單第一聯正聯及其餘各聯交付運輸單位隨危險廢物轉移運行。

溫室氣體排放

心連心公司按照《國家發展改革委辦公廳關於切實做好全國碳排放權交易市場啟動重點工作的通知》的要求完成了2013-2015年溫室氣體排放數據盤查、核實，經政府指定第三方核實確定公司2015年排618.49萬噸二氧化碳。根據國家發改委通知公司補充報告了合成氨、甲醇單位產品排放量數據，參加了「企業溫室氣體排放數據直報系統河南片區企業能力建設培訓會」，並於9月完成了企業溫室氣體排放數據直報工作。

心連心公司高度重視節能、溫室氣體減排工作，積極參與並配合政府組織的各項活動，其中「十二五」期間累計節能16.9萬TCE。超額完成「十二五」期間政府下達的9.91萬噸約束性節能目標，實現減排二氧化碳34.13萬噸，減排二氧化硫2,782噸、煙塵8,038噸、氮氧化物1,363公斤。

In order to meet the policy requirements of the Proposal for Implementation the Construction of National Carbon Emissions Trading Market in Xinjiang Uygur Autonomous Region (新疆維吾爾自治區貫徹落實全國碳排放權交易市場建設工作實施方案) issued by the Development and Reform Commission of Xinjiang Uygur Autonomous Region that “in 2016 and 2017, a monitoring, reporting and verification system for key greenhouse gas emissions in Xinjiang Uygur Autonomous Region shall be established, and the relevant technical support system, carbon emission quota allocation supervision system and the quota registration, trading, market supervision system shall be improved”, Xinjiang Company actively collects information on greenhouse gas emissions and reports to the government of Xinjiang Uygur Autonomous Region.

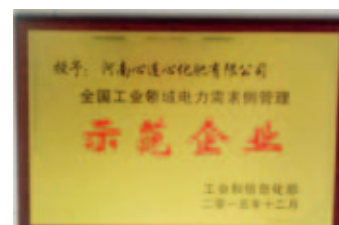
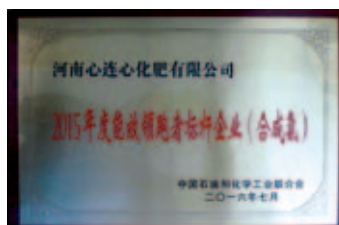
新疆公司為達到「自治區發展改革委關於印發《新疆維吾爾自治區貫徹落實全國碳排放權交易市場建設工作實施方案》的函」中「2016-2017年，要建立自治區重點溫室氣體排放單位監測、報告、核查制度，完善技術支撐體系，監理碳排放配額分配制度以及配額註冊登記、交易、市場監督等體系」的政策目標，積極開展溫室氣體排放數據收集工作，積極配合自治區政府進行溫室氣體報告。

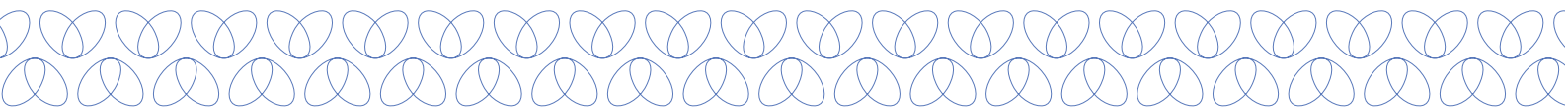
A2 USE OF RESOURCES

For the purposes of saving energy and rational use of energy, XLX plans for and organises the investigation into and research of the energy consumption of each plant, accelerates the development of energy-saving technologies and the exploration of energy-saving potential, facilitates energy structure adjustment, and carries out energy-saving projects together with the plants and functional departments. From 2011 to 2015, the Company's energy consumption per unit of product continued to be decreasing and it was recognised as the “Ammonia Energy Consumption Leader” for five consecutive years. It was also recognised as the Ammonia Energy Consumption Leader for 2016 by the Ministry of Industry and Information, the National Development and Reform Commission and the General Administration of Quality Supervision, Inspection and Quarantine. In addition, the Company has established a unified, centralized and complete IDSM data management centre, to directly collect power consumption data for each energy consumption point through Ethernet optical fibre across the plant. This has achieved collection of information on total power consumption of the Company and power consumption of each workshop and has helped to effectively improve the quality of electricity use and reduce power consumption. It was recognised as the “2015 Electricity Demand Side Management Demonstration Enterprise in National Industry Field” (全國工業領域電力需求側管理示範企業).

A2 資源使用

心連心公司從節能及合理使用能源角度出發，有計劃地組織對各分廠的能源消耗進行調查和研究，促進加快公司節能技術進步和節能潛力挖掘，推進能源結構調整，結合分廠和各職能部室不斷開展節能項目攻關。2011-2015年公司單位產品能耗持續降低，連續五年榮獲中國石化聯合會授予的「合成氨能效领跑者標杆企業」，並獲得工信部、發改委、質檢總局聯合發佈2016年能效领跑者標杆企業。同時，公司建立了統一、集中、完整的IDSM數據管理中心，通過遍佈全廠的以太網光纖，直接採集各能源消耗點的電耗數據，實現了全公司電力消耗總帳和各車間電力消耗的數據統計，科學提升用電質量，降低電力消耗。榮獲2015年「全國工業領域電力需求側管理示範企業」。





XLX strives to make full recycled use of resources in all aspects and maximize energy saving. In order to comply with the relevant energy laws and regulations including the Energy Conservation Law of the People's Republic of China and the Management Measures for Energy Saving at Key Energy Consumption Entities (重點用能單位節能管理辦法), strengthen energy management and improve energy efficiency, the Company has developed regulations and rules including the XLX Energy Saving Management Regulations and the Integrated Measures for the Management of Water Resources (for Trial Implementation). It aims to adopt measures which are technically feasible, economically reasonable and in line with the requirements of environmental protection measures, reduce the loss and waste at various links including the acquisition, storage, processing, conversion and consumption of energy and more effectively use water and energy.

ENERGY CONSERVATION

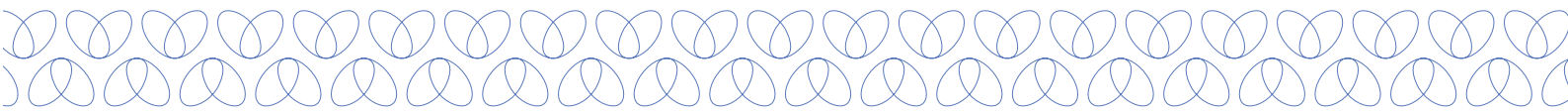
The Company has established a series of energy management regulations and rules including the XLX Energy Saving Management Regulations (心連心公司節約能源管理規定), the Production System Steam Supply Control Measures (生產系統蒸汽聯供調控辦法), the Two Coal Management Measures (兩煤管理辦法) and the Anticorrosive Insulation Project Management Rules (防腐絕熱項目管理規定). The Company has set up an energy conservation leading group, with general manager acting as head, deputy general managers responsible for production, technology and finance, respectively acting as deputy heads, heads of functional departments and plants as members. The permanent establishment for energy management is set up at the energy management centre of the production management department, and the energy management organisations of each plant are set up at the production section.

心連心公司力求在各個環節充分循環利用資源，最大限度地節能節水。為貫徹《中華人民共和國節約能源法》和《重點用能單位節能管理辦法》等相關能源法律法規，加強本公司用能管理，提高能源利用效率，本公司根據實際情況制定了《心連心公司節約能源管理規定》及《水資源一體化管理辦法（試行）》等制度辦法，要求採取技術上可行、經濟上合理且符合環境保護要求的措施，減少能源購入、儲存、加工轉化和消費等各個環節的損失和浪費，更加有效合理地利用水和能源。

節約能源

本公司建立了《心連心公司節約能源管理規定》、《生產系統蒸汽聯供調控辦法》、《兩煤管理辦法》、《防腐絕熱項目管理規定》等一系列的能源管理規定和細則。本公司設立了節能工作領導小組，由總經理任組長，分管生產、技術、財務的副總經理任副組長，各職能部門、分廠領導為小組成員。能源管理工作的常設機構設在生產管理部能源管理中心，各分廠的能源管理機構設在生產科。





In view of the development needs of the energy management system, the Company has established a three-level management structure at the headquarters, plants and workshops, which defines clear functions and responsibilities for each entity and personnel during the energy management process and incorporates systematic energy management into daily operation. The Company has also adopted a number of methods including energy balance table, energy balance analysis, equipment energy efficiency analysis and compliance evaluation to identify the advantages and problems of the energy management, key energy consumption equipment and system of plants. The Company replaced its previous development model of “focusing more on documentation and less on process” (重文件、輕過程) with the model of “focusing more on effectiveness and less on documentation”, in order to maintain a long-term good operating environment and incorporate the energy management system into its existing energy saving management rules and framework. In June 2016, the Company passed and obtained a certificate for the energy management system certification, signalling the improvement in its energy management.

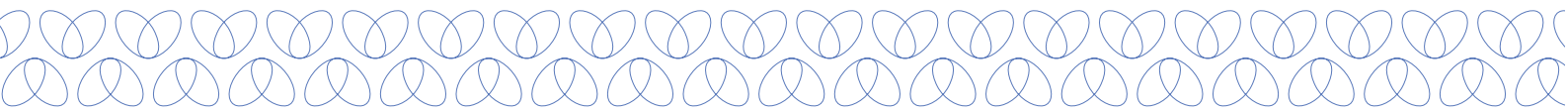
In order to improve the efficiency of enterprise energy use and accelerate the integration of industrialization and information, the Company commenced the development of an energy management centre demonstration project in 2012. Relying on the Company's existing synthetic ammonia, urea, methanol and compound fertiliser production systems, the demonstration project monitors the inlet main pipe at energy stations of the Company for electricity, steam, compressed air, hot water and water and its internal energy by utilising modern communication, computer and automatic control technologies in order to achieve efficient use of energy.

Each year, the Company allocates special energy-saving funds to conduct energy-saving technological upgrading projects as scheduled and based on the order of priority, accelerates the elimination of backward processes, technologies and equipment with high energy consumption, and encourages to introduce advanced foreign energy-saving technologies and develop, promote and apply new energy-saving technologies, new technology, new equipment and new materials, such as the Company's carbon dioxide and oil refining project which effectively recovers the carbon dioxide gas and oil generated in the urea production process.

本公司根據能源管理體系建設需要，設立公司、分廠、車間三級管理架構，明確能源管理過程中各單位及人員的職責，將系統化能源管理納入日常工作中，並採用能源平衡表、能量平衡分析、設備能效分析及合規性評價等方式方法，查找分廠能源管理方面、重要耗能設備和系統方面具有的優勢和存在的問題。本公司改變了以往體系建設「重文件、輕過程」的建設模式，實施「重效果、輕文件」的體系建設，使之長期保持持續良好的運行環境，將能源管理體系融入到本公司現有的節能管理制度框架之內。本公司於2016年6月完成能源管理體系認證、發證工作，提高了能源管理水平。

為提高企業能源利用效率，加快工業化和信息化的融合，本公司於2012年開始建設能源管理中心建設示範項目。該示範項目依託現有合成氨、尿素、甲醇和複合肥生產系統，利用現代化通信、計算機和自動控制技術對企業的電、蒸汽、壓縮空氣、熱水、水等能源介質能源站進口總管進行監測，對企業內部能源狀況進行監控，以實現能源的高效利用。

本公司每年安排節能專項投入資金，有計劃、分重點地組織實施節能技術改造項目，加快淘汰高耗能的落後工藝、技術和設備，並鼓勵引進國外先進節能技術，開發、推廣、應用節能新技術、新工藝、新設備、新材料，如：本公司的二氧化碳氣體回收及廢油精製項目，有效地回收了尿素生產過程中產生的二氧化碳廢氣及廢油。



All units of the Company strictly follow the national and industry standards for energy consumption limits. For those not meeting the energy-saving standards or exceeding energy consumption limits, rectification plans are developed and implemented and the efficiency of power consumption equipment is measured on a regular basis to ensure economic and reasonable power consumption at all units. The Company requires that the indoor temperature in summer when air conditioner is on shall not be lower than 22°C and that in winter shall not be higher than 20°C. Electrical appliances that will not be needed for a long period shall be switched off to save power consumption. The production coordinator of the Company is responsible for reasonable coordination of gas consumption volume to ensure that the production system can operate steadily for a long period and avoid the run, flow, drip, leakage of gas.

All units of the Company regularly inspect their own energy consumption, the implementation of energy-saving measures, energy-saving assessment and review of fixed assets investment projects and the implementation of industry design standards to timely stop and deal with illegal energy wasting. The Company has also established an energy-saving reward and punishment system, whereby companies with outstanding energy-saving performance or having made significant contributions to facilitate the development and promotion of energy-saving technologies are rewarded, and the units failing to meet energy-saving targets are criticised in public.

The Company regularly organises energy conservation publicity and education activities by making extensive use of video, newspapers, publications, lectures and other promotional tools to actively promote energy-conservation principles, policies, laws, regulations, standards and energy-conservation knowledge, promoting energy-saving models and exposing energy waste in order to improve the awareness and concept of energy-saving among all staff. The Company also continues to strengthen the information development of energy-saving technologies, plans for and organises energy-saving training in multiple forms in order to improve the management quality and technical expertise of energy-saving managers and energy consumption equipment operators and strengthen the development of the energy-saving management team.

本公司各單位均嚴格執行國家和行業的能耗限額標準，對不符合節能標準或超過能耗限額用能的，制定及實施整改計劃，並定期對耗電設備進行效率測定，確保各單位經濟合理用電。按公司規定，在使用空調時夏季室內溫度不低於22°C，冬季室內溫度不高於20°C，長時間不用的電器應關掉電源開關，做到節約用電；本公司生產調度負責對用汽單位用汽量進行合理調度，保證生產系統處於長週期穩定運行狀態；儘量避免跑、冒、滴、漏等情況。

本公司各單位定期檢查本部門用能情況、節能措施落實情況、固定資產投資項目節能評估和審查情況、行業設計規範執行情況等，及時制止和處理浪費能源的違法、違規行為。本公司還建立了節能工作獎懲制度，對節能工作成績突出的公司和為推動節能技術進步、推廣節能技術做出突出貢獻的單位和個人進行表彰獎勵；對不能完成節能指標的單位給予通報等。

本公司定期組織開展節能宣傳教育活動，充分運用視頻、報紙、刊物、講座和其他宣傳工具，積極宣傳節能方針、政策、法律、法規、標準和節能科學知識，弘揚節能先進典型，曝光能源浪費行為，提高廣大職工節能意識和節能觀念。本公司還不斷加強節能技術的信息化建設，按計劃組織開展多種形式的節能培訓活動，從而提高節能管理人員和用能設備操作人員的管理素質和技術水平，完善節能管理人員隊伍建設。

SAVING WATER RESOURCES

The Company has been in strict compliance with laws and regulations including the Water Law of the People's Republic of China and internal rules including the Integrated Measures for the Management of Water Resources (for Trial Implementation) in strengthening water-saving management and rational use of water resources and building a green energy-saving enterprise.

The Company has set up an integrated water resource management committee under which there are two sub-committees being the technology research and development sub-committee and the production management sub-committee. The management committee is responsible for setting annual water-saving targets, indicators and incentive measures of the Company and the division and implementation of the same by the sub-committees. Each sub-committee is responsible for its own information collection, technical reserve, project implementation, optimisation and transformation, personnel training, research activities, supervision and inspection relating to water saving management.

The environmental protection section of the production management department of the Company monitors the water resource management at all plants in accordance with the quota and incentives in respect of water resource management including the Integrated Measures for the Management of Water Resources (for Trial Implementation) and the Measures for Division and Management of Water Resource Cost of China XLX Fertiliser Ltd. (心連心化肥有限公司水資源費用分解與管理辦法). According to the overall requirements of the Company, it converts water resource cost from "management expense" to "production cost" and allocate the cost to water consumption units in order to stimulate them to play a subjective role, strengthen their enthusiasm to save water and improve water quality management and primary water use efficiency. The Company arranges regular water-saving training to encourage employees to actively save water. The environmental protection department of the Company is responsible for developing internal water resources training and learning programs of the Company and arranging water resource training provided by governments, associations and the relevant authorities.

節約水資源

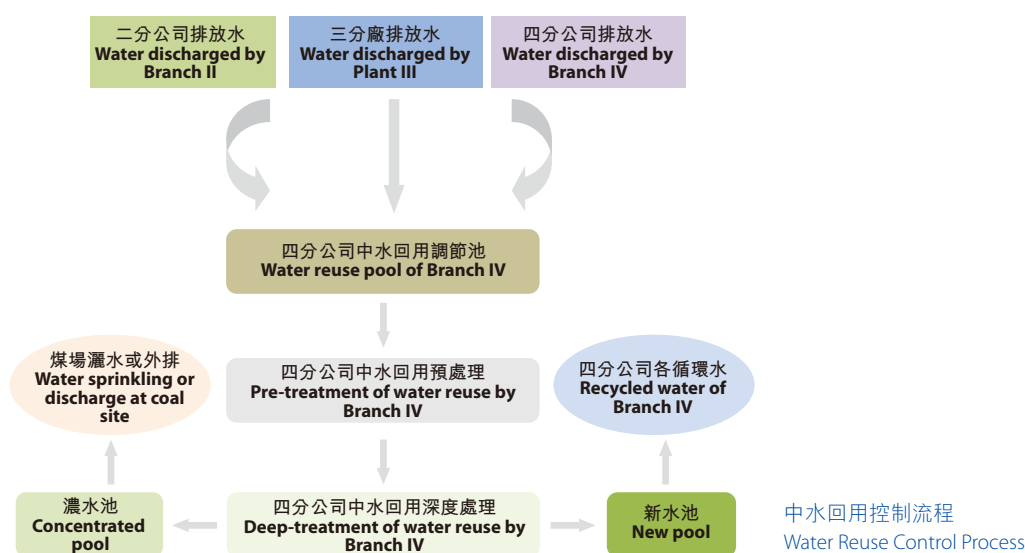
本公司嚴格遵守《中華人民共和國水法》等法律法規和內部《水資源一體化管理辦法(試行)》，強化企業節水管理，合理利用水資源，創建綠色節約型企業。

本公司成立了水資源一體化管理委員會，下設技術研發分會和生產管理分會兩個分會。管理委員會負責組織制定本公司年度節水目標、指標及激勵措施，並責成各專業分會進行分解和執行；各專業分會負責各自在節水管理方面的信息收集、技術儲備、工程實施、優化改造、人員培養、攻關活動、監督檢查等工作。

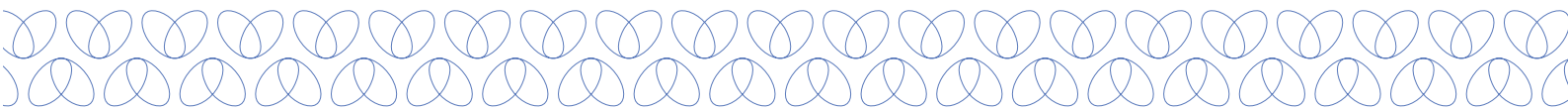
本公司生產管理部環保處按照公司《水資源一體化管理辦法(試行)》和《心連心化肥有限公司水資源費用分解與管理辦法》等水資源管理方面的定額及激勵辦法，對各分廠的水資源管理情況進行監督管理，同時根據本公司的整體要求，適時將水資源費用由「管理費」向「生產成本」轉化，並分解至各個用水單位，以發揮各分廠主觀能動性，提高用水主體單位的節水積極性，達到提高水質管理水平和一次水利用率的目的。本公司定期進行節水培訓，以鼓勵員工積極節水。本公司環保處負責制定公司級的內部水資源培訓及學習計劃，以及安排政府、協會及相關部門組織的水資源培訓活動。

The Company encourages the comprehensive utilization of various water resources in chemical industry parks and living areas, and increases incentives for water conservation units. Each plant of the Company must select at least two technical research subjects (of which one must be at Company level) on water saving and conduct research in accordance with the requirements of the Measures for the Administration of Total Quality Management Activities of the Company to ensure research performance. In order to improve the recycling rate of water resources, the Company has adopted the water reuse and urea process condensate to improve water efficiency.

