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SD-GOLD
SHANDONG GOLD MINING CO., LTD.
山東黃金礦業股份有限公司
(於中華人民共和國註冊成立的股份有限公司)
(股份代號：1787)

海外監管公告

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

兹提述本公司日期為2020年4月16日之海外監管公告，內容有關本公司於上海證券交易所網站刊發標題為「2019年度社會責任報告」（「該報告」）之公告。

該報告之英文翻譯已附於本公告之後僅供國際投資者參考。

承董事會命
山東黃金礦業股份有限公司
董事長
李國紅

中國濟南，2020年5月6日

於本公告日期，本公司執行董事為王培月先生、李濤先生和湯琦先生；本公司非執行董事為李國紅先生、王立君先生和汪曉玲女士；本公司獨立非執行董事為高永濤先生、盧斌先生和許穎女士。
This report is a true reflection of the social responsibility performance of Shandong Gold Mining Co., Ltd. in 2019, aiming to strengthen communications and contacts with stakeholders.

The Board of Directors and all directors of the company guarantee that there are no false records, misleading statements or major omissions in this report, and they will be jointly and severally liable for the authenticity, accuracy and completeness of the contents.

Reporting entity: Shandong Gold Mining Co., Ltd. and its subsidiaries.

Reference: In this report, “Shandong Gold Mining Co., Ltd.” is referred to as “SD-Gold”, “the company” or “we”.

Reporting period: From January 1, 2019 to December 31, 2019. Some contents may go beyond the above period.

Reporting Frequency: This report is an annual report.

Data declaration: In case of any discrepancy between the financial data disclosed in this report and the annual report data, the latter shall prevail. Other data are from internal statistics of the company. The currency used in this report is RMB unless otherwise stated.

Compilation basis: This report is formulated in accordance with the Guidelines for the Preparation of the Report on Performance of Corporate Social Responsibility issued by Shanghai Stock Exchange (SSE), the Guidelines of Shanghai Stock Exchange for Environmental Information Disclosure of Listed Companies issued by SSE to urge listed companies to take on social responsibilities, and the Environmental, Social and Governance (ESG) Report Guide issued by HKEX, with reference to the Sustainable Development Report Guide (G4) issued by Global Reporting Initiative(GRI), China National Standard-the Guidance on Social Responsibility Reporting (GB/T 36001-2015) and the Guidelines for China’s Corporate Social Responsibility Report Compiling 4.0 – General Mining Industry issued by Chinese Academy of Social Sciences. Meanwhile, it highlights the SD-Gold’s features and industry features.

Version: This report is released in Chinese. Any ambiguity shall be explained by the Chinese version. This report is available in printed and electronic formats. The electronic format is accessible at www.sse.com.cn.

In case of any feedback, please contact:
Corporate Culture Department of Shandong Gold Mining Co., Ltd.
Tel: 0531-67710537
Email: hj600547@163.com
CHAIRMAN’S STATEMENT

SHOULDERING OUR RESPONSIBILITY AND STRIVING TO BE AN INTERNATIONALLY FIRST-CLASS MINING ENTERPRISE

Looking back at the year of 2019, we made full use of the historical opportunity and policy benefits of the reform of state-owned assets and state-owned enterprises to promote the high-quality development of the company with new driving forces. We always kept social responsibility in mind, and actively undertook corporate social responsibility by strengthening social responsibility management, adhering to the operation in accordance with the law, accelerating innovation-driven development, strengthening the awareness of safety and environmental protection, and participating in charity and public welfare activities.

CONTINUOUSLY IMPROVING QUALITY AND EFFICIENCY TO ENSURE SUSTAINABLE DEVELOPMENT.

With new development concept, we enhanced our management, improved our quality and efficiency and put our focus on key links to reduce production cost. We carried out special activities to optimize mining & filling process and reduce the ore dilution. We implemented the high-quality development index evaluation system for mining enterprises throughout the company, strengthened key indicators comparison, constantly improved the evaluation system, enhanced cost-volume-profit analysis, and effectively controlled the cost level. Our delicacy management level was improved significantly, providing a strong support for realizing sustainable development.

ADHERING TO INNOVATION TO FORGE AHEAD.

SD-Gold has been leading the industry in exploration, mining, smelting and other technologies. By the end of 2019, the company had 210 patents in force, including 61 patents for invention. We took the historical opportunity of changing the driving forces in Shandong Province. With Sanshandao Gold Mine as the pilot, we improved our productivity, resources utilization and ecological mining construction through digitalization, network, artificial intelligence and informatization, embarking on the way to become an internationally first-class demonstration mine. Currently, various projects have been under construction, which are themed with safety & high efficiency, human- ity & harmony, environmental protection, and artificial intelligence respectively. It is expected that Sanshandao Gold Mine will take a lead in the world’s first-class “smart mine” by 2020.

ADHERING TO GREEN AND SAFE PRODUCTION TO CREATE ECOLOGICAL MINING.

As the initiator and practitioner of ecological mining in China, we always adhered to the recycling development mode of mine with ecological civilization in mind. We’re committed to keeping the environment clean and protecting the earth, our home. We never changed our goal of “zero accident” in both safe production and environmental protection, and strictly followed the “three simultaneous” (conduct the design, construction and operation for environment protection simultaneously with the project) system for environmental protection during the construction of various projects. We promoted clean production and formed a multiple development mode integrated resource utilization and ecological protection. We utilized the land and the waste in a reasonable way. With “scientific mining methods, efficient utilization of resources, standardized management, environment-friendly production process and ecological-friendly mining environment” as the basic requirements, we strictly fulfilled the obligations of energy conservation, emission reduction, pollution prevention and resource conservation during the ecological mining construction and made solid progress in environmental protection. 12 of our mines have been rated as National-Level Green Mine, and we plan to turn all our mines into National-Level Green Mine by 2020.

ADHERING TO WIN-WIN COOPERATION AND SHARING DEVELOPMENT RESULTS.

Based in Shandong Province, focusing on China and targeting at the whole world, we kept accelerating the pace of “going global”. We actively participated in the allocation of global gold resources, and jointly operated Veladero Gold Mine with Barrick Gold Corporation in South America. In July 2019, we established a representative office in Toronto, the largest city in Canada. This has boosted the development of local economy and improved the people’s living standards. We have established harmonious relationship with local government, local villages and the minority ethnic groups, demonstrating a good image of a state-owned enterprises with sense of responsibility.

At a new historical starting point, SD-Gold will focus on core business of mining, and adhere to the development concept of “Shandong Gold, Ecological Mining” and the business principle of “Resources First, Cost Efficient, Innovation-oriented”. We will make more efforts in promoting supply-side structural reform and speed up the adjustment of industrial structure. We will implement international development strategy on the big stage with broad vision and find new driving forces for high quality development. We will remain true to our original aspiration and keep our mission firmly in mind to move forward. We will take our social responsibility and keep our objective “to benefit the employee, reward the shareholders, contribute to the society, and build a strong and prosperous China”, striving to be an industry-leading and world-class mining enterprise.
ABOUT US

COMPANY PROFILE

Founded in January 2000, Shandong Gold Mining Co., Ltd. (hereinafter referred to as “the company” or “SD-Gold”) is a listed company controlled by Shandong Gold Group Co., Ltd. The company was listed on Shanghai Stock Exchange on August 28, 2003 and on the main board of the HKEX on September 28, 2018. Since the company’s H share was included into the list of Hong Kong stocks on October 19, 2018, the company has realized the new layout of “A+H” shares in two capital markets.

Since listed, the company has been adhering to the strategy of “making the gold business excellent and strong” and the objective of “maximizing the company’s value and shareholders’ interests”. With the commitment to build the safe and green mines, the company has established the brand image of “Shandong Gold, Ecological Mining” and been selected in SSE 50 index sample stock, MSCI index, FTSE Russell and S&P Dow Jones Indices. As of August 2019, the company has a total asset of over 100 billion Yuan, ranking the first in China’s non-ferrous metals industry.

With gold mining as the main business, the company maintains a complete industrial chain from exploration, mining, processing, metallurgy (refining), further processing and sales of gold products, as well as relevant scientific and technological research and development system. SD-Gold has mines in Shandong, Fujian, Inner Mongolia and Gansu across China, and operates Veladero Gold Mine, the largest gold mine in Argentina and the second largest in South America, jointly with Barrick Gold Corporation on a 50-50% basis. The company has reached the international advanced level in terms of gold quality and scale and takes the lead in China’s gold industry. By the end of 2019, the company has registered capital of RMB XX million, total assets of RMB XX million and net assets of RMB XX million.

THE COMPANY’S MINES TAKE THE LEAD IN VARIOUS AREAS IN CHINA.

JIAOJIA GOLD MINE
The first digitized mine in China, with accumulative gold output exceeding 100 tons.

LINGLONG GOLD MINE
The accumulative gold output exceeding 100 tons.

SANSHANDAO GOLD MINE
The first enterprise that targets at becoming the internationally first-class demonstration mine. The accumulative gold output exceeding 100 tons.

XINCHENG GOLD MINE
The first gold mine that was honored as “environment-friendly enterprise in China”

SHANDONG GOLD SMELTING COMPANY
Take the lead in gold output and sales of processed gold, one of the first ten "standard gold ingot providers" recognized by Shanghai Gold Exchange and one of the first batch of enterprises with gold ingot brand registered at Shanghai Futures Exchange. It’s accredited by London Bul-lion Market Association (LBMA) to trading quality gold ingot. It’s rated as high-quality brand in the international gold and silver market.
March
- SD-Gold held the 2018 performance communication meeting in Hong Kong.
- SD-Gold obtained high-tech enterprise certificate.
- SD-Gold received the reply from China Securities Regulatory Commission on approval of the company to issue green bonds, marking the company was approved to issue green bonds.
- Key Technology of Fine Mapping and Real-time Identification of Centrum at Deep and High-stress Areas developed by the subsidiary Linglong Gold Mine won the first prize of Science and Technology Award issued by China Gold Association.

May
- SD-Gold was selected as Vice Chairman Unit of China Association for Public Companies.
- The subsidiary San-shandao Gold Mine had accumulative gold output of 100.01 tons, becoming the third gold mine that achieved more than 100 tons of output after Linglong Gold Mine and Jiaojia Gold Mine.

June
- SD-Gold was invited to attend 2019 China Financial Market Award Gala at Hong Kong and won the "Best Investor Relations Award".

July
- SD-Gold held an investment conference at Toronto, Canada, and set up a representative office there officially.

August
- On August 13, SD-Gold’s A-share was closed at RMB 49.96/share, H-share (before excluding right) was closed at HKD 27.87/share. The total market value reached RMB 101.7 billion, marking a historical breakthrough.
- SD-Gold was rated as A in the 2018-2019 Information Disclosure Assessment by Shanghai Stock Exchange.
- SD-Gold held the third extraordinary shareholders meeting in 2019, and deliberated and approved the Proposal of Acquiring 100% Stock Rights of SD-Gold Control Capital Management Co., Ltd. The company was officially included in the listed company.
- The Research on Comprehensive Utilization of Resources in Chalihu Lanzi Gold Mine of Inner Mongolia carried out by the Chifeng subsidiary won the first prize of Science and Technology Award issued by China Gold Association.

September
- SD-Gold held 2019 midterm performance communication meetings at Shenzhen, Hong Kong, Beijing and Shanghai, respectively.
- SD-Gold A share was included in FTSE Russell, S&P Dow Jones and other international indices.
- SD-Gold attended the first singing competition of Shandong Capital Market (Jinan area), and won the fourth prize (the first prize among listed companies) and excellent organization award.
- The affiliated Gold Melling Company was listed in the fourth batches of national green factories.

