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# SUSTAINABILITY REPORT 2017

**DELONG HOLDINGS LIMITED**

## **INTRODUCTION**

### **ABOUT DELONG HOLDINGS LIMITED**

Committed to playing its part in growing the Chinese steel industry, Delong Holdings Limited (“Delong” or the “Company”, together with its subsidiaries, the “Group”) is a steel manufacturing and trading group headquartered in Beijing, China. Its flagship business, Delong Steel, is located 430 kilometre southwest of Beijing in the industrial city of Xingtai in Hebei Province, placing it in proximity to raw material sources and an extensive client base encircled by the Bohai Economic Zone.

The Group’s business area spans across cities within the China. For more details on our corporate structure and company profile, please refer to page 11 to 14 of the Delong Holdings Limited Annual Report (Annual Report) 2017.

### **OUR VISION**

Delong is a steel manufacturing group committed to playing its part in growing the Chinese steel industry through progressive thinking and sustainable practices.

We envision Delong as one of the leading steel companies in China, contributing strategically to the country’s economic landscape and creating long-term value for our stakeholders.

### **CORPORATE GOVERNANCE**

An extensive system of policies, processes, training, and communications is in place to protect our reputation, avoid conflict of interests in our business activities and stay on the path towards a sustainable business culture that will generate long-term value creation for all our stakeholders.

For more details on our Corporate Governance, please refer to page 15 of the Delong Holdings Limited Annual Report (Annual Report) 2017.

### **RISK MANAGEMENT**

We regularly review and improve our business and operational activities to identify areas of significant business risks as well as to take appropriate measures to control and mitigate these risks. We are committed to ensuring appropriate risk management procedures are implemented across our supply chain.

### **MEMBERSHIP OF ASSOCIATIONS**

Delong currently holds membership in the China Iron and Steel Association (CISA). CISA aims to maintain the overall interests and legal rights of the member companies. It functions as a bridge between the government and enterprises and aims to continuously improve the competitiveness of the Chinese steel industry in the domestic and overseas market. As such, it allows us to develop strategic relationships within the industry and further drive value creation for all stakeholders.

