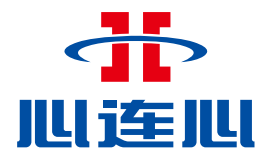


High-Efficiency Fertilisers in China

中國高效肥

Environmental, Social and Governance Report 2017 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)

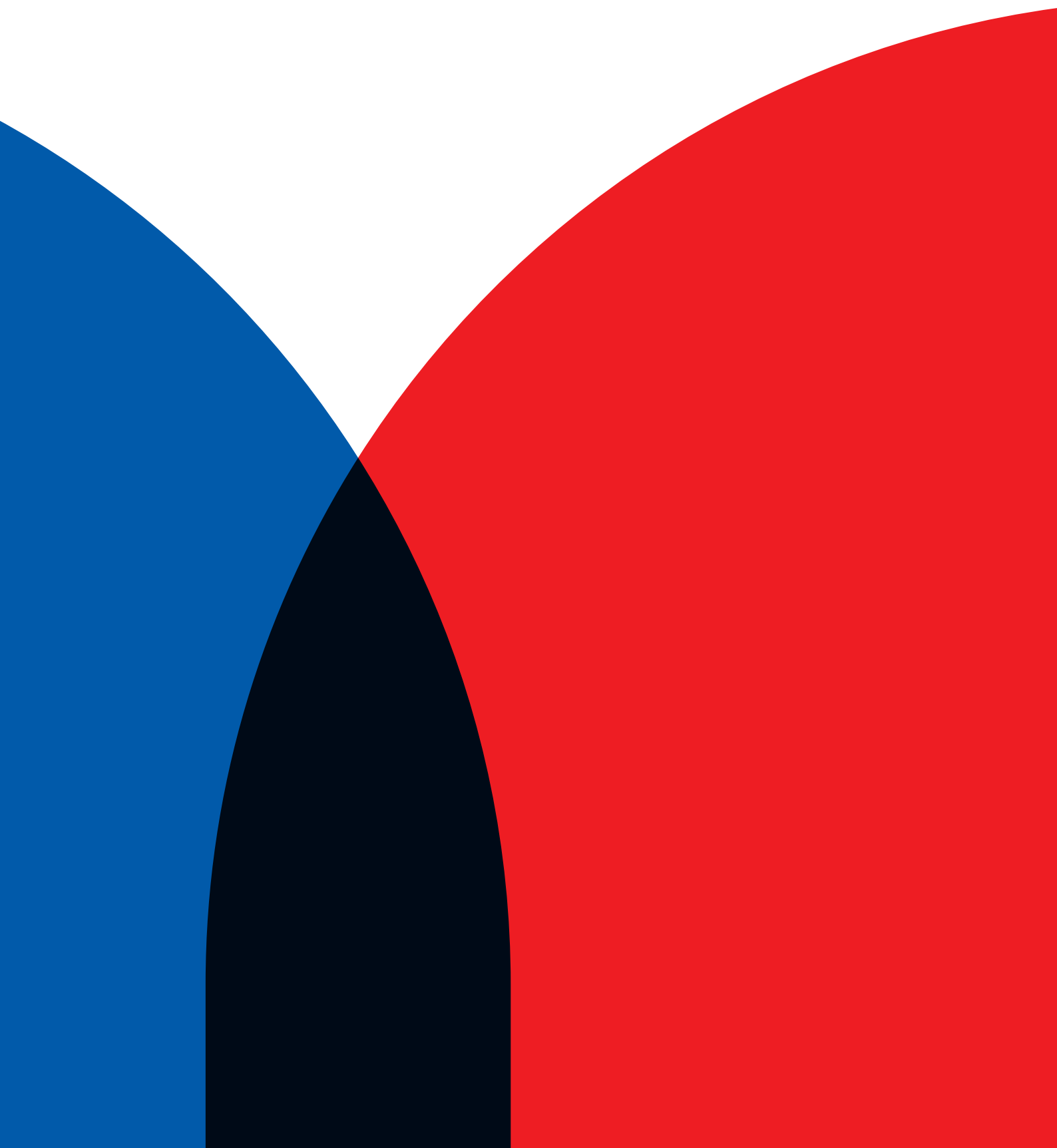
Stock Code 股份代號：1866

* 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 uphold 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:

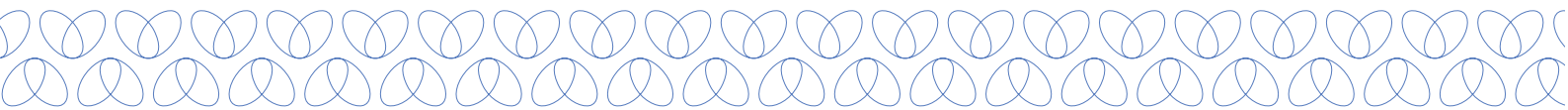
"Adhere to Produce Good Fertiliser". Explore and appropriate develop new energy and new chemical materials. Adhere to the competitive strategy of combination of "combination of low cost and differentiation" with the focus on fertiliser industry. Based on the fundamental conditions of "Henan, Xinjiang, 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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ABOUT THE REPORT

The Group 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 efficiency for 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.

The Board of the Group supports the Company to fulfil the corporate social responsibilities, and to bear all the responsibilities of the Group regarding environment, social, management strategy and reports. The Board is responsible for evaluating and measuring the Group’s risk on environment, society and governance, to ensure that the Group has established an appropriate and effective environment, society and governance risk management system, and internal supervision system. The management team of the Group will provide confirmation to the Board on whether the relevant systems are effective. The Group has established an ESG working group which is formed by the core departments of the Group, consisting of person in charge of each department; specialists are appointed to commence the work on ESG management and reports.

The Company has prepared the “Environmental, Social and Governance Report 2017 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, covering the period from 1 January 2017 to 31 December 2017. In accordance with the requirements of the Guide, the Company has disclosed the key performance indicators of the environmental aspects which cover the two major production bases located at Henan and Xinjiang.

關於本報告

本集團以「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。

本集團董事會支持本公司對履行企業社會責任所做的承諾，並對本集團的環境、社會及管治策略及彙報承擔全部責任。董事會負責評估及釐定本集團有關環境、社會及管治的風險，並確保本集團設立合適及有效的環境、社會及管治風險管理及內部監控系統。本集團的管理層向董事會提供有關系統是否有效的確認。本集團成立了由集團核心部門組成的ESG報告工作組，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。

根據《環境、社會及管治報告指引》要求，本公司編制了2017年的《環境、社會及管治報告》，覆蓋時間範圍為2017年1月1日至2017年12月31日，本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。根據指引要求，本公司在報告中披露了環境範疇的關鍵績效指標，涵蓋本公司位於河南和新疆的兩大生產基地。



Green Factory in Petroleum and
Chemical Industry 2017 Award
2017年度石油和化工行業綠色工廠獎項



Ammonia Energy Consumption Leader 2016 Award
2016年能效領跑者標杆企業(合成氨)獎項

A ENVIRONMENT

The Company has been stressing environmental protection, energy-saving and emission-reduction and comprehensive utilization of resources. Bearing in mind the idea of green development, the Company has been increasing its environmental investment and persistently commencing works on technology innovation and facilities upgrade. In 2017, the Group was honourably awarded the “Green Factory in Petroleum and Chemical Industry 2017 Award” and “Ammonia Energy Consumption Leader 2016 Award”.

A1 EMISSIONS

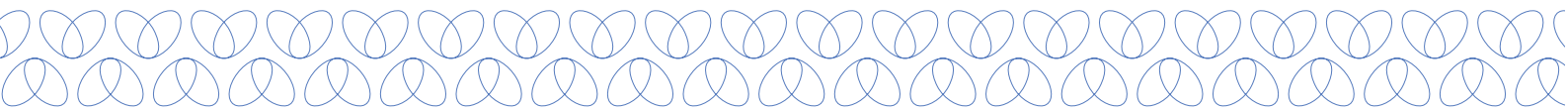
The Company has been in strict compliance with laws and regulations such as the Environmental Protection Law of the PRC, Water Pollution Prevention and Control Law of the PRC, Air Pollution Prevention and Control Law of the PRC, Solid Waste and Environmental Pollution and Solid Waste Prevention and Control Law, and the Interim Provisions on Administration of the Discharge Permit. It has also acquired emission permit legally, and formulated a series of regulations according to the actual circumstance of the Company, for instance, Environmental Protection Management Regulations, Environmental Protection Facility Operation and Management Regulations, Integrated Measures for the Management of Water Resources (for Trial Implementation), Solid Waste Management Regulations, and XLX Energy Saving Management Regulations, with a view to regulating and promoting the Company's environmental protection, pollution prevention and control, energy-saving emission reduction works, so as to gradually promote the institutionalization of environmental protection and achieve sustainable development.

