

# 2013

## China Minmetals Sustainability Report



Cherishing Limited Resources  
Pursuing Sustainable Development

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Pursuing Sustainable Development







### Description of the Logo

The logo of China Minmetals Corporation consists of a red sun above aluminum ingots and steel rods together with MINMETALS, the abbreviated name of the Corporation in English, while the letter M is taken as a main character element in the logo. The red sun symbolizes optimism, selflessness, integrity and magnificent presence, embodying the Group's spirit of "providing quality service, striving for excellence". The aluminum ingots and steel rods imply the industry of the Group — minerals and metals; and the gray steel rods extend endlessly in a perspective view, conveying the sustainability philosophy of the Group to "Cherishing Limited Resources Pursuing Boundless Development". The entire logo depicts a road under sunshine paved by our employees with their professionalism and wisdom extending endlessly in the direction of the rising sun. It manifests the magnificent openness and vision of the Group, and signifies the Group's bright future and realization of sustainable development.

## About This Report

### Time frame:

This Report covers the period from Jan. 1 to Dec. 31, 2013, and may use data from other important years in the development of China Minmetals Corporation.

### Release cycle:

Released annually, this is the seventh sustainability report published successively by China Minmetals Corporation since 2007.

### Organizational coverage:

This Report covers the headquarters and entities of China Minmetals Corporation, the actual business practice of which determines the scope of information disclosure. For the convenience of expression and reading, China Minmetals Corporation is hereinafter referred to as "China Minmetals", "CMC", "the Group", or "we/us".

### References:

This Report has been prepared in accordance with the requirements of, among others, the Guiding Opinions on Performance of Social Responsibilities by Central Enterprises and the Outline of the Twelfth Five-Year Plan for Implementing the Strategy of Harmonious Development by Central Enterprises, as well as the comprehensive scheme in Sustainability Reporting Guidelines (G4) of the Global Reporting Initiatives (GRI). Reference has been made to ISO26000: Guidance on Social Responsibilities of the International Organization for Standardization, Chinese CSR Report Preparation Guide (CASS-CSR 3.0) of Chinese Academy of Social Sciences and other guidelines.

### Features and improvements:

- In the course of report preparation, a questionnaire survey was conducted among sustainable development stakeholders of China Minmetals Corporation to promote their engagement and highlight the process and substance of reporting.
- This Report takes on the form of "Special Topics" to discuss the important social responsibility issues of wide concern within this reporting year.

### Data source:

All data contained herein are from CMC's formal documents, statistics reports and financial reports, as well as from the sustainability practices of the functional divisions and business entities which have been kept, summarized and reviewed by the CSR management system of the Group.

### Report request:

This Report is prepared and released in Chinese and English. Please contact us for a hard copy.

Address of the headquarters: Tower A, Minmetals Plaza, No.3 North Chaoyangmen Avenue, Dongcheng District, Beijing, P.R. China  
Postal code: 100010  
Tel: 0086-10-60169880, 0086-10-60169885  
Fax: 0086-10-60169817  
Email: [csr@minmetals.com](mailto:csr@minmetals.com)

You may also read the PDF version of this Report in Chinese and English under "Sustainability" on the official website of CMC as well as other updates related to CSR activities of the Group.

Website: <http://www.minmetals.com.cn/srm.jsp>

## Declaration:

Adhering to the core value of "cherishing limited resources and pursuing sustainable development", CMC communicates its vision to create the greatest value for stakeholders, and showcases its actions and performance in the building of "Value-creating CMC, Safety-minded CMC, Eco-friendly CMC, Well-being CMC, Bona fide CMC and Harmony-oriented CMC" in Sustainability Report 2013. Taking stakeholders as the most important resources for sustainable development, "Philosophy, action and performance" as the basic logical framework, and "cherishing stakeholders and making every effort to create unlimited value for them" as the main theme, CMC strives to disclose its CSR practices and performance to stakeholders in a detailed, true and objective manner, realize to the greatest extent equal, comprehensive and deep communications with stakeholders, and enhance mutual trust and cooperation with stakeholders for shared progress and development.

This Report has been certified by Det Norske Veritas as an independent third party. The certification statement is attached hereto as an appendix.