October
- The green mine construction at Pangqian Mine, Wang'ershan Gold Mine and Lingshan mine area of Linglong Gold Mine passed the expert review and field investigation successfully.

November
- SD-Gold Control contributed RMB 419 million to subscribe the shares newly issued by Zijin Mining Group Co., Ltd. publicly.
- A standard Confucius statue donated by SD-Gold was settled down in Buenos Aires, capital of Argentina. This is the first Confucius statue appeared in Spanish-speaking countries.

December
- SD-Gold was listed in SSE 50 index sample stock.
- SD-Gold and SD-Gold Control jointly participated in the first-day trading of gold options on Shanghai Futures Exchange and became the first trading unit of gold options.
- The affiliated Xinhui Company completed the market-oriented "debt-for-equity" work, with the trading capital of RMB 1 billion.
- SD-Gold was invited to participate in the “19th China Top 100 Listed Companies Summit Forum” and was listed in “China Business Top 100” and “China Star Enterprise”.
- With a total market value of RMB 93.1 billion, SD-Gold ranked 139th on the list of China’s Top 500 Listed Companies in 2019.
- SD-Gold was invited to participate in the “2019 High-quality Development Forum of Listed Companies” and won the “Corporate Governance Award”.
- SD-Gold was invited to participate in the “New Journey New Mission - Sina Golden Kirin Forum” and won the “Outstanding Responsibility and Progress Award” of China ESG Gold Awards.
- SD-Gold won the Corporate Governance Special Contribution Award at the 15th “Gold Prize of Round Table” of Chinese Boards of Listed Companies.
- The six green mines passed the acceptance inspection of the company in 2019 have been announced by the Ministry of Natural Resources. So far, 12 mines of SD-Gold have entered the list of national green mines.
COMPANY HONOR

- 2019 China Financial Market Award (Hong Kong) and the “Best Investor Relations Award”
- “Best Board of Directors in Main Board Listed Company’s Investor Relations” at the 10th Flying Horse Award Ceremony
- Vice Chairman Unit of China Association for Public Companies
- Listed in “China Business Top 100” and “China Star Enterprise” at China Top 100 Listed Companies Summit Forum
- Listed in SSE 50 index sample stock in December 2019
- “Evergreen Award for Sustainable Development” at Caijing Sustainable Development Summit
- The “Corporate Governance Award” at 2019 High-quality Development Forum of Listed Companies
- “Outstanding Responsibility and Progress Award” at the first China ESG Gold Awards
- R&D project of the subsidiary Linglong Gold Mine won the first prize of Science and Technology Award issued by China Gold Association
SD-Gold has always kept social responsibility in mind and upholds the philosophy of win-win development. Through efficient operation, green production, safety management, energy saving and emission reduction, caring for employees, and repaying the society, SD-Gold spares no effort to make the people and places supporting and caring for the development of the enterprise richer and better.
ENTERPRISE SPIRIT
Commitment to Excellence, Innovation and Progress

CORE VALUE
Openness, Inclusiveness, Faithfulness and Accountability

BRAND IMAGE
Shandong Gold, Ecological Mining

IDEAL OBJECTIVE
Let more people and communities benefit from the development of SD-Gold

STRATEGIC VISION
Strive to be an industry-leading and world-class mining enterprise

BUSINESS PURPOSES
Benefit employees, shareholders and the society and make the country rich and powerful

OPERATION PHILOSOPHY
Give Priority to Resources, Focus on Efficiency, Based on Innovation

SAFETY AND ENVIRONMENT CONCEPT
Zero accident in safety production and environmental protection

TALENT CONCEPT
Equal stress on integrity and ability, recommend and employ talented people

PARTY BUILDING CONCEPT
Inherit revolutionary gene, keep mission in mind

CONCEPT OF HONESTY
Run business strictly and honestly, maintain sound work style

CONCEPT OF CARE
Three “lets” and three “not-lets”
1. Three “let”
   - Let the income of the employees increase by the same rate as the company’s benefits
   - Let employees have broad growth space
   - Let employees work in a safe and reliable environment
2. Three “not-lets”
   - Not let the family of employees live below local poverty line
   - Not let employees unable to pay for medical care
   - Not let employee’s children unable to afford education

SLOGANS
1. SD-GOLD’S WORLD, THE WORLD’S GOLD TREASURY
2. WONDERFUL SD-GOLD, WONDERFUL ME
3. Thanks for your support for SD-Gold
4. Mine managers’ most important responsibility is to ensure safe production
   - Mine managers’ first position is at the frontline of production;
   - Mine managers’ first task is to guarantee no accidents happen in production and environmental protection
5. Keep the environment clean, protect the earth, our home

Shandong Gold, Ecological Mining
RESPONSIBILITY SYSTEM

SD-Gold continuously improved the social responsibility management system. By strengthening the social responsibility management, actively conducting social responsibility practices, promoting communication and integration of multiple cultures and strengthening communication with stakeholders, SD-Gold ensured the whole company and all employees fulfill the social responsibilities from all aspects.

SOCIAL RESPONSIBILITY MANAGEMENT SYSTEM OF SD-GOLD

<table>
<thead>
<tr>
<th>Establish and improve corporate social responsibility governance structure</th>
<th>Establish corporate social responsibility indicator system</th>
<th>Establish corporate social responsibility management system</th>
<th>Establish social responsibility guarantee policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish a social responsibility committee and a social responsibility management network covering all business units and functional departments within the enterprise, and clarify the persons in charge, functions, responsibilities and authorities to supervise the practice of social responsibility and report to and propose any improvement opinions to the senior management to ensure that the social responsibility strategy can be smoothly implemented and continuously improved.</td>
<td>Analyze the expectations of stakeholders and the requirements of corporate sustainable development strategy, and compare the international standards and the relevant best industrial practices, to establish the corporate social responsibility indicator system based on SD-Gold’s actual situations and clarify the data collection process.</td>
<td>Prepare social responsibility management plan, integrate the requirements for fulfillment of social responsibilities into the whole process of business operations and daily management, complete the channels for corporate social responsibility information disclosure, and improve the mechanism for participation of various stakeholders.</td>
<td>Formulate sound human resource policies, financial policies, internal communication policies, etc., communicate the corporate social responsibility values and strategies to each department, position and employee, and continuously improve the knowledge, skills and aspiration of all employees to fulfill their social responsibilities.</td>
</tr>
</tbody>
</table>

RESPONSIBILITY INTEGRATION

SD-Gold has incorporated social responsibility into its corporate strategy. In the strategic plan for the “13th Five-Year”, SD-Gold defined the social responsibility objectives, and took deepening reform, innovation, safe production and ecological mining as the strategic support measures to establish and improve the social responsibility system and management system from the strategic level. The company integrated the social responsibilities into the corporate management system and allocated the responsibilities in each department.

<table>
<thead>
<tr>
<th>Responsibility Content</th>
<th>Responsibility Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate governance</td>
<td>Office of the Board of Directors, Strategy Planning Department, Comprehensive Reform Deepening Office</td>
</tr>
<tr>
<td>Compliance management</td>
<td>Enterprise Management Department, Transaction Center, Major Projects and Warrants Management Department, Legal Affairs Department, Audit and Risk Control Department, Discipline Inspection Department, Safe Production Department</td>
</tr>
<tr>
<td>Scientific and Technological innovation</td>
<td>Science and Technology Department, Information Center</td>
</tr>
<tr>
<td>Environmental protection and safety</td>
<td>Safe Production Department, Enterprise Management Department, all Business Divisions</td>
</tr>
<tr>
<td>Employees’ rights and benefits</td>
<td>HR Department, Corporate Culture Department, all Business Divisions</td>
</tr>
<tr>
<td>Community Dedication</td>
<td>Corporate Culture Department, Financial Department, all Business Divisions</td>
</tr>
</tbody>
</table>
On January 14, 2019, the company held 2018 Awards and 2019 Work Conference to summarize the operation of 2018 and arrange the work of 2019. At the conference, statements of production and operation responsibility were signed, and each business division and the representatives of the three-level enterprises made speeches.

The conference conveyed the instructions of Deputy Governor Wang Shujian and Director Zhang Bin on the report of SD-Gold in 2018. A grand award ceremony was held to praise the outstanding teams and individuals in 17 aspects, including production and operation, safety and environmental protection, management innovation, party building and cultural construction.

The conference pointed out that in 2018, the company continued to emancipate its mind and adhered to deepen the reform. Although the gold output kept decreasing in China, the company maintained a stable increase and the economic indicators increased significantly. The company’s H-share was successfully issued and went to the market. The company’s status was further improved in the global gold industry, with international influence increasingly growing.

The conference proposed several requirements for the company: 1. Adhere to the right development direction, and study the spirit of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the report to the 19th National Congress of the Communist Party of China (CPC), the important speech delivered by General Secretary Xi during his visit to Shandong, and a series of documents issued by Shandong Provincial Party Committee, Shandong Provincial Government and Shandong Provincial State-owned Assets Supervision and Administration Commission on further accelerating the reform and development of state-owned enterprises. 2. Adhere to thinking out of the box and emancipating mind. 3. Adhere to the people-centered development thought proposed by Xi Jinping and embody it in the development of SD-Gold. 4. Adhere to that the market is the main method to evaluate the existence value of enterprise. 5. Adhere to unifying people by corporate culture. 6. Adhere to implementing the strategy firmly. 7. Adhere to promoting the one with sense of responsibility. Through persistent efforts of 2019, make the company better, stronger and larger. Make the company develop better, get more strength and provide better welfare for employees.

On May 30, 2019, SD-Gold held a meeting to promoted the publicity and implementation of the “13th Five-Year Plan” Strategy (revision) and Corporate Culture System (revision). The meeting required each unit to implement the arranged tasks, continue to execute the strategy and enhance cultural confidence. Each unit should always keep in mind the strategic vision of striving to be an industry-leading and world-class gold mining enterprise, and integrate the “Responsibility and Implementation” in the whole working process. Each unit should bear the corporate spirit of “Pursuing Excellence, Innovation and Progress” and the core values of corporate culture - “Openness, Inclusiveness, Faithfulness and Accountability” to help the company realize the development goals of “the 13th Five-Year Plan” or more.
The company constantly improved the social responsibility information disclosure system, and established internal and external communication mechanism to acquire and understand the expectations and appeal of stakeholders. The company actively communicated with stakeholders through official website and newspapers, social responsibility report, stockholders’ meeting, and participation of various activities of associations.