A 環境範疇

心連心始終高度重視環境保護、節能減排和資源的綜合利用，一直秉承綠色發展理念，不斷加大環保投入，持續開展技術創新、設施升級等工作。2017年，本集團榮獲「2017年度石油和化工行業綠色工廠獎」和「2016年能效領跑者標杆企業(合成氨)獎」等獎項。

A1 排放物

本公司嚴格遵守《中華人民共和國環境保護法》、《中華人民共和國水污染防治法》、《中華人民共和國大氣污染防治法》、《中華人民共和國固體廢棄物污染環境防治法》和《排污許可證管理暫行規定》等法律法規的規定，依法獲取《排污許可證》，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》、《水資源一體化管理辦法(試行)》、《固體廢物管理規定》、《心連心公司環保檢查管理規定》等一系列制度文件，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。



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

The Company improves its environmental management level by establishing an ISO 14001 environmental management system, and conducts annual external audits and renews the relevant certificate upon passing external audits. In order to strengthen environmental 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 Group requires its subsidiaries to conduct environmental protection facilities management, online equipment monitoring and record maintenance, to ensure that the equipment are in good condition and can operate as planned. The Company has specified clear responsibilities for all units and departments. By effectively implementing the regulations, the Company has ensured normal operation of its environmental protection facilities and 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 uses efficient, energy-efficient, low-polluting equipment, which has reduced energy consumption and the emission of pollutants. All subsidiaries of the Company have developed their own environmental protection examination systems, and have conducted internal comprehensive inspection, special inspection and hidden trouble investigation.

本公司通過建立ISO 14001 環境管理體系來提高本公司環境管理水平，並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。

本集團要求各子公司做好環保設施管理、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。各子公司制定了本單位的環保檢查制度，並組織開展內部綜合檢查、專項檢查和隱患排查。

1) WASTEWATER DISCHARGE

For wastewater, the Company's sewage discharge has been in strict compliance with national, ministry, local, district, and enterprise standards. All units of the Group have an effective control over sewage production which has minimized the amount of sewage produced. In addition, the Group has built sewage treatment facilities, and has ensured the normal operation of environmental protection facilities and wastewater discharge meeting standards. The Company directly discharges water through clean ditches or clean pipes only when the water quality meets the standard for external discharge. All units at the Company have strengthened outfall management, installed standard metering facilities to conduct regular comparison and mandatory inspections, in order to conduct standardized management of wastewater outfall. The Company has set up online monitoring equipment at the sewage outfall operated by third party companies to conduct online continuous monitoring of wastewater discharge. The online measuring data can be uploaded to national, provincial, municipal and county monitoring platforms. The system will also measure the indicators of wastewater through internal self-measurement and measurement conducted by the environmental monitoring departments of Xinxiang City and Xinxiang County.

In 2017, the Company controlled the impact of wastewater discharge on groundwater and surface water in accordance with the indicators of $COD \leq 40 \text{ mg/L}$ and $NH_3-N \leq 4 \text{ mg/L}$, which had met the relevant standards. After treatment, the COD, NH_3-N and phosphonium contents of external discharge have met the standard requirement. The current emission data are $COD \leq 35 \text{ mg/L}$, ammonia nitrogen $\leq 2 \text{ mg/L}$. In addition, within the year 2017, the Group's Xinxiang Company had further improved online monitoring system for sewage, with a new automatic facility for monitoring the total emission of phosphonium, which was approved by Xinxiang Environmental Bureau.

1) 廢水排放

廢水方面，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。本集團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量的產生，此外，本集團建設有污水處理設施，並確保環保設施的正常運行和廢水穩定達標排放。本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，以對廢水排放口進行規範化管理。本公司在廢水外排口安裝在線監測裝置，由第三方公司進行運維，對廢水的排放進行在線連續監測，在線數據能夠上傳到國家、省、市、縣各級監控平台，並通過內部自測和新鄉市、新鄉縣環境監測部門對廢水各指標進行測量。

2017年，本公司按照 $COD \leq 40 \text{ mg/L}$ 、 $NH_3-N \leq 4 \text{ mg/L}$ 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。經過處理後外排水COD、 NH_3-N 、總磷含量均滿足排放標準要求，目前實際排放數據為： $COD \leq 35 \text{ mg/L}$ 、氨氮 $\leq 2 \text{ mg/L}$ 。此外，2017年內，本集團新鄉公司進一步完善廢水在線檢測體系，新增了總磷自動監控設施，並通過了新鄉市環保局的驗收核查。

A1.1 Emissions of exhaust and wastewater in 2017
2017年A1.1廢氣與廢水的排放量

Wastewater Discharge 廢水排放	Emissions (Tons) 排放量 (噸)	Emission Exhaust 廢氣排放	Emissions (Tons) 排放量 (噸)
Volume of wastewater 廢水量	3,339,983.0	NOx	384.15
COD	152.09	SO2	72.5
NH3-N	4.47	fume 煙塵	75.5

2) EXHAUST EMISSION

The exhaust emission of the Company shall meet national, ministry, local, district and corporate standards. In order to meet the emission standards for fume, SO₂ and NO_x, all boilers of the Company are equipped with dust removal, desulfurization and denitration devices, and online monitoring devices are installed at boiler outlets, which are operated by third party companies, 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.

In 2017, the Company conducted exhaust emissions in accordance with the standards of SO₂ ≤35mg/Nm³, fume≤10mg/Nm³ and NO_x≤50mg/Nm³. In response to the government's call, the Company made further renovation on the techniques and facilities of furnace flue gas control, including using bag and wet electrostatic precipitator for dust removal, adopting desulfurization and dust removal integrated device for desulfurization and SNCR technique for denitration. The renovation of techniques and facilities meets the standard of extremely low emission; the existing actual emission data are SO₂≤25 mg/m³, soot ≤5 mg/m³, NO_x≤40 mg/m³, respectively.

2) 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。為實現煙塵、SO₂和NO_x達標排放，本公司鍋爐全部配套安裝有除塵、脫硫、脫硝裝置，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國家、省、市、縣各級監控平台。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。

2017年，本公司按照SO₂≤35mg/Nm³；煙塵≤10mg/Nm³；NO_x≤50mg/Nm³的指標達標排放。為積極響應政府號召，2017年，本公司對鍋爐煙氣污染物治理方面進行進一步的設備工藝改造，包括除塵採用布袋+濕式電除塵工藝，脫硫採用脫硫除塵一體化裝置，脫硝採用SNCR工藝。本次工藝設備改造通過超低排放驗收，目前實際排放數據為：SO₂≤25 mg/m³、煙塵 ≤5 mg/m³、NO_x≤40 mg/m³。

In a bid to further control the Company's emission on gas stack and granulated tower dust and strengthen the Company's environmental responsibilities, on top of implementing stricter "Enterprise Standards", the Company has enforced the "Responsibility Scheme for Tower Director and Chimney Director"; each factory director shall be the one responsible for his own factory's emission, and the one who reports regularly on the emissions, which shall be recorded in his annual performance appraisal.

3) WASTE DISCHARGE

The Company classifies wastes according to local standards and reports 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 treatments.

• HARMLESS WASTE

The Company's major harmless wastes are furnace slag, fuel ash, vaporised slag and filter cake respectively. 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 degrees 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.

為進一步規範公司煙囪煙氣及造粒塔粉塵的排放，強化環保主體責任，本公司在執行更加嚴格的「企業標準」的基礎上，實行「塔長、囑長責任制」，每個分廠的廠長為本單位的環保第一責任人，定期上報總結排放情況，並計入當年的績效考核。

3) 廢棄物排放

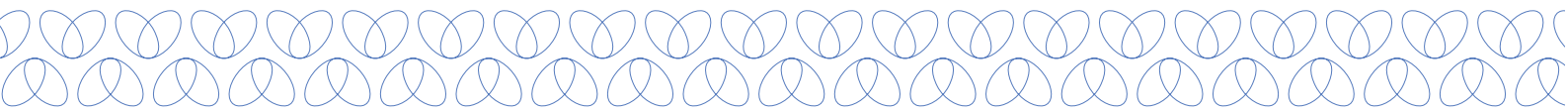
本公司按照地方標準對廢棄物進行分類管理，並根據國家工業固體廢物實行申報登記制度的要求，向環保主管部門提供主要工業固體廢物的種類、產生量、流向、貯存、處置等有關資料；對廢棄的固體廢物進行合理堆放，或轉移給有處理資質的單位進行焚燒、壓縮填埋等合規處置。

• 無害廢棄物

本公司的主要無害廢棄物是鍋爐渣、煤灰、汽化爐渣和濾餅等。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。

Emissions and Intensity of A1.3 Hazardous Waste and A1.4 Harmless Waste in 2017
2017年A1.3有害廢棄物及A1.4無害廢棄物的排放量及密度

Waste Discharge 廢棄物排放	Emissions (Tons) 排放量(噸)	Intensity (tons/million tons production) 排放密度(噸/萬噸產品)
Harmless Waste 無害廢棄物	496,072.8	1,179.2
Hazardous Waste 有害廢棄物	894.2	2.1



- **HAZARDOUS WASTE**

According to the List of Hazardous Waste, the hazardous wastes generated by the Company mainly include waste catalyst, waste oil, fuel oil and alkylated waste, for which the Company has in place corresponding internal and external disposal measures. Entities of the Company develop the rules for the site, volume and time of storage of hazardous waste and regulate labelling based on their features and external factors. In light of their own economic and technical conditions, industrial solid wastes are 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.