本公司鼓勵化工園區和生活區內各種水資源的綜合利用，並加大對節水單位的激勵力度。本公司各分廠每年至少選擇2個以上(其中至少一個為公司級)以節水為課題的技術攻關項目，並按照本公司《全面質量管理活動管理辦法》的具體要求實施，確保攻關效果；為了提高水資源的循環利用率，本公司採取了中水回用和尿素工藝冷凝液等方法來提高用水效率。



- Water reuse.** In order to lower the consumption of synthetic ammonia and urea, the Company has established terminal water treatment system and water reuse facility and developed the Water Reuse Operation Management Measures (中水回用運行管理辦法) to ensure long-term steady operation of water reuse devices and realize recycled water use.
- Urea process condensate.** The effective components of wastewater are recovered through the deep hydrolysis analysis system, and then sent to waste pot or urea circulating water system for replenishment. Following chelating adsorption treatment, urea solution is used as replenishment water for recycled water, which can reduce external discharge by approximately 30m³/h.
- 中水回用。** 為降低本公司合成氨、尿素一次水消耗，本公司建立了終端水處理系統和中水回用設施，並制定了《中水回用運行管理辦法》，以保證中水回用裝置長期穩定運行，真正實現循環利用。
- 尿素工藝冷凝液。** 廢水經過深度水解解析系統後回收有效成分，送廢鍋或尿素循環水系統作補水用。尿素解析廢液經過整合床吸附處理後，作為循環水的補水使用，這種措施減少外排水約30m³/h。



A3 ENVIRONMENT AND NATURAL RESOURCES

The major environmental and natural resources impact of the Company includes exhaust and wastewater discharge, water resources and energy consumption. The Company attaches great importance to the impacts of its operation on the environment and natural resources and has in place a targeted environmental management system and energy management system. The Company has established the relevant management rules including the Environmental Protection Management Regulations (環境保護管理規定) and the XLX Energy Saving Management Regulations (心連心公司節約能源管理規定) to enhance management and reduce the impacts on environment and natural resources.

B SOCIAL

While pursuing economic performance, XLX also highly values the performance of corporate social responsibilities by maintaining the interests of stakeholders including shareholders, employees, customers, business partners and the community as a whole, honestly treating suppliers, customers and employees and leveraging its professional advantages to improve the efficiency and quality of implementation. It also combines the performance of social responsibilities with improving its long-term competitive advantages.

B1 EMPLOYMENT

XLX regards employees as its most valuable assets, implements a “people-oriented” principle in production and operation, staff training, labour security, compensation and benefits and “five types of social insurance contributions and one housing fund contribution”, and care for the work, life, health, safety and career development of employees comprehensively and in multiple forms. It strives to build a harmonious and win-win labour relations to promote the common development of the Company and employees.

A3 環境及天然資源

本公司的主要環境及天然資源影響包括廢氣與廢水排放、水資源與能源資源消耗。本公司高度重視運營過程所造成的環境及天然資源影響，建立針對性的環境管理體系和能源管理體系，制定《環境保護管理規定》和《心連心公司節約能源管理規定》等相關管理規定來加強管理，減少環境及天然資源影響。

B 社會

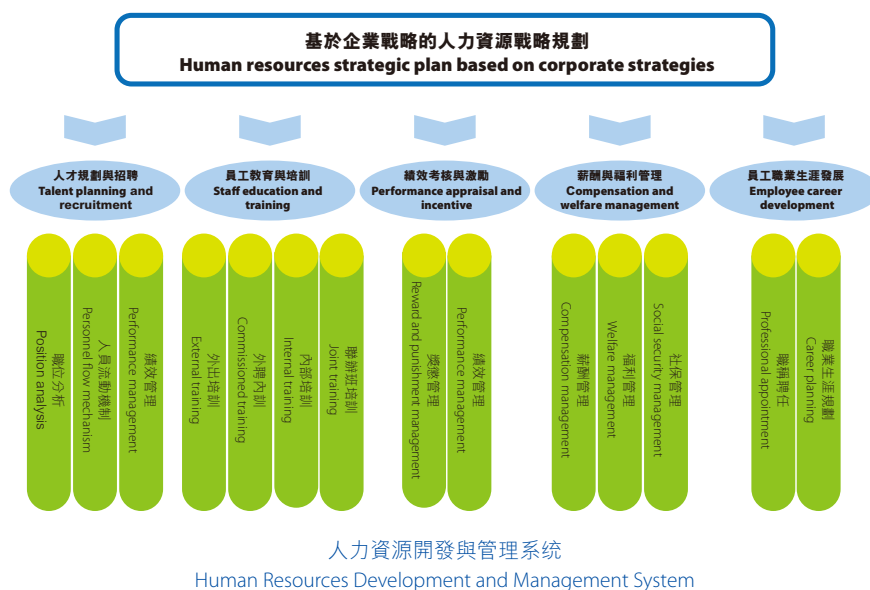
心連心公司在追求經濟效益的同時，高度重視企業社會責任的履行，維護股東、員工、客戶、商業夥伴與整體社會等各方利益，誠信對待供貨商、客戶和公司員工，利用專業優勢提高執行效率和質量；並將履行社會責任與提高企業的長期競爭優勢結合起來

B1 僱傭

心連心公司視員工為公司最重要的財富，在生產經營、員工培訓、用工保障、薪酬福利、「五險一金」繳納等方面切實推行「以人為本」方針，全方位、多角度地關心員工的工作生活、健康安全與職業發展，努力構建和諧、雙贏的勞動關係，以促進公司與員工的共同發展。

In accordance with laws and regulations including the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China, the Company has developed the XLX Personnel and Labour Management Regulations (心連心公司人事、勞動管理規定) to effectively ensure that employees enjoy their labour rights and perform their obligations in accordance with the law. The Company has also set up a human resource development and management system consisting of talent planning and recruitment, staff training and education, performance appraisal and motivation, employee compensation and benefits and employee career development in order to effectively promote the common development of the Company and employees.

本公司依據《中華人民共和國勞動法》和《中華人民共和國勞動合同法》等法律法規制定了《心連心公司人事、勞動管理規定》，以保障員工依法享有勞動權利和履行勞動義務。本公司還建立了由人才規劃與招聘、員工培訓與教育、績效考核與激勵、員工薪酬與福利、員工職業生涯發展等構成的人力資源開發與管理系統，有效促進企業與員工的共同發展。

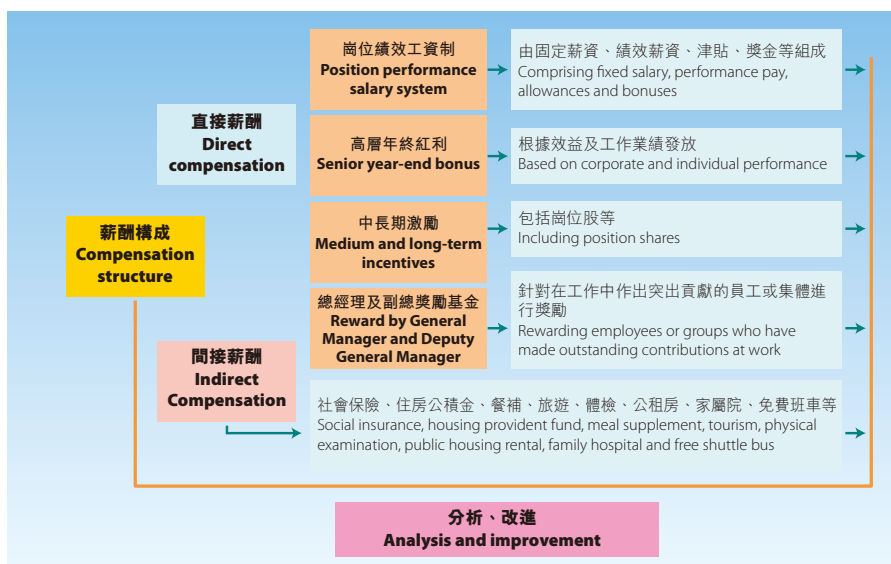


PERSONNEL RECRUITMENT

The Company implements unified personnel planning and recruitment selection by comparing the results of personnel need survey against existing employees and developing an annual personnel planning and recruitment plan. It recruits talents through multiple methods including online recruitment, campus recruitment, special recruitment and large job fairs, and conducts comprehensive evaluation and selection of external candidates based on job requirements and standards.

人員招聘

本公司實施統一的人員規劃及招聘選拔，將人員需求調研結果與現有人員進行比較，據此制定年度《人員規劃和招聘計劃》，通過網絡招聘、校園招聘、專場招聘、大型招聘會等多種方式選拔人才，並參照崗位任職要求和工作標準，對外部應聘人員進行綜合能力評價篩選和錄用。



COMPENSATION AND WELFARE

The Company has set up a fair and equitable, multi-level, multi-type compensation incentive system and makes annual adjustments accordingly. The Company has a track-like compensation plan. Position salary can be adjusted based on individual performance and the compensation of outstanding personnel will be gradually increased to play a role of encouraging employees with strong performance and stimulating those with poor performance.

The Company has been in strict compliance with the labour laws and regulations relating to welfare and makes endowment insurance, unemployment insurance, medical insurance, industrial injury insurance and maternity insurance contributions for employees in a timely manner, distributes gifts and shopping cards on holidays including the Spring Festival and the Mid-Autumn Festival, cooperates with large hospitals to provide regular free physical examinations to employees, issues meal subsidies and provides accommodations. The Company has two living quarters, college students' apartments and public rental apartments.

薪酬福利

本公司建立了公平公正、多層次、多類別的薪酬激勵體系，每年適時進行調整。本公司的薪酬方案為賽道形式，可根據個人表現浮動崗位薪檔，優秀人員薪檔將逐步上調，從而起到激勵先進、鞭策落後的作用。

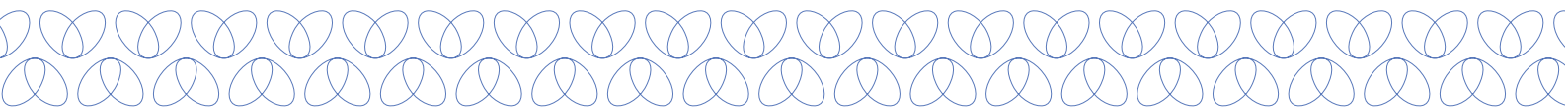
福利方面，本公司嚴格遵守勞動法律法規，按時為員工繳納養老保險、失業保險、醫療保險、工傷保險和生育保險；在春節、中秋等節日會發放禮品、購物卡等；定期與大型醫院合作，為員工提供免費體檢服務；發放餐補；提供住房：本公司建有兩個生活區、大學生公寓和公租房。



公司幼兒園
Kindergarten of the Company



職工宿舍
Staff Quarter



INCENTIVE MECHANISM

In order to promote and encourage innovations, the Company has established a diversified incentive mechanism and set up a number of awards and titles such as management innovation award, technical innovation award, QC achievement award, reasonable recommendation award, year-end bonus, safety risk fund, cost award, production volume award, model worker award, moving XLX award, and excellent staff award. In addition, the winners of the model worker, moving XLX award and the first and second prizes of management and technical innovations will be awarded tourism opportunities.

PROMOTION AND DEVELOPMENT

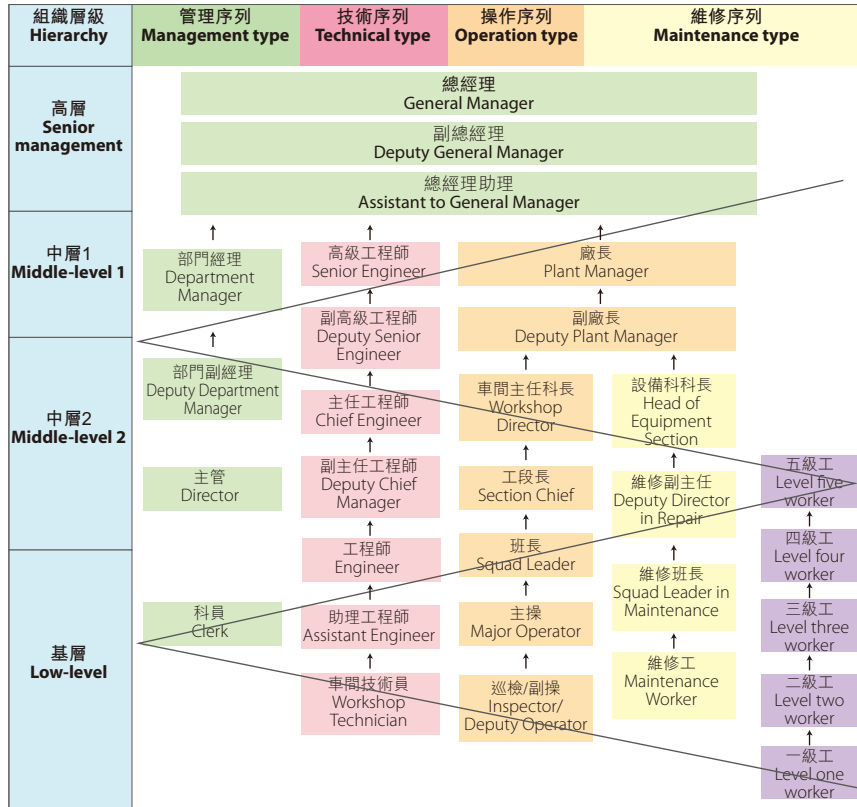
The Company's position system has standard requirements for the name and rank of positions and their promotion paths. Each year the Company conducts regular appraisal of the performance or development potential of employees and provides employees with open and equal training and promotion opportunities. The positions of the Company are divided into management, technical, maintenance and operation types, and employees can be transferred among these four types. Details are as follows:

激勵機制

為提倡和鼓勵創新，本公司建立了多元化的激勵機制，設立了管理創新獎、技術創新獎、QC成果獎、合理化建議獎、年終獎、安全風險金、成本獎、產量獎、勞動模範、感動心連心人物、優秀員工等獎項和榮譽稱號，並安排勞動模範、感動心連心人物、管理及技術創新一、二等獎的人員旅遊。

晉升與發展

本公司的職位體系對職級名稱和序列對應作了規範。每年，本公司定期評估員工的工作表現或發展潛力，給每位員工提供公開和平等的培訓及晉升機會。本公司目前的崗位設置分為管理類、技術類、維修類和操作類四個類別，各類別之間也可交叉進行流動。具體見下圖：



員工職業發展與晉升通道
Employee Career Development and Promotion Path

The Company has established an effective staff flow mechanism covering recruiting and assigning position, dismissal of employees with poor performance and position competition to create a sound environment for employees' career development. An inferior removal system has been in place for production workers and clerks. In accordance with the Measures for the Administration of Recruitment and Hierarchical of Engineering Technicians (工程技術人員職務聘任分級管理辦法) and the Measures for Grading Assessment of General Work (通用工種分級評定辦法), technicians are assessed and assigned different grades of compensation. A position competition system is applied for management staff and technical staff in accordance with the Measures for Selecting and Appointing Cadres at the Grassroots level (中基層幹部選拔任用辦法) and the Measures for Democratic Appraisal of Management and Technical Staff (管理、技術人員民主評議辦法). Reserve cadres are trained through a mentorship program in accordance with the Reserve Cadre Training Program and the Key Position Talent Reserve Plan (關鍵崗位人才儲備計劃). In addition, management of the Company has entered into a no petition undertaking to achieve the promotion of those capable and dismissal of those not qualified.

