



LXML SEPON CONTRIBUTION TO LAO PDR



ລ້ານຊ້າງ ມິເນໂຣນສ໌ ລິມິເຕັດ
万象矿业有限公司
CHIFENG LXML SEPON

OUR CONTRIBUTION IN NUMBER



US\$ **1.7**
B

Revenue to Lao PDR since operations commenced



US\$ **56**
M

UXO clearance (60,000 items and 6,400 hectares cleared)



US\$ **55**
M

National infrastructure improvement



US\$ **50**
M

Community income from local business development



US\$ **20**
M

Community Development program



US\$ **20**
M

Environmental management, rehabilitation and monitoring

Since operations commenced in 2003, LXML Sepon has contributed over US\$1.6 billion in direct revenue to the Lao Government through taxes, royalties, and dividends. Indirect benefits through employment, training, community and local business development have also contributed significantly to social and economic development in Lao PDR.

LXML is the only mining company in Lao PDR to uphold an A+ Rating from the Ministry of Energy and Mines since 2016. LXML achieved this rank for its contributions to development in partnership with local communities, and maintaining strict environmental protection standards.



LXML Sepon Community Development

LXML Sepon has consistently achieved positive outcomes on community development in partnership with the Lao Government and host communities. This resulted in Vilabouly District being removed from the government's list of poorest districts in 2015. Per capita income in Vilabouly has reached US\$900 per annum, a 50% increase since 2004.

LXML Sepon's community development strategy focuses on four key pillars: health; education; food security through sustainable agriculture; and livelihoods.

LXML's community development programs aim to sustain resilient livelihoods in cooperation with local communities, laying the foundation for a successful post-mining economy. LXML contributions to community and business development totals over US\$20 million.



1 Health – improving provision of basic health services, and maternal and child health



Improving maternal and child health – the '1000 Day' Project.

In cooperation with the Lao Ministry of Health, Lao Women's Union, and UNICEF, LXML Sepon has invested approximately US\$5 million in health outreach and maternal and child nutrition programs including the '1000 Day' and 'WASH' programs.

The '1000 Day' project reached 250,000 children, distributing 2.7 million nutrition sachets of micro-nutrients, and trained 2,000 volunteers, midwives, and Lao Women's Union members.

LXML also invested US\$270,000 with Australia's MacFarlane Burnet Institute to deliver **maternal and child health programs** in Vilabouly District.

LXML supported the **Lao Pediatric conference**, organized by Health Frontiers, for thirteen years.

LXML has provided **financial support** and **medical equipment** to Vilabouly Hospital, rural clinics in Vilabouly District, Savannakhet Hospital, and Mittaphab Hospital in Vientiane, building new wards and latrine blocks, purchasing ambulances, water supply systems, incubators for premature births, and other essential medical equipment to support primary health objectives to benefit women and children.



2 Community-Led Projects (Community Trust Fund and Village Development Fund)

LXML Sepon is improving livelihoods through access to basic services, and by empowering villagers to achieve their own development priorities. The company targets programs for disadvantaged groups.

In close consultation with community leaders in 72 villages around Sepon mine, LXML has invested total US\$15 million in community development fund at the district and village level. LXML contributed US\$3.4 million in the Village Development Fund (FADG, or Fund for the Assistance of Disadvantaged Groups) and US\$11.7 million in the Community Trust Fund since 2003 to build schools, roads, latrines, fishponds, a potable water supply, and small livelihood projects benefiting over 40,000 people.

The Community Trust Fund (TF) is designed to

improve service delivery and mitigate the impact of Sepon mine in alignment with the Lao Government's National Socio-Economic Development Plan.

The Village Development Fund (or FADG) offers grants of between US\$8,000 and US\$16,000. In total, over 260 projects have been implemented across 47 communities, with a total investment of US\$3.4 million to date. Projects are selected by villagers, who contribute counterpart of at least ten per cent of the total value, through finance, time, or in-kind support to encourage ownership.

LXML has established several large and small irrigation projects to provide a consistent water supply for local communities to support food security in and around Vilabouly District.