China Minmetals Corporation  
May 2014



Sustainability Report of China Minmetals Corporation (2007-2012)

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## Questions and Answers with the President



“

*Corporate social responsibility suggesting a revamp and optimization of the company's management philosophy, methodology, objectives and targets, serves as an engine for its sustained innovation, and signifies an important approach to the fostering of its competitive edge.*

”

Zhou Zhongshu  
President of China Minmetals Corporation

**Q:** In 2013, as the international market continued its downward spiral, China's mining industry came under the immense pressure of “de-capacity”, “de-inventory” and “de-financialization”, which led to further increased costs among mining enterprises. It was against such a backdrop that CMC realized gross business revenue of RMB 414.65 billion. How did CMC buck the downward trend?

**A:** Business operation was under unexpectedly high pressure amidst the continuing gloom of the industry over the past year. We have uplifted management efficiency, adopted collective purchasing and lean production, strengthened internal coordination and vigorously reduced costs. And this led to a 25% reduction in actual management cost of the headquarters throughout the year as compared with the budget made at the beginning of the year. We have also realized that innovation-driven development is the only solution against the depression and achieving sustainability. Through technical, management and business model innovation, we have transformed and upgraded our development model and created new patterns of growth. For instance, in 2013, we blazed new trails in steel product circulation through the newly established “Xinyilian”, a third-party bulk-stock e-commerce platform, so as to transfer from “selling products” to “selling services”.

**Q:** Along with intensified efforts of the country in energy conservation and emission reduction assessment come even tougher requirements for market access, environmental protection and energy consumption. As a global leader in mineral resource mining, what effective measures have been taken to address the challenges?

**A:** CMC is determined to place equal emphases on conservation and growth, proactively reduce pollutant discharge, promote low carbon technology development and product marketing, and enhance its resilience to climate change. We have made our stand very clear in the “Caring for Climate” initiative launched by Global Compact Network China in 2013. As a member of the global compact environmental pioneer team, we have played a leading role in cherishing limited resources and facilitating a high-end, green and innovative development. High-end development refers to the production of competitive products with high added-value. To achieve this goal, we have to set strict standards, improve technological process, utilize new equipment, reduce energy dependence, and boost energy efficiency. Green development lies in the vigorous promotion of clean production. By putting into strict practice the environmental standards, adopting advanced environmental protection

technology, reducing pollutant emissions during the entire lifecycle of the products and improving resource recycling, we can realize the highest value at the least cost of the environment. Innovative development relies on new management models over energy conservation and emission reduction. We have devoted considerable efforts to increasing management efficiency, deepening piloting projects of circular economy, promoting energy management system and exploring ways to save energy and reduce emissions during the whole process.

**Q:** Through M&A, restructuring, and industrial structure adjustment, CMC has seen substantial growth. During this process, safety production is unquestionably a major challenge. What measures have been taken to address this challenge and build a safe company?

**A:** Safe production at its essence is about reaching a coordinated balance between “safety” and “production”. We require that “safety comes always before production” and “no production shall be conducted without safety”. Firstly, we have always prioritized safety in production, since nothing is more important than life and no profit shall be sought at the cost of safety. Secondly, all manufacturing entities of CMC have, in accordance with the requirement for “dual and equal responsibilities of the party and the government for work safety”, established a full-coverage and whole-process system for safety responsibilities. Entities at all levels have been asked to sign a duty pledge about safe production, energy conservation and emissions reduction and to define responsibilities for every specific position and person. Thirdly, we have forged a strong awareness about the regular patterns of safe production, translating from reactive management to preventive management, from accident management to risk management, from emergency management to early warning management, from controlling the incidences of fatal accidents to uplifting employees' occupational health. In this way, we have realized better management and control over production, and a higher-level management over safe production. Though in face of a tough market last year, we have tided over difficulties, taken strict precautions against related accidents, and maintained a sound situation of safe and environmentally-friendly production.

**Q:** Pursuant to relevant plans set by the central government, “the mass line education and implementation campaign” of the CPC has been kicked off at CMC since July 2013. What measures have been taken by CMC in this process? How did they work out?

**A:** Based on the overall plans set by the central government and the implementation schedule of our own, the campaign has shaped up well. We have moved forward nicely with “compulsory activities”, and flexibly arranged characteristic “optional activities” at each link based on our reality. To be specific, with an aim to maintain the progressiveness and purity of the CPC, we have followed the general requirements of “watching from the mirror, grooming ourselves, taking a bath and seeking remedies” and focused on the need to serve the people and to be down-to-earth, honest and upright. Considerable efforts have been made to “reject formalism, bureaucratism, hedonism and extravagance” and “serve the people”. We have urged the party members and cadres to firmly establish their awareness of purpose and

Marxist mass viewpoint, and to refine work style in an earnest manner. In addition, we have improved the occupational skills of the mass. The campaign has been carried out without even the slightest trace of insincerity or partiality. As a result, the cadres have taken on a brand-new work style, prominent issues have been solved, a long-term mechanism has gradually taken shape, remarkable achievements have been realized.