本公司建立了從入職選崗 — 末位淘汰 — 崗位競聘的有效人員流動機制，為員工職業發展創造環境：生產工人、部室科員實施末位淘汰制；按照《工程技術人員職務聘任分級管理辦法》、《通用工種分級評定辦法》等辦法，定期對技術人員進行考核評定，給予其不同級別待遇；按照《中基層幹部選拔任用辦法》、《管理、技術人員民主評議辦法》等辦法實行管理人員技術人員競聘上崗機制；通過《後備幹部培養計劃》、《關鍵崗位人才儲備計劃》和「一級帶一級，一級培養一級」方式來培養各層級後備幹部。此外，本公司還簽訂《不說情承諾書》，真正實現「能者上、庸者下」。

CARE FOR EMPLOYEE LIFE

Employees are the driving force and source of enterprise development. As such, the labour union of the Company fully considers the needs of employees and provides them with care and support by organising a variety of activities and providing them with living facilities. Under the labour union, there are 10 sub-labour unions, 9 mass associations (projection association, karaoke association, basketball association, table tennis association, football association, badminton association, bicycle association, XLX Harbour and drama fans association) and two management committees (staff life committee and XLX kindergarten committee). The staff life committee and XLX kindergarten committee keep a close eye on the daily interests, concerns and focus and hot spots of employees, collect information on employees' feedback on canteen food quality, dining environment, services and kindergarten management through regular meetings, and then submit them to the labour union for monitoring and improvement. The labour union has established a membership management system and recruited new members every one to two years and disclose the list of members in public. It has established and improved the records for employees with financial difficulties and receiving subsistence allowances, and includes the employees meeting the standard for financial support. For the last three years, it distributed assistance and support funds of over RMB60,000 in the last three years, making employees in need feel the care of the Company. The Company has established a staff club for Xinjiang Company which is equipped with library, TV room, billiard room, table tennis room and chess room. Following the club relocation and commence of operation of staff gym at Xinxiang facility, the cultural life of employees will be significantly improved. After years of exploration, the labour union has formed a variety of activity mechanism with the characteristics of XLX in light of the situations and production of the Company, mainly including model worker travel, technical competitions, reasonable proposals, knowledge contests, annual military training and parade, workers' sport games, thanksgiving week, helping poor workers, team building experience exchange and the Spring Festival party. The labour union organises annual technical competitions for the Company. Winners will receive bonus amounting to RMB1,500, RMB1,000 and RMB800 and recognised as technical expert for the year. They will also be awarded additional monthly position allowance amounting to RMB200,



心連心花園
XLX Garden

關愛員工生活

員工是企業發展的動力和源泉。由此，公司工會充分考慮員工需求，時刻傾注關懷與照顧，為其組織豐富多彩的活動，提供生活便利設施。工會共下設10個分工會、9個群眾性社團（投影協會、卡拉OK協會、籃球協會、乒乓球協會、足球協會、羽毛球協會、自行車協會、心連心港灣、戲迷協會）和2個管理委員會（職工生活委員會、心連心幼兒園管理委員會），利用職工生活委員會和幼兒園管理委員會瞭解員工日常切身利益、焦點和熱點等情況，通過定期召開會議，瞭解職工對食堂飯菜質量、就餐環境、服務和對幼兒園管理存在的問題、不足等提出意見和建議，由工會監督改進建議執行情況。工會建有會員會籍管理制度，每1~2年發展一次工會會員，並對會員名單進行公示；同時，還建立健全的困難職工、低保職工檔案，將符合幫扶條件的職工納入到了救助範圍，近3年工會僅幫扶資金就達到了人民幣6萬餘元，使困難職工感受到了公司的溫暖。工會先後新建和新增了新疆公司職工俱樂部，職工俱樂部下設有圖書室、電視室、檯球室、乒乓球室、棋牌室等；新鄉基地新的俱樂部搬遷和職工健身房的投運，廣大員工的業餘文化生活等將會達到較大幅度的提升和改善。經過多年的摸索，結合企業實際和生產特點，工會建立、形成了一套具有心連心特色的活動機制，主要有：勞模旅遊、技術比武、合理化建議、知識競賽、年度軍事訓練及會操、職工運動會、感恩周、貧困職工幫扶、班組建設經驗交流會、春節晚會等。工會每年組織一次公司範圍的技術比武活動，對獲得比武的人員給予人民幣1,500元、1,000元、800元的獎勵，命名為當年度的崗位技術能手，並給予人民幣200元、150元、100元不等的崗位津貼一年時間，對獲得上級工會組織的技術比武均有相應的獎勵規定。合理化建議方

RMB150 and RMB100, respectively. Such mechanism is also applied to technical competition arranged by labour unions at higher levels. To seek reasonable advices, during the period from 2014 to 2016, the labour union mobilized staff to provide, in the form of democratic participation, a total of over 6,800 reasonable suggestions to support the management of the Company in decision-making. The Company holds an advanced model selection at the end of each year. Through appraisal and screening at multiple levels, advanced teams and employees are determined and awarded and their names are exhibited through the internal OA system and bulletin board of the Company. The labour union is always exploring innovative work ideas and models. By following the philosophy of "All depend on the working class" to care for and serve employees, the labour union continues to improve and adjust its working methods and provides a channel and platform for communication, exchange and understanding between employees, in order to contribute more to create an amicable working environment and build a harmonious enterprise and let the labour union truly becomes a warm home for employees.

面，2014-2016年，公司工會廣泛發動職工，集思廣益，群策群力，通過民主參與的形式，為企業經營管理決策層提供合理化建議6,800多條。公司每年年底都要進行評先活動，經層層把關、篩選後對先進團隊和員工進行表彰，並在公司內部OA系統、公示欄對全體員工進行公示。公司工會始終堅持探索、創新的工作思路和模式，緊緊圍繞「一切依靠工人階級」開展工作，立足關懷員工、服務員工的理念，不斷改變、調整工作方法，為員工拓寬溝通、交流、瞭解的渠道和平臺，為創造和諧工作環境，構建和諧企業做出更大的努力，使工會真正成為員工溫暖、親近的家。



- **2016 PARTY (SPRING FESTIVAL PARTY)**

At the night of 30 January 2016, the 2016 Spring Festival party held by the labour union of the Company successfully closed at the auditorium of the complex building at the living quarter. The party was consisted of 20 programs including sand painting, dance, comedy and songs and lasted 160 minutes. It closed with applause and laughter.

- **2016年聯歡會(春節晚會)**

2016年1月30日晚，由本公司工會舉辦的2016年春節聯歡晚會，在生活區綜合樓禮堂圓滿落下帷幕。晚會由沙畫、舞蹈、小品、歌曲串燒等20個節目構成，共歷時160分鐘，在掌聲與歡笑聲中落下了帷幕。

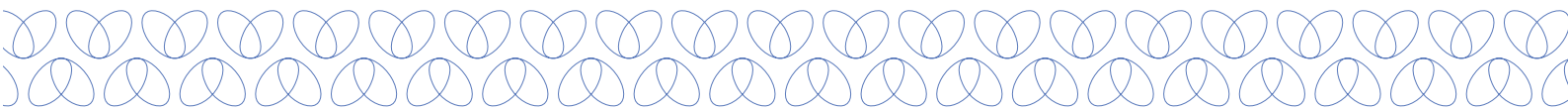


- **TWELFTH WORKERS' GAME 2016**

Between 17 and 18 October 2016, the Company held its twelfth workers' game at the new and old plants. The events include long runs, tug of war, fun activities, big jumps and happy dance show. During the events, there were many upsurges at orderly courts. Participating employees worked hard to exhibit their enthusiasm.

- **2016年第十二屆職工運動會**

2016年10月17日-18日，本公司在新、老廠區舉行第十二屆職工運動會，比賽項目包括長跑、拔河、趣味活動、跳大繩和快樂舞步展示，期間，各賽場秩序井然、高潮迭起，參賽員工努力拼搏，熱情參與。



員工多渠道溝通
Multiple Communication Channels for Employees

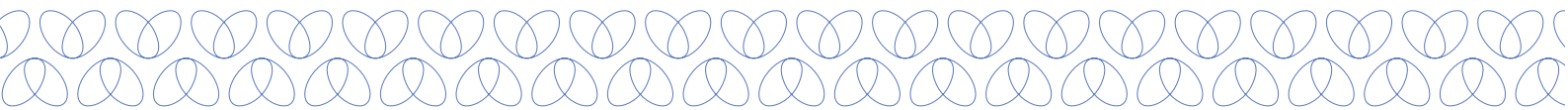


DEMOCRATIC COMMUNICATION

The Company listens to the opinions and suggestions of employees, customers and other stakeholders through two-way communication model with multiple channels and methods, and actively adopts rational proposals.

民主與溝通

本公司採用多渠道、多形式的雙向溝通模式，廣泛聽取員工、顧客和其他相關方的意見和建議，積極採納合理化建議。



B2 HEALTH AND SAFETY

In order to protect and improve the working environment and safeguard the safety and occupational health of employees, the Company has been in strict compliance with laws and regulations including the Labour Law of the People's Republic of China, the Safe Production Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, as well as its internal rules including the Occupational Health and Safety Management Procedures (職業健康安全管理程序), the Emergency Plan Management Rules (公司應急預案管理規定) and the Regulations on Food Safety Management of Staff Canteen (職工食堂食品安全管理規定). It has effectively implemented the OHSAS18001 occupational health and safety management system and continues to improve the working environment and working conditions for employees in multiple areas. The Company also strives to build a good working environment through daily inspections and supervision, annual internal audits, management reviews and external supervision. In addition, the Company cooperates with DuPont and introduces DuPont's safety management model to comprehensively improve safety management and control using its advanced safety culture and concepts, which has actively predicted and coped with potential negative factors in the operation of the Company.

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

The Company passed the ISO 18001 occupational health and safety management system certification in 2010 and actively facilitated the closed-cycle management of "hazard identification – standardized operation – safety training – safety assessment". The enterprise management centre plans for, organizes and implements internal and external review of the occupational health and safety management system. The Company has a sound security team system with heads of various units are the first responsible person for safety management. Currently the Company has 190 internal auditors for occupational health and safety management system.



B2 健康與安全

為保護和改善工作環境、維護員工安全和職業健康，本公司嚴格落實《中華人民共和國勞動法》、《中華人民共和國安全生產法》、《中華人民共和國職業病防治法》等法律法規和內部《職業健康安全管理程序》、《公司應急預案管理規定》及《職工食堂食品安全管理規定》等規範性文件，並有效運行 OHSAS18001 職業健康安全管理體系，從各個方面不斷改善員工工作環境和勞動條件。本公司還通過日常的檢查督導、年度的內審、管理評審和外部監審來營造良好的工作環境。此外，本公司還與美國杜邦公司合作，引進杜邦安全管理模式，以先進的安全文化理念全面提升安全管控水平，從而實現運營過程中負面社會影響的隱憂進行了積極的預見和應對。

職業健康安全管理體系

本公司於2010年通過職業健康安全管理體系 ISO 18001 認證，並按職業健康安全管理體系，推進「危險辨識 — 標準化操作 — 安全培訓 — 安全評價」的閉環管理。企業管理中心策劃組織並實施對職業健康安全管理體系的內外部審核。本公司有健全的安全員隊伍體系，各單位負責人是安全管理的第一責任人。本公司現有職業健康安全管理體系內審員 190 人。

DUPONT SAFETY MANAGEMENT

Following the principle of "all for employees' safety", in early July 2014 the Company spent heavily in introducing DuPont's safety management program, whereby it conducted work in four areas being basic safety management (behavioural safety, process safety, equipment safety) improvement, staff skill enhancement, management safety leadership enhancement and safety culture development. Its major work in 2016 was as follows:

- (1) **Basic safety management improvement.** During the year, the Company implemented management improvement in 16 modules including, among others, equipment/piping thickness measurement, operation protocol management, process hazard analysis, technology change management, lubricating oil management, sling management, maintenance management and pre-launch safety inspection. All of these 16 modules have reached or exceeded the management target of 90 points. In addition, the Company also conducted management improvement in 10 modules including work hazard analysis, prohibition against touch and minor changes.



杜邦安全管理

基於「一切為了員工安全」的原則，本公司於2014年7月初花費鉅資引入了杜邦安全管理，從基礎安全管理(行為安全、工藝安全、設備安全)提升、員工技能提升、管理幹部安全領導力提升、安全文化建設四方面開展工作。2016年主要工作如下：

- (1) **基礎安全管理提升。**本年度對設備／管道定點測厚、操作規程管理、工藝危害分析、技術變更管理、潤滑油管理、吊索具管理、維修規程管理、啟動前安全檢查等16個模塊實施管理提升，該16個模塊均達到或接近90分管理目標。同時，本公司又根據管理需求，新開展工作危害分析、禁止觸摸、微小變更等10個模塊的管理提升。



(2) **Staff skill enhancement.** The Company conducted improvements in the following three areas: 1) Facilitate process counselling. During the year, a total of 49 various training sessions were provide to 1,940 persons, and 25 counselling Q&A were held with 941 participants; 2) Training of various part-time and specialised persons. The Company commenced a training program for 53 internal trainers, 10 process hazard analysis hosts and 22 auditors. Currently they are being trained through participation review, on-site guidance, answering questions and monthly appraisals; 3) employee position skill improvement. The Company sorted out a safety, technology and equipment system capability matrix and commenced self-assessment, review and preparation of training materials.

(3) **Management safety capability improvement.** The Company has finished the leadership appraisal proposal planning, first assessment, result analysis, appraisal analysis and training, and the preparation and verification of management safety leadership enhancement plan. Next, the Company will continue to implement leadership training and assessment.

(2) **員工技能提升。**本公司從以下三方面實施提升：1) 推進過程輔導。本年度共計各類培訓49場次，培訓1,940人次；自行組織輔導答疑25場，參與941人次；2) 各類兼職專業人員培養。本公司開始了對53名內訓師、10名工藝危害分析主持人、22名審核員的培訓項目。目前，專業人員正在通過參與審核、現場輔導、問題答疑、月度考評等方式進行培養；3) 員工崗位人員能力提升。本公司對安全、技術、設備系統崗位能力矩陣進行梳理，並開始自評、複評和培訓教材編制。

(3) **管理幹部安全能力提升。**本公司完成了領導力評估方案策劃、首次評估、結果分析、評估內容解讀和培訓、管理幹部安全領導力提升計劃編制和驗證工作。下一步，本公司將持續實施領導力提升培訓和評估工作。



SAFETY CULTURE DEVELOPMENT

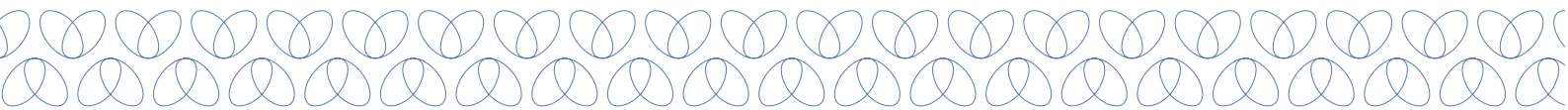
The Company pays attention to the publicity and training of safety culture and the improvement in the safety awareness of employees:

- the company-level Safety Principles were established as the basic principles and highest creed of the Company in production safety and the basic attitude and belief for all employees in relation to safety. In addition, the Company conducted article-by-article analysis of the Safety Principles for all employees in order to help them establish the awareness of safety red line, and produced an anime movie based on the principles for continuous promotion;
- a publicity and promotion mechanism was set up to promote the development of safety culture at all units and develop active safety culture at grassroots by way of monthly plan, monthly notification and quarterly competition. A total of nearly 260 activities were held at plant and workshop levels, and over 500 boards and logos were produced.
- A company-level safety publication was established and improved. During the year a total of 11 issues of such publication were launched. Columns headed “Words to Management” (有感領導) and “Safety Models” (安全標兵) had become a regular part of the publication, which effectively reflected the employees’ thoughts to management and identified a large number of grassroots safety models.
- A program called “Sharing safety experiences through accident and incident videos” (安全經驗分享之事故事件視頻) was launched to establish a safety experience video database. To date over 10 videos have been issued to ensure that all units can timely analyse the accidents and incidents to avoid their further occurrence and achieve effective rectification.

安全文化建設

本公司重視安全文化的宣傳和培訓教育，強化員工的安全意識：

- 建立公司級《安全原則》，作為本公司在安全生產方面的基本原則和最高綱領，是本公司全體員工對待安全的基本態度和信念。同時對《安全原則》逐條進行系統性解讀、全員宣貫，樹立員工安全紅線意識，並製作成動漫短片進行持續宣貫；
- 建立宣傳促進分委會機制，利用月計劃、月通報、季度評比的手電，促進各單位進行安全文化建設，活躍基層安全文化。分廠級和車間級活動累計進行近260次，製作現場展板、標識近500餘塊；
- 創建並推進公司級安全專刊。今年共推出安全專刊11期，其中《有感領導》和《安全標兵》板塊已成為常設板塊，有效促進了有感領導的體現，同時挖掘出了大量的基層安全標兵；
- 開創「安全經驗分享之事故事件視頻」，建立安全經驗分享視頻庫。目前已經發佈視頻十餘期，確保事故事件在各單位能夠及時分享，達到舉一反三，有效整改的目的。



On the basis of three-level safety education required by the government and in view of the induction military training, company-level safety training was provided to new employees, and a safety training model was formed, covering company, plant, workshop and group levels and totalling no less than 80 hours, to ensure that new employees are equipped with necessary safety knowledge and skills.

本公司在國家要求的三級安全教育的基礎上，結合公司崗前集中軍事化訓練的條件，對新入職人員增加了公司級的安全培訓，形成了公司級、分廠級、車間級、班組級共不低於80學時的安全培訓模式，確保新工上崗後具備應有的安全知識和技能。



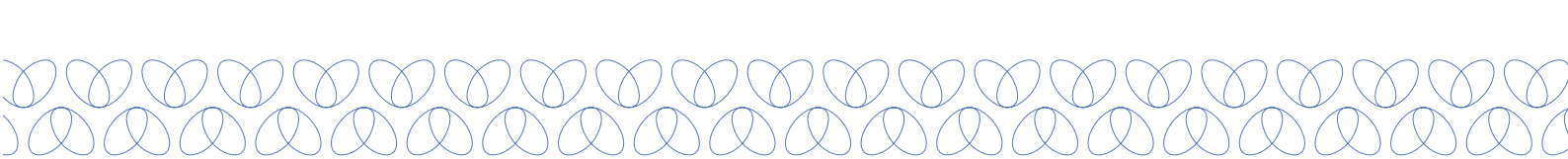
新工初級安全培訓
Primary safety training for new employees

PRODUCTION SAFETY MANAGEMENT

The Company implements a production safety responsibility system in accordance with the Safety Responsibility System of Henan Xinlianxin Fertiliser Co., Ltd. (河南心連心化肥有限公司安全責任制). The Company's management at all levels have entered into safety undertakings, and letters of production safety responsibility are also signed at all levels to fully increase territorial management awareness and sense of responsibility, ensure safety and health of workers during the production process and fully improve the safety management of the Company. The Company has also formulated the Environmental Factors Identification and Evaluation Management Procedures (環境因素識別和評價管理程序), the Hazard Source Identification, Risk Assessment and Risk Control Planning Management Procedures (危險源辨識、風險評價與風險控制策劃管理程序), and the XLX Safety Risk Fund Management Measures (心連心公司安全風險金管理辦法), and organises employees to identify, evaluate and control environmental factors and sources of hazards so that everyone is responsible for safety.

安全生產管理

本公司按照《河南心連心化肥有限公司安全責任制》實行安全生產責任制。本公司各級負責人率先簽訂安全承諾書，層層簽訂安全生產責任書，從而全面落實屬地管理意識和主體責任意識，保證勞動者在生產過程中的安全與健康，實現公司安全管理全面提升。本公司還制訂了《環境因素識別和評價管理程序》、《危險源辨識、風險評價與風險控制策劃管理程序》和《心連心公司安全風險金管理辦法》等制度，組織員工識別、評價、控制環境因素和危險源，做到人人對安全負責。



The Company sticks to the “Three simultaneousness” principle for environmental protection and safety. It has formulated the Construction Project Management Procedures (建設項目管理程序) and actively conducts the safety and environmental protection assessment for new, renovation and expansion projects to ensure the effective implementation of production safety. It actively uses new processes, new materials and new equipment and timely track the regular inspections by special equipment. It continues to control and rectify production safety hazards and improve labour protection by providing employees with labour protection products meeting national standards based on different working environment and according to the labour protection equipment standard.