3 Education – improving access to and quality of education

On 22 September 2022, in cooperation with Vilabouly District Education Office, LXML dedicated three new classrooms and sanitary facilities valued at US\$36,950 to Phoukam School in Boungkham Village.

On the same day, Vilabouly Information, Culture and Tourism Office and LXML, celebrated a traditional music promotion project. LXML provided financial support and equipment for students in Vilabouly District to learn Lao traditional musical instruments. LXML has contributed US\$10,000 for this cultural preservation project, creating opportunities for 30 aspiring young Lao musicians.

LXML has provided scholarships for Lao employees to study in Australia and Thailand and offers financial support for disadvantaged Lao students to travel from Vilabouly District to study in Vientiane. The company offers apprenticeship and other training programs for local people. The company has a long-standing relationship with Savannakhet Technical College to provide trades training in mechanical and electrical engineering, skills that can be transferred to other enterprises.

Since 2003, LXML has invested millions of dollars to establish and maintain the Huay Kong Training Center in Vilabouly District. On the banks of a large water reservoir constructed by LXML to provide irrigation to local farms and potable water supply for villages, Huay Kong Training Center offers training courses for community members in agriculture (mushrooms, fisheries, citrus), dressmaking, economic self-sufficiency, sericulture, and other specialized courses to meet local needs.





4 Income Generation



LXML's business development aims to improve and diversify local income opportunities, create the climate for new businesses to flourish, and assist to build sustainable livelihoods beyond mine closure.

LXML purchases at least US\$3 million every year (75% of its fruits, vegetables, and local produce) through 50 local businesses - a combined income over US\$50 million - creating **income opportunities for local people**.

In cooperation with the Netherlands Development Organization (SNV), LXML increased **incomes for smallholder farmers** in rice production by improving the quantity of quality milled rice for 1,900 farmers through improved farming methods. Rice farmers produced 2.2t/ha of rice before the project, and increased output to 3.5t/ha, providing greater food security for the district. LXML provided US\$757,000 to support this 3-year project.

LXML invested approximately US\$1 million to develop a citrus industry in Vilabouly District through an Australian company with 20 years' experience exporting citrus fruits. With technical support, 48 families planted 26,000 trees in 43 hectares. In 2022, production of citrus fruits in Vilabouly District reached over 400 tons. LXML has supplied irrigation and other support to increase production.

Improving Access to Credits and Savings Services (Rural Areas-Access to Finance).

In cooperation with GIZ and AusAid since 2012, LXML established **agricultural microfinance facilities** supporting 55 villages in Vilabouly and Sepon Districts with 5,929 participating members reporting US\$2,452,546 in savings and US\$1,476,860 in current loans.



5 Respect for Cultural Heritage

Vilabouly is acknowledged internationally as one of the first mining and metallurgy sites in Southeast Asia. Ancient mining practices continued there until about 1,300 years ago, (700 AD), where people excavated rich copper ore and refined it in Peun Baolo and Thong Na-Gneuak (Dragon or "Naga Serpent" Field) locations.

Since 2008, LXML has invested over US\$1.8 million to conserve 3,000 years of Lao history through a unique archaeological program in cooperation with the Department of Heritage (DoH) in the Ministry of Information, Culture and Tourism, National University of Laos, and James Cook University in Australia.

The project team has invited international research experts, including from Chinese universities and government departments in Yunnan Province, and Japan. Evidence of ancient copper mining shafts and ingots traded across South East Asia demonstrates the importance of mining in development and provide a fascinating window into ancient civilizations.

LXML's cultural heritage program unites a diverse research community at local, national, and international

levels. Volunteers from Vientiane, local villagers, students, archaeologists, and Lao officials cooperate closely to conduct research and conserve national heritage artefacts.

Cultural artefacts discovered through LXML's cultural heritage program are on display at the Lao National Museum in Vientiane, Savannakhet Museum, and Vilabouly Cultural Hall. LXML has handed over more than 8,000 cultural artefacts to the Lao Government.

Artefacts include mining equipment such as wooden ladders, pulleys, mallets, painted bamboo baskets, and rope made from lianas; a large 'Dong Son' bronze era drum (on display at the National Museum); crucibles, copper ingots, jewelry, ceremonial items, weapons, pottery, and other artefacts highlighting Laos' pivotal place in regional history and trade.