## **ABOUT THIS REPORT**

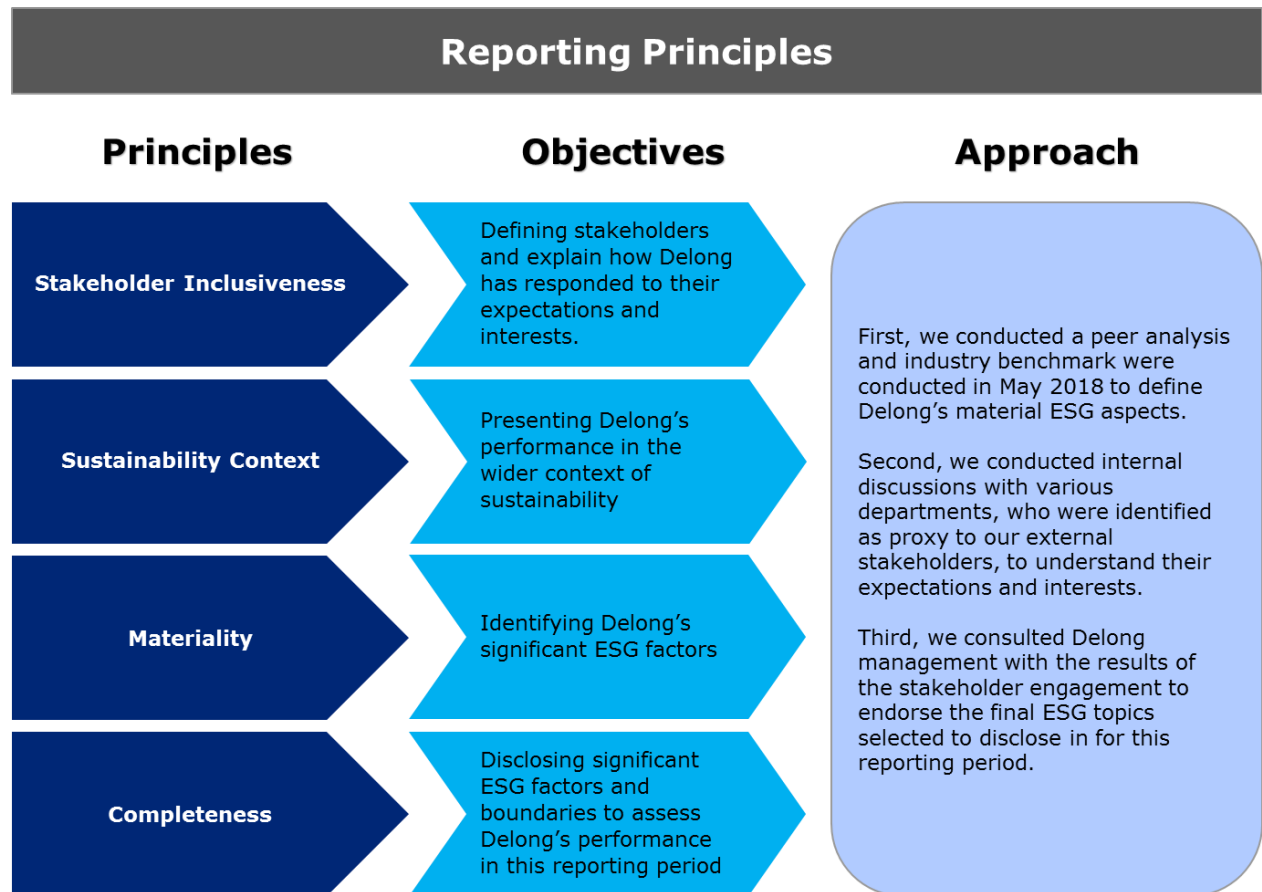
### **SCOPE OF THE REPORT**

The inaugural Sustainability Report (the "Report") of Delong has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, the international standard for sustainability reporting. This report is prepared with reference to the primary components set in Singapore Exchange Securities Trading Limited's ("SGX-ST") Listing Rule 711B on a 'comply or explain' basis.

We have identified five material Environmental, Social and Governance ("ESG") aspects in regard to our businesses operations and we are committed to addressing these material aspects so as to create long-term value for all our stakeholders.

This report covers the sustainability performance of our operations for the financial year 2017. All data and activities reported were from 1 January 2017 to 31 December 2017, unless stated otherwise.

The content of this report was defined by the four reporting principles established by GRI Standards: (1) Stakeholder Inclusiveness; (2) Sustainability Context; (3) Materiality; (4) Completeness.



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## **CONTACT US**

As part of our continued efforts to improve our reporting, we welcome stakeholders to submit their comments to us. For any questions or to deliver feedback about this report, please contact:

### **Company Secretary**

#### **Yeo Lee Luang**

55 Market Street, Level 10,

Singapore 048941

Tel.: (65) 65212964

Fax: (65) 65357505

E-mail: [ir@dlholdings.com](mailto:ir@dlholdings.com)

## **MESSAGE FROM BOARD**

### **BOARD STATEMENT**



Delong Holdings Limited proudly presents our 2017 Sustainability Report. To show the commitment towards sustainable development, Delong has taken the first step in this inaugural sustainability report to disclose our sustainability accomplishments for 2017.

This sustainability report highlights Delong’s sustainability initiatives, best practices, and performance. This is aligned with the ever-increasing importance and emphasis on sustainability across global financial markets.

We are working towards achieving sustainable growth for the Group by continuously upgrading the business model and strategies. We intend to integrate sustainability into the vertical integration of the manufacturing operations with the objective to deliver high-quality products.

We recognise the importance of maintaining a balance between economic and financial achievement on one hand as well as social and governance obligations on the other hand. In this regard, the Board of Directors (the “Board”) of the Company takes into consideration sustainability issues as part of the strategic formulation even as they pursue business growth.

With the start of the sustainability journey, we look forward to improving the business performance by building responsibly, while keeping the key ESG topics at the forefront.

## ACHIEVEMENTS AND RECOGNITIONS

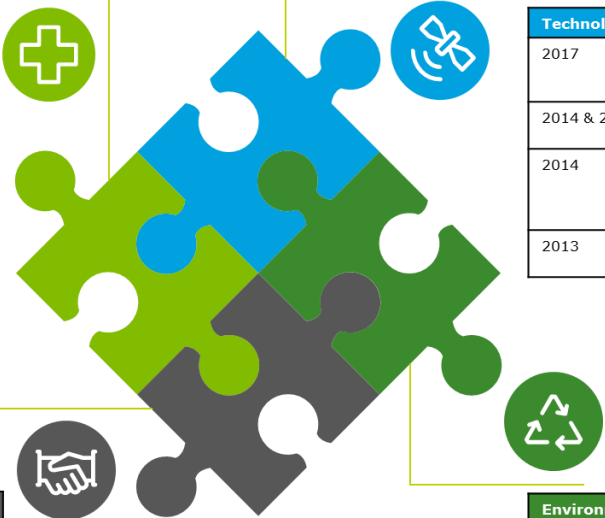


### CERTIFICATES



### AWARDS

Safety	
2018	Role Model in Safety Management in Hebei
2017	National Model in Safety Management
2015 - 2018	Provincial Demonstration Enterprise in Safety and Culture Construction
2015	Demonstration Enterprise in Safe Production and Outstanding Integrity Construction
2014	Occupational Health and Safety (OHS) accreditation



Technology & Credentials	
2017	Excellent Quality Management Enterprise in Metallurgy in Hebei
2014 & 2017	2014 & 2017 National New-and High-tech Enterprise
2014	Passing the assessment by China National Accreditation Service for Conformity Assessment (CNAS)
2013	Star Enterprise Certificate of Hebei Province

Public Welfare and Charity	
2017	Chinese Welfare Enterprise
2017	Xingtai Steel Museum was rewarded as a "Science Education Base"
2017	Youth Patriotism Education Base of Xingtai
2017	Youth Entrepreneurship Practice Base of Xingtai

Environmental Protection	
2017	The First AAA Scenic Spot in the Steel Industry
2017	One of the first "Green Factories" selected by Ministry of Industry and Information Technology ("MIIT")

# STAKEHOLDER ENGAGEMENT AND MATERIALITY REVIEW

## STAKEHOLDER ENGAGEMENT



We recognise the importance of stakeholders in maintaining the company's long-term growth as well as responsible business development in ESG topics. Therefore, maintaining effective communication channels with our stakeholders are of utmost importance to us. We communicate regularly with our stakeholders by providing an open and transparent channel for their concerns, reviewing and considering those concerns and responding in a timely manner. Our key stakeholders include investors, customers, suppliers, employees and other business partners.