1) SAFETY SUPERVISION

Since 2015, the Company has set up a safety inspection team of over 30 full-time safety employees to conduct daily inspection in shifts. The safety supervision continued to be improved, from checking the implementation of safety bans only to including other on-site violations, and from notification of responsible persons and their supervisors to also notification of the relevant managers. The Company conducts regular analysis of issues identified during the inspections, produces training materials on key issues, and then provide training among all employees to ensure that the issues have been rectified.

2) DAILY INSPECTIONS

- (1) Company-level cross check: The Company conducts monthly comprehensive safety inspections and special inspections at all plants, branches and subsidiaries in the form of cross check. The subject of inspection for each plant and subsidiary is identified through drawing lots and inspections are conducted according to pre-set inspection plans. For the issues identified, their rectification will be verified in the inspections for next month, and follow-up reviews will be conducted on notable issues to find deep reasons and the responsible persons must make rectifications within the specified period.
- (2) Team self-examination: Potential hazard self-examination records are established for the relevant positions. On-site examinations are conducted each shift and the issues identified shall be recorded. The workshops conduct weekly record summary and arrange rectifications.

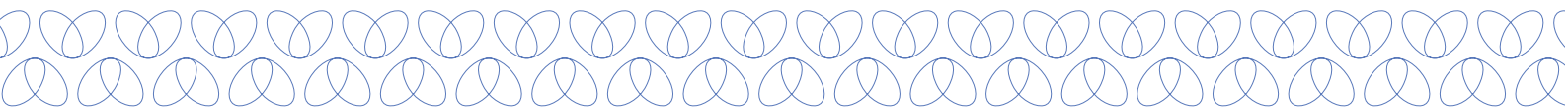
本公司堅持環保、安全「三同時」原則，制定了《建設項目管理程序》，並積極開展新、改、擴建工程安全、環保評價工作，保證安全生產投入的有效實施；積極採用新工藝、新材料和新設備，及時跟蹤特種設備的定期檢測，不斷治理、整改生產安全事故隱患；不斷提高勞動防護水平，針對不同工作環境，按照崗位勞動防護用品配備標準，為員工提供符合國家標準的勞動防護用品，並監督、教育員工正確使用和佩戴。

1) 安全督查

2015年開始，本公司成立安全督查組，抽調三十餘名安全專職人員參加，輪班進行，每天進行督查，安全督查工作在運行中不斷完善，從開始的單純查安全禁令，擴展到查現場其它違章；從開始的僅對責任人和監護人進行通報，到後來的對管理人員一併通報。本公司對於督查發現的項目定期進行統計分析，重點問題製作培訓材料，進行全員培訓，保證問題得到糾正。

2) 日常檢查

- (1) 公司級安全互查：本公司每月以互查組的形式對各分廠、分子公司實施互相的綜合安全檢查及專項審核，各分廠、子公司用抽籤的方式確定檢查對象，按照提前制定好的檢查計劃開展檢查工作，對發現的問題在下個月的檢查中驗證整改情況，對發現的突出問題進行跟進審核，找出深層次的原因，並劃分責任人限期整改。
- (2) 班組自查：相關崗位設有隱患自查台賬，每班對現場巡檢，發現問題填寫台賬。車間每週對台賬進行匯總，並組織整改。



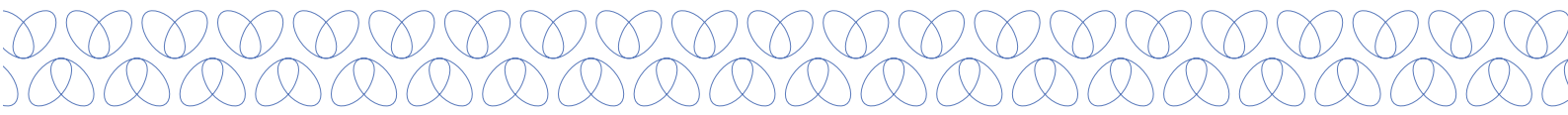
- (3) Comprehensive workshop safety inspection. Each workshop carries out weekly comprehensive safety checks and rectifies the issues identified in a timely manner. Significant potential hazards are reported to the plant, which will arrange resources to handle those more difficult to rectify.
 - (4) Routine inspections and special inspections by safety sections at each plant. Safety sections at all plants conduct monthly routine safety inspections and monthly special inspections, disclose hazards identified in public and order the responsible units to prepare rectification plan and prevention measures. Regular follow-up reviews are conducted on a regular basis. For repeatedly occurring hazards and hazards not completely rectified, the responsible units will be assessed.
 - (5) Others. The Company and the plants conduct quarterly safety inspection and half-yearly major hazard special inspections. Before major holidays such as the Spring Festival and the National Day, high-level comprehensive safety inspections will be organised by the Company to ensure safety and steady production during the holidays.
- (3) 車間綜合安全檢查。各車間每週對本車間進行綜合安全檢查，發現問題及時整改，較大隱患及時上報分廠，整改難度較大的由分廠協調資源進行整改。
 - (4) 各分廠安全科例行檢查和專項檢查。各分廠安全科每週進行例行安全檢查、每月定期組織專項的安全檢查，對查出的隱患進行通報，責令責任單位制定整改計劃及防治措施；定期進行跟蹤驗證，針對重複發生的隱患及整改不徹底的隱患對責任單位進行考核。
 - (5) 其他。每季度公司及各分廠都會組織專項的季度性安全檢查，同時還有每半年一次的重大危險源專項檢查；春節、國慶節等重大節日前公司會組織標準較高的節前綜合安全大檢查，保證節日期間的安全穩定生產。

3) EARLY WARNING AND EMERGENCY MECHANISM

The Company continues to improve its emergency rescue capability through improving the emergency response system, enriching the emergency drill mode, building emergency response capacity evaluation mechanism and establishing fixed management model for emergency team.

3) 預警與應急機制

本公司通過完善應急預案體系、豐富應急演練模式、構建應急處置能力評價機制、固化應急隊伍管理模式等方式，不斷提高公司應急救援處置能力。



1) Improving the emergency response system

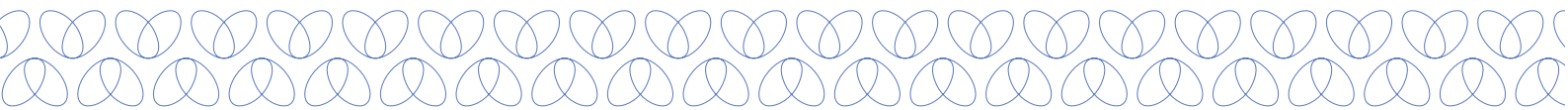
The Company has formulated the Emergency Plan for Production and Operation (公司生產作業應急預案) and the Emergency Plan for Natural Disasters (自然災害應急預案) to ensure the relevant plans can be implemented and emergency equipment and materials are in place to prevent the accidents from expanding in case of emergency. The Company's plants I, II, III and IV and its subsidiaries and branches have prepared the hazardous chemical accident emergency plan, the major hazard emergency plan and the special equipment, leakage, fire and power outage emergency plan, and have carried out the relevant release, training, drills and amendment. In 2016, the Company sorted and amended its emergency plans in accordance with the No. 88 order of the State Administration of Work Safety. It amended a total of 134 plans at various levels, prepared 123 emergency cards and conducted re-filing.

The Company has also set up monitoring and early warning and alarming facilities and manages them in accordance with the Management Measures for the Alarm Call System of XLX (心連心公司報警喊話系統管理辦法). For emergencies such as sudden power outage, fire and explosion and thunderstorm, the Company has established a number of emergency teams, sets out clear responsible persons and responsibilities and maintains emergency rescue facilities and emergency communications equipment. The Company organises regular skill training and sets up a 24-hour rapid response mechanism to ensure that emergency procedures can be quickly launched in case of emergency and avoid operation interruptions due to accidents.

1) 完善應急預案體系

本公司制定了《公司生產作業應急預案》、《自然災害應急預案》等文件，確保緊急情況下能及時啟動相關處置方案、配置應急器材物資，防止事故擴大。本公司一二三四分廠、各分子公司按照《公司應急預案管理規定》制定危險化學品事故應急預案、重大危險源事故應急預案、特種設備、洩露、火災、停電等事故應急預案，並進行相關發佈、培訓、演練和修訂等工作。2016年，本公司根據安監總局88號令，對公司應急預案進行了梳理和修訂，共修訂各級預案134個，製作崗位應急處置卡123張，並重新備案。

本公司還設立了監測預警、報警喊話系統等設施，並根據《心連心公司報警喊話系統管理辦法》進行管理。針對突然斷電、火災爆炸、雷雨汛期等緊急情況，本公司成立了多個應急小組，明確相關責任人及職責，配備應急救援設施和應急通訊設備。本公司定期組織專業技能培訓，建立全天24小時快速反應機制，確保在發生緊急狀況時能夠迅速啟動應急程序，避免因事故造成經營活動的中斷。



2) Enriching the emergency drill mode

The Company optimised its drilling methods in 2016. In addition to its existing scheduled drills, the Company also added desktop drills and conducted random drills so that these drill models can supplement each other to improve the effectiveness of drills. In 2016, the Company organised one company-level desktop drill; the plants organised 42 plant-level drills and 158 workshop-level drills; and the branches and subsidiaries organised a total of 66 drills.

Case:

In the morning of 27 January 2016, a desktop drill for emergency evacuation of the Company was carried out at the North Conference Room, 4th Floor, Administrative Building of Plant I. Through the drill, participants had a better understanding of their roles, responsibilities and procedures, and the emergency handling capability at the old plant area and the emergency management of the Company were effectively enhanced.



3) Building emergency response capacity evaluation mechanism

To establish a systematic emergency management model, the Company has formulated emergency response capacity evaluation methods and standards, organised all units to conduct self-assessment of their own emergency response capacity based on these methods and standards, and prepared plans for rectification.

4) Establishing fixed management model for emergency team

In 2016, the Company's emergency team management model was substantially established, and clear emergency team response procedures had been set out. Daily management activities mainly include training, camps, drills and competitions. In 2016, the Company organised one company-level training, 40 plant-level training sessions, 18 camps, 11 drills, and 2 emergency team competitions, and participated in two flood control activities. The Company also organised a company-level emergency team examination, with first pass rate of 90%.

2) 豐富應急演練模式

2016年，本公司對演練方式進行了優化。本公司在原來計劃性的實戰演練基礎上，新增了桌面演練，並開展隨機性演練，從而通過多種演練模式互補，來提高應急演練效果。2016年，本公司共組織公司級桌面演練1次，各分廠組織分廠級演練42次，車間級演練158次，各分子公司共組織演練66次。

案例：

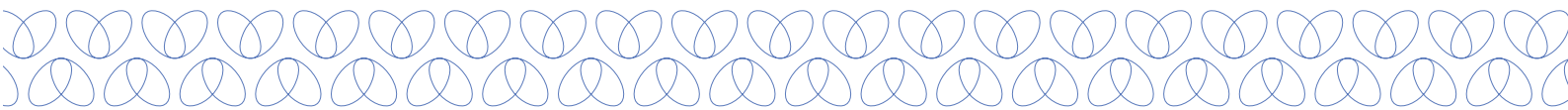
2016年1月27日上午，本公司在一分廠行政樓四樓北會議室舉行了應急疏散桌面演練。通過演練使參演人員對各自的角色、職責或程序更加熟悉，有效地提高了老廠區事故聯動處置能力和公司應急管理水平。

3) 構建應急處置能力評價機制

為建立系統性的應急管理模式，本公司制定了應急能力評估辦法及標準，並據此組織各單位對本單位應急能力開展自我評估，並制定計劃逐步整改。

4) 固化應急隊伍管理模式

2016年公司應急隊伍的管理模式基本建立，應急隊伍響應流程已明確，日常管理活動主要包括培訓、拉練、參與演練、競賽等。2016年，本公司共組織公司級培訓1次，分廠級培訓40次，參與拉練18次，參與演練11次，組織應急隊伍競賽2次，參與防汛2次。本公司還開展了1次公司級應急隊伍測評，一次通過率為90%。



Case 1:

On 7 and 8 June 2016, a total of 60 new emergency team members and safety managers of the Company participated in first aid training and attended certification examinations. Following the training, the Company arranged filed test. First Aid Officer certificates are issued by the Red Cross to those who have passed the test.



案例 1：

2016年6月7-8日，本公司新增應急隊員、安全管理人員共60人參加急救知識培訓及取證考試。培訓結束，公司組織進行實踐測試，合格後由紅十字會頒發《急救員證》。



Case 2:

In the afternoon of 6 June 2016, an emergency team skill contest was held at the Flag Hoisting Square of Branch IV. Nine emergency rescue teams from the Company attended the contest.



案例 2：

2016年6月6日下午，在四分公司升旗廣場舉行了應急隊伍綜合技能競賽，來自公司的九支應急救援隊伍參加了競賽活動。

4) FIRE SAFETY

In accordance with the Fire Law of the People's Republic of China, the Provisions on the Administration of Fire Control Safety of State Organs, Organizations, Enterprises and Institutions (Order No. 61 of the Ministry of Public Security) (機關、團體、企業、事業單位消防安全管理規定), and the Fire Regulations of Henan Province (河南省消防條例), the Company has formulated the Fire Control Regulations of XLX (心連心公司消防管理規定), maintains fire-fighting facilities and equipment meeting the standards, sets up fire safety logos and conducts regular inspections. The Company also carries out fire safety publicity and education and organises emergency evacuation drills in order to regulate and improve fire safety management and protect its production safety.

5) HEALTH EXAMINATION

Each year the Company arranges occupational health examinations for employees with exposure to occupational hazard factors, conducts occupational health monitoring in the workplace and publishes the monitoring results. To manage occupational hazards, the Company has maintained occupational health records and individual monitoring records.

FOOD SAFETY MANAGEMENT

To enhance food safety management, the Company actively protects the food safety of diners to prevent food poisoning and food contamination and other events. There are comprehensive Food Safety Rules for the canteens of the Company, which cover raw material procurement, acceptance, processing, sale, storage and involve supplier management, canteen food sample, daily operation and rules implementation as well as on-site hygiene inspections. The Company actively implements the system. On one hand, the canteens organise self-examinations by their own work teams; on the other hand, members of the staff life committee of the Company visit the canteens for on-site inspections. The Company has established a health management system for food practitioners, which requires all food practitioners to receive annual health examinations and possess the health certificate issued by the health and epidemic prevention department.



4) 消防安全

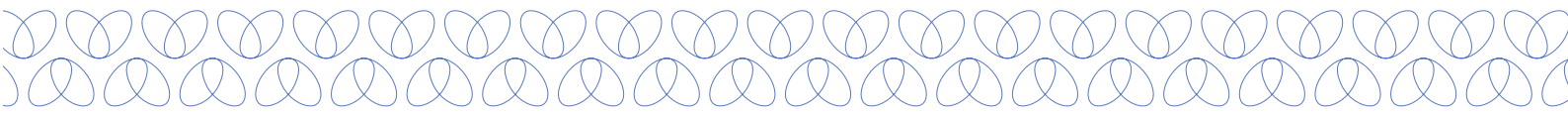
本公司根據《中華人民共和國消防法》、「關於《機關、團體、企業、事業單位消防安全管理規定》公安部61號令」、《河南省消防條例》等法律法規標準，制定並有效執行《心連心公司消防管理規定》，按標準合理配置消防設施和器材、設置消防安全標誌並經常檢查。本公司還根據自身生產經營情況做好消防安全宣傳教育，組織事故應急疏散演練等，以規範和加強公司消防安全管理，保障生產安全。

5) 健康體檢

本公司每年組織接觸職業危害因素的員工開展職業健康體檢工作，對工作場所開展職業衛生監測，根據監測結果進行公示。本公司針對職業危害管理，建立職業健康檔案和個人監護檔案。

食品安全管理

為加強食品安全管理，本公司積極保障就餐人員飲食安全，預防食物中毒及食品污染等事件的發生。本公司食堂有完整的《食品安全規定》，內容包括原材料採購、驗收、加工、出售、儲存等，還涉及到供應商管理、食堂食品留樣、日常操作、制度執行情況以及現場衛生等的落實檢查。本公司積極落實該制度，一方面公司食堂會利用各班組比較管理自行組織的檢查，另一方面公司生活委員會成員會到食堂現場進行檢查。本公司已建立了食品從業人員健康管理制度，要求所有食品從業人員每年進行一次例行健康檢查，並持有衛生防疫部門頒發的健康證。



B3 DEVELOPMENT AND TRAINING

The Company attaches great importance to the establishment of an internal management training and development system. It has adopted a diversified training model combining internal training and external study such as induction training, pre-job training, mentorship and studying visits to improve the skills of employees, support employees in becoming industry experts and contribute to the sustainable development of the Company.

In accordance with the Law of the People's Republic of China on Vocational Education and the Labour Law of the People's Republic of China, the Company has prepared a number of rules and procedures including the Management Measures for Staff Training (員工培訓管理辦法), the Guide on External Training for Middle Management (中層管理人員外出培訓作業指導書), the Training and Development Management Procedures (培訓與開發管理程序) and the External Training Guide (外出培訓作業指導書), which have clear provisions on management responsibility at various levels and aim to improve the skills and quality of employees through the implementation of the relevant procedures at four links including training needs, training plans, training implementation and training effectiveness evaluation.

B3 發展及培訓

本公司注重企業內部管理培訓與發展體系的建立，通過入職培訓、崗前培訓、師帶徒培訓、考察學習等內部培訓與外出進修相結合的多元化培訓模式來提升員工的技能，支持員工成為行業優秀人才，助力企業永續性發展。

本公司根據《中華人民共和國職業教育法》和《中華人民共和國勞動法》等編制了《員工培訓管理辦法》、《中層管理人員外出培訓作業指導書》、《培訓與開發管理程序》、《外出培訓作業指導書》等辦法程序，明確各級管理職責，從培訓需求、培訓計劃、培訓實施、培訓效果評估等四個環節有效執行相關流程，以期達到提升員工專業能力和素質的目的。

戰略型培訓 Strategic training		應用型培訓 Application training	
目的 Purpose	滿足公司未來變化發展需要 Meet the future development needs of the Company	目的 Purpose	提高公司員工的專業技能 Improve the professional skills of employees
對象 Trainee	高層 Senior management	對象 Trainee	基層 Low-level
方式 Methods	<ul style="list-style-type: none"> 聘請專家到公司進行專題培訓。 Appointed experts to provide special training at the Company. 派遣高層到清華、北大進行EMBA培訓。 Sent senior management to receive EMBA training at Tsinghua University and Peking University. 實施年號紀年法，明確年度學習重點。 Implemented the year calendar and specified key learning points for each year. 參加專項外訓。 Participated in special training. 按照幹部能力提升年度培訓計劃實施。 Implemented the annual training plan according to the capabilities of leadership. 	方式 Methods	<ul style="list-style-type: none"> 基層管理人員班組長勝任力培訓。 Competency training for team leaders at low level. 班組建設一綫班組員工管理和技術培訓。 Management and technical training for front-line staff. 內部標竿觀摩交流。 Learning from and communication with internal exemplars. 聘請中國質量協會專家到公司進行體系培訓。 Appointed experts from China Association of Quality to provide systematic training at the Company. 安全、環保、質量、生產、工藝、設備等各項專項培訓按年度計劃執行。 Conducted special trainings on safety, environmental protection, quality, production, process and equipment according to annual plan.