### STAKEHOLDERS AND KEY CONCERNS ON SOCIAL RESPONSIBILITY

<table>
<thead>
<tr>
<th>NO.</th>
<th>STAKEHOLDER</th>
<th>KEY CONCERNS</th>
<th>COMMUNICATION METHOD</th>
<th>DISCLOSURE SECTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Client</td>
<td>Provide high-quality products</td>
<td>Communication with clients</td>
<td>Quality and efficiency enhancement, innovation orientation</td>
</tr>
<tr>
<td>2</td>
<td>Shareholders and investors</td>
<td>Reasonable return on investment, stable operation and risk control</td>
<td>Release of financial report, stockholders’ meeting</td>
<td>Quality and efficiency enhancement, key performance</td>
</tr>
<tr>
<td>3</td>
<td>Contractors, suppliers and intermediary organs</td>
<td>The business principle of integrity and honesty, purchase policy and mutual development</td>
<td>Contractors Conference, call, email, site visit and inspection</td>
<td>Quality and efficiency enhancement, win-win cooperation</td>
</tr>
<tr>
<td>4</td>
<td>Employee</td>
<td>Safe and healthy working condition, good salary and remuneration, employees’ rights, career development</td>
<td>Employee satisfaction survey, employee meeting, internal website</td>
<td>Green Safety, win-win Cooperation</td>
</tr>
<tr>
<td>5</td>
<td>Safe environment</td>
<td>Safe production, pollution prevention, energy conservation and emission reduction, addressing climate change</td>
<td>Meeting, call and email, environment information declaration, communication with non-governmental organizations</td>
<td>Green Safety</td>
</tr>
<tr>
<td>6</td>
<td>Government and regulators</td>
<td>Legal compliance, paying taxes according to law, technological innovation, increasing employment</td>
<td>Government meetings and seminars, compliance inspection, site visit and communication</td>
<td>Quality and efficiency enhancement, innovation orientation, win-win cooperation, key performance</td>
</tr>
<tr>
<td>7</td>
<td>Community, the public and non-governmental organizations</td>
<td>Driving regional economic development, participating in charity and public welfare activities</td>
<td>Regular information disclosure, site visit</td>
<td>Repay the society</td>
</tr>
</tbody>
</table>

### SOCIAL ORGANIZATION

<table>
<thead>
<tr>
<th>PARTICIPATED ORGANIZATION</th>
<th>POSITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>China Association for Public Companies</td>
<td>Vice Chairman Unit</td>
</tr>
<tr>
<td>The Listed Company Association of Shandong</td>
<td>Chairman Unit</td>
</tr>
<tr>
<td>China Gold Association</td>
<td>Standing Director Unit</td>
</tr>
<tr>
<td>Gold Association of Shandong Province</td>
<td>Chairman Unit</td>
</tr>
</tbody>
</table>

### SOCIAL RESPONSIBILITY INFORMATION DISCLOSURE MEDIA
From October 9 to 11, SD-GOLD was invited to attend China Mining 2019. With “high-quality development for shared future of the global mining industry” as its theme, China Mining 2019 aims to thoroughly implement the spirit of the 19th National Congress of the Communist Party of China and the spirit of Belt and Road Forum for International Cooperation, seize important opportunities of international cooperation in mining, and strive to build a community of shared future for mankind. Lu Hao, Minister of Natural Resources, Li Hongzhong, Secretary of Tianjin Municipal Party Committee, and other relevant leaders visited the exhibition hall of SD-GOLD and communicated with the company leaders. They learned that the company has been committed to implementing the “13th Five-Year Plan” development strategy, moving towards international development, and continuously improving the development quality. They all fully affirmed the company’s business performance and development trends in the past few years.

China Mining 2019 was hosted by China Mining Association, and attracted more than 10,000 government officials, experts and scholars, and representatives of mining enterprises and financial institutions from more than 50 countries and regions worldwide. During the conference, the leaders of the company talked with representatives of many enterprises, and participated in the special forum on the transformation and development of geological survey to serve the mining industry, and the forum on green mining and sustainable development. China Mining News, China Gold News and other media interviewed leaders of SD-Gold.
CORPORATE GOVERNANCE

TOP MANAGEMENT TEAM

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secretary of the Party Committee</td>
<td>Chen Yumin</td>
</tr>
<tr>
<td>Chairman</td>
<td>Li Guohong</td>
</tr>
<tr>
<td>Director</td>
<td>Wang Lijun</td>
</tr>
<tr>
<td>Director</td>
<td>Wang Xiaoling</td>
</tr>
<tr>
<td>Director, General Manager &amp; Chief</td>
<td>Wang Peiyue</td>
</tr>
<tr>
<td>Financial Officer</td>
<td>Li Tao</td>
</tr>
<tr>
<td>Vice Chairman,</td>
<td>Tang Qi</td>
</tr>
<tr>
<td>Vice General Manager</td>
<td>Gao Yongtao</td>
</tr>
<tr>
<td>Director &amp; Secretary of the Board</td>
<td>Li Xiaoping</td>
</tr>
<tr>
<td>Independent Director</td>
<td>Li Rujun</td>
</tr>
<tr>
<td>Independent Director</td>
<td>Liu Yanfen</td>
</tr>
<tr>
<td>Independent Director</td>
<td>Song Zengchun</td>
</tr>
<tr>
<td>Independent Director</td>
<td>Wang Deyu</td>
</tr>
<tr>
<td>Independent Director</td>
<td>Wang Shuhai</td>
</tr>
<tr>
<td>Independent Director</td>
<td>Liu Qin</td>
</tr>
<tr>
<td>Independent Director</td>
<td>Xu Jianxin</td>
</tr>
<tr>
<td>Vice General Manager</td>
<td>Lyu Haitao</td>
</tr>
</tbody>
</table>

Mr. Liu Rujun resigned from the position of the company’s supervisor in January 2020 due to work requirements. Mr. Luan Bo was elected as the new supervisor after the deliberation and approval by the 14th meeting of the Fifth Board of Supervisors and the first Extraordinary General Meeting of Shareholders in 2020.

THREE MEETINGS AND MANAGEMENT PERSONNEL

In 2019, the company held seven stockholders’ meetings strictly according to the Company Law, the Articles of Association and the Rules of Procedure for the Shareholders’ Meeting, completely ensuring the stockholders’ rights to know, to participate, to question and to vote, especially that the small and medium stockholders enjoyed equal status and fully enjoyed their legitimate rights and interests.

In 2019, the company convened and held 11 board meetings strictly according to the Rules of Procedure for the Shareholders’ Meeting. All directors attended each board meeting and stockholders’ meeting, and performed their duties. The board had a reasonable structure, covering management, gold and finance experts, and all the knowledge, skills and qualities necessary to perform its duties to effectively protect the legitimate rights and interests of stockholders.

In 2019, the company held five meetings of the Board of Supervisors. The members of the Board of Supervisors worked diligently while supervising the financial personnel, directors and other senior management personnel in fulfilling their responsibilities, and ensured the legitimate interests of the company and the stockholders.

The management personnel exercised their functions and powers in accordance with the laws, regulations, the Articles of Association and the authorization of the stockholders’ meeting and the board of directors. They organized and carried out operation and management activities, and accepted the supervision of the board of supervisors.
COMPLIANCE INFORMATION DISCLOSURE

The company adhered to the combination of statutory information disclosure and independent information disclosure, enhanced pertinence and effectiveness of contents of the regular reports, effectively improved the transparency of information disclosure.

The company attached great importance to the management of insider information. According to relevant rules and regulations, we recorded and registered relevant personnel who can access to insider information before the disclosure of important matters of the company, and strictly controlled the number of insiders.

In 2019, the company was rated by Shanghai Stock Exchange as the comprehensive A-level listed enterprise in information disclosure in 2018-2019.

PROTECTING SMALL AND MEDIUM INVESTORS

The company fully respected and protected the legitimate rights and interests of relevant stakeholders. The company strengthened the communication with investors and relevant stakeholders by telephone, fax and e-mail, and receiving visitors on site. Under the premise of meeting regulatory requirements, the company fully communicated with potential investors, analysts and media both at home and abroad. In 2019, the company organized many performance roadshows in Beijing, Shanghai, Shenzhen, Hong Kong, Singapore, London, New York, Switzerland and other places, helping investors and the market know more about the company.

LEGAL AND COMPLIANT OPERATION

The company strictly complied with the national and local laws and regulations. The company publicized relevant laws during production and operation, voluntarily followed moral criterion of market economy, and consciously maintain the good market order. With strict management and good business reputation, the company established its brand for integrity and realized win-win results for the company itself and clients. In 2019, the company executed all the signed economic agreements.

COMPLETE RISK MANAGEMENT

By establishing and improving the comprehensive risk management system, the company monitored all kinds of risks in a timely and reliable manner, and controlled the risks within limited scope, which effectively promoted the company’s operation and management.

PARTY BUILDING

The company has always given priority to basic work at the grassroots level to standardize the party building work, and strictly implemented various activities such as "three meetings and one lesson", democratic meetings, heart-to-heart talk, democratic appraisal of party members. The company carried out theme education "remaining true to our original aspiration and keeping our mission firmly in mind" and ensured normal and frequent education.
On September 18, Jiaojia Gold Mine organized a party day activity themed with “National Flag and Me”, which demonstrated the party members’ patriotism and paid a tribute to the 70th anniversary of the founding of the People’s Republic of China.

In order to further carry out theme education “remaining true to our original aspiration and keeping our mission firmly in mind”, the three party branches of Yinan Gold Mine jointly held a party day activity themed with “Extirpating Weed, Beautifying the Mine” on July 25, 2019. The party members cleaned all the weeds in front of the workers’ dormitories in Tongjing area. The environment of the mining area was significantly improved.

Gulaizhuang Mining Company carried out theme education “remaining true to our original aspiration and keeping our mission firmly in mind” through new media. The company implemented the system of “three meeting and one lesson” and carried out various party day activities with different themes. The company organized party members to study and discuss together, and then write a report.

In 2019, the company organized 13 theory studies for party members and over 20 studies covering all party members and ordinary employees. The company not only sent the party members to such revolutionary bases as Jiujianpeng, the 115th division of the Eight Route Army and Linglong Gold Mine to learn the revolutionary history, but also invited lecturers of Party School of Pingyi County to give lectures. On the basis of the “joint progress” activity between party members and non-party members, the company continuously explored the way to “help each other improve business skills and work quality and efficiency”. Taking the opportunity of the theme education “remaining true to our original aspiration and keeping our mission firmly in mind”, the company carried out a series of activities, such as the theme essay competition, remembering the revolutionary martyrs, raising the national flag and singing the national anthem, flash photography “me and my motherland” and “serve the people, solve the problem”, to increase the passion and enthusiasm of the staff to work harder.
HONESTY MANAGEMENT

The company attached great importance to anti-corruption and anti-commercial bribery, and urged relevant people to sign principal responsibility statement, supervision responsibility statement and “one post and two responsibilities” statement from the top down. The Discipline Inspection Department organized the senior leaders of the company to make commitments of honesty in the general meeting, which led the leaders at all levels to follow suit and formed the Wild Goose Queue effect. In 2019, neither the company nor its employees have been involved in any corruption proceedings.

ENHANCING DISCIPLINE EDUCATION

The company integrated discipline education into theme education “remaining true to our original aspiration and keeping our mission firmly in mind”. The company organized party members and leaders to watch films to receive warning and education, visit the education base of clean governance, hold conference for warning and education, carry out examinations on party rules and party disciplines, etc. The company customized “clean governance package” for party members and leaders, carried out special lectures, and created a disciplined and rule-abiding atmosphere.

MEASURES FOR STRENGTHENING HONESTY

The company urged the party committee and functional department to carry out “honesty inspections” for the people with “eight key powers,” identified more than 9,060 risk points, and formulated more than 18,170 prevention and control measures. The company strengthened the supervision on overseas investment, resource acquisition and leaders of all levels, improved the assessment mechanism on clean governance and established honesty record system. The company issued honesty opinions on 77 leaders, 9 of which were suspended for promotion procedure, and 6 were removed from their positions because of assignment evasion. In summary, the company resolutely prevented anyone who’s dishonest from being promoted and working at important post, to create a clean governance environment.

CREATE “HONEST SD-GOLD” BRAND

The company proposed to set up honesty culture demonstration unit and “honesty culture promotion month” activity. The subsidiary Linglong Gold Mine established the first comprehensive education base that integrated revolutionary education and honesty education, realizing the synergy of revolutionary gene and gold.

SMOOTHING REPORT CHANNELS

The company smoothed the report channel inclusive of letter, visits, phone calls and emails. The reported clues of any problem were dealt with by designated personnel and the identified problems were reviewed by the Discipline Inspection Department to ensure the effectiveness and quality of handling cases, thus preventing any problem from the beginning and producing better results.
PRODUCT MANAGEMENT

The company strictly implemented the requirements of quality management system. Focused on the clients’ demand, the company made quality inspection for incoming raw materials and the outgoing products according to national standard, and established perfect customer communication mechanism. The subsidiary Gold Smelting Company has been certified by ISO9000, ISO1400, ISO1800, LBMA and CNAS. Because of the high quality of standard gold of “Taishan” brand and gold products of “SD-Gold” brand, the company won the honorary title of “Outstanding Enterprise Providing Standard Gold Ingot” at Shanghai Gold Exchange for many consecutive years.