**Q:** CMC has been identified by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) as one of the ten key contacts in accordance with the Outline of the Twelfth Five-Year Plan for Implementing the Strategy of Harmonious Development by Central Enterprises (The Outline). Under new circumstances, what progresses have been made in implementing harmonious development strategies, strengthening CSR management and embedding CSR into everyday business?

**A:** As pointed out by the 3rd Plenary Session of the 18th CPC Central Committee, all enterprises shall integrate CSR with their own reform and development, and regard CSR fulfillment as an important content of setting up modern enterprise system. In 2013, we have carried out The Outline to continuously uplift our CSR management competence. Centered round the concept of “cherishing limited resources and pursuing sustainable development”, we have forged a CSR model based on “value creation”, exploring ways to promote CSR with CMC's characteristics. Besides, we have compiled a “three-year plan on CSR” and “sustainable development index system” to vigorously promote CSR practices in management and operation.

**Q:** As pointed out by the 3rd Plenary Session of the 18th CPC Central Committee, we must center on the decisive role of the market in allocating resources, further deepen state-owned enterprise reform, promote the establishment of the modern corporate system, give full play to the leading role of the state-owned sector, and continuously increase its vitality and influence. As for comprehensively deepening reform, how does CMC understand this and what actions will be taken?

**A:** It is through years of tenacious efforts that CMC has arrived where it is today. But as a state-owned enterprise, we still need to improve our system and mechanism which are not market-oriented. We will initiate once again the market-oriented reform to proactively reap benefits of reform. To that end, we need to prioritize efficiency and effectiveness, remove restraints on development and solve deep-rooted problems, so as to uplift the management and operation efficiency and inject energy into business development. To be specific, we need to gear resource allocation towards market development, boosting the efficiency of resource utilization; we need to gear management approaches towards market development, building up a flat and smooth hierarchical structure; we need to gear incentives and constrains towards market development, where employees can be promoted or demoted, hired or fired, and creative efforts can be encouraged with competitive returns. In a nutshell, we will take reform and innovation as the powerhouse, give an impetus to the second market-oriented reform, inject vitalities into endogenous development, stick to high-end, green and innovative development, and build the CMC 2.0.

# About Us

## Profile

Founded in 1950, CMC is a time-honored multinational group specializing in ferrous & non-ferrous metals, finance and real estate, with exploration, mining, smelting, processing and trading for metals and minerals as its core undertaking, and financial services, real estate development, mining and metallurgic technology as its emerging business. With a headcount of 171,000, it has extended its business to 34 nations and regions in the world, and controlled eight listed subsidiaries at home and abroad. As one of the 53 key enterprises under the direct administration of the central government, CMC has hit A-Level results in SASAC’s annual performance evaluation for seven consecutive years since 2006. It took the 192<sup>nd</sup> place in Fortune Global 500 and ranked 5<sup>th</sup> among global metal enterprises in 2013. It has bucked the sluggish trend of metal markets with a total operating revenue of RMB 414.65 billion, total profits of RMB 6.472 billion and tax payment of RMB 8.004 billion in 2013, thus accomplishing the annual targets assigned by SASAC. At present, CMC ranks first in China in tungsten concentrate output and lead-zinc smelting capacity; it is also the global leader in the output of antimony oxide, cemented carbide, and separated middle and heavy rare earths, as well as in the reserve of tungsten, antimony and bismuth.

Upholding the idea of “cherishing limited resources and pursuing sustainable development”, CMC has been developing core competence and proactively undertaking social responsibilities in a bid to become a metal and mineral group providing quality services globally.