中短期培訓 Short and medium training		全員培訓 All-staff training	
目的 Purpose	提升公司技術創新和管理創新水平 Enhance the Company's technological innovation and management innovation	目的 Purpose	提升員工的意識 Enhance employee awareness
對象 Trainee	中層 Middle-level employees	對象 Trainee	全體員工 All employees
方式 Methods	<ul style="list-style-type: none"> 引入人民大學衛星遠程MBA課程。 Introduced the satellite remote MBA course provided by the Renmin University of China. 每週四下午“週四大課堂”培訓。 Thursday Classroom” training in the afternoon of each Thursday. 到清華、北大進行MBA培訓。 EMBA training at Tsinghua University and Peking University. 到標竿公司現場參觀學習。 Visited and learned at model companies. 按照幹部能力提升年度培訓計劃實施。 Implemented the annual training plan according to the capabilities of leadership. 	方式 Methods	<ul style="list-style-type: none"> 員工入職前一個月封閉培訓。 One-month closed training before joining the Company. 企業文化培訓。 Corporate culture training. 各項法律、法規培訓。 Training on laws and regulations. 按照年度計劃的各項內部管理和技術培訓。 Various internal management and technical training according to annual plan.

BUILDING A LEARNING-BASED ORGANISATION

The Company always sticks to a philosophy of “people oriented, common growth of both enterprise and employees”(以人為本，企業與員工共同成長) and strives to create a learning-based organisation for common development of the Company and its employees. The Company has established a complete training management system and incentive mechanism and implements a mechanism of learning from good models, such as fixation management from Jiaohua, OEC management from Haier, price comparison procurement from Yaxing and three-level recruitment from Xuji Group. A multi-level systematic learning mechanism is implemented for key personnel.

創建學習型組織

本公司始終堅持「以人為本，企業與員工共同成長」的理念，努力打造組織和個人共同進步的學習型組織。本公司建立了完備的培訓管理體系和激勵機制，實施標竿學習，如學習焦化的定置管理、海爾的日清日高管理、亞星的比價採購、許繼集團的三級用工等。主要骨幹人員則實施分層級、系統化的學習。

CORPORATE CULTURE TRAINING

Enterprise culture development is a long-term and arduous project. The Company has developed the XLX Corporate Culture Manual (心連心企業文化手冊) and the Code of Conduct for Employees (企業員工行為準則) and adopts a variety of means, including the XLX Newspaper (心連心報), the XLX Development Research (心連心發展研究), the Internal OA Forum (內部OA論壇), the Zero Distance Communication (零距離溝通會), video news, weekly flag raising ceremonies, WeChat platform, reports on various types of model characters and corporate culture seminars, to systematically promote corporate culture and communicate with all staff, such as the Legendary Spirit Tour Lecture (傳奇精神巡迴演講會) and special training on corporate culture.

DIFFERENTIATED TRAINING

In order to fully meet the needs of differentiated training of employees, the Company carefully implements its training plan, and has explored and concluded an education model with the characteristics of XLX. Based on the analysis of staff quality required by medium and long-term development and in view of the status of staff quality and personal career development plan, the Company provides differentiated job skill training and practice lessons for employees at different positions and levels, holds academic class together with colleges and universities and implements a mentorship system, in order to increase the knowledge and skills of existing employees and ensure their abilities meet the development needs of the Company.

1. JOINT TRAINING WITH COLLEGES AND UNIVERSITIES

Since 2011, the Company has been partnering with Henan Chemical Technician College to enrol students, mostly majored in chemical process, for the purpose of training front-line operator to compensate for loss of employees each year.

In August 2016, the Company cooperated with Henan Chemical Technician College and Germany-based BBW Group to establish a XLX Sino-German class, which adopts Germany-style education to train senior technicians with the comprehensive quality of clamp instruments. Through multi-level selections, the Company selected a total of 26 outstanding high school graduates.

企業文化培訓

企業文化建設是一項長期而艱巨的系統工程，本公司制定了《心連心企業文化手冊》、《企業員工行為準則》，採用「心連心報」、《心連心發展研究》、「內部OA論壇」、「零距離溝通會」、「視頻新聞」、「每週升旗儀式」、微信平臺、各類型先進人物報告會、企業文化研討會議等形式，系統地推廣企業文化，與全體員工溝通交流，如：公司「傳奇精神巡迴演講會」、企業文化專題培訓。

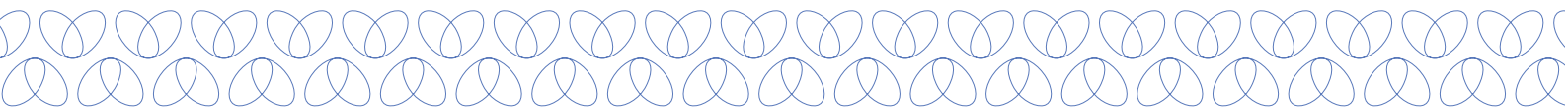
差異化培訓

本公司充分滿足員工的差異化培訓需求，認真實施培訓計劃，探索總結了具有心連心特色的教育模式。本公司在分析中長期發展對員工素質要求的基礎上，結合員工素質現狀及個人職業發展規劃，對不同崗位、層次的員工開展實施差異化的崗位技能培訓、實踐大課堂、與高校聯辦學歷班以及師帶徒制，提升現有人員的知識和技能，確保員工能力適應公司發展要求。

1. 與院校聯合培養

自2011年起，本公司與河南化工技師學院聯合招生，主要是化工工藝專業，培養目標為一線操作人員，以補充每年的員工流失。

自2016年8月，與河南化工技師學院、德國BBW集團合作成立心連心中德聯辦班，採用德式教育方式，旨在培養具備鉗電儀綜合素質的高級技工人才。通過層層選拔，本公司共選派了26名優秀高中畢業生。



2. SPECIAL TRAINING INCLUDING EMBA

Since 2000, the Company has been sending key personnel to receive EMBA training at Tsinghua University, Peking University and Zhengzhou University and sending heads and deputy heads of departments to attend special training courses at Tsinghua University, Peking University, Wuhan University and Zhejiang University. It has also organised outward bound training for all employees and leadership training for managers at middle and low levels to improve the awareness of team cooperation. As of December 2016, the Company sent a total of 29 core members of senior management to study EMBA course and a total of 175 employees to attend the long-term training course held by colleges and universities.

In addition, the Company actively encourages employees to conduct self-learning relating to career development and skill improvement, and urges employees to learn through recruitment standards and curriculum system based on job requirements. As at the end of 2016, a total of 9 employees had received full financial assistance from the Company in studying under master's and doctoral programmes of Zhengzhou University, Nanjing University of Science and Technology and Wuhan University, and over 300 employees completed the college and university courses jointly established by the Company, Xinxiang University and Zhengzhou University.

3. COMMISSIONED TRAINING

In 2016, the Company held a total of 177 internal and external training sessions with 5,435 participants. The training subjects covered human resource, finance, communication with industry experts and product experts and red theme education for party members.

2. EMBA 等專業培訓

從2000年開始，本公司選派骨幹參加清華大學、北京大學、鄭州大學EMBA課程的培訓；選派部門正副職到清華大學、北京大學、武漢大學、浙江大學等高校的專業類研修課程進行培訓；組織全員進行拓展訓練、組織中基層開展領導力培訓，提升團隊意識和凝聚力。截止2016年12月，本公司共選派了29名核心中高層幹部參加EMBA學習，175人參與高等院校組織的長期研修班課程。

同時，本公司積極鼓勵和支持員工進行職業發展、技能提高相關的自主學習，並通過基於崗位任職要求的任職標準與課程體系來督促員工自主學習。截至2016年底，本公司共有9人獲得公司全額培訓費資助進行鄭州大學、南京理工大學、武漢大學等院校的碩士及博士學位的攻讀，有300餘人完成公司與新鄉學院、鄭州大學合作成立的大專班、本科班的學習。

3. 外聘內訓

2016年，本公司及各單位共組織內外部培訓177次，參訓5,435人次，內容包括人力資源、財務、以及行業協會專家、產品專家培訓交流，並開展黨員紅色主題教育。

4. INTERNAL TRAINING

By relying on its information system, the Company has adopted a method of “centralized management of visible knowledge and sharing of invisible knowledge” (顯性知識集中管理、隱性知識交流分享) and established a knowledge management system and platform system through which its functional departments collect and sort the relevant knowledge by subject. All employees share their knowledge through the Company’s internal network, OA system and its database consisting of internal and external knowledge. The Company implements a hierarchical management mechanism for internal training. The enterprise management centre is responsible for preparing training plans for the Company, and all units shall prepare their own training plans according to their business needs. The training subjects mainly include job skill training, leadership improvement and corporate culture training, and the training are provided in the form of online learning, classroom teaching, field exercise and role playing. The enterprise management centre conducts monthly follow-ups on the training at all units in order to ensure the effective implementation of the training plans.

Online training: In view of the characteristics of sales and technical of frequent travels and fragmented time, the Company introduced Times Bright CreSuccess Online Learning Platform, prepared an internal learning system and specified lessons for mandatory learning, encouraging employees to conduct daily online learning. The marketing system makes use of experiences of outstanding salespersons in the form QQ Live to enhance internal experience communication.

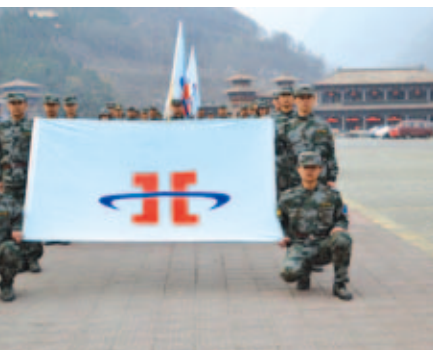
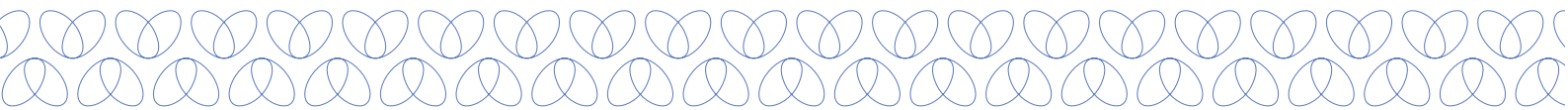
Offline training: All units at the Company carry out corresponding training through internal management teaching, reading and sharing, external seminars, communication at meetings and peer visits.

4. 內部培訓

本公司依託信息化系統，採取「顯性知識集中管理、隱性知識交流分享」的方式，建立知識管理體系及平臺系統，對於知識的種類不同，由各職能部門分別收集、整理。全員通過公司內網和OA系統進行知識共享由公司內、外部知識構成的知識庫。本公司內部培訓施行分級管理機制，企管中心負責制定本公司級培訓計劃，各單位依據業務需求制定本部門培訓計劃，培訓內容主要包括崗位技能培訓、管理能力提升以及企業文化類培訓，培訓形式包括在線學習、課堂授課、現場演練、角色模擬等。企管中心每月度對公司各單位培訓情況進行跟蹤、落實，確保培訓計劃執行到位。

線上培訓：本公司根據營銷、技術人員出差較多、時間碎片化的特點，引進了時代光華在線學習平臺，並制定內部學習制度，設定必修課，激勵員工利用日常時間開展線上學習。營銷系統通過QQ直播的形式，用優秀業務人員的現身說法來強化內部經驗交流。

線下培訓：各系統、各單位通過內部的幹部授課、讀書分享及外出研修班學習、會議交流、同行考察等形式開展相應培訓。



心連心公司中基層領導力提升培訓班
XLX medium and low levels leadership training class

5. PRE-JOB TRAINING

Since its inception, the Company has been providing a centralized 28-day pre-job training for its new employees, covering military training, corporate culture, labour discipline, safety and fire-fighting, outward bound training. In 2016, the Company organised two training sessions, and approximately 314 employees received pre-job training. A pre-job training manual was prepared in October 2016 to standardize the contents and courses of pre-job training.

TRAINING FOLLOW-UP AND EVALUATION

The Company conducts follows up and evaluation of training and applies continuous improvement. The Company conducts monthly monitoring and examination of training and annual evaluation of training teachers, curriculum, training satisfaction, skill knowledge acquisition, performance change after training. The results of evaluation are used to improve and select training courses.

5. 崗前培訓

本公司自建廠以來，對新工進行為期28天的集中崗前培訓，培訓內容包含軍事隊列訓練、企業文化、勞動紀律、安全消防、拓展訓練等。2016年，本公司共組織兩批次、約314名員工進行崗前培訓，同年10月編制崗前培訓手冊，以對崗前培訓內容及課程進行標準化。

培訓跟蹤評估

本公司對培訓情況和效果進行跟蹤評價，持續改進。每月，本公司會對培訓情況進行監督檢查，並每年對培訓師資、課程設置、培訓滿意度、技能知識獲取情況、培訓後績效變化等進行評估，評估結果用於培訓課程的改進和甄選。

B4 LABOUR STANDARDS

The Company has no illegal use of child labour or forced labour. It safeguards the legitimate rights and interests of employees, and strives to create a fair and harmonious working environment. The XLX Personnel and Labour Management Regulations specify that the Company shall strictly comply with laws and regulations including the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China, and the new employee to be recruited must be aged 18 or above.

The Company strictly complies with the requirements of national laws and regulations on working hours. It respects employees' rest time and gives them leave in accordance with the law. If work overtime is needed, employees must also do so voluntarily to prevent forced overtime, and overtime pay shall be made in accordance with the relevant laws and regulations.

B5 SUPPLY CHAIN MANAGEMENT

The Company follows the core values of "Integrity, morality, focus, excellence" (誠信、厚德、專注、卓越). While learning from advanced upstream and downstream supply chain enterprises, the Company also passes its concept of safety and corporate social responsibility and leads enterprises in the supply chain for continuous improvement in order to fulfil its social responsibilities in the environmental protection, safety and health areas.

DAILY SUPPLIER MANAGEMENT

The Company has formulated internal regulatory documents including the Supplier Management Manual (供應商管理手冊), the Supplier Management Procedures (供應商管理程序) and the Procurement Management Procedures (採購管理程序), and manages its suppliers and procurement in accordance with these documents in the following areas

1. SELECTION OF SUPPLIERS

The Company implements a system of procurement through bidding to effectively obtain outstanding supplier resources. Leveraging the information management system, it has established an information sharing platform to share information with suppliers. It regulates bidding process and methods, and guides staff on communication with suppliers to improve the overall efficiency. It separates bidding and procurement and technology tenders from business tenders to realize the check and balance for procurement;

B4 勞工準則

本公司無違法使用童工現象或強迫勞動現象，保障員工的合法權益，努力打造公平和諧的工作環境。公司《心連心公司人事、勞動管理規定》明確，公司應嚴格遵守《中華人民共和國勞動法》和《中華人民共和國勞動合同法》等國家法律法規要求，所招聘人員年齡需在18周歲及以上。

員工工作時間，嚴格遵守國家相關法令規定，尊重員工的休息時間，依法規給予休假。若因工作需要安排員工加班亦必須由員工自願參加，以防止強迫加班之情事發生，並根據相關的法規支付加班費。

B5 供應鏈管理

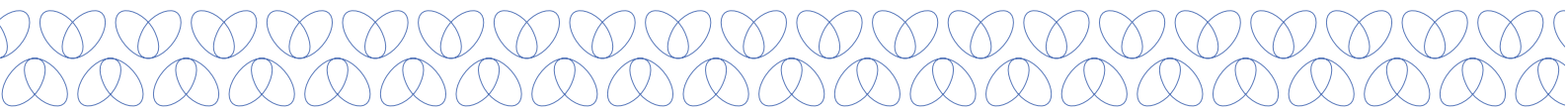
本公司堅持「誠信、厚德、專注、卓越」的企業核心價值觀，在向先進的上下游供應鏈的企業學習的同時，傳遞公司的安全、企業社會責任理念，帶領供應鏈的企業持續改善，共同實現在環保、安全與健康領域的社會責任承諾。

供應商日常管理

本公司制定並嚴格按照《供應商管理手冊》、《供應商管理程序》及《採購管理程序》等內部規範性文件，從以下幾方面對供應商和採購進行管理：

1. 供應商選擇

本公司實施招標採購，有效吸收國內外優秀供應商資源；利用信息管理系統建立信息共享平臺，與供應商分享信息；規範招投標流程及方法，指導員工及供應商的溝通和交流，提高整體效率；實行招標與採購分離、技術標與商務標分離，做到採購制衡；



2. PROCUREMENT PROCESS MANAGEMENT

The Company regulates the framework for selection and bidding and has set up different processes for different approval levels to improve efficiency and lower management risk. It uses e-commerce platform and ERP electronic management system to make the procurement and payment process become more standardized and rigorous. It implements tender management and continues to improve the software upgrading and management upgrading at the procurement centre. It conducts cost performance analysis, collects and analyses information to realize continuous improvement through review. It conducts strict control over the procurement of hazardous chemicals in strict accordance with national laws and regulations.

3. LOWERING RISK RELATING TO PROCUREMENT OPERATION

The Company adopts a strict supplier access system, maintains a mechanism for supplier quality control and feedback, actively conducts market-oriented procurement and inventory warning for raw coals, and continues to provide cost-effective analysis and guide to maximize the quality and value of procurement.

4. SUPPLIER EVALUATION AND INCENTIVE

In accordance with the requirements of the Supplier Management Manual, the Company adopts a method combining daily evaluation and annual evaluation and classifies its suppliers into strategic partner, class A (outstanding), class B (good), class C (general) and class D (unqualified) suppliers, which are rewarded or punished according to the evaluation results. The corresponding procurement volume will be allocated to the suppliers according to their grades in order to procure continuous improvement in suppliers and cooperation and win-win.

SUPPLIER CAPABILITY IMPROVEMENT

The Company actively strives to build an excellent supply chain platform and establish mutually beneficial win-win strategic partnership with suppliers. The Company holds annual supplier meetings to discuss development strategies with them, implement strategic plan, convey XLX's corporate culture, exchange information and enhance mutual understanding and trust. The Company conducts high-level visits with key suppliers, and has established strategic partnership with core suppliers to pursue cooperation and win-win.