## RESULTS FROM MATERIALITY ASSESSMENT

A materiality assessment was conducted to identify the material ESG topics. The materiality assessment and identification of ESG topics was conducted as follows:

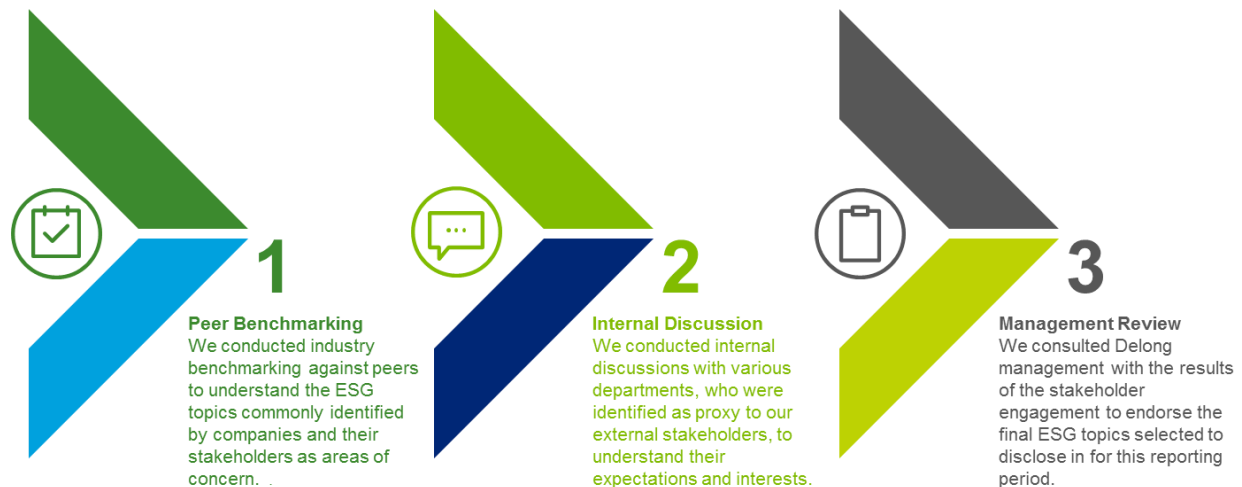


Figure 1: Materiality Assessment Process

## **MATERIAL ASPECTS AND INDICATORS IDENTIFIED**

<b>TOP PRIORITIES</b>		
<b>Material Aspects</b>	<b>GRI Standards ESG Indicators</b>	
Economic Performance	GRI 201-1	Direct economic value generated and distributed
Energy	GRI 302-1	Energy consumption within the organisation
Water	GRI 303-1	Water withdrawal by source
Environmental Compliance	GRI 307-1	Non-compliance with environmental laws and regulations
Employment	GRI 401-1	New employee hires and employee turnover
Occupational Health and Safety	GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities
Training and Education	GRI 404-1	Average hours of training per year per employee

## **REPORTING SCOPE AND BOUNDARIES**

<b>Material Aspects</b>	<b>List of ESG Indicators</b>	<b>Aspect Boundary</b>
Economic Performance	GRI 201-1: Direct economic value generated and distributed	Within organisation
Energy	GRI 302-1: Energy consumption within the organisation	Within organisation
Water	GRI 303-1: Water withdrawal by source	Within organisation
Environmental Compliance	GRI 307-1: Non-compliance with environmental laws and regulations	Within organisation
Employment	GRI 401-1: New employee hires and employee turnover	Within organisation
Occupational Health and Safety	GRI 403-2: Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities	Within organisation
Training and Education	GRI 404-1: Average hours of training per year per employee	Within organisation