SUSTAINABLE DEVELOPMENT

In 2019, the company carried out “Quality and Efficiency Enhancement” activity and issued a series of relevant documents, including “Quality and Efficiency Enhancement” Plan, Target Responsibility Statement of “Quality and Efficiency Enhancement” Activity, the Notice on Implementation of Special Activities of “Optimizing Mining & Filling Process and Reducing the Ore Dilution”, and the Evaluation System for High Quality Development Indicators of Mining Enterprise. The Company continuously replaced and transformed the processing equipment in mines, and carried out efficient mining technology research on complex environment and deep resources. The company strengthened the construction of machinery-based production and digitalized management of mines, continuously optimized mining technology and processing technology, and increased the recovery of associated ore, tailings and residual ore, to improve the level of comprehensive utilization of resources. In 2019, the company recovered 289,600 tons of residual ore, realizing sustainable development and utilization of resources.

Improving the Mining Recovery Rate

Linglong Gold Mine recovered the remaining pillar and fine high-grade lode after exploring and scanning the middle section of upper mine, review and checking old data, to ensure “intensive cultivation and collection of all gains”. More than 300 kg of gold was recovered in 2019.

According to different ore quantity and grade, Xhe Zhongbao Mining Co., Ltd. made a reasonable ratio for ore output. It divided the mine into different zones and adopted special mining method for different zones with different surrounding rock and ore bodies, which steadily improved the company’s mining recovery rate.

Aiming at increasing both output and grade, Chifeng Chaihu Lanzi Gold Mine implemented smooth blasting, stope site management and stope filling, strengthened the quality management of raw ore, management of ore and waste rock, and linked the ore grade with the payment for the construction unit, to promote the overall improvement of production.

Xinhui Company insisted on special design for each stope. It specified detailed technical measures in the design, and required the operators to strictly follow the design for construction. Mining technicians went to the site every day to guide the operators for construction by defining the mining boundary of each stope and avoiding over-cutting or undercutting.

Improving the Mineral Processing Recovery Rate

Jiaojia Gold Mine transformed 100 cubic meter’s flotation machine and slime classification and separation technology. The recovery rate of slime flotation has been increased by more than 2.50%, and the overall recovery rate of mineral processing has been increased by more than 0.20%.

Guilaizhuang Mining Company classified, selected and processed all kinds of ores separately, and stored the refractory carbonaceous mineralized limestone separately, which improved the recovery rate of other ores.
Xinhui Company actively cooperated with filling laboratory to promote the filling of fine-grained tailings in projects. It transformed the existing steel structure vertical sand silo and realized high concentration filling of fine grain tailing underground and fast sales of coarse grain tailing after dehydration, realizing zero discharge of tailings. By constructing mines without tailings, Xinhui Company has extended the service life of existing tailing ponds, opened a new way for the comprehensive utilization of tailings in the gold industry, and ensured the sustainable development of the mine.

Yinan Gold Mine continuously optimized and transformed its mining and mineral processing technology. It used rigid artificial expansion pillars to support the roof of mined-out area, which reduced the number of pillars and solved the problem of low recovery rate of mining in relevant areas. It promoted smooth blasting technology, which strengthened the safety of operation point and reduced the difficulty to treat pumices. For some large ore bodies, it applied the method of backfill stuck-pillar filling to replace the method of open-pit mining, and remove ores with both scraper and vibratory ore-drawing machine, which reduced the dilution caused by the leakage of ore pass and increased the recovery rate of mining. It actively investigated the ore processing procedure, and optimized grinding fineness, reagent system and the ratio of ball and mill. It identified and recovered the tailings of selected sites with shaking tables. It optimized and transformed automatic sampler, selected new ceramic filter cleaner, and optimized the operating effect of high-pressure grinding roller. It transformed the magnetic separation tailings and applied secondary magnetic separation after grinding, which improved the recovery rate of gold, copper and iron.

On November 13, 2019, Laixi Company succeeded in the commissioning of 5G intelligent electric locomotive, marking a solid step forward for the company’s smart mine construction towards 5G era. By cooperating with Qingdao Branch, Shandong Company, China Mobile Communications Corporation, and Qingdao Branch, Huawei Group, Laixi Company successively completed the installation of 5G base station equipment and wiring at the middle section of 500m underground, the commissioning of network equipment of base station and the connection of network with the unmanned electric locomotive transportation system. The company realized the complete coverage of 5G network at the middle section of 500m underground, and the one-time successful commissioning of 5G intelligent electric locomotive. This is the first time for China to realize the deployment and application of 5G in the operation of underground mine.

Fujian Yuanxin Processing Plant realized accurate control of the technological process and improved the mineral processing technology by implementing the projects of "technological transformation of processing, grinding, classification, and automatic control" and "technological innovation and transformation of processed tailings transportation system". Hongkun mining area changed the shallow-hole shrinkage mining method to upward horizontal stratification and filling method, which improved the recovery efficiency and reduced the dilution rate and loss rate. Yuanxin mining area implemented the project of "application of safe and efficient shallow-hole trench method in recovery of residual ore" and carried out the recovery work of surface covered ore and residual ore, recovering 878.8 tons of surface covered ore, 54,275.9 tons of residual ore, and 2,146.07 tons of ore from thin lode, which greatly improved the sustainable development and utilization of the company’s resources.
In 2019, the company achieved a major breakthrough in the research of deep-resource mining. The Disasters Caused by Mining of Deep Mines, Disaster Prevention and the Implementation of Mining won the first prize of science and technology award of China Non-Ferrous Metals Industry Association. The Key Technology for Precise Positioning of Deep Mining and Disaster Warning won the first prize of science and technology award of China Gold Association. Linglong Gold Mine cooperated with China University of Mining and Technology (Beijing) to study the fine mining technology of extremely thin lode and realized efficient mining of deep resources by digging medium and deep holes. Sanshandao Gold Mine carried out a research on filling and mining with high-efficiency machine at deep mine with barren and waste rock and held a demonstration meeting for the implementation of honeycomb mining method.

In 2019, all the affiliated enterprises of the company began to apply more machines for mining. Jiaojia Gold Mine added 47 trackless equipment, and the operation efficiency of each link of mining and transportation was greatly improved. Linglong Gold Mine used drill jumbo for mining and shortened the drilling time from 8 hours to 3 hours compared to manual work. The drilling efficiency was significantly improved. Xinhui Company added 5 scrapers and 1 drill jumbo, greatly improving the efficiency of exploration, mining and transportation. Yinan Gold Mine purchased 18 scrapers, 1 drill jumbo and 12 vibratory ore-drawing machines to fully implement the new producing method combining vibrating ore-drawing machine and scraper. Jinzhou Company implemented the mechanized filling and mining method at high and middle sections, which greatly reduced the amount of exploration and mining work and improved the level of mechanized operation.

**Breakthrough on Mining of Deep Resources**

**Mechanization Brought Great Results**
PERSISTING IN INNOVATION

The company always regarded technology innovation as the core driving force of enterprise development. The company encouraged innovation among all employees, attached great importance to the construction of technology research talent team, and increased research and development investment to continuously improve the ability of independent innovation and technology research and development. The company encouraged and supported the affiliated enterprises to set up "innovation workshop". In 2019, the company invested a total of RMB 339 million in technology research and development, and carried out 290 technology research projects.

ESTABLISHING A SYSTEM TO ENCOURAGE INNOVATION

To promote the management of innovation workshops, the company issued the Management Method to Further Improve the Innovation Ability of Innovation Workshops and set up an expert team to evaluate the outstanding innovation workshops. Based on the evaluation results, the company praised and rewarded the innovation workshops and named six innovation workshops including Laixi Company’s smart mine automation innovation workshop as a model.

SELECTION OF TECHNOLOGY INNOVATION TALENTS

The company organized the expert committee and the heads of innovation workshops to vote on 33 candidates of technology innovation talents, and elected “Top 10 Outstanding Technology Innovation Talents”, which were praised and rewarded. This activity stimulated the employees’ passion of independent innovation, created an atmosphere for everyone to make innovations, and encouraged more employees to participate in innovation.

ENCOURAGING EMPLOYEES’ INNOVATION

In 2019, the company carried out internal evaluation activities to stimulate employees to innovate, and awarded 192 technological achievements, including 36 technological progress awards and 156 technology innovation awards, with a total amount of RMB 1.415 million.

PROMOTE THE TRANSFORMATION OF TECHNOLOGICAL ACHIEVEMENTS

The company made use of the Technology Promotion Section of the Technology Center’s portal site to promote 41 achievements, 27 of which were applied in a number of enterprises, effectively solving the actual problems of enterprises.
STRENGTHENING MANAGEMENT INNOVATION

By continuously improving enterprise management, the company has been pursuing modern and rational management, and leading the high-quality development of enterprises with management innovation. In 2019, the company won 1 first prize, 2 second prizes and 4 third prizes in the 33rd Awarding of Shandong Enterprises in Modernization Management Innovation.

Linglong Gold Mine invested over RMB 1 million to complete the automation of 6 surface air compressor rooms and 1 underground air compressor room. It also invested over RMB 1.5 million to complete the automatic control and transformation of Lingshan-270 pump house, Dongshan-270 pump house and Dongfeng-660 pump house. This realized the automatic control, unattended and remote monitoring of air compressors and pump houses, and improved the operation safety and the automation level of air compressors and water pumps.

R&D PLATFORM CONSTRUCTION

The company attached great importance to the construction and development of research and development platform. We have Technology Center, Engineering Technology Research Center, Disaster Prevention and Control Center, as well as Deep Well Mining Laboratory, Filling Engineering Laboratory, and Processing Laboratory.

In 2019, the three laboratories formulated and revised more than 40 technology research management systems. They organized R&D personnel to participate in 36 technical exchanges at home and abroad. They conducted researches on and served 31 manufacturing enterprises. They carried out 43 technology research projects, published 35 papers, and compiled 7 technical standards and specifications.

Linglong Gold Mine achieved a lot in mine automation construction

Unveiling the nameplate “Shandong Province Underground Non-Coal Mine Disaster Prevention and Control Center”
TECHNOLOGY INNOVATION ACHIEVEMENTS

Over the years, the company has been attaching importance to the research and development of gold mining technology and the transformation of technological achievements. In 2019, the company won 30 provincial and ministerial awards and 73 new state-authorized patents, including 7 patents for invention, 58 utility model patents and 8 design patents. The company had 210 patents in force, among which 61 are patents for invention.

RESEARCH, DEVELOPMENT AND APPLICATION OF TEST SYSTEM FOR ACCURATE PREPARATION AND TRANSPORTATION FOR FILLING SLURRY

To break the technical bottlenecks such as the inconsistency between the preparation and transportation of filling slurry in test and in the field and the inaccurate test results, the Filling Engineering Laboratory independently developed a test system for the accurate preparation and transportation of filling slurry. The system adopted the modular partition design, and integrated the functions of condensing tailing slurry, homogeneous mixing of filling slurry, pressurized transportation, collection of line pressure, temperature and flow data, which made a great breakthrough in filling of fine tailing underground and utilization of coarse tailing after dehydration. After the transformation and application of these achievements, the company will change the traditional mode of filling coarse tailing and discharging fine tailing to the tailing pond. This will improve the solid waste emission technology of gold mine, promote the specialization and standardization of filling technology, and thus promote the development of safe, environment-friendly, economic and efficient filling and mining technology.