2. 採購流程管理

本公司規範比選、招標等框架要求，設立不同流程不同審批層級，提高效率，降低管理風險；利用電子商務平臺和ERP電子管理系統，使採購和付款流程管理更加規範和嚴謹；建立對標管理，持續改進採購中心的軟件升級和管理升級；堅持性價比分析，收集、分析信息，不斷在總結中提升；嚴格按照國家法律法規要求嚴格控制危化品類物資採購。

3 降低採購運營風險

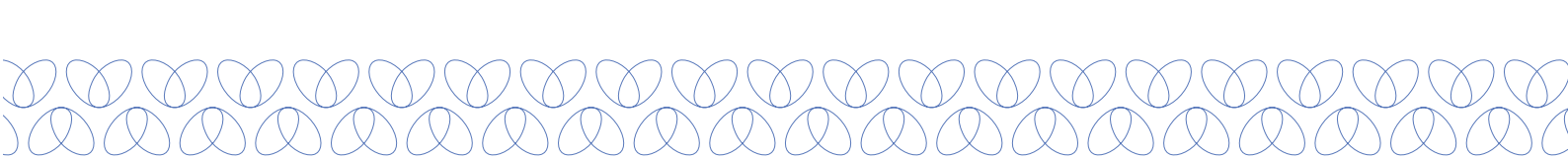
本公司嚴格實行供應商準入制度，維持供應商供貨質量的控制及反饋機制，積極做好原料煤炭實行市場化採購庫存預警，不斷推行性價比分析指導，爭取性價比最優化。

4. 供應商評價和激勵

本公司按照《供應商管理手冊》的相關規定，採用日常評價和年度評價相結合的辦法，把供應商分為戰略合作供應商、A級（優秀供應商）、B級（良好供應商）、C級（一般供應商）、D級（不合格供應商），根據評估結果對供應商進行激勵或處罰，並分配各等級供應商相應的供貨量及份額，以促使供應商不斷進步和提高，增進合作共贏。

供應商能力提升

本公司積極構築卓越供應鏈平臺，建立互利雙贏的戰略合作夥伴關係。本公司會組織召開年度供應商年會，共商發展策略，落實戰略部署，傳輸心連心企業文化，溝通雙方信息，增進相互瞭解和信任；本公司會與關鍵供應商進行高層互訪，與核心供應商建立戰略合作夥伴關係，追求合作共贏。



The Company makes much of the development and review of supplier quality system and places emphasis on the continuous improvement in supplier quality management. The Company requires suppliers to establish the ISO9001 quality management system and conducts scheduled joint review of supplier quality management system, physical quality inspection, control verification for product quality, production capacity verification, quality issue rectification verification and document compliance verification. The Company also strives to promote the self-pressurization and improvement of suppliers in accordance with the requirements of combining system management with supplier upgrading.

PASSING ON SOCIAL AND ENVIRONMENTAL RESPONSIBILITY CONCEPT

While striving to establishing good relationship with suppliers, the Company also focuses on the performance of social responsibility and environmental responsibility by requiring suppliers to ensure product quality, and pays close attention to staff safety and health, environment protection, honest operation and fair competition. The Company controls suppliers from the source by requiring them to providing valid qualification certificates including business licenses, quality system certificates and manufacturing or service permits. It also continues to improve the two-way exchange and communication mechanism, and conducts effective communication through multiple means including meetings, return visits and SMS platform, so as to achieve in-depth communication in respect of performance of social and environmental responsibilities.

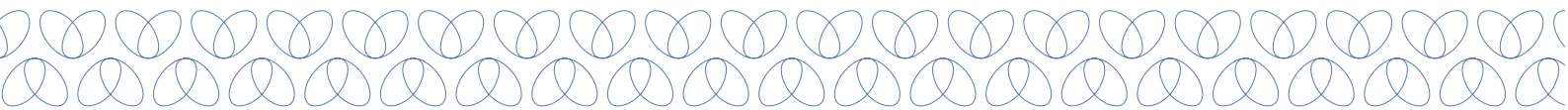
The Company's supplier evaluation criteria include, among others, indicators for product quality (product quality pass rate, software logo, whether there are quality issues in its use) and environment (whether there are environmental impacts, whether there are safety measures in place, whether the environment is affected when accepting delivery, whether or not in violation of safety regulations). Its Supplier Management Manual also stipulates that, any supplier that is found to have supplied shoddy products, experienced safety, environmental protection or quality incidents or conducted unfair competition in the process of procurement or contract performance will be disqualified, have its business relationship with the Company terminated and are included in the Company's blacklist.

本公司重視供應商質量體系的建設和審核，強調供應商質量管理水平的持續提升。本公司對供應商提出建立ISO9001質量管理體系的要求，並有計劃地對供應商質量管理體系、實物質量抽查、產品質量特性項目的控制情況驗證、生產能力驗證、質量問題整改驗證、文件符合性驗證、等內容進行二方審核。本公司還遵照體系管理與供應商升級相結合的規範要求，促進供應商的自我加壓和完善。

傳遞社會與環保履責概念

本公司在注重與供應商建立良好協作關係的同時，還關注供應商對社會責任和環境責任的履行，要求供應商保證產品質量、關注員工安全與健康、保護環境、誠信經營和公平競爭。本公司要求供應商提供營業執照、質量體系證書、製造或服務許可證等有效資質證明材料，從源頭進行控制，並不斷完善雙向交流溝通機制，通過會議、回訪、短信平臺等多種方式就企業文化、發展戰略、質量信息等進行有效溝通，實現社會與環保履責上的深入交流。

本公司對供應商的評價標準包括了產品質量（產品質量合格率、軟件標識、使用中是否出現質量問題等）和環境（有無環境影響、安全措施是否到位、入庫時是否影響環境、有無違反安全規定等）方面的指標，並在《供應商管理手冊》中規定，若在採購或合同履約過程中發現供應商存在以次充好、偷工減料、存在安全、環保或質量事故、不正當競爭等行為，則會取消其供貨資格，終止與其的業務關係，並將其列為黑名單供應商。



B6 PRODUCT RESPONSIBILITY

XLX has been in strict compliance with laws and regulations including the Law of the People's Republic of China on Product Quality, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Trademark Law of the People's Republic of China and the Patent Law of the People's Republic of China. By adhering to its corporate visions of "becoming the most respected enterprise in the chemical fertiliser industry" (成為最受尊重的化肥企業集團) and its quality principle of "strict process control, analysis and comparison for improvement, leading technical innovations, and customer satisfaction first" (嚴格過程控制，分析對比提高，科技創新領先，顧客滿意為準), the Company requires high product quality at all links from product development to product delivery, and continues to seek innovations and breakthroughs in product enhancement and renovation, in the hope of providing more efficient, safer and more environment-friendly products. The Company also enhances its quality culture development through review of key control processes such as two coals and external quality management system, as well as quality analysis meetings, quality month activities and organised learning of the relevant laws and regulations.

In addition, the Company has formulated and strictly implemented internal systems and procedures including the Market Quality Problem Handling Procedures (市場質量問題處理程序), the Management Measures for Customer Satisfaction Survey (顧客滿意度調查管理辦法), the Regulations on the Management of Product Formula (產品配方保密管理規定) and the Intellectual Property Management Procedures (知識產權管理程序). It strives to improve customer satisfaction, respect customer privacy, manage advertising labels, protect technology patents and trademarks, in order to continue to provide consumers with high-quality services and genuine product information, to protect the intellectual property rights of the Company and the others, to maintain fair competition in the market, so as to fulfil the Company's responsibility for consumers and the community.

B6 產品責任

心連心公司嚴格遵守《中華人民共和國產品質量法》、《中華人民共和國消費者權益保護法》、《中華人民共和國商標法》和《中華人民共和國專利法》等法律法規，秉承「成為最受尊重的化肥企業集團」的企業願景，以「嚴格過程控制，分析對比提高，科技創新領先，顧客滿意為準」為質量方針，從產品開發到產品出廠的每個環節以高品質為要求以保障產品質量，在產品增效和改良的環節不斷創新突破，以期提供更高效、安全、環保的產品。本公司還定期開展兩煤等關鍵控制流程審核和外部質量管理體系審核，並通過質量分析會、質量月活動以及組織學習相關法律法規等形式，來提升公司的質量文化建設。

此外，本公司制定並嚴格執行《市場質量問題處理程序》、《顧客滿意度調查管理辦法》、《產品配方保密管理規定》、《知識產權管理程序》等內部制度程序，努力提升客戶滿意度，尊重客戶隱私，管理廣告標籤，保護技術專利和商標，以持續為消費者提供優質的服務和真實的產品信息，保護公司和他人知識產權和智力勞動成果，維護市場公平競爭，從而盡到公司對消費者和社會的責任。

ENSURING PRODUCT QUALITY

1) QUALITY CULTURE DEVELOPMENT

The Company holds regular quality analysis, conducts a variety of activities in the National Quality Month, and encourages active participation by all employees, in order to increase the quality awareness and create a good environment in which everyone cares about quality. In addition, the Company's senior management organises regular learning of regulatory documents including the Product Quality Law of the People's Republic of China, the Measurement Law of the People's Republic of China, the Standardization Law of the People's Republic of China and the Outline of Quality Development (質量發展綱要) in order to communicate knowledge about relevant regulations to employees and improve the overall quality culture development of the Company.

2) QUALITY SAFETY RESPONSIBILITY SYSTEM

The Company implements a responsibility system for key positions in relation to quality safety control, which expressly specifies that the Chairman of the Company has the primary responsibility for quality safety and the Chief Quality Officer is directly responsible for quality safety. The post quality standard and quality appraisal system and the major quality accident reporting and emergency response system are strictly implemented, and the product quality traceability system is improved to effectively fulfil the statutory obligations of the Company on product quality assurance and recall of defective products and assume the liability for damages caused by low quality in accordance with the law.

3) QUALITY MANAGEMENT SYSTEM

The Company introduced a quality management system in 2000 and passed the quality management system certification in 2001. The internal and external audit of the quality management system is organised and implemented by the enterprise management centre of the Company. Currently the Company has 695 internal auditors for quality management system.



保障產品質量

1) 質量文化建設

本公司會定期召開質量分析會，並借助每年的全國「質量月」開展多種形式的活動，動員全員積極參與，提高質量意識，營造人人關心重視質量的良好氛圍。此外，本公司高層領導定期組織學習《中華人民共和國產品質量法》、《中華人民共和國計量法》、《中華人民共和國標準化法》和《質量發展綱要》等規範性文件，向員工傳輸相關法律規範的知識，從而提升公司整體的質量文化建設。

2) 質量安全責任制

本公司建立了企業質量安全控制關鍵崗位責任制，明確規定公司董事長對質量安全負首要責任，首席質量官對質量安全負直接責任，嚴格實施企業崗位質量規範與質量考核制度，嚴格執行重大質量事故報告和應急處理制度，健全產品質量追溯體系，切實履行質量擔保責任及缺陷產品召回等法定義務，依法承擔質量損失賠償責任。

3) 質量管理體系

本公司2000年引入質量管理體系，2001年通過了質量管理體系認證，質量管理體系的內外部審核由公司企業管理中心策劃組織並實施。公司現有質量管理體系內審員695人。

4) QUALITY CONTROL

- Emphasis on product development

Following the principle of "efficiency, environment-friendliness and safety", the Company has prepared the New Product Development Management Procedures, which define new products and have clear provisions on the division of responsibility among departments to ensure the coherence and integrity of the product development process. In each August, the marketing centre of the Company leads the development of the New Product Plan, based on which the technical centre prepares the Annual New Product Development Plan in each October and organises the relevant departments to conduct feasibility analysis for the new products, after taking into account the production methods and processes of the new products, the Company's existing upgrading projects, performance of the new products, prevailing technical standards, expected performance, difficulties in production upgrading, and the risk relating to the impacts on production, safety and environmental protection and the corresponding preventive measures. The new products are also required to undergo laboratory test, pilot and field test to ensure their safety and efficiency. Set out below is the Company's new product development and promotion process.

- Ensuring safety of raw materials

The Company has formulated the Procedures for Introduction and Acceptance of New Products (新產品引進驗收程序), according to which before the introduction of new materials, the qualifications, personnel, technical and environmental conditions of the upstream supplier of raw materials for new products must be confirmed, and the relevant technical institution shall provide corresponding confirmations and certificates, including the relevant national standards and regulations, reports on laboratory and field tests and promotion verification, patent certification materials and materials toxicology reports.



4) 質量控制

- 注重產品開發

本著「高效、環保、安全」的原則，本公司制定了《新產品開發管理程序》，對新產品進行了定義，對各部門職責進行了分工明確，確保產品開發過程中的連貫性和完整性。每年8月份，本公司營銷中心牽頭制定《新產品規劃》，技術中心於每年10月份根據此規劃制定《年度新產品開發計劃》，並組織相關部門進行新產品可行性分析，綜合考慮新產品的生產方法和工藝、公司實際的改造項目、新產品肥效現狀、現行技術標準、預期肥效、實際生產改造難度以及對生產、安全、環保的影響風險及預防措施等因素。新產品還需經過實驗室小試和中試、大田試驗等，保證產品的安全性和有效性。以下為公司新產品開發推廣流程。

- 保障原料安全

本公司制定了《新產品引進驗收程序》，明確規定在引進新產品原料之前，必須對所引進的上游公司新產品原料的公司資質、人員技術、環境條件等予以確認，並要求技術單位提供相應的確認驗證證明，包括相關的國家標準規範、室內、大田試驗及推廣驗證試驗報告、專利證明材料、材料毒理報告等。

- Enhanced process inspection

During the production process of the Company, more than 10 product inspection points are set up, and U.S. U3000 high performance liquid chromatography and German IKA calorimeter, both internationally-leading, are installed. Specified persons are assigned to key posts to provide quality tracking code for each package of products to achieve the traceability of product quality.

- Strict factory evaluation

The Company has a rigorous product evaluation system. Before delivery, products must go through a lot of tests, including performance tests such as indoor test at the early stage, pilot and field test, as well as toxicology test and soil evaluation test, so as to ensure that every product delivered is green, environment-friendly and can performance-enhancing.

5) PRODUCT RESEARCH AND DEVELOPMENT

- Product efficiency

Currently the Company has three major high-efficiency fertiliser products, being control release fertiliser, humic acid and polyaspartic. In March 2015, the Company partnered up with 38 research institutions including Chinese Academy of Agricultural Sciences, Zhejiang University, Shandong Agricultural University and Henan Academy of Agricultural Sciences to hold a collaboration network meeting at Henan XLX, for the main purpose of researching fertilization technologies of the three major high-efficiency fertiliser products of XLX in different corps on different soils in different areas of China. To date, the research has lasted three seasons.



- 強化過程檢驗

本公司的產品生產過程設置產品檢驗點10多個，配備了國際領先水平的美國U3000高效液相色譜儀、德國IKA量熱儀等專業檢測設備，關鍵崗位設有專人把關，對每袋產品建立質量跟蹤代碼，實現產品質量可追溯。

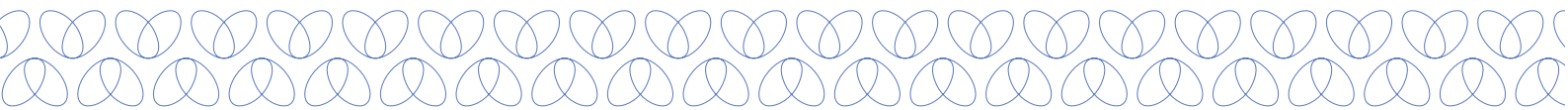
- 嚴格出廠評價

本公司有一套嚴謹的產品評價體系。產品出廠前，要經過大量的試驗、從初開始的室內試驗、小區試驗、大田示範等肥效試驗，還要開展毒理試驗、土壤評價試驗等項目，從而確保推出的每一個產品都是綠色、環保和增效的。

5) 產品研發

- 產品增效

本公司目前有三大高效肥產品，即控失肥、腐植酸、聚能網。2015年3月，公司聯合中國農科院、浙江大學、山東農大、河南省農科院等38家科研單位，在河南心連心公司召開了協作網會議，主要針對心連心三大高效肥在全國不同區域、不同土壤、不同作物上開展施肥技術研究，到目前為止，已進行了三季。



Control release fertiliser. The raw materials added in control release fertiliser are pure natural mineral elements, which cause no pollution and have no residue when put into the soil, and can effectively reduce the loss of fertiliser and reduce ammonia volatilization. Based on the conducted tests by the Company and the Chinese Academy of Sciences, control release fertiliser can reduce ammonia volatilization by 17% and increase nitrogen efficiency by 10% and yield by over 10% on average.

Humic acid. Humic acid is natural pollution-free raw material derived from nature. With fertiliser as the carrier, it returns to the nature, and can also improve crop yield and product quality.

Polyaspartic. Polyaspartic is a bioactive substance extracted from marine shellfish and a polymeric material. It contains a large number of active groups and falls under a green and environment-friendly substance. Its research was granted the Presidential Green Chemistry Challenge Award. Currently such substance has been widely applied in agricultural production in the United States and is also being gradually and extensively applied. XLX's polyaspartic-based fertiliser has the effect of collecting soil nutrients, activating soil structure, stimulating crop growth and increasing crop yield.

- Product improvement

Reducing environmental impact. In June 2016, the Company, together with the Institute of Soil Science, Chinese Academy of Sciences and Henan Academy of Agricultural Sciences, commenced a long-term test, with a term of 15 years as initially planned, at a national moisture soil test station located in Yuanyang, which mainly aims to conduct mechanism research of high-efficiency fertilisers including control release fertiliser and humic acid. The major evaluation indicators include, among others, the impact of fertiliser on the reduction of ammonia volatilization and its impact on the leaching of soil.