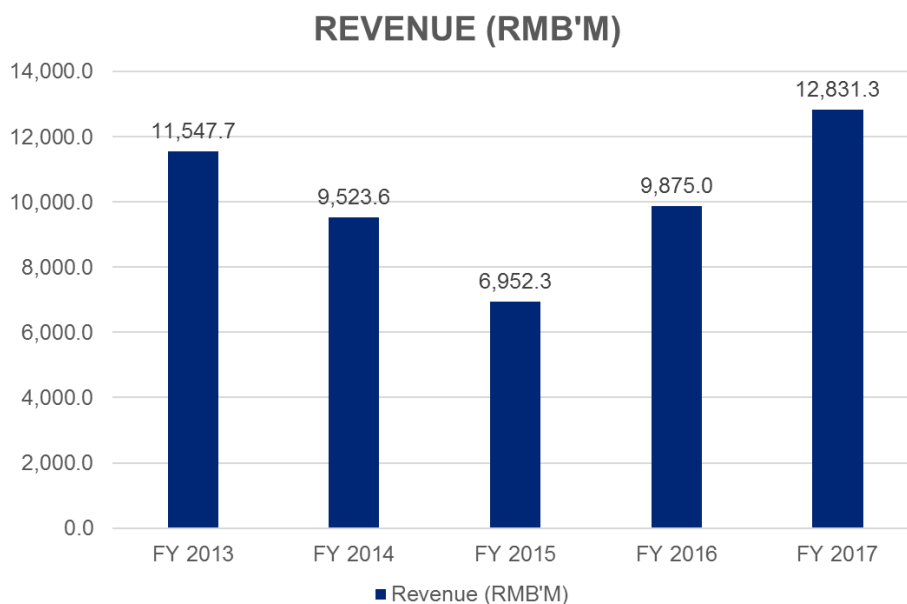
## ECONOMIC PERFORMANCE

### HIGHLIGHT ON ECONOMIC PERFORMANCE

The economic highlights of Delong's performance for 12 months from 1 January to 31 December 2017 (FY 2017) is shown in the table below.

Revenue:	(RMB'M) \$12,831.1
Earnings before interest and tax:	(RMB'M) \$2,709.6
Profit/(loss) after tax	(RMB'M) \$2,069.9

### REVENUE BY FINANCIAL YEARS (RMB'M)



*Figure 2: Revenue (RMB'M)*

For a more detailed breakdown of its 2017 financial results, please refer to the relevant sections in Delong Holdings Limited's Annual Report 2017 (Annual Report).

## ENVIRONMENT

### OUR APPROACH

Our business operations pose a significant impact on the environment. We are committed to effectively manage the environmental aspects as well as to comply with applicable environmental standards, laws, and regulations.

### ENERGY

Our main operations are in manufacturing and production, as such energy consumption is a key issue of concern. The energy sources used in the company are coal, waste gas (biomass) and electricity. We have implemented an energy monitoring practice to handle energy usage within the company. With the monitoring initiative in place, it aligns with the company's goal by reducing the energy consumption and achieve greater efficiency in the use of energy to lower the operating costs.

At Delong, we have a designated team to monitor the energy usage within the company. The team will analyse the energy consumption data on a monthly basis. Energy surges that were identified within the company will be investigated for possible faults in the instruments and machinery.

The below charts show the detailed breakdown of Delong's energy consumption statistics.

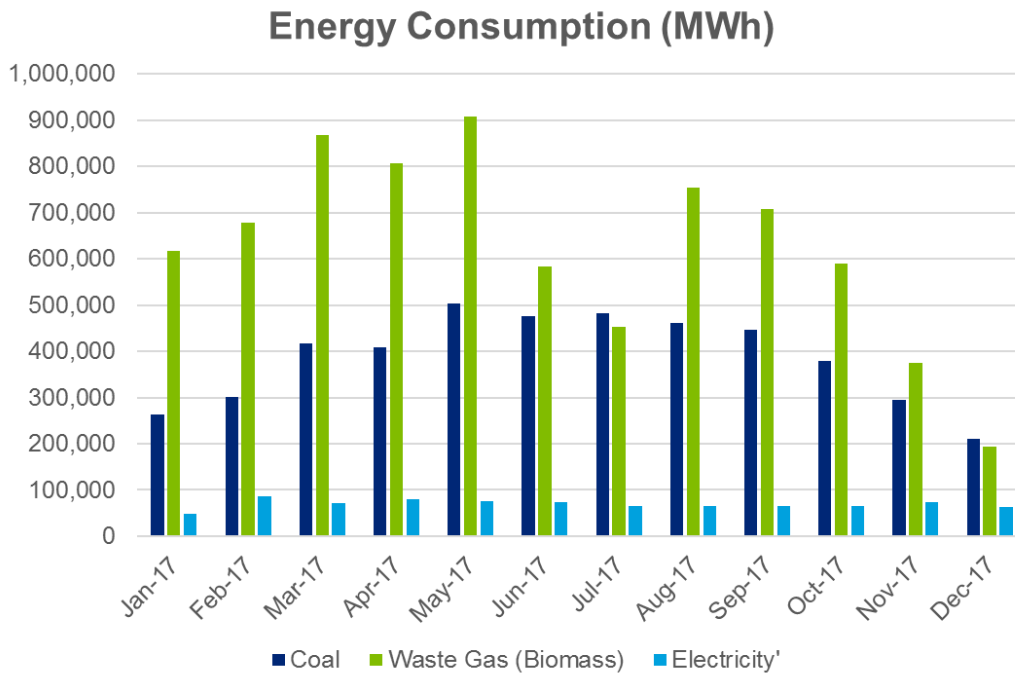


Figure 3: Energy Consumption (MWh)