JIAOJIA GOLD MINE APPLIED WHOLE PROCESS INTELLIGENT PROCESSING TECHNOLOGY

In order to further improve the grinding and grading operation and effectively improve the intelligent control of the processing procedure, Jiaojia Gold Mine carried out the research and application of the whole process intelligent processing technology. The company established a linear regression analysis and prediction model for the flotation index and the yield of the intermediate easy separation grain. The company developed energy matching technology between refractory gold ore and different media by discrete element method. The company also developed intelligent control system for crushing, grinding, flotation and dehydration. After the application of the technology, Jiaojia Gold Mine increased its processing capacity by 5.42%, reduced its power consumption by 5.03% per ton of ore, and increased its recovery rate of flotation by 0.84%, with an annual benefit of more than RMB 10 million.

SANSHANDAO GOLD MINE’S INTEGRATED SYSTEM TECHNOLOGY OF INTELLIGENT OPERATION AND THREE-DIMENSIONAL MANAGEMENT AND CONTROL FOR TRACKLESS TRANSPORTATION

With the introduction of 3D digital mining design software, the company completed the mining plan of Sanshan- dao Gold Mine and the mining design, development design, excavating planning and blasting design of underground mining area. The company developed remote monitoring and scheduling and virtual simulation system for intelligent mining, as well as precise management system for underground trackless transportation. The implementation of this technology has promoted the intelligent development of mining technology in China. This achievement has been widely promoted and applied, and has achieved remarkable economic and social benefits.

SHANDONG GOLD ECOLOGICAL MINING

In order to further improve the grinding and grading operation and effectively improve the intelligent control of the processing procedure, Jiaojia Gold Mine carried out the research and application of the whole process intelligent processing technology. The company established a linear regression analysis and prediction model for the flotation index and the yield of the intermediate easy separation grain. The company developed energy matching technology between refractory gold ore and different media by discrete element method. The company also developed intelligent control system for crushing, grinding, flotation and dehydration. After the application of the technology, Jiaojia Gold Mine increased its processing capacity by 5.42%, reduced its power consumption by 5.03% per ton of ore, and increased its recovery rate of flotation by 0.84%, with an annual benefit of more than RMB 10 million.

Remote monitoring and scheduling and virtual simulation system for intelligent mining

Feed and velocity model of hydrocyclone
凝心聚力
打造“国际一流示范矿山”
UNITE TOGETHER
CREATE WORLD-CLASS DEMONSTRATION MINE
Since 2019, the Construction Department has started the construction of related projects in accordance with the unified deployment of the company and the specification of the construction plan to construct a world-class demonstration mine. Sanshandao Gold Mine has invested RMB 199 million. With the completion of relevant projects, the company realized unattended and automatic control of underground fixed facilities, and established unified data standards for the whole mine. The company integrated the data of all production systems and created a demonstration line from the surface to the underground.

At present, the company has basically realized the automation of the infrastructure and the remote control of hoisting system, electric locomotive transportation, crusher, drainage, power transformation and distribution systems, etc. The company completed the construction of intelligent processing 3D visualization system, data center and ground pressure monitoring system. The company also set up 10-gigabit industrial looped network and big data platform based on Huawei ROMA system. The company successfully developed visualized management and process tracing system for project construction.

Eighteen projects will be completed next year, including the ongoing excavation demonstration area, 3D design software, research on pre-stressed bolt support and experimental research on changing deep mining method. By the end of 2020, the company’s “smart mine” and “ecological mining” will take shape. Sanshandao Gold Mine will be built into a world-class benchmark mine in the industry.
The company always adhered to the environmental protection policy of "protection first, prevention-based, comprehensive treatment". The company continuously improved the environment management system, established a series of environmental protection management system and emergency plan for environmental incidents. The company continued to strengthen the environmental impact assessment work for the newly constructed projects, the reconstruction projects and expansion projects. The company designed and arranged the environmental protection and mine production at the same time, and insisted on the development of recycling economy, low carbon economy and clean production. To implement the “one post and two responsibilities” principle in environmental protection and strengthen the ecological environment protection, the company prepared Ecological Environment Protection Responsibility System of SD-Gold according to the Environmental Protection Law of the People's Republic of China and other laws, regulations and rules, as well as the actual situations of the company, specifying the responsibility of the leaders, director of security, chief engineer, each department and employees in ecological environment protection.

All the affiliated enterprises of the company actively carried out environmental protection training to cultivate employees' environmental awareness and sense of responsibility. In 2019, the affiliated enterprises of the company in China held 67 sessions of environmental protection training, while the affiliated overseas enterprises held 512 hours of environmental protection training, with a total of 9,797 people trained.

The company promoted green office from all aspects. The company timely optimized the operation of lamps, air conditioners and other electrical appliances. The company purchased energy-saving, water-saving and material-saving products, encouraged employees to travel in a green way, and promoted the application of office software "Ding Talk" in the daily office work, realizing paperless office in most work procedures.
EACH YEAR, ON MARCH 12 (CHINA’S TREE-PLANTING DAY), JUNE 5 (WORLD ENVIRONMENT DAY), ENERGY CONSERVATION WEEK, AND THE NATIONAL LOW CARBON DAY, THE COMPANY WILL HOLD VARIOUS PUBLIC ENVIRONMENTAL PROTECTION ACTIVITIES, SUCH AS PLANTING TREES AND GRASS SEEDS, PUBLICIZING ENVIRONMENTAL PROTECTION, TO ENHANCE THE EMPLOYEES’ AWARENESS OF ENVIRONMENTAL PROTECTION AND ECOLOGICAL PROTECTION.

YINAN GOLD MINE’S ACTIVITY ON WORLD ENVIRONMENT DAY
GUILAIZHUANG MINING COMPANY’S TREE-PLANTING ACTIVITY

ENERGY CONSERVATION AND EMISSION REDUCTION

The company continued to strengthen the environmental protection work in the daily management, emphasize the internal assessment, and strictly implement relevant emission standards. The company promoted the energy conservation and emission reduction by improving the production process and equipment. In 2019, the affiliated Chinese and overseas enterprises of the company invested a total of RMB 133,089,800 and USD 8,362,800 in environmental protection, respectively.

TREATMENT OF WASTE GAS

All the affiliated enterprises of the company set up sprinklers at the main dust points, and wind or dust control nets in the tailing pond. They arranged sprinklers to water the road regularly. Gold Smelting Company transported the acid gas and oxynitride waste gas generated from the refining of gold through the ventilation pipe system in the workshop to external absorption and purification treatment device. The concentration and emission rate of acid gas met the requirements of the secondary emission standard specified in table 2 of the Comprehensive Emission Standard of Air Pollutants (GB16297-1996). The emission of oxynitride met the requirements of the emission concentration limits in key control areas specified in table 2 of Shandong Comprehensive Emission Standard of Air Pollutants (DB37/2376-2019).

TREATMENT OF WASTE WATER

The main waste water of the company was domestic sewage, mine swallet and industrial waste water. Domestic sewage was used for mine greening, road spraying and toilet flushing after being treated by sewage treatment facilities, mine swallet was used for underground mining and mineral processing. The surplus mine swallet was discharged after being treated and reaching the discharge standard. Among the industrial waste water, the processing water and tailings return water were recycled; the cyanide processing water and smelting water were used in the production process of cyanide and smelting after being treated. All the industrial waste water were recycled, instead of being discharged outside.
TREATMENT OF SOLID WASTE

The company managed solid waste by classification. Waste rocks from mining were mainly used for filling wells, constructing dams for tailing pond, and producing building stones. Tailings generated from the mineral processing were mainly used for filling wells and mined-out area. Hazardous wastes were managed strictly according to the system of "the bill in five parts". Each mine had a hazardous waste storage vault and entrusted a qualified unit to dispose the hazardous waste.

LINGLONG GOLD MINE IMPROVED ITS COMPREHENSIVE UTILIZATION RATE OF SOLID WASTE SIGNIFICANTLY

Linglong Gold Mine made great efforts to construct mines without tailings. Tailings were mainly used for filling the mine, and the surplus tailings were treated through cooperation with a third party. In Linglong mine and Lingshan mine area, projects for comprehensive utilization of tailings have been constructed. They extracted raw materials to produce glass and ceramics from the tailings and turned the waste into treasure, creating green mines without tailings. Waste rocks produced in the mine were backfilled the stopes and abandoned tunnels to the maximum extent, and the remaining waste rocks were raised to the surface and processed into building materials for comprehensive utilization, with the utilization rate reaching 100%.

GREEN TRANSPORTATION

The company watered the road regularly to prevent dust and planted trees at both sides. To ensure a clean road, the company asked the vehicles to be covered when transporting ores or waste rocks. Spillage and leakage were strictly prohibited in the transportation process.

ENVIRONMENTAL PROTECTION PERFORMANCE

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
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<tr>
<td>Total emission of SO2 (Ton)</td>
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<td>Smoke dust (Ton)</td>
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<td>Total emission of COD (Ton)</td>
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<td>Total emission of ammonia nitrogen (Ton)</td>
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<tr>
<td>Total amount of hazardous wastes (10,000 ton)</td>
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</tr>
<tr>
<td>Total amount of non–hazardous wastes (10,000 ton)</td>
<td>1593.25</td>
</tr>
</tbody>
</table>
ENERGY CONSERVATION AND CONSUMPTION REDUCTION

The company kept improving energy management system and technical standard, and strictly implemented energy statistics work. The company encouraged energy management mode by contract, and promoted the application of solar energy, geothermal energy and other clean energy. The company replaced old equipment and processing technology with advanced, energy saving, clean processing equipment and technology, reducing greenhouse gas emissions from the source and promoting low carbon development of the company.

ENERGY CONSUMPTION INDICATORS OF 2019

- **Total consumption of comprehensive energy in 2019**: 138,300 tons standard coal, 13.83 million kWh
- **Comprehensive energy consumption per unit output**: 0.0791 kWh
- **Electric power consumption of 2019**: 915,199,400 kWh
- **Gasoline consumption of 2019**: 0.05143,000 tons
- **Diesel consumption of 2019**: 1.4314,300 tons
- **LNG consumption of 2019**: 165.91,659,100 m³
- **Raw coal consumption of 2019**: 0.303,000 tons

WATER CONSERVATION

In 2019, the company continued to strengthen water conservation management and transformation of water conservation technology. The company returned the mineral processing waste water to the process system after pressured filtration. The domestic sewage was used for greening after treatment, so as to improve the recycling rate of water resources.
GREEN MINE

During mine construction, the company implemented reasonable and orderly mining, paid attention to protect the natural environment and biodiversity, and never explored or mined in the world heritage site or statutory nature reserves. The company advocated conservative and intensive use of land and prevented polluting soil environment. Each mine established perfect Development and Utilization Plan of Mineral Resources, Mining Geo-environmental Protection and Integrated Renovation Plan, and Mine Land Reclamation Plan. As for the collapse (sink) of mined-out area, tailings dam slide or collapse and other possible geologic hazard, the company actively carried out screening and treatment work, and established the brand image of "Shandong Gold, Ecological Mining".

All the affiliated enterprises of SD-Gold promoted the construction of green mines in strict accordance with the company’s “Opinions on Planning and Constructing Ecological-friendly Green Mine For 2018-2020” and the requirements for constructing green mines. Currently, a total of 12 mines of 10 affiliated enterprises were rated as National Green Mines, namely, Sanshandao Gold Mine, Jiaojia Gold Mine (Jiaojia mine area, Wang’ershan Gold Mine, Sizhuang mine area), Xincheng Gold Mine, Linglong Gold Mine (Lingshan mine area), Yinan Gold Mine, Xin Hui Company, Jinzhou Company (Jinqingding mine area), Penglai Mining, Laixi Company, and Chifeng Chaihu Lanzi Gold Mine. By carrying out greening and beautification activities in the mine areas, the green area accounts for 100% of the afforestation area, creating a production and living environment with "clean air, beautiful environment, good ecology and harmonious living environment", and achieving good environmental and social benefits.