### No. 192

It took the 192<sup>nd</sup> place in Fortune Global 500 and ranked 5<sup>th</sup> among global metal enterprises in 2013

### Ranked 5<sup>th</sup>

CMC has been ranked 5<sup>th</sup> on the metal industry list of the World's Most Admired Companies 2013 by Fortune

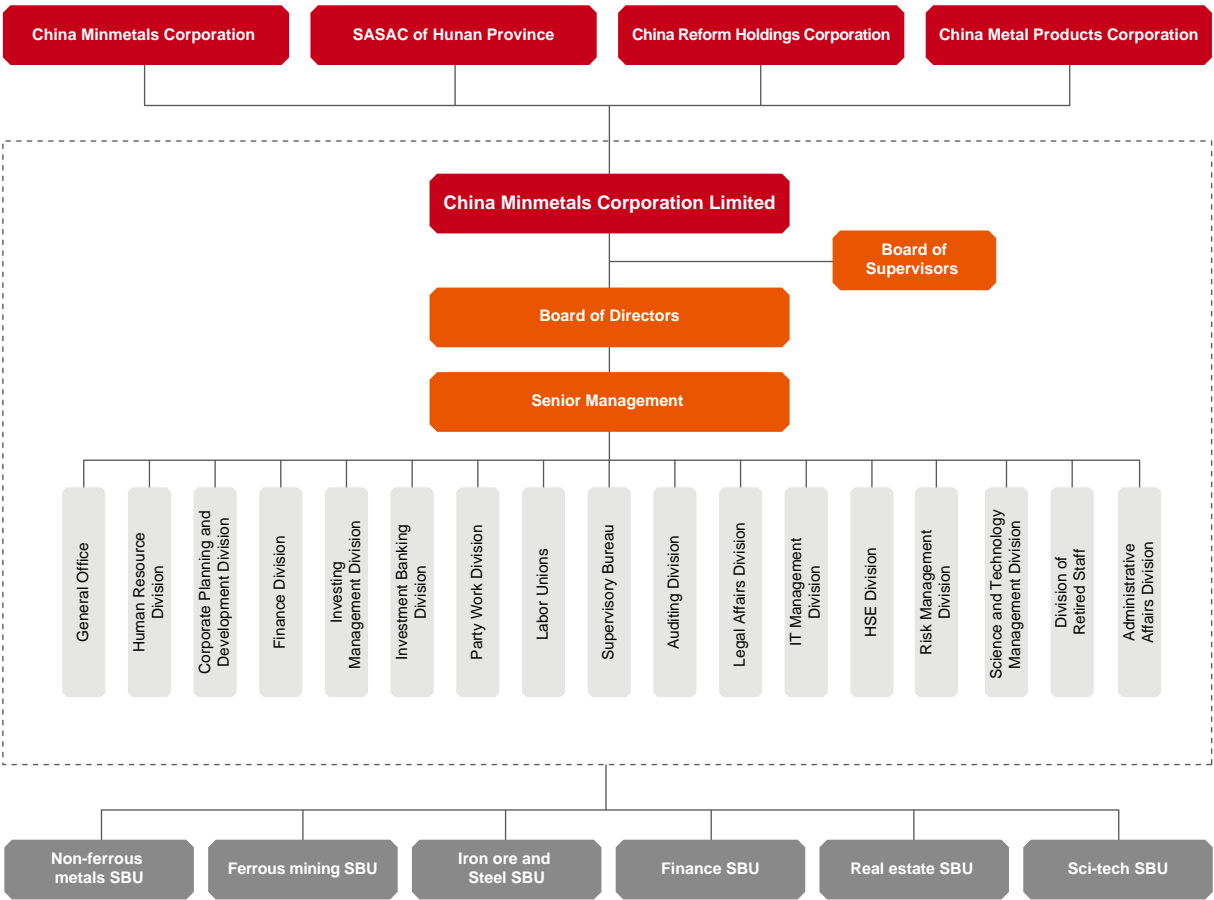
### Class A enterprise

CMC has hit A-Level result in SASAC’s annual performance evaluation for seven consecutive years in 2012

### The most influential enterprise in China

Honored as the most influential enterprise of China in 2013

## Organization



## Governance

CMC is a state-owned enterprise registered in accordance with the Law of the People’s Republic of China on Industrial Enterprises Owned by the Whole People. SASAC has assumed the investor’s responsibilities on behalf of the State, and dispatched a resident supervisory panel to supervise the maintenance and increase of CMC’s state-owned assets as per the Interim Regulations on the Boards of Supervisors in State-owned Enterprises. The executive compensation is pegged to business performance and individual achievements.

In light of the Company Law and the modern enterprise management system, listed subsidiaries controlled or managed by CMC are required to organize shareholders’ meetings and set up the Boards of Directors and Supervisors; strictly follow the laws and regulations of China Securities Regulatory Commission and the jurisdictions where the securities markets are located; establish the specific mechanism so that everyone can fulfill his own duties in a coordinated manner on condition of clearly specified rights to policy making, supervision and operation; maintain the efficient, orderly and standardized business operation; and take into account the stakeholders’ interests.