To preserve cultural traditions and community events, LXML's Community Trust Fund supported the casting in Vientiane Capital of the impressive Ongteu Outamasok Buddha (3m wide, 4.20m high) and five other statues (Pakhou Khihom) with an investment of approximately US\$103,000.



Since operations commenced in 2003, LXML has invested over US\$55 million in infrastructure improvement.

LXML invested approximately US\$34 million to build the national electricity grid from Thakkek to Mahaxay in cooperation with Electricite du Laos, extending development to rural and remote areas.

To date, LXML has invested over US\$20 million to build and maintain local roads. All villages in Vilabouly District are now accessible by road.

In April 2022, LXML donated US\$5 million to Savannakhet Province to upgrade Road 28A, a 41.56km bitumen road from Nabor Village to Vilabouly District, Savannakhet where Sepon mine is located. The project will provide better access to markets for more than 40,000 local people.

Road 28A is an important link in the 'East-West' economic corridor, connecting Lao PDR with Vietnam and Thailand, opening rural areas for agricultural production and other economic activity.





UXO Clearance



Since operations commenced, LXML has invested approximately US\$56 million in UXO clearance.

Sepon mine is situated in a remote area in one of the most bombed districts of Laos, bringing unique challenges to mining operations and agricultural production. Approximately 260 million bombs were dropped on Laos between 1964 and 1973. Of these, 80 million did not explode, leaving behind a deadly legacy. UXO continues to claim lives and cause injuries.

Since operations commenced, LXML has cleared around 6,400 hectares of land, destroying over 60,000 UXO items in and around Sepon Mine. LXML is cooperating with the Lao Ministry of Finance, UXO Lao, and National Regulatory Authority (NRA) to enhance technical capacity and improve clearance practices for future generations.



At LXML, we always minimise our environmental footprint and comply with international and local regulations and standards.

LXML's environmental standards are recognised as an example of excellence in Laos. To date, LXML has invested US\$20 million in environmental management, rehabilitation, and monitoring activities. LXML was among the first companies in Lao PDR and Southeast Asia to achieve ISO 14001 accreditation for environmental management systems.

IV Environment Protection and Management

OUR ENVIRONMENTAL COMMITMENT IN NUMBERS:



US\$20_m
in environmental management, rehabilitation, and monitoring



750 water samples monthly, equivalent to over 175,000 water samples since 2003



452 hectares of land revegetated



US\$300_k
in revegetation annually



450,000 trees planted



US\$1_M
in biodiversity mapping



Over the life of Sepon mine, more than 10,000 employees have contributed to the growth of LXML Sepon, learning professional skills and creating livelihoods. Of a total workforce of approximately 5,000 employees and contractors, 95% of LXML employees are Lao, 75% are from local communities, and 25% of these are women.

LXML has invested millions of dollars in human resource development, including scholarships, internships, on-the-job training, and apprenticeship programs. LXML is continuing to support career growth and employee aspirations to develop Lao professionals for the benefit of the Lao PDR.

The skills and experience employees have gained will stay with them wherever they work in Lao PDR or around the world. LXML will continue to invest in the human capital of Lao PDR through ongoing training, coaching, and career advancement.

V Human Resource Development



LXML Human Resource Development in numbers:

US\$4 million in tertiary scholarships for Lao employees to study in Australia, New Zealand, and Thailand since 2002.

Over 100 trainees in various technical and administrative disciplines since 2000.

Over 1000 employees participated in a competency-based onsite training program through coaching, formal training, and on-the-job training to develop industry skills including licenses, permits, and qualifications.

Almost 33,000 trainees have undergone internal and external training achieving on average 46,139 training hours/year From 2017 to 2022.

27 internal trainers on site.

54 apprentices supported in the Lao-German Technical College between 2022 - 2027, of which 16 graduated and transitioned back into LXML workforce in 2019.

304 interns hosted by LXML

US\$682,000 support in electrical, tools, and other training resources to the Savannakhet technical and Vocational school since 2006.

Over 280 Lao nationals in superintendent and supervisory positions.



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