Regarding hazardous waste for internal use, the Company requires treatment or recycling facilities (equipment) with mature technology, qualified operators, 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.

Regarding hazardous waste for external use, the Company strictly implements the relevant national administrative licensing requirements and conducts bidding in accordance with its established procedures. The Company also manages the five forms in strict compliance with the requirements of the Management Measures for Transfer Forms of Hazardous Waste.

- **危險廢棄物**

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、雜醇油和煙化廢液等。針對這些危險廢棄物，本公司制定了相應的內外部利用的處理措施。本公司各單位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。

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。

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。

4) GREENHOUSE GAS EMISSION

In 2017, the Group proactively responded to the “Carbon Emission Permit Trading” arranged by the National Development and Reform Commission of the PRC, participated in greenhouse gases verification and training on market capacity of carbon trading organised by provincial and municipal committees and signed “Four-party Cooperation Agreement on the Demonstration of Carbon Emissions Management in the National Carbon Market(全國碳市場納管企業碳排放管理示範工程四方合作協定)” with China Emission Exchange, Henan Yingtan Environmental Technology Co.,Ltd.(河南盈碳環保技術有限公司) and Henan Provincial Petroleum and Chemical Industry Association, which have been collectively taking constructions of carbon emission forward and demonstrating the control of carbon emission in the industry. All entities of the Group proactively collect data on emission of greenhouse gases to fulfill the requirement of the government’s greenhouse gases report.

As the major emission entities, Henan XLX Fertiliser Co., Ltd. and Xinjiang XLX Energy Chemicals Co.,Ltd. receive inspection on carbon emission annually by investigation agency authorised by government. In view that the inspection time is later than the publishing time of the annual report, the data of greenhouse gases emission in 2017 is therefore not in a position to be disclosed in this Environmental, Social and Governance Report. To ensure the accuracy of data, the Group herein discloses the data of greenhouse gases emission in 2016 which was verified by the investigation agency; the data of greenhouse gases emission in 2017 shall be disclosed in the subsequent report after verification.

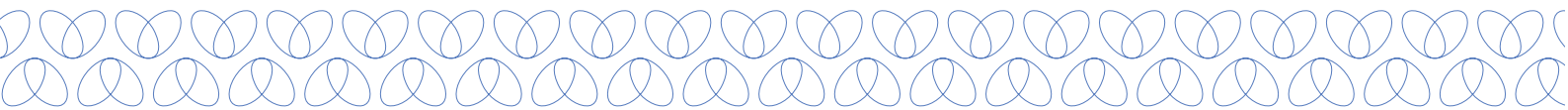
4) 溫室氣體排放

2017年，本集團積極響應國家發改委「碳排放權交易工作」的安排，參與了省、市發改委組織溫室氣體核查、碳交易市場能力培訓，與深圳排放權交易所、河南盈碳環保技術有限公司、河南石油和化工協會、簽訂「全國碳市場納管企業碳排放管理示範工程四方合作協議」共同推進碳排放示範工程建設，實現碳排放管理示範企業的引領作用。本集團各單位積極開展溫室氣體排放數據收集工作，積極配合政府的溫室氣體報告。

河南心連心化肥有限公司和新疆心連心能源化工有限公司作為重點排放單位，每年接受政府授權的第三方核查機構的碳排放數據核查。由於核查時間晚於年報發佈時間，因此無法在本ESG報告中披露2017年的溫室氣體排放信息。為了保證數據的準確性，本集團在本報告中披露經第三方核查的2016年碳排放數據，2017年的碳排放數據通過核查後將在後續的報告中披露。

A1.2 Emission and Intensity of Greenhouse Gases in 2016
2016年A1.2溫室氣體排放量及密度

Emission of Greenhouse Gases 溫室氣體排放	Emission (tCO ₂ e) 排放量 (tCO ₂ e)	Total Emission (tCO ₂ e) 排放總量 (tCO ₂ e)	Emission Intensity (tCO ₂ e/Tons product) 排放密度 (tCO ₂ e/噸產品)
Direct Emission (Aspect I) 直接排放 (範疇一)	6,665,731.7		
Indirect Emission (Aspect II) 能源間接排放 (範疇二)	1,140,662.6	7,806,394.3	1.6



A2 USE OF RESOURCES

The Group strives to make full recycled use of resources in all aspects and maximize energy and water 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), to strengthen energy management and to 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, to reduce the loss and waste at various aspects including acquisition, storage, processing, conversion and consumption of energy and to use water and energy more effectively and reasonably.

1) ENERGY CONSERVATION

The Company has set up an energy conservation leading group, with general manager acting as head, and also 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, and 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 has established an energy management system in accordance with GB23331 which is inspected and approved by external supervisory body.

In order to improve the efficiency of enterprise energy use and accelerate the integration of industrialization and informatization, the Company has developed an energy management centre demonstration project, which monitors the inlet main pipe at energy stations of the Company for electricity, steam, compressed air, hot water and water and its internal energy, in order to achieve efficient use of energy.

A2 資源使用

本集團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。

1) 節約能源

本公司設立了節能工作領導小組，由總經理任組長，並設立公司、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。本公司依據 GB23331 建立了能源管理體系，並通過外部監督審核與認證。

為提高企業能源利用效率，加快工業化和信息化的融合，本公司建設能源管理中心建設示範項目，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。



GB23331 Energy Management System Certificate
GB23331 能源管理體系認證證書

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 old techniques technologies and equipment with high energy consumption, encourages to introduce advanced foreign energy-saving technologies and develops, promotes and applies new energy-saving technologies, new technology, new equipment and new materials, for instance, approximately RMB200 million was invested in implementing approximately 20 large-scale energy-saving projects, among which the Urea Energy Balance Optimization Renovation Project (尿素能量平衡優化改造專案), in which RMB 24 million was invested saves 18,000 tons of standard coal annually.

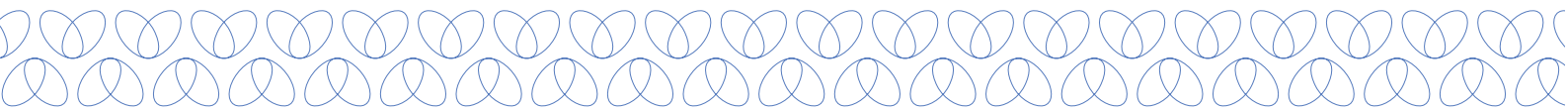
All units of the Company strictly follow the national and industry standards for energy consumption limits, and the efficiency of power consumption equipment is measured on a regular basis to ensure economic and reasonable power consumption at all units. All units of the Company regularly inspect their own energy consumption, implementation of energy-saving measures, energy-saving assessment and review of fixed assets investment projects and implementation of industry design standards to timely stop and deal with illegal wastage of energy. The Company regularly organises energy conservation publicity and education activities to actively promote energy-conservation principles, policies, laws, regulations, standards and energy-conservation knowledge, in order to improve the awareness and concept of energy-saving among all staff.

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：2017年實施較大節能技改項目近20項，投入節能資金近2億元，其中投資2,400萬元實施的尿素能量平衡優化改造項目，年節能量達到1.8萬噸標煤。

本公司各單位均嚴格執行國家和行業的能耗限額標準，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。各單位定期檢查用能情況、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。本公司定期組織開展節能宣傳教育活動，積極宣傳節能方針、政策、法律、法規、標準和節能科學知識，提高廣大職工節能意識和節能觀念。

A2.1 Energy Consumption and Intensity in 2017
2017年A2.1能源消耗量及密度

Type of Energy 能源類別	Energy Consumption 能源消耗量	Total Consumption (MWh) 能耗總量 (MWh)	Consumption Intensity (MWh/Tons Product) 能耗密度 (MWh/噸產品)
Fuel 燃料煤	855,180.0 Tons 噸		
Raw coals 原料煤	2,755,602.7 Tons 噸		
Diesel Fuel 柴油	927.2 Tons 噸	22,364,713	5.3
Gasoline 汽油	424.0 Tons 噸		
Electricity 電	215,820.2 GWh 萬度		



2) SAVING WATER RESOURCES

The Company strengthens its water-saving management and rational use of water resources, in order to build a green energy-saving enterprise. The Company has set up an integrated water resource management committee, who is responsible for setting annual water-saving targets, indicators and incentive measures, and also accountable for information collection, technical reserve, project implementation, optimisation and transformation, personnel training, research activities, supervision and inspection relating to water saving management.