Case Study: The Technology of External-soil Spray Seeding Helps with Environmental Protection of Chifeng Chaihu Lanzi Gold Mine

In 2019, Chifeng Chaihu Lanzi Gold Mine had more than 50,000 trees planted and more than 300 square meters of green belt were built in the processing workshop. It also planted grass on the 60-mu tailing pond area, and used the machine of external-soil spray seeding to recover all the vegetation deterioration areas. The total afforestation area reached more than 30,000 square meters, and the green coverage rate was greatly increased.

Field inspection of green mine

Machine of external-soil spray seeding

Effect after afforestation
SAFE PRODUCTION

The company continued to strengthen the construction of safety management system and promoted the standardization of safety production. By the end of 2019, all the affiliated enterprises of the company, including the four major mines, reached the standard of "Grade II Enterprises in Work Safety Standardization". Four enterprises were identified as "National Demonstration Enterprise in Safety Culture Construction" by China Association of Work Safety, and three as "Provincial Demonstration Enterprise in Safety Culture Construction". In 2019, the affiliated enterprises in China and the overseas enterprises invested a total of RMB351,874,900 and USD2,079,900 in safe production respectively. There was no serious production safety accident or death in the whole year.

SAFETY EMERGENCY MANAGEMENT MECHANISM

In 2019, the company organized all affiliated enterprises to comprehensively revise and improve the emergency rescue plan. Each enterprise set up an emergency management organization with the General Manager as the first responsible person, and established an emergency rescue team. The company organized various emergency drills every year to strengthen emergency rescue cooperation and response ability as well as professional capability.

In 2019, Xihe Zhongbao Co., Ltd. undertook the 2019 Mine Fires Emergency Drill and 2019 Environmental Incident Emergency Drill organized by the People’s Government of Longnan City in the company, which effectively practiced and improved the safety accomplishments and skills of the employees.

GUILAIZHUANG MINING COMPANY PERFORMED WELL IN THE COMPETITION OF EMERGENCY RESCUE TEAMS

In the First Competition of Mine Rescue Technology of Shandong Province held in November 2019, the mine rescue team of Guaizhuang Mining Company attended the competition items including theory examination, trauma rescue, comprehensive physical strength, personal rescue skills and cardiopulmonary resuscitation (CPR) on behalf of Linyi City. Four members ranked top three in their respective competition item, and the whole team ranked the second among non-professional mine rescue teams. Currently, the rescue team has been included in the mine emergency rescue team of Pingyi County, Linyi City and named as "Rescue Squadron of Guaizhuang Mining Company".

XINCHENG GOLD MINE CONTINUES TO STRENGTHEN SAFE PRODUCTION MANAGEMENT

Xincheng Gold Mine formulated and issued the Key Points in Safety and Environmental Protection Work of Xincheng Gold Mine in 2019, which specified and arranged the priorities and tasks in the safety and environmental protection work at all levels. In accordance with the requirements of "one post, one statement", the safety management indicators were decomposed layer by layer, and 2,263 safety responsibility statements were signed, with a signing rate of 100%. In 2019, a total of RMB15,329,400 was invested in underground safety support, of which RMB10,458,700 was invested in roof anchor bolt and shotcrete support, an increase of 32.36% year on year. A total of 400.28 anchor bolt supports that weighed 10,000 tons were used, an increase of 23.05% year on year. Making use of "investment, training, site operation, system" and "dual prevention system", the company identified various safety risks, investigate and eliminate all kinds of hidden dangers, and strictly implement the company’s responsibility of safe production.

SAFETY RISK CLASSIFICATION CONTROL MECHANISM

In 2019, the subsidiary Laixi Company completed the compilation of the fourth edition of the risk classification control manual. On the basis of the third edition, the manual included another 7 risk points and 8 new risk points, identifying a total of 84 risk points in operation activities, equipment and facilities as well as 627 risk sources. Jiaojia Gold Mine further promoted the construction and operation of the dual prevention system. Three mining areas reached the “provincial benchmark enterprise standard” in the evaluation and inspection of the dual prevention system carried out by Department of Emergency Management of Shandong Province. Sanshandao Gold Mine completely implemented the information-based investigation work for underground workers through mobile APP, paid close attention to the investigation and treatment through closed-loop management, and ensured the implementation and effective operation of the “dual prevention system”. Evaluation and inspection of “dual prevention system” of Sanshandao Gold Mine
DETECTION AND CONTROL MECHANISM OF HIDDEN DANGERS

The company strictly implemented the standards of classification, investigation and treatment of hidden dangers, the responsibility of the unit that is responsible for investigation and treatment of hidden dangers, and the retroactive mechanism of investigation of hidden dangers. For the hidden dangers that were not discovered in time or were not effectively rectified, the relevant unit was held responsible for the accident. In 2019, Xincheng Gold Mine investigated and dealt with a total of 4,457 hidden dangers that need rectification, with a fine of RMB1,014,200. Jiaojia Gold Mine investigated and dealt with more than 4,800 hidden dangers, with a fine of more than RMB1.1 million. Jinzhou Company investigated and dealt with 4,369 hidden dangers, with a fine of RMB655,100 and a safety fine of RMB57,200. Guilaizhuang Mining Company investigated and dealt with 7,759 hidden dangers, with a fine of RMB299,200. Xinhui Company investigated and dealt with 3,379 hidden dangers, with a fine of RMB688,700 and a reward of RMB 620,000. The rectification rate of hidden dangers reached 100%.

MANAGEMENT OF EXPLOSIVES AND DANGEROUS CHEMICAL MATERIALS

In order to strengthen the management of explosives and dangerous chemical materials, the company formulated the Monitoring and Management System of Major Hazardous Sources, and carried out special inspection on explosives and dangerous chemical materials irregularly. For explosives used in underground work, the company strictly implemented the monitoring and management procedures of “receipt, delivery, use and return”. The blasting manager supervised the blasting and the returning of the residual explosive, and examined the Receipt and Distribution Record of Explosives”. The blasting manager can leave only after confirming there was no problem, which effectively eliminate the excessive deposit and outflow of explosives.

MANAGEMENT OF TAILING POND

The company established safety management system for tailings and strictly implemented the patrol system. The company designated special persons to inspect and record the daily operation and management of the tailings, especially checking the stability of dam foundation and the pond bank, minimum length of dry sedimentation bank, minimum safety height of the dam, water level of the pond and other major indicators, and filled in the inspection records. In 2019, Laixi Company successfully passed the completion acceptance and obtained the safety production license for the safety facility construction of the tailing pond at the north dam. Guilaizhuang Mining Company invested RMB18.9 million to complete the reconstruction and expansion of the tailing pond.

MANAGEMENT OF MINED-OUT AREA

The company attached great importance to the management of mined-out area. The previous mined-out areas have been recovered basically after recent years of efforts. Now, the mining is finished with filling method, and no new mined-out area is generated.

SAFETY MANAGEMENT OF CONTRACTORS

The company formulated the “Interim Provisions on the Safety Production Management of Mining Enterprises for Outsourced Construction”, and actively carried out work safety education and training for employees of enterprises for outsourced construction. The company changed the training philosophy, improved the training mode, and paid attention to the training on necessary knowledge, skills, and operation specifications. Considering the frequent substitution of workers of the contracted construction team, the company carried out three-level safety education and training for new staff in time. The newly hired staff will learn from designated teacher and get to work after passing the qualification exam.

SAFETY EDUCATION

The company held all kinds of safety conferences, safety education and safe production month activities. The company established safety communication platform, and built a comprehensive safety culture system and safety education and training system to fulfill the main responsibility of the enterprise, improve the management level of safe production management personnel, and strengthen the safety awareness and ability of employees. In 2019, the affiliated enterprises in China organized 1,204 training sessions on safe production, and overseas enterprises organized 128 hours of training on safe production, with a total of 118,764 person-times of training. The company also ensured the effect of trainings through reward, commendation and notification of criticism.
In 2019, Jinzhou Company conducted training and exams for 1365 employees and personnel from contracted project departments. The company retrained 653 people on safety education and reviewed safety certificate for 27 safety managers and special operation certificate for 38 special operation staff. The company organized explosive education and training for 41 blasters, and occupational health education and training for 232 persons who are exposed to occupational hazards. Both the participation rate and pass rate reached 100%.

The company attached great importance to the occupational disease prevention and control work, formulated and strictly implemented the Management System of Occupational Disease Prevention and Control, Operation Procedures for Occupational Health and other relevant documents. The company made great efforts to improve the worker’s production environment, provided the employees with necessary labor protection articles and held occupational health examination for the employees who are exposed to occupational hazards. The company established the occupational health record for relevant employees, and carried out regular occupational health education and training to improve the employees’ knowledge on occupational health protection. In 2019, the company’s physical examination rate of personnel exposed to occupational hazards reached 100%.

Occupational Disease Hospital of Shandong Gold is the only hospital with the occupational disease diagnosis certificate in Shandong gold industry. After becoming the first batch of fixed-point hospital covered by care insurance in Yantai City in 2019, the hospital organized the staff to provide personalized door-to-door service for eligible disabled employees, to ensure that the disabled patients can get proper, orderly and standard medical care service, realizing door-to-door service for occupational disease prevention and control.

Since 2019, to respond to the national occupational disease prevention and control actions, the party member backbone staff of Occupational Disease Hospital of Shandong Gold went to the families with pneumoconiosis patient of four communities, and talked with the patients face to face. They explained the pneumoconiosis disease recovery knowledge, taught the oxygen generator using method, and publicized the policy on pneumoconiosis disease prevention and control in China. Meanwhile, they went to 13 mining areas to give lectures on pneumoconiosis prevention and control knowledge. In 2019, the hospital carried out occupational health examination for over 40,000 people in Yantai and other places, distributed more than 4,000 copies of publicity materials, hospitalized more than 400 occupational disease patients, and visited more than 540 patients with pneumoconiosis. The hospital did a good job in occupational disease prevention and control. The hospital also established a volunteer service team for diagnosis and treatment of occupational disease. The team members went into the communities around the mine for free medical treatment, and implemented the “double services” from both experts and volunteers, so that more people can enjoy the public health volunteer services.
The company has always implemented Employment Promotion Law of the People's Republic of China to promote local employment and support the employment of the unemployed and the disabled. By the end of 2019, the company had 16,134 employees, 102 more than that at the end of 2018.

**STAFF STRUCTURE OF 2019**

**TALENT TEAM**

**By gender**
- Female: 12,909
- Male: 3,225

**By job nature**
- Full-time: 16,134
- Part-time: 3,225

**By age**
- 29 and younger: 1,144
- 30-50 (including 30 and 50): 16,314
- Above 50 (excluding 50): 3,077
- Total: 16,134

**WIN-WIN COOPERATION**

**TALENT TEAM**

CARING FOR EMPLOYEES

ESTABLISHING RESPONSIBILITY CHAIN

ACCELERATING THE PACE OF “GOING GLOBAL”
EMPLOYEES’ CAREER DEVELOPMENT CHANNEL

In order to further implement the strategy of strengthening the enterprise with talents, the company set up a leading group for talent work and formulated the Working Rules for the Leading Group for Talent Work to provide strong talent support for the development of the company. With the multiple development channel of “management + professional + support”, the company provided multiple career development channels for employees through vertical career promotion and horizontal career transformation, and provided equal career promotion opportunities for all applicants through open recruitment, job competition and professional qualification recognition. By the end of 2019, female managers accounted for 7.14 percent of corporate managers.