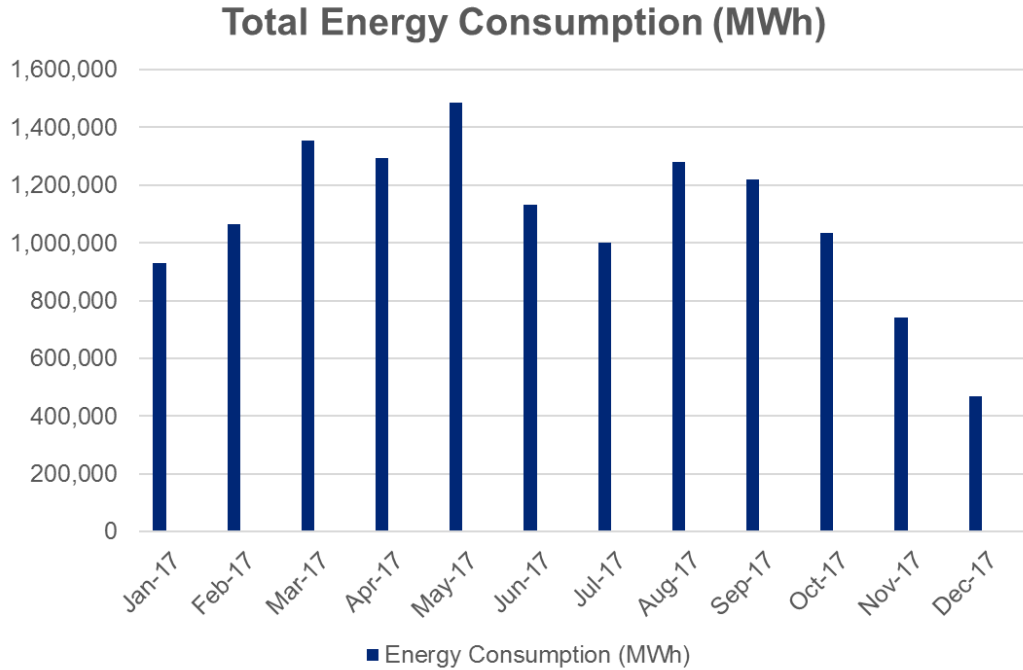


Figure 4: Total Energy Consumption (MWh)

In FY 2017, the total energy consumption was recorded at 13,009,372 megawatt (MWh) hour which equivalent to 46,883,738,795 megajoules (MJ).

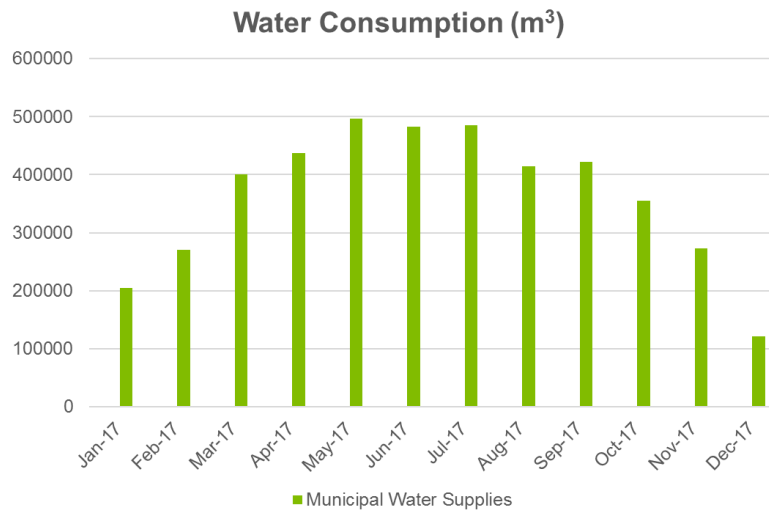
In the future, we are looking to implement additional initiatives to minimise the energy consumption within the company.

## **WATER**

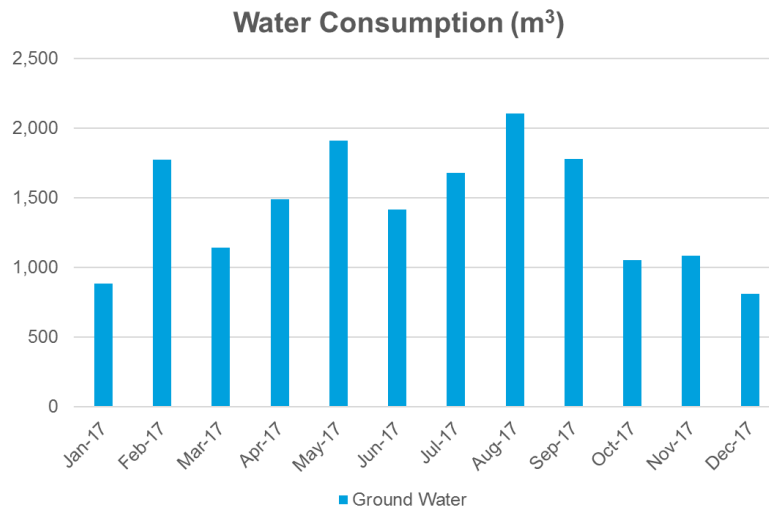
Water is identified as a priority resource for our business. We are committed to reducing water consumption and encouraging the use of treated/recycled water in our daily operations. We have a strategic approach to water management by:

- Implementing a water reuse system in our daily operations to reduce the reliance on municipal supply; and
- Establishing monitoring water leak detection work to monitor water usage as well as to reduce wastage due to leaking pipes or water overflow within the company.