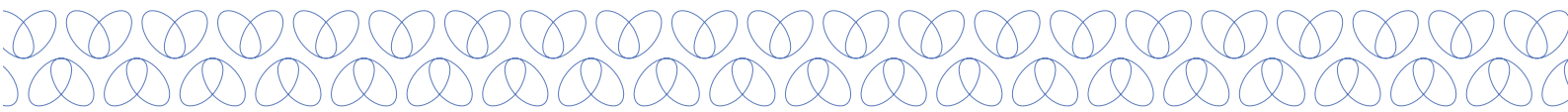
控失肥。控失肥添加的原料是純天然礦物元素，施入土壤中無污染，無殘留，能有效減少肥料的流失，降低氮揮發量。通過公司及中科院試驗，控失肥平均減少氮揮發17%，提高氮肥利用率10%，綜合增產率10%以上。

腐植酸。腐植酸是天然無污染的原料，來源於大自然，通過肥料為載體又回歸於大自然，同時對提高作物產量、提高產品品質有增效作用。

聚能網。聚能網是從海洋貝類提取的生物活性物質，是一種高分子物質，含有大量的活性基團，屬於綠色環保物質。曾獲得美國總統綠色化學挑戰獎，目前該類型物質在美國農業生產中得到廣泛應用，在我國也正逐步大量應用。心連心聚能網肥料具有聚集土壤養分、活化土壤結構、增強作物生長，提高作物產量的功效。

- 產品改良

減少環境影響。2016年6月，本公司聯合中科院南京土壤研究所和河南省農業科學院在位於原陽的國家潮土試驗站開展初步計劃為十五年的長期定位試驗，主要針對控失肥、腐植酸等高效肥進行機理性研究，主要評價指標包括肥料對減少氮揮發的影響和對土壤中淋失的影響等。



Reducing the impact on human body. Based on the needs of trace elements in human body, the Company conducts research of trace elements and selectively conducts research on improving crop quality. In tomato test, applying XLX special fertiliser can increase the sweetness of tomatoes by 25.6%. XLX collaborated with Chinese Academy of Agricultural Sciences to conduct analysis of quality of corn, wheat and rice, development of special fertilisers improving product quality, and research of fruit trees and vegetables.

減少人體影響。本公司針對人體對微量元素的需求，開展中微量元素的研究，有針對性地開展作物品質提升的研究。在西紅柿試驗中，施用心連心專用肥可以使西紅柿甜度提高25.6%。心連心公司與中國農科院合作，開展對玉米、小麥、水稻的品質指標進行分析，開發提高產品品質指標的專用肥品種，同時對果樹、蔬菜進行研究。

6) QUALITY HONOURS RECEIVED IN 2016

- Governor Quality Award

In 2016, the governor of Henan Province issued the “2014-2015 Henan Governor Quality Award” to XLX. The Henan Governor Quality Award is the highest quality honour established by the provincial government to recognise the model enterprises which have significant contributions to the development of Henan as a strong quality province and have a leading demonstration role. Since the inception of this award in 2010, the number of winners each year is no more than 10.

6) 2016年所獲質量榮譽

- 省長質量獎

2016年，河南省省長為心連心公司頒發「2014-2015年度河南省省長質量獎」。河南省省長質量獎「是省政府設立的最高質量榮譽獎，授予為建設質量強省做出突出貢獻、在全社會具有顯著示範帶動作用的標杆單位，自2010年開始評選，獲獎單位數量每次不超過10個。



第十五屆全國質量獎鼓勵獎
15th National Quality Award,
Encouragement Award



公司董事長劉興旭獲 2016 年中國傑出
質量人提名獎
Liu Xingxu, Chairman of
the Company, was nominated as an
Outstanding Quality Individual for 2016

• National Quality Award

The National Quality Award is the highest honour in quality for organizations that have achieved excellent quality management and have achieved significant results in terms of quality, economy, and social benefits. Henan Xinlianxin Fertiliser Co., Ltd. received the encouragement award of the 15th National Quality Award, and Liu Xingxu, Chairman of the Company, was nominated as an Outstanding Quality Individual for 2016.

• 全國質量獎

全國質量獎是對實施卓越的質量管理，並在質量、經濟、社會效益等方面取得顯著成績的組織授予的在質量方面的最高榮譽。河南心連心化肥有限公司獲第十五屆全國質量獎鼓勵獎，公司董事長劉興旭獲 2016 年中國傑出質量人提名獎。



PROVIDING HIGH-QUALITY SERVICES

1) DIVERSIFIED SERVICE MODEL

The Company actively explores a more diversified and efficient service model. It cooperates with Rural Taobao of Alibaba, China's largest electric commerce company to develop Shuangxin Fertiliser, the No. 1 fertiliser brand of electric business channel. The official flagship store commenced operation at Rural Taobao in July 2015.

提供優質服務

1) 多元服務模式

本公司積極探索更加多元高效的服務模式，與中國最大的電商公司阿里巴巴農村淘寶合作後，全力打造的村淘電商渠道化肥第一品牌雙心化肥，2015 年 7 月在農村淘寶開業官方旗艦店。

In order to ensure the smooth electric commerce logistic services, the Company has access to a nation-wide transport network for faster and more accurate delivery to customers. It owns over 5,000 agricultural service stations with a nation-wide service network, and it is supplemented by an integrated comprehensive service of after-sales and maintenance. It has a first-class agricultural team to provide online agricultural guidance. Shuangxin Fertiliser demonstration fields have been established to provide services including scientific cultivation, soil fertilisation, field management and agricultural technology guidance.

The Company conducts analyses of villagers' fertiliser habits through the internal big data of electric commerce platform, and conducts targeted online marketing and offline technical guidance provided by its professional agricultural team. It implements online fertiliser sales through the Electric Commerce Spring Festival and the Autumn Festival. Until now, fertiliser sales volume of 37,024 tonnes and sales of RMB79.03 million has been achieved. The Company was recognised by Alibaba as Star Merchant at Rural Taobao, Outstanding Agricultural Industry Enterprise and Famous Brand.

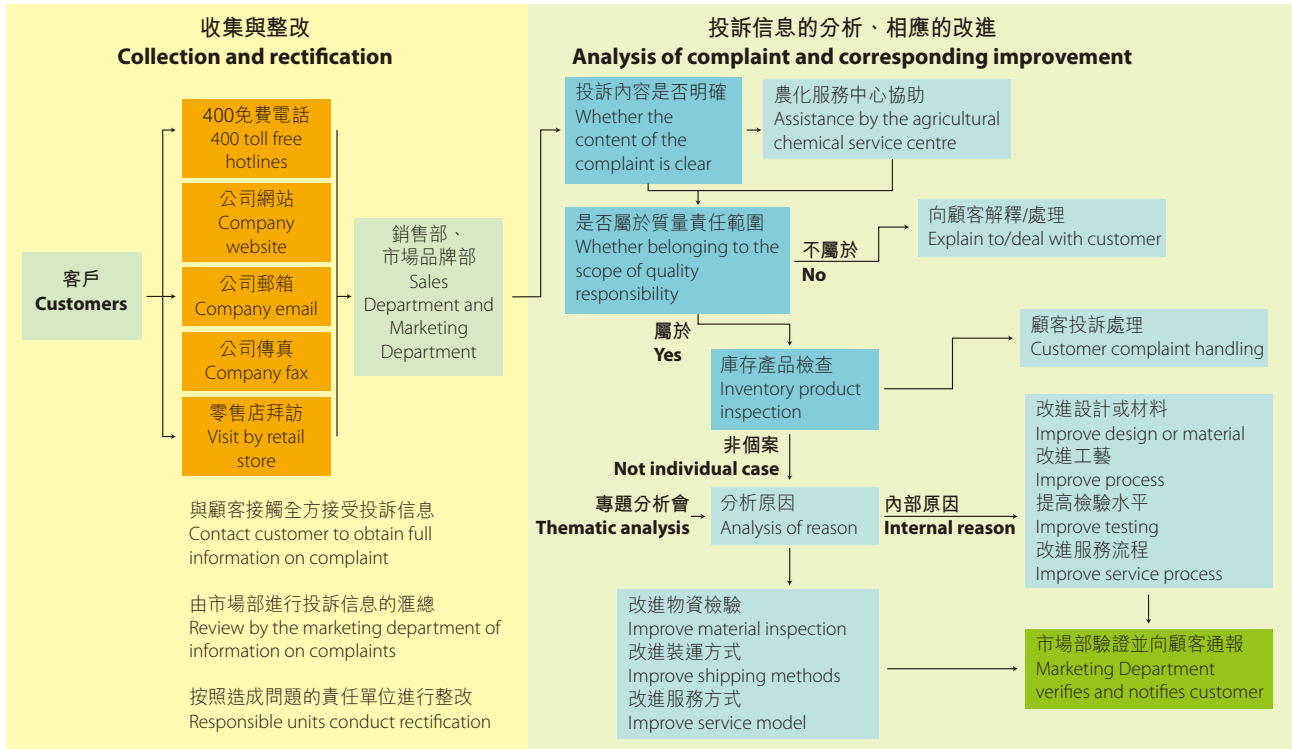
The Company actively uses new media to explore agricultural electronic commerce. It opened a XLX Fertiliser WeChat service account, which provides farmers with industry information, market news, planting technology and corporate culture and provides real full services and value to them. In addition, the Company's agricultural service team went to the field to provide farmers with scientific lecture and training and soil testing services and help them solve the problem of new products promotion in demonstration field, in order to help and guide the distributors to better conduct business and help farmers to realize better planting, fertilization and field management.



公司為保證電商物流服務暢通，運送區域覆蓋全國，實現更快捷，更精準地送到客戶手中，並擁有5,000多家農化服務站，服務網絡遍布全國，並配套售後維護一體化的全方位服務。一流的農化團隊，提供在綫農化指導。建立雙心化肥示範田，提供科學種植，測土施肥，田間管理，農技指導等服務。

公司通過電商平台內部大數據分析出村民的用肥習慣，然後在綫上去做精準推薦營銷，綫下並配有專業農化團隊做指術指導，通過電商春耕節、秋收節進行肥料綫上銷售，截止目前已完成肥料銷售37,024噸，交易額人民幣7,903萬元。被阿里巴巴評為農村淘寶明星商家、農資行業優秀企業獎、知名品牌獎。

本公司積極利用新媒體探索農資電子商務，設置了心連心化肥微信服務號，每期會向農戶奉上行業信息、市場新聞、種值技術、企業文化等內容，為老百姓提供實實在在的全程服務和價值。此外，本公司的農化服務隊通過田間地頭深入一線，為經銷商和農戶提供科技講座培訓、測土配方服務、解決農戶疑難雜示範田新產品推廣等，幫助、指導經銷商更好地開展業務，農戶更好地種植、施肥及田間管理。



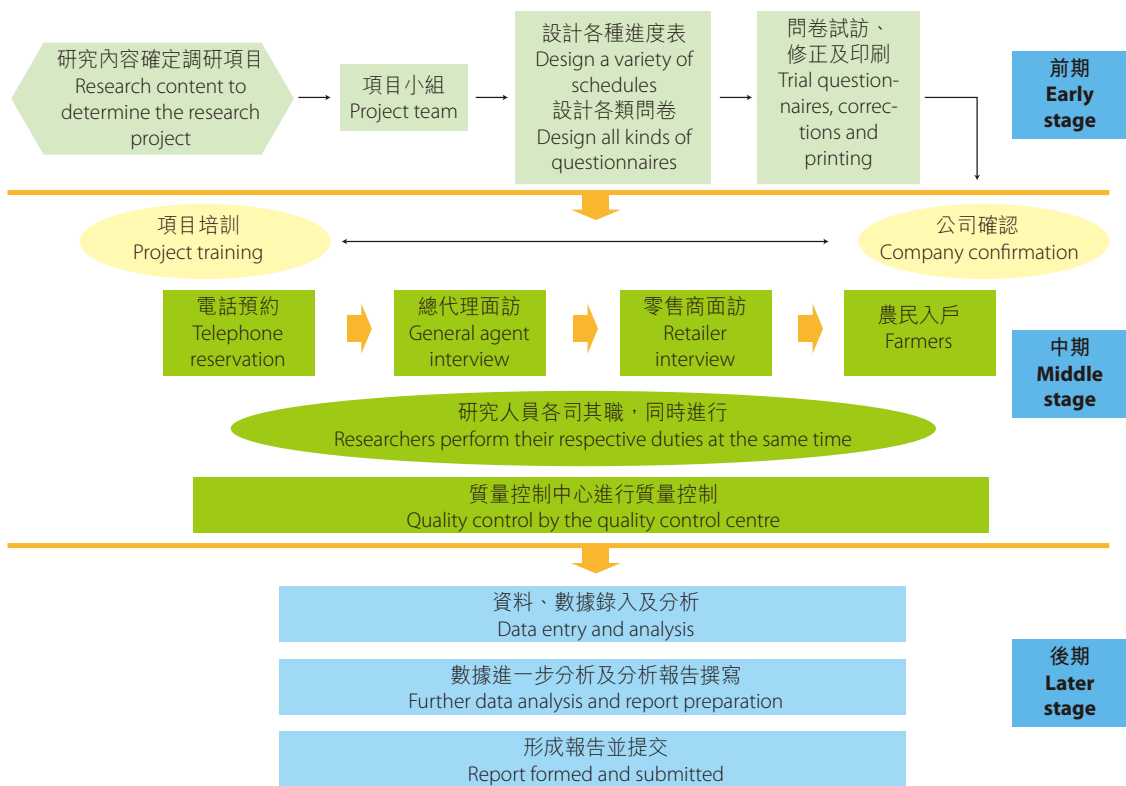
投訴信息處理流程圖
Processes of Information on Complaints

2) FOCUSING ON CUSTOMER SATISFACTION

In order to strengthen the management of customer complaints, the Company has developed measures and procedures including the Market Quality Problem Handling Procedures (市場質量問題處理程序), the Service Feedback System (服務反饋制度) and the Product Quality Feedback and Quality Accident Handling Measures (產品質量反饋及質量事故處理辦法) to ensure that complaints will be solved effectively and in a timely manner. Customer complaints are collected and sorted by the 400 Customer Service Centre and then transferred by the information handling personnel at the Customer Service Centre to the relevant departments, which will handle the quality complaints and conduct improvement and contact customers for survey in accordance with its standardized documents. The collection, consolidation, analysis and improvement of information is as the above diagram.

2) 關注客戶滿意度

為強化顧客投訴管理，本公司制定了《市場質量問題處理程序》、《服務反饋制度》、《產品質量反饋及質量事故處理辦法》等辦法程序，確保投訴得到及時有效的解決：顧客投訴由400客服中心統一收集，由400客服中心的信息處理人員將投訴分解到相關部門；相關部門按照規範性文件對投訴的質量問題進行處理、改進和質量問題顧客回訪。投訴信息的收集、整合、分析與改進如上圖：投訴信息處理流程圖。



顧客滿意度調查管理辦法
Management Measures for Customer Satisfaction Survey

The Company has prepared the Management Measures for Customer Satisfaction Survey, whereby the marketing centre of the Company conducts satisfaction on key customers each year in the form of questionnaire. The Company also appoints a third party professional organization to conduct customer satisfaction survey to ensure the reasonableness and objectiveness of the customer satisfaction survey. In response to the feedbacks received, the marketing centre, production management department, the enterprise management department and the relevant production unit conduct analysis and communicate through regular meetings and seminars of the Company and research measures for improvement.

本公司制定了《顧客滿意度調查管理辦法》，由公司營銷中心每年採用問卷調查的形式，對重點顧客實施滿意度調查。同時，公司會委託第三方專業機構進行顧客滿意度調查，以保證顧客滿意度調查的科學性和客觀性。針對滿意度調查反饋問題，公司營銷中心、生產管理部、企管部和相關生產單位進行分析，並通過公司例會和專題會就此進行溝通，研究改進措施。

3) PROTECTING CONSUMER PRIVACY

The Company has set up a post of channel manager, who maintains basic records for customers and sets fixed flow following the establishment of customer records to narrow the scope of circulation for the handling staff and internal basic records. The Company has set up the reading access to the ERP customer records. Irrelevant persons do not have access to basic customer records to protect the privacy of consumers.

PROTECTING INTELLECTUAL PROPERTY RIGHTS

In accordance with laws and regulations including the Patent Law of the People's Republic of China and the Trademark Law of the People's Republic of China, the Company has prepared rules such as the Regulations on the Management of Product Formula and the Intellectual Property Management Procedures to regulate the procedures for obtaining, using and daily management of intellectual property rights, in order to better and more effectively protect the intellectual property rights, stimulate employees' initiative and initiative and promote the filing, conversion, promotion and application of the relevant technological achievements.

LABEL IDENTIFICATION MANAGEMENT

The Company has prepared the Regulations for the Management of Compound Fertiliser Packaging Bags (複合肥包裝袋管理規定) and the Urea/Fertilizer station Packaging Design Process and Procedures (尿素/配肥站包裝設計流程規定) to regulate the design of urea and compound fertiliser packaging bags. Taking the compound fertiliser packaging bag as an example, the design of compound fertiliser packaging bags of the Company must undergo reviews by the brand planning section, the marketing and special departments, the OEM management section and the product planning section, which aim to confirm the image of new product packaging, check the standard colour of trademarks, VI standardization, brand positioning and compliance with the new advertising law and double-check the implementation standards, production license, registration number, chlorine logo, font, font size, text alignment or whether other important contents have been labelled.

3) 保護消費者隱私

本公司設置了渠道管理員崗位，專人管理客戶基礎檔案，在新客戶賬戶建立和基礎資料上報環節設置固定流程，減少經辦人員和客戶基礎檔案的流通範圍。公司還設置了ERP客戶基礎檔案的閱讀權限，無關人員不具備查閱客戶基礎資料的權限，從而保護消費者隱私。

保護知識產權

本公司根據國家《中華人民共和國專利法》、《中華人民共和國商標法》等有關法律制定了《產品配方保密管理規定》、《知識產權管理程序》等制度，規範公司知識產權的獲取、使用和日常管理程序，更加有序、有效地保護已有知識產權，鼓勵員工發明創造的積極性和主動性，促進相關科技成果的申報、轉化和推廣應用。

管理標籤標識

本公司制定了《複合肥包裝袋管理規定》和《尿素/配肥站包裝設計流程規定》，對尿素和複合肥包裝袋的設計進行規範。以複合肥包裝袋的設計為例，公司複合肥包裝袋的設計須通過品牌策劃科、市場及特殊部門、OEM管理科、產品規劃科等多個部門的評審，確認新產品包裝形象，檢查商標標準顏色、VI規範性、品牌定位以及是否符合新廣告法等，核對執行標準、生產許可證、登記證號、含氯標識、字體、字號大小、文字對齊方向或其他應重要內容是否標注等。

ADVERTISING PUBLICITY MANAGEMENT

In order to ensure the objectivity, timeliness and accuracy of advertising and publicity, strengthen the rigor and authenticity of publicity, safeguard and improve the its brand image, the Company has designated a department responsible for managing the news planning and communication for external brand promotion and marketing and requires to improve the filing and review of publicity materials (original news video, newspaper and magazine). To maintain the Company's brand image and product image, the advertisement to be put on TV, newspaper and outdoor billboards must be reviewed and approved by the relevant management department before publication to avoid risk factor such as violation of the Advertising Law, otherwise the responsible person shall be held fully accountable, and be dealt with severely and punished in case of serious issues.