The Company monitors the water resource management at all plants, and according to the overall requirements of the Company, converts water resource cost from "management expense" to "production cost" and allocates the cost to each water consumption unit 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 Company encourages the comprehensive utilization of various water resources in chemical industry parks and living areas, and increases incentives for water conservation units. In order to improve the recycling rate of water resources, the Company has adopted the water reuse and urea process condensate to improve water consumption efficiency.

2) 節約水資源

本公司強化企業節水管理，合理利用水資源，創建綠色節約型企業，成立了水資源一體化管理委員會，負責制定本公司年度節水目標、指標及激勵措施和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。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解析廢液處理回用技術等方法來提高用水效率。

A2.2 Consumption and Intensity of Water in 2017
2017年A2.2水的消耗量及密度

Type of Water 水的類別	Consumption of Water (Tons) 水消耗量(噸)	Intensity of Water Consumption (Tons/ Tons Product) 水耗強度(噸/噸產品)
Water 水	8,163,779	1.9

The Company manages and prepares comprehensive statistics on the consumption of packaging material, to control the consumption of packaging material and reduce wastage.

本公司對包裝材料的使用進行全面的統計和管理，規範包裝材料的使用，減少包裝材料的浪費。

A2.5 Consumption of Packaging Material and Units Product Volume in 2017
2017年A2.5包裝材料的用量及單位產品佔量

Type of packaging material 包裝材料類別	Consumption (Tons) 消耗量 (噸)	Units Product Volume (Tons/ Million Tons Product) 單位產品佔量 (噸 / 萬噸產品)
Sack 編織袋	6,692.7	15.9

A3 ENVIRONMENT AND NATURAL RESOURCES

The major environmental and natural resources impacts of the Company include exhaust and wastewater discharge, water resources and energy consumption. The Company pays much attention 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 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.

A3 環境及天然資源

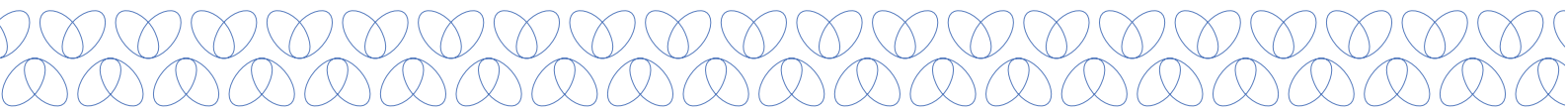
本公司的主要環境及天然資源影響包括廢氣與廢水排放、水資源與能源資源消耗。本公司高度重視運營過程所造成的環境及天然資源影響，建立針對性的環境管理體系和能源管理體系，制定《環境保護管理規定》和《心連心公司節約能源管理規定》等相關管理規定來加強管理，減少環境及天然資源影響。

B SOCIAL

While pursuing economic performance, XLX also highly values the performance of corporate social responsibilities by protecting 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 the improvement of its long-term competitive advantages.

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 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 cares 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 relation to promote the common development of the Company and employees.

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. The resignation and dismissal process of the company’s employees strictly complies with relevant laws and regulations of the country, to protect the legitimate rights and interests of employees.

1) PERSONNEL RECRUITMENT

The Company implements unified personnel planning and recruitment selection. It recruits talent 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. In the recruitment process, the Company has been in strict compliance with relevant laws and regulations, candidates are treated in a fair and equal manner without regard to their nationality, sex, colour, age, family background, ethnicity, religion, and physical status.

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。

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。本公司員工的離職與解僱過程嚴格遵守國家相關法規要求，保障員工的合法權益。

1) 人員招聘

本公司實施統一的人員規劃及招聘選拔，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。公司在招聘過程中，嚴格按照國家相關法律、法規，不因種族、性別、膚色、年齡、家庭背景、民族傳統、宗教、身體素質等區別對待，堅持公正、公平、平等原則。

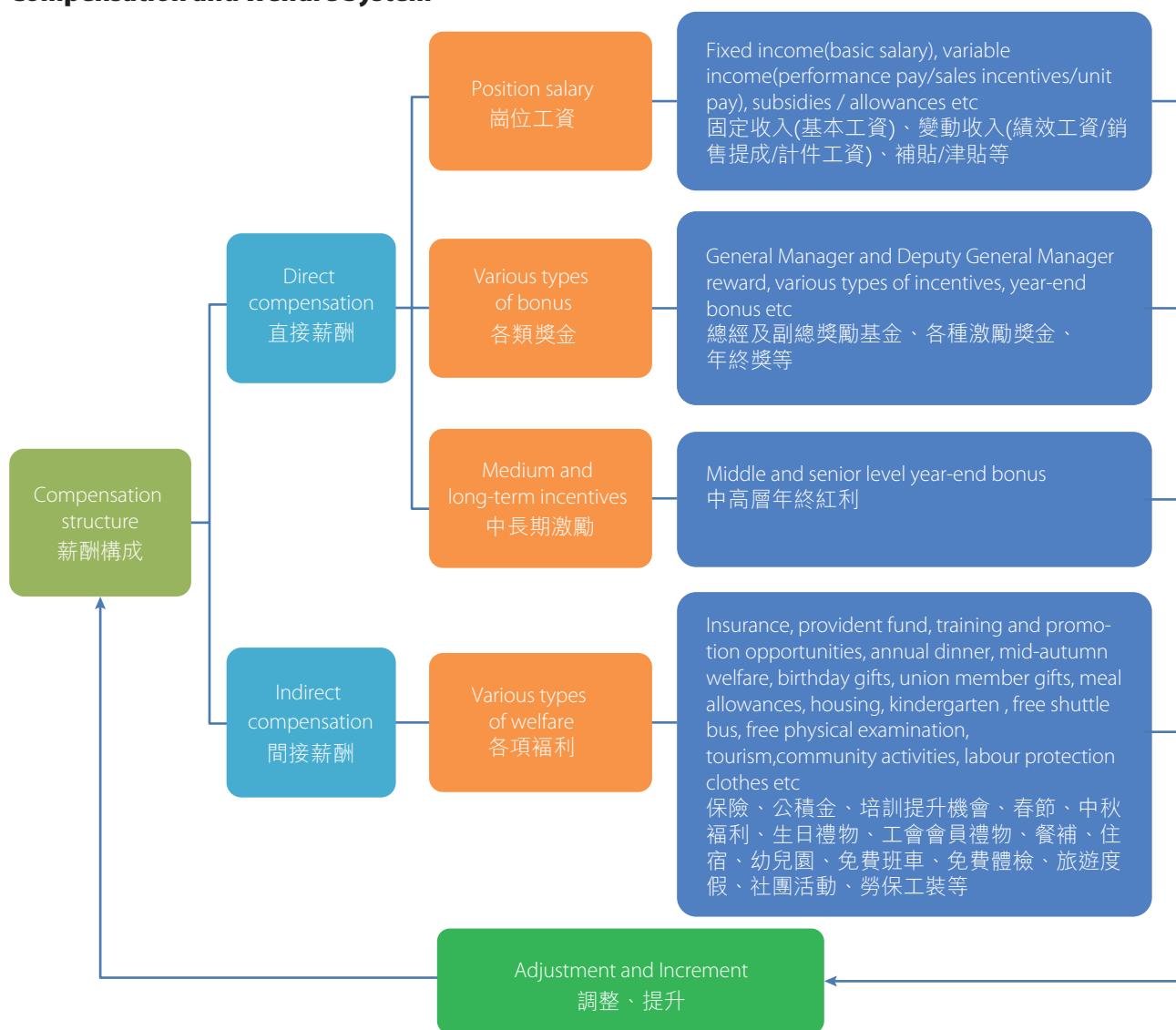
2) COMPENSATION AND WELFARE

The Company has set up a fair and equitable, multi-level, multi-type compensation incentive system, subject to annual adjustments. The Company has a broad band salary plan, with position stated vertically, and salary level stated horizontally. Under the circumstance of unchanged position and job level, the remuneration packages can be increased by raising the salary level, with reference to the employee's capability and performance, reserving larger development space for staff, in a bid to encourage employees with strong performance and stimulate those with poor performance.

2) 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寬帶薪酬，縱向劃分職等，橫向劃分薪級，根據員工技能提升及日常表現，在崗位不變、職等不變的情況下，可以通過提升薪級提高工資待遇，為員工發展預留較大空間，從而起到激勵先進、鞭策落後的作用。

公司薪酬福利體系 Compensation and Welfare System



3) WELFARE

The Company provides endowment insurance, unemployment insurance, medical insurance, industrial injury insurance and maternity insurance contributions to 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. In 2017, the Company stepped up its efforts on staff welfare, launching two caring acts including an increase of supplementary medical insurance, and an increase of the proportion of provident funds to 8%; on top of that, a caring retirement plan was composed, expressing the Company's care to the retirees from both living and service.

4) 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.