The below charts show the detailed breakdown of Delong’s water consumption statistics.



*Figure 5: Water Consumption - Municipal Water Supplies (m³)*



*Figure 6: Water Consumption - Ground Water (m³)*

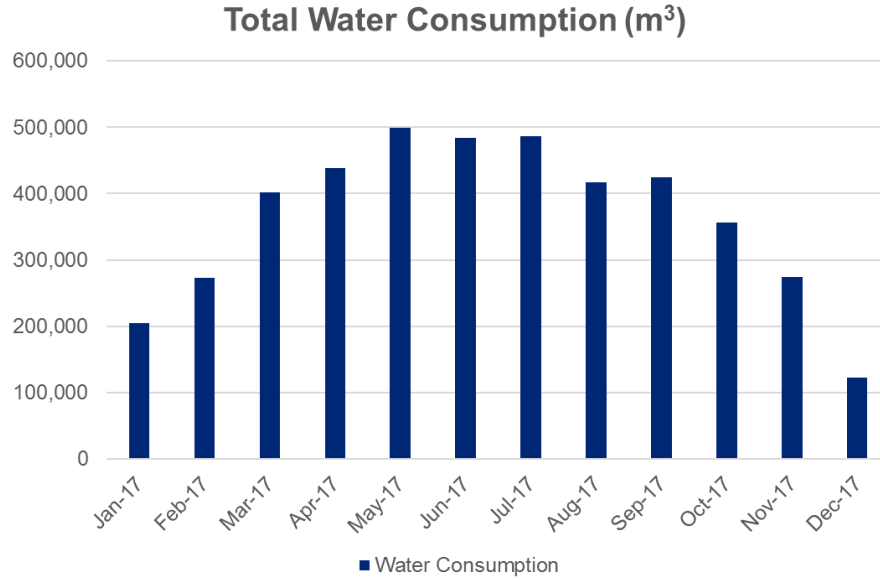


Figure 7: Total Water Consumption (m³)

In FY 2017, the total energy consumption was recorded at 4,381,522 m<sup>3</sup>. However, we will continue our effort in reducing the water consumption within the company by monitoring water leak detection work which is also in line with the company's objective in minimising the operating cost.

## ENVIRONMENTAL COMPLIANCE

In order to ensure legal compliance, we analyse and follow the environmental laws and regulations in the countries which we operate in closely.

In FY 2017, there were no major incidences involving significant fines or non-monetary sanctions for non-compliance with environmental laws and/or regulations. We aim to maintain this level of performance for many years to come and be a role model in our industry.

## PEOPLE

### OUR APPROACH

We emphasise the protection of labour rights, equal opportunity and non-discrimination in the workplace. We have a human resource policy that expresses the commitment to the ethical, professional and legal standards with the objectives to:

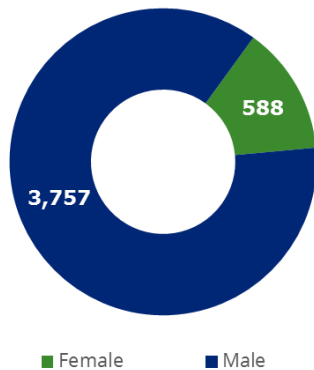
- Developing employees' working competencies through learning and development;
- Creating a well-balanced workplace to attract talent;
- Fostering fair and equitable workplace culture; and
- Caring for employees' well-being and benefits.

### EMPLOYMENT

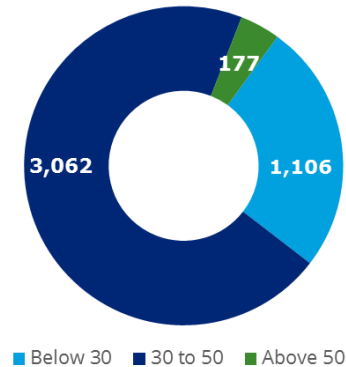
As of 31 December 2017, we have a total 4,345 employees and close to one percent of the employees were hired on temporary or contract basis. Recruitment of new employees is conducted in line with our corporate human resource policy.

The below charts show the detailed breakdown of our employment statistics.