B7 ANTI-CORRUPTION

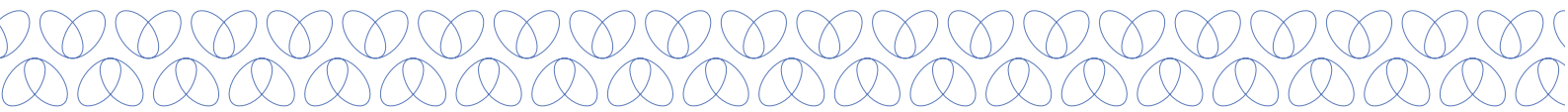
The corporate culture of XLX is positioned to be "honesty", "faith" and "care". The Company adheres to honest operation and treats following business ethnics as its basis for position and development and source of reputation. It always attaches great importance to anti-corruption and has been in strict compliance with laws and regulations including the Company Law of the People's Republic of China, the Bidding Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China and the Interim Provisions on Prohibition of Commercial Bribery (關於禁止商業賄賂行為的暫行規定) and internal rules including the Eight Bans for Department Heads of XLS (心連心公司單位「一把手」八大禁令), the Provisions on Regulation of Matters such as Weddings and Funerals of Party Members and Cadres (關於規範黨員幹部婚喪嫁娶等事宜的規定), the Complaint and Report Management Measures for XLX (心連心公司投訴舉報管理辦法), and the Provisions on External Information Disclosure (信息對外披露管理規定). It strives to create a good atmosphere of rule of law from the system and behaviour, adheres to the clean code of conduct, fights against commercial bribery, timely discloses financial information, encourages employees to report illegal behaviours relating to the Company and promotes the honesty of the Company and the community.

廣告宣傳管理

為保證對外廣告宣傳的客觀、及時和準確，強化對外宣傳的嚴謹性和真實性，維護和提高公司品牌形象，公司指定了公司品牌對外宣傳、營銷系統的新聞策劃傳播的歸口管理部門，並明確要求加強對宣傳資料(報道視頻和報紙雜誌原報)的進行備案和審核；為維護公司品牌形象和產品形象，各市場投放的電視、報紙和戶外大牌等廣告內容，需經公司歸口管理部門審核後再對外發佈，避免出現違反廣告法等風險事件，否則由當事者承擔全部責任，問題嚴重者將進行嚴肅處理和處罰。

B7 反貪污

心連心公司的企業文化的定位為「誠」、「信」、「心」。本公司奉誠信經營、恪守商業道德視為企業的「立身之本、發展之基、信譽之源」，始終重視反腐倡廉工作，並嚴格遵守《中華人民共和國公司法》、《中華人民共和國招標投標法》、《中華人民共和國反不正當競爭法》和《關於禁止商業賄賂行為的暫行規定》等法律法規及《心連心公司單位「一把手」八大禁令》、《關於規範黨員幹部婚喪嫁娶等事宜的規定》、《心連心公司投訴舉報管理辦法》、《信息對外披露管理規定》等公司內部規定，從制度和行為上營造良好的法治氛圍，宣傳恪守廉潔的行為準則，反對商業賄賂，及時披露財務信息，鼓勵員工舉報與公司相關的違法行為，促進公司與社會廉潔陽光。



INTEGRITY, ANTI-CORRUPTION AND CULTURE DEVELOPMENT

The Company has prepared the Eight Bans for Department Heads of XLX, which prohibit fraud, concealing, acting in excess of authority, abuse of power, private use of public funds, harbouring subordinates, receiving bribes and private company account. The Company requires department heads to carefully study, understand and implement the bans so as to regulate the behaviours of department heads of the Company and prevent risk relating to post.

The Company has formulated the Code of Honesty for Party Members and Cadres at XLX (心連心公司黨員幹部誠信守則) and the Code of Honesty for Employees of XLX (心連心公司員工誠信守則), which stipulate that party members and cadres shall not accept any kind of cash and gifts from suppliers and distributors or interfere with activities involving their own interests, shall maintain trade secrets of the Company and its customers, shall not hold part-time position or shares in any entity having interest in or business connection with the Company, and shall not engage in a second occupation. Relatives must be avoided when handling business, and close relatives shall not hold positions with direct business association in the same department or plant or branch or subsidiary. Employees must maintain records and fill in forms truthfully, and shall not report false travel expenses or business expenses or take raw materials illegally. Employees must maintain the image and keep the secrets of the Company and shall not disclose internal conflicts of the Company or spread negative news of the Company.

誠信反腐 文化建設

本公司印發了《心連心公司單位「一把手」八大禁令》，嚴禁弄虛作假、隱瞞不報、越權行事、以權謀私、公款私用、包庇下屬、收受賄賂、私設「金庫」等行為。本公司要求各單位負責人認真學習、理解該禁令，並貫徹落實，從而規範本公司各單位負責人的行為，防範職務風險。

本公司制定了《心連心公司黨員幹部誠信守則》和《心連心公司員工誠信守則》，要求黨員幹部不接受各類供應商和經銷商的現金、禮品、宴請，不干涉與自己有利益關聯的各類業務；保守公司和客戶的商業機密，不在與公司有利益、業務關聯的單位中兼職、持有股份，不從事第二職業；親屬辦理業務必須回避，近親屬不在同一部門和分廠、分子公司中有直接業務關聯的崗位任職等；要求員工如實做記錄、填報表，不虛報差旅費、業務費，不冒領原材料；維護公司形象，保守公司秘密，不向外人傳播公司的內部矛盾，不傳播公司的負面消息等。



誠信培訓教育
Integrity training education

In addition, the Company has prepared the XLX Corporate Culture Manual, which incorporates the “honesty”, “faith” and “care” into its rules. It conducts regular civic moral education and publicity, such as annual selection of civilized units, civilized workers, civilized families and other activities, in order to increase employees’ awareness through corporate culture education and to gain employees’ loyalty.

TRANSPARENT INFORMATION DISCLOSURE AND FAIR COMPETITION

The Company has formulated the Provisions on External Information Disclosure in accordance with the Hong Kong Listing Rules, requiring timely disclosure of information on material operational and management decisions through internal and external websites and quarterly disclosure of truthful financial information in the securities market.

The Company and the relevant stakeholders have established a mechanism for collection and disclosure of corporate and personal information on integrity and a mechanism for assessment of network platform, bidding platform, suppliers and distributors, such as the Management Measures for Bidding and Tenders, the Management Measures for Distribution (經銷管理辦法) and the Supplier Evaluation Program (供應商評審方案). The Company improves its legal affairs and audit system, regulates bidding and tender mechanism, strengthens contract management, in order to provide a fair and competitive business platform for suppliers and customers and to guard against business risks. In addition, the Company regularly reviews the implementation of rules for employees at procurement and sales departments.

此外，本公司制定了《心連心企業文化手冊》，將心連心「誠」、「信」、「心」文化融入到制度中；定期開展公民道德教育和宣傳，如每年進行的文明單位、文明職工、文明家庭等評比活動，以通過企業文化教育宣傳加強員工意識，獲得員工認同。

信息公開 公平競爭

本公司根據《香港上市規則》制定了《信息對外披露管理規定》，要求應通過公司內外部網站及時披露公司重大管理經營決策等信息，同時在證券市場上每季度及時披露確保真實可信的財務數據。

本公司與各類相關方建立組織、個人的誠信信息的徵集和公開機制，以及網絡平臺、招標平臺、供應商和經銷商考評機制，如《招投標管理辦法》、《經銷管理辦法》、《供應商評審方案》等，完善法律事務和審計體系，規範招投標機制，加強合同管理，為供應商和顧客提供公平競爭的商業平臺，防範企業經營風險。同時，本公司會定期評價採購、銷售等部門的員工制度執行情況。



JOINT SUPERVISION THROUGH COMPLAINTS AND REPORTS

The Company has developed the Complaint and Report Management Measures for XLX, which have stipulations on division of responsibilities, complaint channels, processing procedures, rewards and punishments, in order to regulate the management of complaints and reports and safeguard the interests of the Company, employees, shareholders and external stakeholders.

投訴舉報 共同監督

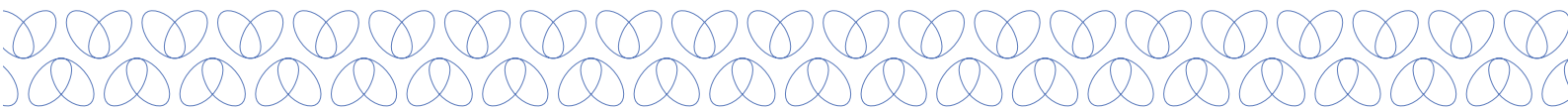
本公司制定了《心連心公司投訴舉報管理辦法》，對職責劃分、投訴渠道、處理流程、獎懲規定等作了說明，以規範公司投訴、舉報管理工作，保障公司、員工、股東及外部相關方的利益。

B8 COMMUNITY INVESTMENT

XLX follows a social responsibility philosophy of “honest operation and paying tax in accordance with the law”, and always focuses on both corporate performance and social benefits and both corporate growth and environmental protection. It prefers social benefits to corporate performance, and follows the development philosophy of “focus on both gold mountain and blue sky, and blue sky over gold mountain” (既要金山銀山，更要碧水藍天，寧捨金山銀山，不捨碧水藍天). In addition, the Company actively participates in environmental protection, education, culture, sports, science, health, community building, poverty alleviation and other social welfare activities to dedicate love and create returns for the society. In 2016, the Company carried out a number of charitable and public welfare activities in various forms, and its goods deeds and fulfilment of social responsibility have won the recognition and gratitude from the masses and the government.

B8 社區投資

心連心公司秉承「誠信經營、依法納稅」的社會責任觀，始終堅持企業效益與社會效益的統一，企業發展與環境保護的統一，始終將社會效益置於企業效益之上，堅持「既要金山銀山，更要碧水藍天，寧捨金山銀山，不捨碧水藍天」的發展理念。同時，本公司積極參加環境保護、教育、文化、體育、科學、衛生、小區建設、扶貧濟困等社會公益活動，奉獻愛心，回報社會。2016年，本公司以各種形式多次開展慈善與公益活動，善行善舉和踐行社會責任的行動獲得了群眾和政府的肯定和感謝。



DONATIONS AND ASSISTANCE:

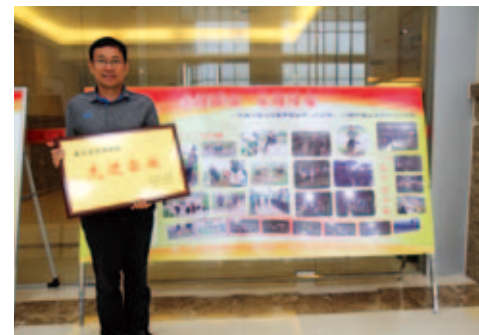
- Provided 5 tons of small granular urea to the Labour Union of Xinxiang for free.
- Provided 50 tons of general small granular urea to the Langgongmiao Government of Xinxiang County, Xinxiang City, Henan Province for free.
- Donated RMB10,000 to the Red Cross of Manasi County, Xinjiang for the relief of social vulnerable groups.
- Provided preferential price policy (reduced by RMB40/ton) for seasonal fertilisers for use in the villages in proximity to the Company.
- Cleaned up trash, renovated school ground and leisure plaza for Dongjinglou Village, Xinxiang County, Henan Province at total expenses of RMB49,602.
- Solved the agricultural irrigation problem for six administrative villages (Langgongmiao Xiaohe, Zhaodi, Yangjie, Tumen, Qushui and Daquan) in Xinxiang County, Henan along the upper reaches of Dongsangan Canal at total expenses of RMB150,000.

DISASTER RELIEF:

In 2016, the Company took part in two flood relief activities and provided substantial support in human resources and supplies:

1) DRAINAGE, FLOOD FIGHTING AND RESCUE AT DAQUAN

In the morning of 9 July 2016, a dangerous situation suddenly occurred at Daquan Drainage River in Xinxiang County. Upon notification, XLX reacted quickly by arranging employees to gather and fight the flood for 5 hours. The situation was successfully controlled.



捐贈與幫扶：

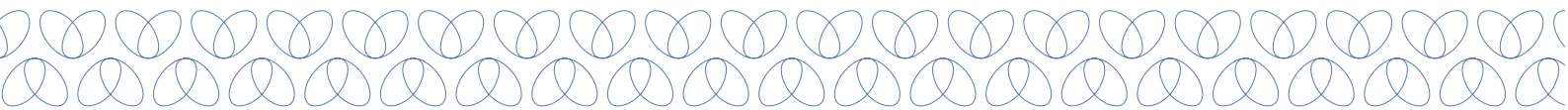
- 免費為新鄉市工會提供小顆粒尿素5噸。
- 免費為河南省新鄉市新鄉縣朗公廟政府提供普通小顆粒尿素50噸。
- 向新疆瑪納斯縣紅十字會捐贈人民幣10,000元，用於救助社會弱勢群體。
- 對公司周邊村莊季節用肥實行價格優惠政策，每噸優惠40元。
- 為河南省新鄉縣東荊樓村清理垃圾、修整學校地面及休閒廣場，費用共計人民幣49,602元。
- 解決東三幹渠上游河南省新鄉縣六個行政村(朗公廟小河、趙堤、楊街、土門、曲水、大泉)農業灌溉問題，費用共計人民幣15萬元。

災難救助：

2016年公司兩次參與抗洪救災，在人力物資上提供大力支持：

1) 大泉排水抗洪搶險

2016年7月9日上午，位於新鄉縣境內的大泉排水河突發險情。接到消息後，心連心公司迅速反應，組織搶險人員快速集結，在抗洪一線奮戰五個小時，最終險情被成功控制。



2) FLOOD FIGHTING AND RESCUE AT GONGCHAN ZHUYI CANAL

At the night of 18 July 2016, heavy rain fell on Xinxiang. On 19 July 2016, the upstream flood peak was arriving at the Gongchan Zhuyi Canal at Hehe Town, Xinxiang County. Upon notification by the flood control command of the county, XLX reacted quickly by arranging employees to gather. After four days and four nights of efforts, the flood peak safely passed through the Gongchan Zhuyi Canal.

2) 參與共產主義渠抗洪搶險

2016年7月18日夜，大暴雨降臨新鄉。2016年7月19日，上游洪峰即將抵達新鄉縣合河鄉共產主義渠段。接到縣防汛指揮部通知後，心連心公司迅速反應，組織搶險人員快速集結。經過四天四夜的堅守，最終洪峰安全度過共產主義渠段。

ENTHUSIASM ABOUT CULTURAL AND SPORTS CAUSE

1) SPONSORING 2 FEBRUARY (LUNAR CALENDAR) THEATRICAL PERFORMANCES IN XINXIANG

The Company sponsored the 2 February (lunar calendar) "Happy Home" theatrical performances in Xinxiang held on 10 March 2016.

熱心文體事業

1) 贊助二月二龍抬頭新鄉文藝演出

2016年3月10日，公司出資贊助農曆二月二龍抬頭「幸福家園」新鄉文藝演出。





2) ATTENDING COUNTY GAMES

In the afternoon of 3 November 2016, the group games of the Third Workers' Games of Xinxiang County organised by Xinxiang County Labour Union were held as scheduled at Fengminghu Plaza. On the court, players of XLX united as one and strived hard, and successfully excelled in many games by ranking the first place in the fun relay, the first place in group rope skipping, the second place in the tug of war, and the second place in the "Dragon at Sea" game.

2) 參加縣運動會

2016年11月3日下午，由縣工會組織的新鄉縣第三屆職工運動會集體項目比賽在鳳鳴湖廣場如期舉行。賽場上，心連心公司健兒團結一心，奮力拼搏，在眾多參賽單位中脫穎而出，最終取得了趣味接力賽第一名、集體跳繩第一名、拔河比賽第二名、「蛟龍出海」第二名的好成績。

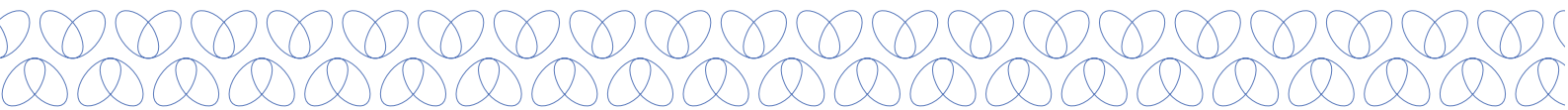
POPULARIZATION OF TECHNOLOGY TO SERVE FARMERS

1) In 2016, the Company operated nearly 5,000 demonstration fields for control release fertilisers, humic acid and nitro fertilizers at crop fields in 21 regions across China, and welcomed 1,953 visits and on-site meetings, with participation by over 300,000 large-scale farmers and core customers.

普及科技、服務農民

1) 2016年，公司在全國21個大區大田、經濟作物上共計開展控失、腐植酸、硝基肥等各類示範田近5,000塊，各類觀摩及單打單收現場會1953場，直接參與種田大戶及核心客戶30餘萬人。





- 2) In 2016, the Company conducted more than 130 demonstration field public welfare activities, distributed over 9,300 bags and over 300 tons of demonstration fertilisers.
- 3) In 2016, the Company arranged a total of 609 level 2 (retailer) training sessions and 8,999 level 3 (large-scale farmer) training sessions, with a total of 43,294 visitors, which has effectively communicated knowledge of science and technology.
- 4) The Company has established an agricultural expert service team to provide full service and solutions and develop agricultural fertilization technologies. In 2016, the Company appointed more than 50 external agricultural experts to conduct over 300 product promotions and provide over 20 guides on crop fertilisation for different regions and crops and over 70 fertilisation packages, such as water touch film/control release urea package in corn season in central China and fertilisation solutions for major crops in South China, which set out details of fertilisation time, fertilisation type, fertilisation amount, fertilisation method.

- 2) 2016年，公司開展示範田公益活動130餘場，發放書包9,300餘個，發放示範肥料300餘噸。
- 3) 2016年，公司累計組織召開二級（零售商）培訓會議609場，三級（種田大戶）培訓會議8,999場，來廠參觀43,294人次，有效傳播了科技知識。
- 4) 公司組建農業專家服務團隊，提供全程服務方案，制定農業施肥技術：2016年，公司外聘農業專家50餘名，開展各類產品推廣活動300餘場，按照不同地區、不同作物，提供作物施肥指導意見20餘類、施肥套餐70餘個，如中原區域玉米季水觸膜／控失尿素施肥套餐、南方主要作物施肥方案等，方案詳細說明了施肥時間、施肥種類、施肥量、施肥方法等。



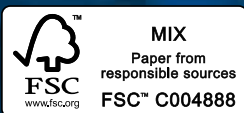


China XLX Fertiliser Ltd.
中國心連心化肥有限公司*

(Incorporated in Singapore with limited liability)
(於新加坡註冊成立之有限公司)

Stock Code 股份代號：1866

* For identification purpose only 僅供識別



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