Two Dimensions of Career Development

Vertical

Rank promotion
Job promotion
Employee’s development direction

Horizontal

Internal recruitment
Job reshuffle

 JOB TRAINING FOR EMPLOYEES

The company established a complete training system for employees, and made annual training plans on the basis of extensive research on training needs. With the goal of strengthening weaknesses, improving capabilities and increasing benefits, the company actively carried out internal training for all the employees, covering the “three teams” of operation and management personnel, professionals and technicians. In 2019, the company invested a total of RMB28.3 million in training, and trained 13,286 employees (times) accumulatively, with an average training time of 20.52 hour per person and training satisfaction rate of 97.73%.

Training of Different Types of Employees

<table>
<thead>
<tr>
<th>Training of Different Types of Employees</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of male employees to total trainees</td>
<td>81.68%</td>
</tr>
<tr>
<td>Average training hours of male employees</td>
<td>21.36</td>
</tr>
<tr>
<td>Proportion of female employees to total trainees</td>
<td>18.32%</td>
</tr>
<tr>
<td>Average training hours of female employees</td>
<td>15.36</td>
</tr>
<tr>
<td>Proportion of top management personnel to total trainees</td>
<td>0.02%</td>
</tr>
<tr>
<td>Average training hours of top management personnel</td>
<td>392</td>
</tr>
<tr>
<td>Proportion of middle management personnel to total trainees</td>
<td>2.08%</td>
</tr>
<tr>
<td>Average training hours of middle management personnel</td>
<td>27.3</td>
</tr>
<tr>
<td>Proportion of ordinary employees to total trainees</td>
<td>97.98%</td>
</tr>
<tr>
<td>Average training hours of ordinary employees</td>
<td>20.16</td>
</tr>
</tbody>
</table>

Proportion and training hours of employees by gender

Proportion and training hours of employees by job nature
Training of Operation and Management Personnel

Guided by the spirit of the 19th CPC national congress, with the goal of internationalization strategy and the purpose of fine management, the company focused on corporate governance, overseas mergers and acquisitions, capital operations, basic management and other fields, so as to improve the strategic thinking and innovation ability. A total of 66 trainings were held in 2019.

Training of Professionals

The training focused on updating the knowledge structure and improving the innovation ability. We conducted training in geology, surveying, mining, mineral processing, smelting, machinery, electric, safety and finance, to improve the employees’ professional, practice and innovation abilities. A total of 120 trainings were held in 2019.

Training of Technicians

The training mainly focused on the skills of special work in mining industry. Through skills competition, the company emphasized the standardization of practical operation and constantly improved the ability and quality of technicians. A total of 68 trainings were held in 2019, and the training results were remarkable. One person was awarded “government special allowance approved by the state council”, five people were awarded “national technical expert”, two people were awarded “chief technician of Shandong”, one person was awarded “labor medal for enriching the people and contributing to Shandong Province”, and five people were awarded “May Day Labor Award of metallurgy industry of Shandong Province”.

山金世界 有我更精彩

WONDERFUL SD-GOLD, WONDERFUL ME
CARING FOR EMPLOYEES

The company regarded the employees as precious wealth. While keeping sustainable development, the company implemented the commitments of "three lets" and "three not-lets", and put the caring philosophy into practice, so that every employee of SD-Gold had no worries and shared the development results.

STANDARDIZED EMPLOYMENT

The company strictly complied with the national laws and regulations on employment, and adhered to the principle of fairness, justice and transparency. The company hired and used employees according to the post requirements, and implemented the same position of equal pay for men and women, without any employment discrimination provisions or behaviors. Female managers accounted for 7.14% of the total managers. The company strictly followed all employment policies and prohibited the use of child labor and forced labor. The company strengthened the management of employees' personal information and protected the employees' privacy information. In 2019, the labor contract signing rate was 100%. The company paid "five social insurances and one housing fund" for the employees in full amount according to law, and arranged the work and vacation for the employees in accordance with national regulations, so as to guarantee the rest and vacation rights of employees and actively build a harmonious and stable labor relationship. In terms of dismissal, the company adhered to the principle of equality, free will, fairness and rationality, strictly abided by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and other relevant laws and regulations. For the employees who voluntarily terminate the labor contract, the company handled the archives and social insurance relationship transfer properly.

DEMOCRATIC MANAGEMENT

The company insisted on democratic management and communication. The company guaranteed employees' right to know, to express, to participate and to supervise according to law through the congress of workers and staff and the trade union. The company regularly collected reasonable suggestions from every shift and work team, and organized anonymous vote for the suggestions, so that the employees can speak freely, to ensure the realization of the employees' democratic rights. Relying on the staff representative committee, the company provided free legal aid and rights protection assistance for the employees, and regularly convened the staff and trade union members to hold meetings to discuss the employee’s proposals and ensure their rights and interests.

SALARY AND REMUNERATION

The company provided salary and welfare for the employees in accordance with relevant national regulations. The company formulated the "Management Measures for the Total Budget of Shandong Gold’s Affiliated Enterprises", and arranged the total salary for the employees and the enterprises. The company implemented the strategy of competitive pay according to the market principle. The company had three types of salary, namely, yearly salary, job performance-based yearly pay, project performance-based pay, and adjusted the salary according to the company benefit, development situation and external market salary level. The company would make individual salary adjustment according to the change of post level or performance.

The company paid attention to the welfare of low-income employees, and set the minimum wage protection line according to the minimum wage standard of the operation site to guarantee the basic living standard of employees, enable every employee to enjoy the achievements of the company's development, and narrow the income gap caused by the company’s development.
CARING FOR FEMALE EMPLOYEES

The company attached great importance to humanistic care for female employees and actively carried out various activities on Women’s Day. Jinzhou Company organized an activity “women’s jogging, move forward”. Sanshandao Gold Mine organized a variety of fun activities, such as protecting the balloons, hula hoop, and kicking shuttlecock. Xihe Zhongbao organized a tea party. Guilaizhuang Mining Company organized a lecture on inheriting good family tradition. Xincheng Gold Mine organized special physical examination and pregnancy investigation for more than 600 female employees, including the one on the job and the retired.

HELP EMPLOYEES IN NEED

The company actively carried out various activities to give supports to employees in need. The company traced the extremely poor employees to provide assistance regularly every year. The company set up an employee rescue foundation and a management committee. The company also formulated the (Internal) Articles of Association for Employee Rescue Foundation, realizing the systematization and standardization of assistance work, making the poor employees feel the care and warmth from the party and the company. In 2019, the company helped more than 1,200 employees in difficulty (times), with a total assistance investment of about RMB4.33 million.

CULTURAL AND SPORTS ACTIVITIES

The company carried out all kinds of cultural and sports activities to develop the interests and hobbies of employees, relieve the work pressure, and promote the construction of corporate culture and ideological progress.
On October 16, 2019, the Variety Performance of Shandong Gold Miners’ Festival 2019 opened in Xincheng Gold Mine. The Variety Performance consisted of four parts, namely, “labor beauty, reform road, love to Shandong Gold, ode to the motherland”, to praise “the party, the motherland, Shandong Gold, and the miners”. It promoted SD-Gold’s core value of "openness, inclusiveness, faithfulness, accountability", to further encourage leaders and workers to strengthen their historical sense of mission and sense of responsibility, remain true to their original aspiration and keep their mission firmly in mind to move forward, gathering strength to realize the strategic goal of "striving to be a world-class enterprise and bravely fighting for the world’s top ten mining enterprise."

Before the festival, the company organized various activities, including flash shooting, speech contests and photography competitions. More than 900 people participated in the activity, including the heads of all the departments of the headquarter, business divisions and level-3 enterprises, relevant leaders from the local governments, performers, model workers' representatives and miners' representatives from in and outside the province.

On April 27, 2019, Shandong Gold held the 2019 spring sports meeting for the employees of the Headquarters in Jinan Olympic Sports Center, with a total of 17 teams consisting of over 350 employees from the departments of the headquarter, business divisions in Jinan and the subsidiaries attended.

SHANDONG GOLD HELD A SERIES OF CELEBRATIONS FOR THE 2019 MINERS’ FESTIVAL

SHANDONG GOLD HELD THE 2019 SPRING SPORTS MEETING FOR THE EMPLOYEES OF THE HEADQUARTERS IN JINAN

The company continuously improved the supplier management system and the supplier evaluation system. The company carried out comprehensive assessment and evaluation on the supplier's enterprise reputation, performance, qualification, supply quality, performance, after-sales service, etc., to standardize the access and exit mechanism of suppliers, and established a harmonious and interactive cooperative relationship with suppliers.

THE NUMBER OF SUPPLIERS CLASSIFIED BY AREAS

The percentage of suppliers certified by OHSAS18001 system (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Shandong</th>
<th>Other areas except Shandong</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>58.53</td>
<td>63.10</td>
<td>64.98</td>
</tr>
<tr>
<td>2018</td>
<td>62.79</td>
<td>64.98</td>
<td>64.83</td>
</tr>
<tr>
<td>2019</td>
<td>58.40</td>
<td>64.83</td>
<td>62.79</td>
</tr>
</tbody>
</table>
Shandong Gold has always taken “going global” as the only way to accelerate transformation and upgrading and high-quality development. Targeting at the mining and capital markets, the company relied on the province, expand business in other areas and develop overseas market to seek broader development space.

**ACCELERATING THE PACE OF “GOING GLOBAL”**

2017

*April 2017*

The signing ceremony for the cooperation between SD-Gold and Barrick Gold on the development of Argentina’s Veladero Gold Mine was held in Jinan, Shandong Province.

2018

*September 2018*

Shandong Gold completed the layout of A + H capital market by listing on Hong Kong Stock Exchange.

2019

*July 2019*

SD Gold held a mining investment conference at Toronto, Canada, and the Celebration of the Opening of Shandong Gold Group Canada Toronto Office was held at the same time.

*April 2017*

Shandong Gold Mining (Hong Kong) Co., Ltd. acquired 50% stake of Veladero Mine at USD960 million (later adjusted to USD989.8 million), achieving in-depth strategic cooperation with Barrick Gold.

*2018*

Shandong Gold completed the layout of A + H capital market by listing on Hong Kong Stock Exchange.
COMMUNITY CO-CONSTRUCTION

The company attached great importance to building a harmonious relationship with the local community. The company strived to share its own resources with the community and actively contributed to community construction.

Chifeng Chaihu Lanzi Gold Mine celebrated the New Year with local villagers
Fujian Xinyuan Company held a fellowship activity with local villagers

Community Communication and Participation Mechanism
The company cooperated with the local government through friendly consultation, and actively participated in community activities. The company organized community field research, talks and communication to timely grasp the dynamic progress in the development of the enterprise and local areas and resolve the conflicts in real time, forming a good development model of "communication - pair - mutual assistance - joint construction".

Support Local Construction and Development
The company provided financial and material support and assistance in the new rural construction, water supply project, power supply project, road repair and rural infrastructure construction in each project area, and made great efforts to help the local community solve the practical difficulties in production and life.

Local Recruitment and Purchase
The company adhered to the policy of local recruitment and strived to improve the local procurement rate, especially in the remote western provinces and less developed areas, which promoted the local economic development and improved the people’s living standard.

Migration and Compensation
In the process of project development and construction, the company strictly complied with the relevant laws, regulations and local government requirements, timely communicated and negotiated with the immigrants concerning migration and compensation, and properly handled the follow-up issues of migration.