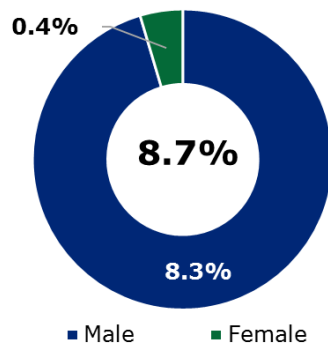
Number of Employees by Gender



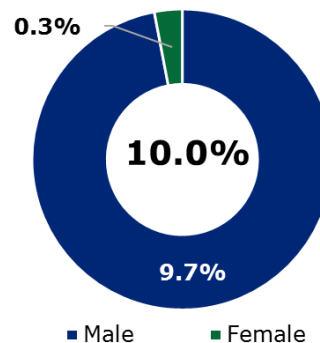
Number of Employees by Age Group



New Employee Hire Rate



Employee Turnover Rate

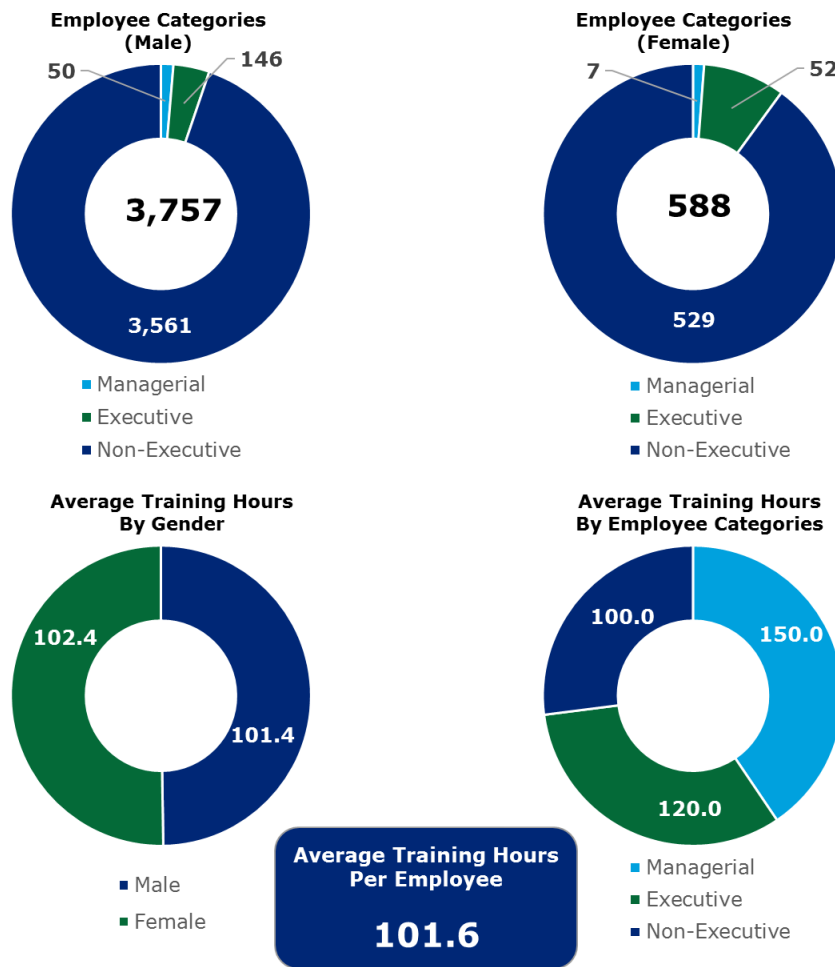


## TRAINING AND EDUCATION

We believe in employees' learning and development by grooming them to their fullest potential, personally and professionally. At Delong, our employees are critical to the operations and function of our business. We emphasise heavily on continual training so as to enhance staff performance and upgrade their professional skillsets.

The training thus ensures that employees are able to acquire the necessary skillset relevant to their job scope. Regardless of category, each employee, on an average, has more than 100 hours of training annually. In future, we aim to consistently meet our internal target for Continuing Professional Development (CPD) training.

The below charts show the detailed breakdown of employees' average training hours by gender and employee categories.



## **OCCUPATIONAL HEALTH AND SAFETY**

We consider people as the backbone of our business operation and strive to ensure that our employees' health and safety are always taken care of. We have formulated various systems for occupational health and safety (OHS) within the company.

A Safety committee has been established at Delong to improve environmental health and safety (EHS) performance within the company, prevent industrial safety occupational diseases, as well as to create awareness of EHS among our employees.

In the event of incidents, we have an on-site response plan that gives the safety committee overall responsibility in the treatment and evacuation of any injured workers.

However, we have had six injury incidents reported in FY 2017, which translates into 18.4 lost day rate per 200,000 hours worked. There were no cases of occupational diseases and work-related fatalities in the same year.

The diagram below shows a full breakdown of our company's occupational health and safety statistics for this year.



To continue the emphasis on managing workplace health and safety in our business, we have outlined goals and targets to better manage health and safety concerns of our employees. We aim to achieve an excellent OHS culture within our Group to achieve zero reportable (lost-time) incidents. We will follow up closely and report on our progress in the next report.