3) 福利方面

本公司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。2017年公司加大員工福利力度，相繼推出增加大額補充醫療保險和提升公積金比例到8%的兩大愛心舉措，此外還制定了退休人員關懷方案，從生活和服務兩方面展現公司對退休人員的關懷。

4) 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。

5) PROMOTION AND DEVELOPMENT

The Company's position system has established standard requirements for the name and rank of positions and their promotion paths, and also composed a series of assessment schemes, for example, the Measures for Selecting and Appointing Cadres at the Grassroots level (中基層幹部選拔任用辦法), 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). The Company assesses the employees' working performance and potentials on a regular basis annually, and also provides recruitment competition, to offer open and fair training and promotion opportunities to employees. The current promotion path of the Company can be divided into five paths, namely management, technical, sales, professional and operational; employees can be transferred among these five types.

5) 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，並建立了《中基層幹部選拔任用辦法》、《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》等一系列考核評定辦法。每年，本公司定期評估員工的工作表現或發展潛力，提供崗位競聘，給每位員工提供公開和平等的培訓及晉升機會。本公司目前的職業發展通道設置分為管理通道、技術通道、市場通道、專業通道與操作通道五個類別，各通道之間也可交叉進行流動。

M (Management) M (管理族) 管理通道		P (Professional) P (專業族) 專業通道		T (Technical) T (技術族) 技術通道			S (Sales) S (市場族) 市場通道		O (Operational) O (操作族) 操作通道		
Qualification 任職資格	XLX 心連心總	Qualification 任職資格	Position 業務	Qualification 任職資格	Technique 技術	Safety Technique 安全技術	Qualification 任職資格	Sales 銷售	Qualification 任職資格	Operaiton 操作工	General Technician 通用技工
M6	Chairman 董事長			T6	Chief Engineer 首席工程師						
	General Manager 總經理										
	Deputy General Management 副總	P5	Senior Expert 高級專家	T5	Senior Engineer 總工程師						
M5	Assistant to GM 總經理助理	P4	Expert 專家	T4	Expert-level Engineer 專家級工程師						
	Director/Plant Manager 總監/廠長										
M4	Manager/ Associate Manager 經理/副經理	P3	Director-level Specialist 主任級專家	T3	Director-level 主任工程師	Senior Safety 高級安全	S4	Sales Expert 銷售專家			
				T2	Engineer 工程師	Safety Director 主任安全					
M3	Supervisor 主管	P2	Supervisor- level Specialist 主管級專員	T1	Assistant Engineer 助理工程師	Safety Engineer 安全工程師	S3	Experienced Business Manager 資深業務經理	O4	Senior Technician 高級技師	Senior Technician 高級技師
						Assistant Safely Engineer 助理安全工程師					
M2	Specialist/ Leader 專員/組長	P1	Specialist 專員				S2	Senior Business Manager 高級業務經理	O3	Technician 技師	Technician 技師
							S1	Business Manager 業務經理	O1		Level 3 Worker 三級工
											Level 2 Worker 二級工
											Level 1 Worker 一級工

6) CARE FOR EMPLOYEES' LIFE

Employees are the driving force and source of enterprise development. As such, the Company fully considers the needs of employees and provides them with care and support by founding a Life Committee, organizing various activities and providing them with convenient living facilities. The Group 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 march, workers' sports games, thanksgiving week, helping poor workers, team building experience exchange and the Spring Festival party. In 2017, the Company commenced a series of staff caring activities.



Model workers visited Aerospace Expo in 2017
2017年劳模看航展活動

6) 關愛員工生活

員工是企業發展的動力和源泉。由此，公司充分考慮員工需求，時刻傾注關懷與照顧，成立了生活委員會，為員工組織豐富多彩的活動，提供生活便利設施。結合企業實際和生產特點，本集團建立、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。2017年，本公司開展了一系列的員工關愛活動。

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), and the Emergency Plan Management Rules (公司應急預案管理規定). 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 with its advanced safety culture and concepts, which has actively predicted and coped with potential negative factors in the operation of the Company.

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》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作業環境和勞動條件。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。

1) OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

The Company implements production safety responsibility system. 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 protects the production safety by continuous safety supervision and daily inspections. The forms of daily inspection include company-level cross checks, Team self-examinations, comprehensive workshop safety inspections, routine inspections by safety sections at each plant, and special inspections. By improving emergency response system, the Company has established monitoring and early warning, and alarming facilities. 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.

In 2017, the Company built safety instrumented system in major hazardous zone at each plant, in accordance with Interim Provisions on the Supervision and Management of Major Hazards of Dangerous Chemicals. The production equipment was able to stop operating under abnormal situations, preventing accidents from happening. In addition, the Company completed inspecting the production operation room, and confirmed 61 renovation projects, including relocation of operation room, increase of emergency channels, partial steel protection wall, and pasting flaming proof, within this year.



On 6 August 2017, safety meeting and inspection activities were arranged
2017年8月6日，安全大討論及大排查活動

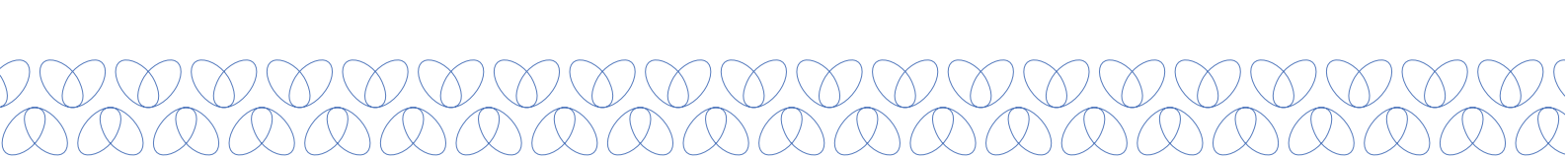


On 20 June 2017, a company-level emergency practicing activity related to hazardous chemicals were undergone
2017年6月20日，集團公司級危險化學品事故應急演練活動

1) 安全生產與職業健康

本公司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。本公司通過持續的安全督查和日常檢查來保障公司的安全生產。日常檢查的形式包括公司級安全互查、班組自查、車間綜合安全檢查、各分廠安全科例行檢查和專項檢查等多種形式。本公司通過完善應急預案體系、設立了監測預警和報警喊話系統等設施、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。

2017年，根據《危險化學品重大危險源監督管理暫行規定》要求，本公司組織各分廠對重大危險源區域設置了SIS系統，實現了異常情況下生產裝置能夠自動安全停車，避免惡性事故發生。此外，本年內，本公司完成生產現場操作室安全情況進行檢查，確定61項整改項目，包括操作室移位、增加應急通道、牆體鋼板局部防護、貼防爆膜等措施。



The Company maintains fire-fighting facilities and equipment in accordance with 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. 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.

2) 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 2017, the Company has also formulated General Safety Requirement and Provisions on the Supervision and Administration of Labor Protection Articles, to regulate the employees' safety from multi-dimensions. Furthermore, the Company has set up a publicity and promotion mechanism, establishing and improving a company-level safety publication, and consistently promoting Safety Month activities every year at June.

The Company consistently commences safety training both internally and externally. 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. Additionally, the Company has trained the safety internal trainers both theoretically and practically, and also formulated "Safety Management and Sustainably Enhances Management Methods for Professional and Technical Personnel" (《安全管理可持續提升專業技術人員管理辦法》), in order to recruit safety professionals according to their rankings.

本公司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。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。

2) 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。2017年公司還制定了《一般安全規定》和《勞動防護用品管理規定》，多角度規範員工安全。此外，本公司還建立宣傳促進分委會機制，創建並推進公司級安全專刊並持續推行每年6月安全月系統活動。

本公司持續開展內外部安全培訓，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、班組級的安全培訓模式。此外，本公司通過「理論+實踐」的方式，對公司安全內訓師進行培養，制定了《安全管理可持續提升專業技術人員管理辦法》，對安全專業技術人員實施評聘。

3) 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. In 2017, the Company adopted Dupont Safety Management, and commenced management and training activities such as basic safety management improvement, staff skill enhancement, and management safety capability improvement. On 19 September 2017, approximately 180 participants of Henan Province Hazardous Chemicals Safety Management On-site Meeting (河南省危化品安全管理現場會) visited four branches of Henan XLX Chemical Fertiliser Co.,Ltd., observed the operation of safety management, and exchanged views on safety and safety experiences.

B3 DEVELOPMENT AND TRAINING

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 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 External Training Guide for Mid-level Managers (外出培訓作業指導書) and Introducing and Training Program for Management Trainee (管理培訓生引進與培養方案), 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 areas including training needs, training plans, training implementation and training effectiveness evaluation.

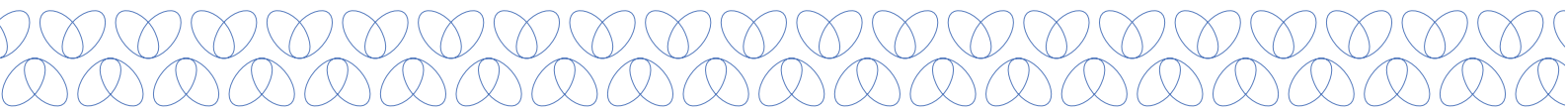
3) 杜邦安全管理

基於「一切為了員工安全」的原則，本公司於2014年7月初花費巨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。2017年，本公司持續開展杜邦安全管理，開展基礎安全管理提升、員工技能提升和管理幹部安全能力提升等一系列管理提升和培訓活動。2017年9月19日，河南省危化品安全管理現場會的180餘名參會人員到河南心連心化肥有限公司四分公司觀摩安全管理工作，交流安全心得，分享安全經驗。

B3 發展及培訓

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，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》、《管理培訓生引進與培養方案》等管理制度，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。



1) 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 general quality training 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 to meet the development needs of the Company.