Respect and Protect the Cultural Traditions and Heritage of the Community
In the project construction, the company attached great importance to the ethnic unity, fully respected the cultural traditions and religious beliefs of the community, and protected the cultural heritage of the community.
Jinzhou Company gave full play to its own advantages and built a harmonious relationship with the villages by carrying out joint defense and protection activities for villages and enterprises, helping farmers in autumn harvest and cleaning the community, etc., which effectively promoted the new rural construction. In 2019, the company actively helped promote new rural construction in such villages as Nandong Village and Zaodi Village, and improved the rural environment by repairing roads and other works.

PUBLIC WELFARE

With the principle of "giving love and repaying the society", the company continued to organize charity donation, volunteer service and other public welfare activities.

CHARITY DONATION

The affiliated enterprises of the company actively participated in charity and public welfare undertakings. Xinhui Company organized a "charity day" donation activity. Yinan Gold Mine organized "student subsidy in autumn" activity. Jinzhou Company participated in "holding hands with social mother" activity organized by Rushan Women's Federation. Jiaojia Gold Mine carried out a "love charity" donation activity. Fujian Yuanxin Company carried out the donation activity "helping the countryside revitalization, passing hope by love". These activities created a good atmosphere of being ready to help others and devoting to public welfare, and won the unanimous praise from various circles.

In 2019, Chifeng Chaihu Lanzi Gold Mine organized two charity donations and one emergency blood donation, raising more than RMB60,000 for donations. Among them, the Trade Union sent RMB17,500 as consolation money to the employees or their immediate family members who suffered major family changes in the year. In the "student subsidy in autumn" activity, the company sent RMB5,000 as consolation money to three families, respectively. In the "charity day" activity, the company’s leaders and employees donated RMB10,000 for Songshan District Red Cross. In the activity of donating for the left-behind children, the company's leaders and employees donated school uniforms and study articles valued more than RMB22,000.

Xinhui Company’s love donation activity
VOLUNTEER SERVICE

The company continued to promote and encourage employees to participate in volunteer services. The headquarters in Jinan established “SD-Gold Volunteers” team. Sanshandao Gold Mine set up the “golden waves” volunteer service team, and carried out a large number of volunteer service work. The company also actively organized and carried out volunteer service activities such as voluntary blood donation and voluntary tree planting through the Trade Union and the Chinese Communist Youth League Committee to repay the society with practical actions. In 2019, the company organized or participated in various volunteer service activities for a total of 660 hours and served 1,448 people.

- SD-Gold’s volunteers serve for Spring Festival of Jinan
- Xincheng Gold Mine’s volunteers worked as assistant police in some intersections of Laizhou
- Voluntary tree planting
- Sanshandao Gold Mine’s volunteers cleaned up rubbishes on coastline
- Linglong Gold Mine’s volunteer service activity themed with “following the examples of Lei Feng”

On Sep. 27, 2019, SD-Gold organized a voluntary blood donation activity, with 150 employees attended. Blood Center of Shandong Province arranged two blood collecting vehicles to the site. The blood donation lasted for three hours and a total of 30,800ml blood was collected.

In recent years, Shandong Gold adhered to the philosophy of mutual development, co-existence, and win-win results among the enterprise, people, the society and the environment. The company took various practical actions to “benefit more people and communities from the development of Shandong Gold.” The company actively performed its duties and repaid the society with great love by practicing the core values of the company. The voluntary blood donation activities also fully demonstrated the spirit of selfless dedication and the courage of the employees to take responsibility. The company has been taking practical actions to promote the construction of spiritual civilization.
TARGETED POVERTY ALLEVIATION

SD-Gold thoroughly studied and applied General Secretary Xi Jinping’s instructions about the “implementation of targeted poverty alleviation to get rid of poverty” and implemented it according to the decision and deployment of the provincial party committee and the provincial government on solidifying the results of poverty alleviation and revitalizing the rural economy. In 2019, the company sent three new comrades to be the first secretaries of Shiji Town, Juancheng County, Heze City to make in-depth investigation and research, and formulate feasible goals and measures for industrial poverty alleviation, ecological protection, and infrastructure construction. The company invested a total of RMB418,300, and resolutely implemented the major tasks for rural poverty alleviation and revitalizing the rural economy.

Before Shandong Gold sent the first secretaries to Shiji Village, Shiji Town, Juancheng County, Heze City, Shiji Village had 378 poor households and 834 poor people. The task of poverty alleviation is very difficult to finish. SD-Gold invested in the construction of 12.4 kilometers of new roads, 16 new bridges, and having 11 natural villages supplied with running water. The infrastructure of Shiji Village had been greatly changed. Through the implementation of the targeted poverty alleviation project of “one village, one product, one plan for one household”, the company enabled the poor households to have continuous income, and 843 people in 11 natural villages have escaped from poverty.
The year 2020 is a decisive year for completing the building of a moderately prosperous society in all respects and also the final year for the company to complete the “13th Five-Year Plan”. Facing the new normal, the new situation and the new opportunities, SD-Gold will hold high the banner of Xi Jinping’s thought on socialism with Chinese characteristics for a new era, and consciously assumed its social responsibility. The company aimed “to benefit more people and communities from the development of SD-Gold” and combined the enterprise development with the prosperity and development of China together.

SD-Gold will continue to realize the “gold dream” of “striving to be a world-class mining enterprise and bravely fighting for the world’s top ten mining enterprise” with great efforts, great courage and great actions. The company will deepen the supply side structural reform, actively participate in the integration and acquisition of global resources, and implement the philosophy of “the lucid waters and lush mountains are invaluable assets”. The company will adhere to the intensive and efficient development way and create a new situation for high-quality development in the new era.
### KEY PERFORMANCE

#### ECONOMIC PERFORMANCE INDICATORS

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>UNIT</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>RMB 100 million</td>
<td>581.56</td>
</tr>
<tr>
<td>Net assets attributable to shareholders of the listed company</td>
<td>RMB 100 million</td>
<td>231.14</td>
</tr>
<tr>
<td>Operation revenue</td>
<td>RMB 100 million</td>
<td>626.31</td>
</tr>
<tr>
<td>Total profit</td>
<td>RMB 100 million</td>
<td>21.17</td>
</tr>
<tr>
<td>Net profits attributable to shareholders of the listed company</td>
<td>RMB 100 million</td>
<td>12.89</td>
</tr>
<tr>
<td>Net cash flow from operating activities</td>
<td>RMB 100 million</td>
<td>41.80</td>
</tr>
<tr>
<td>Asset–liability ratio</td>
<td>%</td>
<td>55.61</td>
</tr>
<tr>
<td>Gold output</td>
<td>Ton</td>
<td>40.12</td>
</tr>
<tr>
<td>Basic earnings per share (EPS)</td>
<td>RMB/share</td>
<td>0.42</td>
</tr>
</tbody>
</table>

#### SOCIAL PERFORMANCE INDICATORS

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>UNIT</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product percent of pass</td>
<td>%</td>
<td>100</td>
</tr>
<tr>
<td>Agreement fulfillment rate</td>
<td>%</td>
<td>100</td>
</tr>
<tr>
<td>Death rate per ton of gold</td>
<td>%</td>
<td>0</td>
</tr>
<tr>
<td>Total investment in safe production of mines in China</td>
<td>RMB 100,000</td>
<td>35187.49</td>
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<tr>
<td>Total investment in safe production of overseas mines</td>
<td>USD 10,000</td>
<td>207.99</td>
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<tr>
<td>Safe production trainees (time)</td>
<td>Person (time)</td>
<td>118764</td>
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<tr>
<td>Total number of employees</td>
<td>Person</td>
<td>16134</td>
</tr>
<tr>
<td>Newly recruited employees</td>
<td>Person</td>
<td>102</td>
</tr>
<tr>
<td>Contract signing rate</td>
<td>%</td>
<td>100</td>
</tr>
<tr>
<td>Social insurance coverage rate</td>
<td>%</td>
<td>100</td>
</tr>
<tr>
<td>Trained employees (time)</td>
<td>Person (time)</td>
<td>13286</td>
</tr>
<tr>
<td>Paid Tax</td>
<td>RMB 100 million</td>
<td>12.61</td>
</tr>
<tr>
<td>Total donation</td>
<td>RMB 100,000</td>
<td>100</td>
</tr>
<tr>
<td>Social contribution per share</td>
<td>RMB/share</td>
<td>1.52</td>
</tr>
<tr>
<td>Estimated amount of environmental related liabilities</td>
<td>RMB 100 million</td>
<td>9.10</td>
</tr>
<tr>
<td>Major violations of law and discipline</td>
<td>Time</td>
<td>0</td>
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**ENVIRONMENTAL PERFORMANCE INDICATORS**

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<th>INDICATOR</th>
<th>UNIT</th>
<th>2019</th>
</tr>
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<tr>
<td>Total investment in environmental protection of enterprises in China</td>
<td>RMB10,000</td>
<td>13308.98</td>
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<tr>
<td>Total investment in environmental protection of overseas enterprises</td>
<td>USD10,000</td>
<td>836.28</td>
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<tr>
<td>Total emission of NOx</td>
<td>Ton</td>
<td>14.97</td>
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<tr>
<td>Total emission of SO2</td>
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<td>4.383</td>
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<tr>
<td>Exhaust Fume</td>
<td>Ton</td>
<td>1.863</td>
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<tr>
<td>Total emission of COD</td>
<td>Ton</td>
<td>330.05</td>
</tr>
<tr>
<td>Total emission of ammonia nitrogen</td>
<td>Ton</td>
<td>11.66</td>
</tr>
<tr>
<td>Total hazardous waste</td>
<td>10,000 tons</td>
<td>143.54</td>
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<tr>
<td>Total harmless waste</td>
<td>10,000 tons</td>
<td>1593.25</td>
</tr>
<tr>
<td>Annual total energy consumption</td>
<td>10,000 tons</td>
<td>13.83</td>
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<tr>
<td>Annual total energy consumption Million kWh</td>
<td>Million kWh</td>
<td>1124.94</td>
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<tr>
<td>Comprehensive energy consumption per unit output value</td>
<td>Million kWh</td>
<td>0.07</td>
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<tr>
<td>Annual total power consumption</td>
<td>Million kWh</td>
<td>91519.94</td>
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<tr>
<td>Annual gasoline consumption</td>
<td>10,000 tons</td>
<td>0.05</td>
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<tr>
<td>Annual diesel consumption</td>
<td>10,000 tons</td>
<td>1.43</td>
</tr>
<tr>
<td>Annual LNG consumption</td>
<td>10,000 m³</td>
<td>165.91</td>
</tr>
<tr>
<td>Annual raw coal consumption</td>
<td>10,000 tons</td>
<td>0.30</td>
</tr>
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**Report Title**

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- About Us
- Responsibility Management
- Quality and Efficacy Enhancement
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- Repaying the society
- Appendix
Dear readers:
Hello!

Thank you very much for reading SD-Gold’s SOCIAL RESPONSIBILITY REPORT 2019. If you have any opinion or suggestion on this report, please fill in the feedback table below and send to us by post, fax or email. We’ll appreciate it very much!

Name:                         Tel:                         Email:

1. Which sections do you think provide important information for you?
   □ Responsibility management  □ Economic responsibility  □ Environment responsibility
   □ Safety responsibility  □ Employee responsibility  □ Public welfare responsibility

2. How do you think of this report?
   Readability  □ Good  □ Acceptable  □ Unacceptable
   Integrity  □ Good  □ Acceptable  □ Unacceptable
   Relevance  □ Good  □ Acceptable  □ Unacceptable
   Layout design  □ Good  □ Acceptable  □ Unacceptable
   Overall assessment  □ Good  □ Acceptable  □ Unacceptable

3. What do you think of the quality of the reporting contents?
   □ Perfect  □ Good  □ Acceptable  □ Relatively acceptable  □ Unacceptable

4. What are your suggestions on our next annual report?

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