## GRI CONTENT INDEX

### TABLE OF GRI CONTENT INDEX

GENERAL DISCLOSURES			
General Standard	Disclosure	URL(s)	Omission
<b>ORGANISATIONAL PROFILE</b>			
<b>GRI 102: General Disclosures 2016</b>	102-1 Name of the organisation	<a href="#">Introduction</a>	
	102-2 Activities, brands, products and services	<a href="#">Introduction</a>	
	102-3 Location of headquarters	<a href="#">Introduction</a>	
	102-4 Location of operations	<a href="#">Introduction</a>	
	102-5 Ownership and legal form	<a href="#">Introduction</a>	
	102-6 Markets served	<a href="#">Introduction</a>	
	102-7 Scale of the organisation	<a href="#">Introduction</a>	
	102-8 Information on employees and other workers	<a href="#">Introduction</a>	
	102-9 Supply chain	<a href="#">Introduction</a>	
	102-10 Significant changes to organisation and its supply chain	<a href="#">Introduction</a>	
	102-11 Precautionary principle or approach	<a href="#">Introduction</a>	
	102-12 External Initiatives	<a href="#">Achievements And Recognitions</a>	
	102-13 Membership of associations	<a href="#">Introduction</a>	
<b>STRATEGY</b>			
<b>GRI 102 : General Disclosures 2016</b>	102-14 Statement from senior decision-maker	<a href="#">Message From Board</a>	
<b>ETHICS AND INTEGRITY</b>			
<b>GRI 102: General Disclosures 2016</b>	102-16 Values, principles, standards, and norms of behaviour	<a href="#">Introduction</a>	
<b>GOVERNANCE</b>			
<b>GRI 102: General Disclosures 2016</b>	102-18 Governance structure	<a href="#">Introduction</a>	

<b>STAKEHOLDER ENGAGEMENT</b>			
<b>GRI 102: General Disclosures 2016</b>	102-40 List of stakeholder groups	<a href="#">Stakeholder Engagement And Materiality Review</a>	
	102-41 Collective bargaining agreements	Not Applicable	
	102-42 Identifying and selecting stakeholders	<a href="#">Stakeholder Engagement And Materiality Review</a>	
	102-43 Approach to stakeholder engagement	<a href="#">Stakeholder Engagement And Materiality Review</a>	
	102-44 Key topics and concerns raised	<a href="#">Stakeholder Engagement And Materiality Review</a>	
<b>REPORTING PRACTICE</b>			
<b>GRI 102: General Disclosures 2016</b>	102-45 Entities included in the consolidated financial statements	<a href="#">Introduction</a>	
	102-46 Defining report content and topic Boundaries	<a href="#">About This Report</a>	
	102-47 List of material topics	<a href="#">Stakeholder Engagement And Materiality Review</a>	
	102-48 Restatements of information	Not Applicable	
	102-49 Changes in reporting	Not Applicable	
	102-50 Reporting period	<a href="#">About This Report</a>	
	102-51 Date of most recent report	Not Applicable	
	102-52 Reporting cycle	<a href="#">About This Report</a>	
	102-53 Contact point for questions regarding the report	<a href="#">About This Report</a>	
	102-54 Claims of reporting in accordance with the GRI Standards	<a href="#">About This Report</a>	
	102-55 Content index	<a href="#">GRI Content Index</a>	
	102-56 External assurance	<a href="#">About This Report</a>	

<b>CATEGORY: ECONOMIC</b>			
<b>ECONOMIC PERFORMANCE</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	<a href="#">Economic Performance</a>	
	103-2 The management approach and its components	<a href="#">Economic Performance</a>	
	103-3 Evaluation of the management approach	<a href="#">Economic Performance</a>	
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	<a href="#">Economic Performance</a>	
<b>CATEGORY: ENVIRONMENT</b>			
<b>ENERGY</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	<a href="#">Environment</a>	
	103-2 The management approach and its components	<a href="#">Environment</a>	
	103-3 Evaluation of the management approach	<a href="#">Environment</a>	
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	<a href="#">Environment</a>	
<b>WATER</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	<a href="#">Environment</a>	
	103-2 The management approach and its components	<a href="#">Environment</a>	
	103-3 Evaluation of the management approach	<a href="#">Environment</a>	
<b>GRI 303: Water 2016</b>	303-1 Water withdrawal by source	<a href="#">Environment</a>	
<b>ENVIRONMENTAL COMPLIANCE</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	<a href="#">Environment</a>	
	103-2 The management approach and its components	<a href="#">Environment</a>	
	103-3 Evaluation of the management approach	<a href="#">Environment</a>	
<b>GRI 307: Environmental Compliance 2016</b>	307-1 Non-compliance with environmental laws and regulations	<a href="#">Environment</a>	

<b>CATEGORY: SOCIAL</b>			
<b>EMPLOYMENT</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	<a href="#">People</a>	
	103-2 The management approach and its components	<a href="#">People</a>	
	103-3 Evaluation of the management approach	<a href="#">People</a>	
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	<a href="#">People</a>	
<b>OCCUPATIONAL HEALTH AND SAFETY</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	<a href="#">People</a>	
	103-2 The management approach and its components	<a href="#">People</a>	
	103-3 Evaluation of the management approach	<a href="#">People</a>	
<b>GRI 403: Occupational Health and Safety 2016</b>	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<a href="#">People</a>	
<b>TRAINING AND EDUCATION</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	<a href="#">People</a>	
	103-2 The management approach and its components	<a href="#">People</a>	
	103-3 Evaluation of the management approach	<a href="#">People</a>	
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	<a href="#">People</a>	

Note: The column of "Omission" is intentionally left blank as there are no omissions made in the Sustainability Report.