- **JOINT TRAINING WITH COLLEGES AND UNIVERSITIES**

The Company has been partnering with Henan Chemical Technician College to enroll chemical process major students with a view to training front-line operator for the Group.

- **SPECIAL TRAINING INCLUDING EMBA**

The Company has been sending key personnel to receive EMBA training and professional training courses at Tsinghua University, Peking University and Zhengzhou University.

1) 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、通用素質培訓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。

- **與院校聯合培養**

本公司與河南化工技師學院聯合招收化工工藝專業的學生，為本集團培養一線操作人員。

- **EMBA等專業培訓**

本公司選派公司骨幹參加清華大學、北京大學、鄭州大學等高校的EMBA課程和專業類研修課程培訓。

• COMMISSIONED TRAINING

The Company engages external professional training agency to offer management, technical and relevant industry training for our employees annually.



In December 2017, the Company organised “Enterprise Operation Simulation Game”, in which the senior manager, “helmsman” of all departments were involved. Through emulating the corporate’s operation, with reference to cases, each management department was able to broaden their own horizons, and further understand the Company’s unified strategy.

2017年12月，本公司組織開展「企業運營沙盤模擬」培訓，公司高層、各單位「一把手」以及業務部門骨幹參加了培訓。通過沙盤模擬企業運營，依託案例，使各管理部門突破自身的線型視野，進一步加深中高層幹部對公司一體化戰略的理解。

• INTERNAL TRAINING

The Company has adopted a method of “centralised 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, providing internal training such as job skill training, management ability improvement, and corporate culture training, in forms of online, classroom, field exercise and role playing. In 2017, the Company cooperated with Times Bright CreSuccess to develop online training platform, in a bid to consolidate the Company’s internal training resources, and provide all employees from level with online training contents related to business and management, enhancing the diversity and convenience of training. Moreover, the Company encourages all departments to develop their own training system, and step up their efforts in cultivating internal lecturers.

• 外聘內訓

本公司每年會聘請外部的專業培訓機構為公司員工開展管理、技術或行業相關的培訓。



In 2017, the Company invited 5 experts in the industry to give lecture on the development and application of coal chemical industry chain, water soluble fertiliser, and microbial fertiliser. The mid and senior level managers thus knew more about the development trend of industry, and the current technology and products, which led the direction of Company’s future strategy and planning of the product structure.

2017年共邀請5位行業內專家，針對煤化工產業鏈發展、水溶肥發展與應用、微生物肥發展與應用三個主題進行講解與溝通，使中高層幹部清楚了行業的發展趨勢以及目前新型技術與產品現狀，推動了公司未來的戰略方向與產品結構的確定和佈局。

• 內部培訓

本公司採取「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台系統，開展內部培訓，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。2017年，本公司與時代光華合作開發在線培訓平台，整合公司內部培訓資源，向公司各層級員工提供業務與管理方面的在線培訓內容，提高培訓的多元性與便捷性。此外，本公司鼓勵公司各部門開發基於崗位的課程體系，並加強內部講師的培養。

- **PRE-JOB TRAINING**

Since its inception, the Company has been providing a centralised 28-day pre-job training for its new employees, covering military training, corporate culture, regulations and rules, corporate's strategy, products knowledge, safety and fire-fighting and outward bound training.

- **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、規章制度、公司戰略、產品知識、安全消防、拓展訓練等。

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 employees 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.

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。

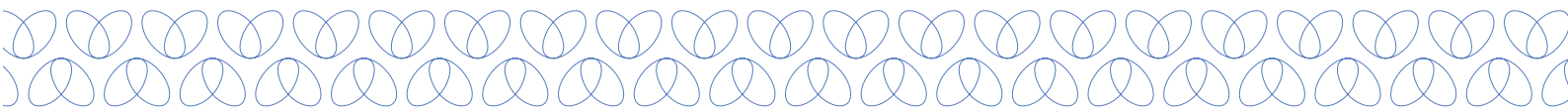
員工工作時間，嚴格遵守國家相關法令規定，尊重員工的休息時間，依法規給予休假。若因工作需要安排員工加班亦必須由員工自願參加，以防止強迫加班之情事發生，並根據相關的法規支付加班費。

B5 SUPPLY CHAIN MANAGEMENT

The Company has formulated and strictly followed internal regulatory documents including the Auction Management Program (招投標管理程式), the Supplier Management Manual (供應商管理程式), the Procurement Management Program (採購管理程式). The Company upholds 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.

B5 供應鏈管理

本公司制定並嚴格按照《招投標管理程序》、《供應商管理程序》及《採購管理程序》等內部規範性文件開展供應鏈管理，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，共同實現環保、安全與健康領域的社會責任承諾。



1) DAILY SUPPLIER MANAGEMENT

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. In order to realise the check and balance for procurement, it separates bidding from procurement and technology tenders from business tenders. 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.

In accordance with the requirements of the Supplier Management Program (供應商管理程式), 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 situation.

2) 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 situation.

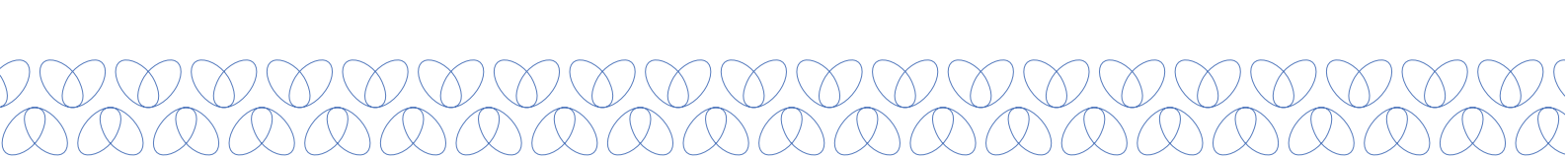
1) 供應商日常管理

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台，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；本公司嚴格實行供應商准入制度，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。

本公司按照《供應商管理程序》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。

2) 供應商能力提升

本公司積極構築卓越供應鏈平台，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 documentary 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.

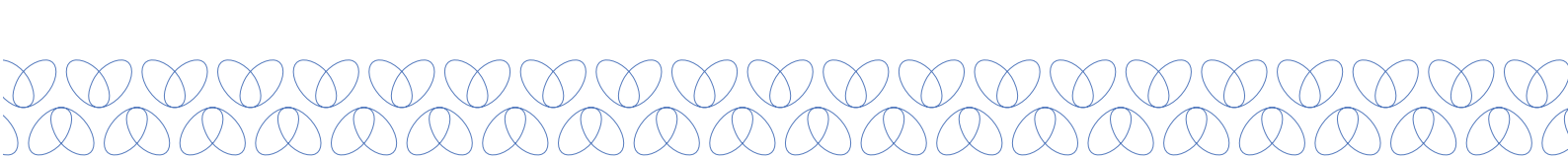
3) PASSING ON SOCIAL AND ENVIRONMENTAL RESPONSIBILITY CONCEPT

While striving to establish 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 provide valid qualification certificates including business licenses, quality system certificates, safety or environment system certificate, industry related qualifications and certificates required by the government. The Company carries out monitoring at source, 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.

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。

3) 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、安全或環境體系證書、國家規定的應具備的行業等級資格證書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、短信平台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。



The Company evaluates its suppliers' product quality, promptness of delivering goods, price, support for techniques and service, safety and environmental indicators. The Company has stipulated in Supplier Management Program that if any supplier 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 it will be disqualified and blacklisted by the Company and its business relationship with the Company will be terminated.

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 the 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，顧客滿意為准), the Company requires high product quality at all areas 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.

本公司對供應商的評價標準包括了產品質量、交貨及時性、價格、技術和服務支持、以及安全與環保考核方面的指標，並在《供應商管理程序》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 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，顧客滿意為准」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，以期提供更高效率、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。



In addition, the Company has established a quality control system ISO9001, which was approved by third party, and formulated and strictly implemented internal systems and procedures including the Control Program of Product Realisation(產品實現控制程式), the Management Program of New Products(新產品開發管理程式), Maintenance Management Program for Public Relations(公共關係維護管理程式), 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(知識產權管理程式). 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.

1) ENSURING PRODUCT QUALITY

(1) QUALITY PRODUCT DEVELOPMENT

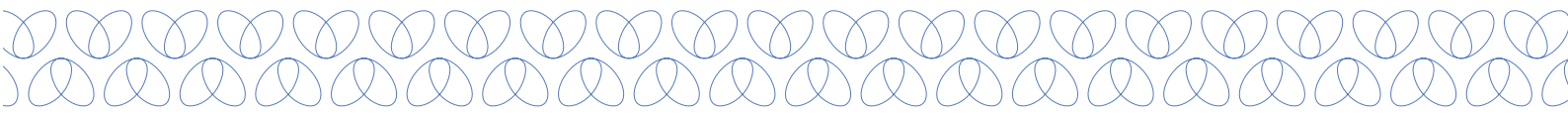
The Company holds regular quality analysis meetings, conducts a variety of activities in the National Quality Month, and encourages active participation by all employees, in order to increase the quality awareness and create a good environment in which everyone cares about quality. In addition, the Company's senior management organises regular learning of regulatory documents, in order to communicate knowledge about relevant regulations with employees and improve the overall quality culture development of the Company.

此外，本公司建立了ISO9001質量管理體系，並通過第三方的體系認證，制定並嚴格執行《產品實現控制程序》、《新產品開發管理程序》、《公共關係維護管理程序》、《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，保護公司和其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。

1) 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法規學習，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) 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 MANAGE SYSTEM

- Emphasis on product development

Following the principle of “efficiency, environment-friendliness and safety”, the Company organises annually the relevant departments to conduct feasibility analysis on the new products, 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.

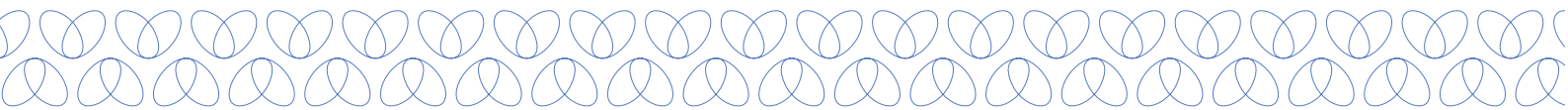
(2) 質量安全責任制

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) 質量控制

- 注重產品開發

本著「高效、環保、安全」的原則，本公司每年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。



- 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.

- 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. For off-specification product, the Company will handle it in accordance with Internal Operational Control Program of Management System (管理體系內部運行控制程式), or take remedial measures.

- Strict factory evaluation

The Company has a rigorous product evaluation system. Before delivery, products must go through loads of tests, including performance tests such as indoor test at the early stage, community 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 performance-enhancing.

- 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。

- 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。對於檢驗不合格的產品，執行《管理體系內部運行控制程序》進行處置或採取糾正措施。

- 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。

(4) PRODUCT RESEARCH AND DEVELOPMENT

Currently the Company has three major high-efficiency fertiliser products, namely control release fertiliser, humic acid and polyaspartic. In 2017, the Company continued to develop and test new products, and set up product demonstration points. The Company has undergone thirteen projects, and promoted nine new products, including tower granulated fulvic acid compound fertiliser(高塔黃腐酸複合肥), Hei Li Wang upgrade compound fertiliser(黑力旺複合肥升級), generium zinc generation I(聚能網鋅一代), polyglutamic acid urea(聚谷氨酸尿素), upgrade special fertiliser for potato, special fertiliser for fruit tree, special fertiliser for tea tree, stable compound fertiliser, Zhen Wei Duo upgrade formula(珍維多配方升級); certain degree of success was achieved. In addition, considering the problem of high-efficiency fertiliser agglomeration, the Company tackled the issue by adopting storage specification and anticaking agent. On top of that, the Company has been doing positioning test and research with external scientific research institution for fifteen years, examining the impact of fertiliser on the reduction of ammonia volatilization and its impact on the leaching of soil, in order to reduce the impact on environment. 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.

2) 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. The Company has also established 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.

(4) 產品研發

本公司目前有三大高效肥產品，即控失肥、腐植酸、聚能網。2017年，本公司持續開展產品研發、產品試驗，設置產品示範點，共進行了13個項目的研究，推廣新產品9個(高塔黃腐酸複合肥、黑力旺複合肥升級、聚能網鋅一代、聚谷氨酸尿素、馬鈴薯專用肥升級、果樹專用肥、茶樹專用肥、穩定性複合肥、珍維多配方升級)，取得了一定的成效。此外，針對高效肥結塊的行業難題，本公司通過儲存規範和防結劑應用兩個手段使高效肥結塊得到有效解決。此外，本公司與外部科研機構開展了長達15年的定位試驗和研究，測試肥料對減少氮揮發的影響和對土壤中淋失的影響，減少環境影響。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。

2) 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裡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。本公司打造一流的農業服務團隊，提供在線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。

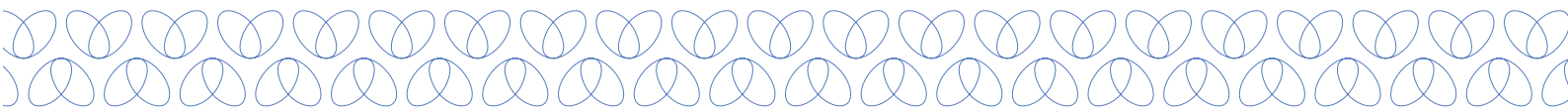
In addition, the Company has developed customised soil testing and fertiliser allocating project with the assistance of "Internet+". By building XLX intellectual terminals fertiliser allocating station for soil testing and fertiliser allocating project, the Company scientifically analyses the nutrients of the soil sample, and hence customises fertiliser formula, and uniformly purchases and distributes raw material, offering a one-stop service, including testing, allocating, producing, supplying and distributing, soil testing formulaic product, as well as comprehensive agriculture services. Until present the Company has already established 4 intellectual terminals fertiliser allocating stations. Meanwhile, the aforementioned project is in line with the land transfer intensifying planting trend, practicing policies such as chemical fertiliser zero-growth and supply-side reform, increasing the corporate's value and farmer's production volume. In the 5th South China (Guangzhou) Agricultural Materials Expo, the Company was honourably awarded the "Leading Fertiliser Enterprise China Agricultural Supply-Side Reform 2017". The Company highly values the business development of distributors, and encourages distributors to operate as corporations, it has organised several training for distributors and business staff, as well as learning activities.



Visit and learn at Qingfeng Market (清豐市場) with distributors.
組織經銷商赴清豐市場參觀學習活動

此外，本公司還借助「互聯網+」開展定制化的測土配肥項目，通過建立心連心測土配肥項目智能終端配肥站，對土壤樣本中的養分進行科學分析，定制肥料配方，實施原料統一採購和配送，為農戶提供測、配、產、供、銷一站式的測土配方產品和全方案農技服務。截至目前本公司已成立4家智能終端配肥站。同時該項目順應了土地流轉集約化種植大潮，踐行國家化肥零增長、供給側改革等政策，實現了企業價值增長和農戶的增產增收。

在第五屆華南(廣州)農資博覽會上榮獲「2017中國農化供給側改革標杆肥料企業」榮譽，心連心董事長劉興旭榮獲「2017中國農化供給側改革領軍企業家」榮譽。本公司高度重視經銷商的業務發展，鼓勵經銷商開展公司化運營，並多次開展經銷商及業務人員培訓及參觀學習活動。



(2) FOCUSING ON CUSTOMER SATISFACTION

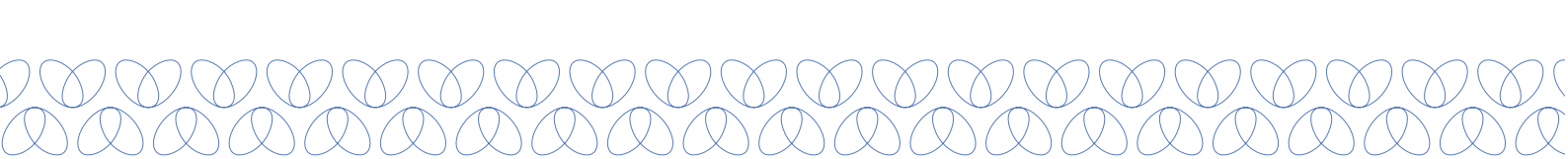
In order to strengthen the management of customer complaints, the Company has developed measures and procedures including the Service Feedback System, the Market Product Quality Feedback and Quality Accident Handling Measures, to ensure that complaints will be solved effectively and in a timely manner. The customer complaints are collected by marketing personnel and the 400 Customer Service Centre, and transferred to Department of Marketing, or Technical Centre for agriculture issue; other issues will be sorted by the 400 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 regulatory documents.

In 2017, the Company revised the Management Measures for Customer Satisfaction Survey, confirmed confirming that the Company conducts satisfaction survey on key customers each year in the form of questionnaire, and that senior management is also involved in the research by the new senior management approval procedures. Meanwhile, the Company appoints a third party professional organisation to conduct customer satisfaction survey to ensure the reasonableness and objectiveness of the customer satisfaction survey. In response to the feedbacks received, relevant departments conduct analysis and communicate through phased meetings, and study measures for improvement. At the end of the year, the Company conducts customer satisfaction market verification, in a bid to listen to our customer's views effectively.

(2) 關注客戶滿意度

為強化顧客投訴管理，本公司制定了《服務反饋制度》、《市場產品質量反饋及質量事件處理辦法》等辦法程序，確保投訴得到及時有效的解決：顧客投訴由市場業務員和400客服中心統一收集，反饋到銷售部，農化問題轉到技術中心，其他問題由400客服中心的信息處理人員將投訴信息分解到相關部門；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。

2017年，本公司修訂了《顧客滿意度調查管理辦法》，確定每年採用問卷調查的形式，對重點顧客實施滿意度調查，並增加高層審批流程實現高層介入調研。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，公司組織相關部門進行分析，通過階段性會議就此進行溝通，研究改進措施，並於年終進行顧客滿意度市場驗證，有效地傾聽「顧客的聲音」。



In 2017, the Company concluded the annual market feedbacks, and made improvement suggestions based on the feedbacks, including, and among others, placing more emphasis on quality, stepping up more efforts in researching the issue of agglomeration, providing more training for business staff, organising each departments on a regular basis to analyses study, allocate responsibility, make improvement and conduct follow-up in response of feedbacks.

(3) PROTECTING CONSUMER PRIVACY

The Company has set up a post of channel manager, who maintains basic records for customers and sets fixed procedure on 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.

3) 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 promote the filing, conversion, promotion and application of the relevant technological achievements.

2017年，本公司對全年市場反饋問題進行歸納總結，並制定了整改建議，強化領導對質量問題的重視程度，加大產品結塊攻關力度，加強業務人員培訓，定期組織各部門對市場反饋進行專項分析、調研、定責、整改、跟蹤驗證等。

(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。

3) 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。

4) 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. The design of compound fertiliser packaging bags of the Company must undergo reviews by numerous relevant departments, 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.

5) 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 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.

4) 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。公司產品包裝袋的設計須通過多個相關部門的評審，確認新產品包裝形象，檢查商標基準顏色、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。

5) 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 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, Anti-Money Laundering Law 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 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 (資訊對外披露管理規定). 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, prevents blackmail, fraud and money laundering, timely discloses financial information, encourages employees to report illegal behaviours relating to the Company and promotes the honesty of the Company and the community.

1) 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.



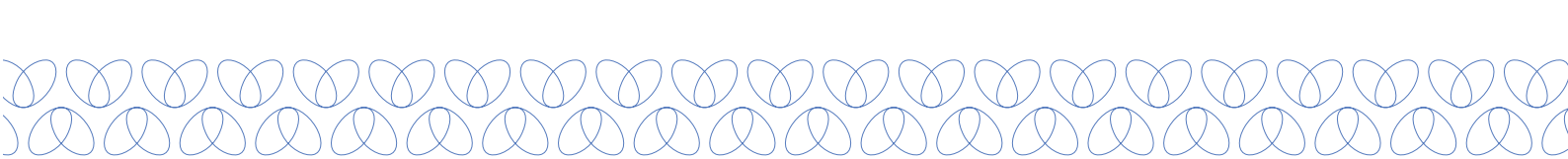
Incorruptible training for staff
員工廉潔培訓

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》、《中華人民共和國反洗錢法》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》、《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，防止勒索、欺詐及洗黑錢，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。

1) 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。



The Company has stipulated 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.

Furthermore, as the supervision and management of preventing commercial bribery, the Department of Audit and Monitor organises incorruptible and sales integrity training, manages, operates, departs auditing job such as risk management and auction, which incorporates XLX's culture of "honesty", "faith" and "care" into its commercial activities.

2) TRANSPARENT INFORMATION DISCLOSURE AND FAIR COMPETITION

In accordance with requirements, the Company offers 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. 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.

本公司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。

此外，本公司審計監察部作為預防商業賄賂的監督管理部門，組織了廉潔、銷售授信等的培訓和管理、經營、離任、風險管控和招投標等現場審計的工作，將心連心公司「誠」、「信」、「心」的企業文化融入公司商業活動中。

2) 信息公開公平競爭

本公司根據要求應通過公司內外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，以及網絡平台、招標平台、供應商和經銷商考評機制，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台，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。

3) 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 and reports of complaints and safeguard the interests of the Company, employees, shareholders and external stakeholders.



3) 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 2017, 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 mass of people 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。

2017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。

1) POPULARIZATION OF TECHNOLOGY TO SERVE FARMERS

In 2017, the Company proactively commenced several kinds of science beneficial works, by demonstrating planting, spraying fertiliser, and organising professionals' service, to enhance the scientific planting ability and standard of farmers.



In 2017, the Company cultivated 4809 crop fields for demonstrating control release fertiliser, humic acid, and nitro fertiliser. 1533 observation and reaping activities were done, and 600,000 major farmers and core customers were directly involved. 2017年，在全國22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4,809塊，各類觀摩及單打單收現場會1,533場，直接參與種田大戶及核心客戶60餘萬人。



In 2017, the Company organised a professional agricultural team formed by 40 external agricultural experts to offer comprehensive service plan, and set up about 200 product promotional activities of all kinds, providing about 20 guiding suggestions on planting and fertiliser, about 70 fertiliser package, and 20,000 Southern Agriculture Products Arts Album, which provided theoretical and practical information for promoting high-efficiency fertiliser. 2017年，公司組織農業專家服務團隊，提成全程服務方案，外聘農業專家40餘名，開展各類產品推廣活動200餘場，提供作物施肥指導意見20餘類，施肥套餐70餘個，發放「南方產品畫冊」2萬本，為推廣高效肥提供了理論和實踐數據參考。

1) 普及科技、服務農民

2017年，本公司積極開展各種科技惠民工作，通過示範田種植、示範肥料發放、組織專家服務隊等活動，提高農戶的科學種植的能力與水平。



In 2017, the Company organised about 40 charitable activities, such as offering about 2000 schoolbags and about 80 tons of fertiliser, building a positive brand image and closer relationship with customers. 2017年，公司開展示範村公益活動40餘場，發放書包2,000餘個，發放示範肥料80餘噸，較好地樹立了公司品牌形象，增加了客戶粘性。



In 2017, the Company participated in 10 "Long March" activities, with the demonstration of fertiliser, promoting the fertiliser package of "white + black", directly involving 4500 people of distributors and major farmers. The Company also participated in 12 long marching and Charitable China "King of Great Harvest" activities and showed XLX's integrity culture to farmers. 2017年，公司組織參與「重走長征路」活動10場，結合試驗示範田肥效，推廣公司「白+黑」套餐肥，直接參與經銷商及種田大戶4,500餘人，參與借力長征、沃豐中華「高效豐收王」活動12場，讓農戶感受到心連心誠信服務文化。

2) DONATIONS AND ASSISTANCE:

- Donated RMB 100,000 to Xinxiang County Helping Centre, showing caring and love.
- Offered chemical fertiliser worth approximately RMB 10,000 to villagers in Maqiu District, Jiashizhuang Town, Gaocheng, Hebei
- Donated 20 tons of quality chemical fertiliser to citizens who live in rainstorm stricken area such as Yueshan Town, Baitian Town, Fanjiang Town, Jinyu Town, Xiangxiang City, Hunan Province, in order to facilitate the local production
- Offered 40 tons of chemical fertiliser to less-privileged farmers in Xiwugong Village, Changji City, Xinjiang

3) SUPPORT COMMUNITY ACTIVITIES

In 2017, the Company supported several community activities, organised environmental, cultural, sports and safety promotion activities, and proactively bore the social responsibilities.

2) 捐贈與幫扶：

- 向新鄉縣幫扶中心送溫暖，獻愛心，捐款10萬元。
- 免費為河北省高城縣賈市莊鎮馬邱部分村民送去價值近萬元的化肥。
- 向暴雨襲擊的災區湖南省湘鄉市月山鎮、白田鎮、翻江鎮、金藪鎮等地捐贈優質化肥20噸助生產。
- 向新疆昌吉市西五工村貧困農戶贈送了愛心化肥40噸。

3) 支持社區活動

2017年，本公司多次支持公司所在社區的活動，開展環保、文體和安全宣傳等一系列活動，積極承擔社會責任。



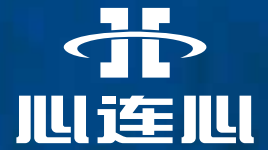
Approximately 200 staff of Xinjiang XLX participated in tree planting activities on 16 April 2017.
2017年4月16日，新疆公司心連心組織約200名員工開展植樹造林活動。



Participating in demonstration activities of emergency relief and safety equipment in Xinxiang
參與新鄉市應急救援及安全防護裝備展示活動



Promoting safety and emergency knowledge activities in surrounding area.
周邊社區安全應急知識宣傳活動

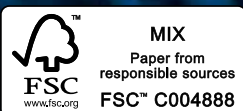


China XLX Fertiliser Ltd.
中國心連心化肥有限公司*

(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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