Minmetals Plaza



Subsidiaries

China

North China

China Minmetals Corporation Limited  
Minmetals Development Co., Ltd.  
Minmetals Steel Co., Ltd.  
China National Minerals Co., Ltd.  
Minmetals Hanxin Mining Co., Ltd.  
Minmetals Exploration & Development Co., Ltd.  
Minmetals Non-ferrous Metals Co., Ltd.  
Minmetals Mining Holdings Ltd.  
Minmetals Property Holding Ltd.  
China Minmetals Rare Earth Co., Ltd.  
Minmetals Capital Holdings Limited  
Minmetals Finance Co., Ltd.  
China National Foreign Trade Financial & Leasing Co., Ltd.  
Minmetals International Trust Co., Ltd.  
Minmetals International Tendering Co., Ltd.  
Shangri-La Hotel Beijing  
Minmetals Logistics Group Co.,Ltd.  
Minmetals Real Estate Co.,Ltd  
China National Metal Products Co.,Ltd.

Eastern China

Minmetals Luzhong Mining Co., Ltd.  
Jiangxi Tungsten Industy Group Co., Ltd.  
Nanchang Cemented Carbide Limited Liability Company  
China Minmetals Ganzhou Tungsten Co., Ltd.  
Minmetals Materials (Changshu) Management Co., Ltd.  
Minmetals Nanjing International Trading Co., Ltd.  
Minmtals Zhejiang International Trading Co., Ltd.  
Minmetals Shipping and Forwarding Shanghai Co., Ltd.

South Central China

China Minmetals Non-ferrous Metals Holding Co., Ltd.  
Hunan Non-ferrous Metals Holding Group Co., Ltd.  
Changsha Research Institute of Mining and Metallurgy Co., Ltd.  
Kingray New Materials Science & Technology Co., Ltd.  
23<sup>rd</sup> Metallurgical Construction (Group) Co., Ltd. of Minmetals  
Minmetals (Hunan) Ferroalloys Co., Ltd.  
Zhuzhou Smelter (Group) Co., Ltd.  
Zhuzhou Cemented Carbide (Group) Co., Ltd.  
Henan Wu Xin Mining Co., Ltd.

Hong Kong and Macao

China Minmetals HK (Holding) Ltd.  
Cheerglory Traders Ltd.  
Minmetals Capital (Hong Kong) Co., Ltd.  
Minmetals Resources Limited  
Minmetals Land Limited  
Album Trading Company Limited

Northwest China

Minmetals International Trust Co., Ltd.  
Minmetals Salt Lake Limited  
Minmetals Lanzhou Steel Logistics Park Co., Ltd.  
Minmetals Xinjiang Alataw Trading Co., Ltd.

Northeast China

Minmetals Yingkou Medium-Heavy Plate Co. Ltd.  
Minmetals (Yingkou) Industrial Park Development Corporation

South China

Minmetals Securities Co., Ltd.  
Guangxi Arksun Minmetals Trading Co., Ltd.  
China Minmetals South Co., Ltd.  
Minmetals Futures Co., Ltd.  
Minmetals East Guangdong Logistics New Town Development Co., Ltd.  
Guangdong Wu Xin Mining Co., Ltd.  
Guangxi Wu Xin Mining Investment Co., Ltd.

Southwest China

Minmetals (Guizhou) Ferro-Alloys Co., Ltd.  
Zigong Cemented Carbide Co., Ltd.  
Longchuan Yunlong Rare Earth Development Co., Ltd.

Rest of the World

Asia

Minmetals Japan Corp.  
Minmetals Korea Co., Ltd.  
Minmetals South-East Asia Co. Pte Ltd.  
Xindia Steels Co., Ltd.  
Lane Xang Minerals Limited, Laos

America

Minmetals Inc. U.S.A.  
China Metals E Minerals (Brazil) Ltd.  
Minmetals Exploration (Canada) Co., Ltd.

Europe and Africa

Minmetals (U.K.) Ltd.  
Minmetals Germany GmbH  
Minmetals Italy Co., Ltd.  
Minmetals Spain S.A.  
Eurasian Transport & Trading Co., Ltd.  
Minmetals North-Europe AB  
HP Tec GmbH  
Minmetals R.S.A (Pty) Ltd.

Oceania

Minmetals Australia Pty. Ltd.  
China Mining International Limited  
China Minmetals NZ Limited  
MMG Limited


Social Organizations with CMC as a member

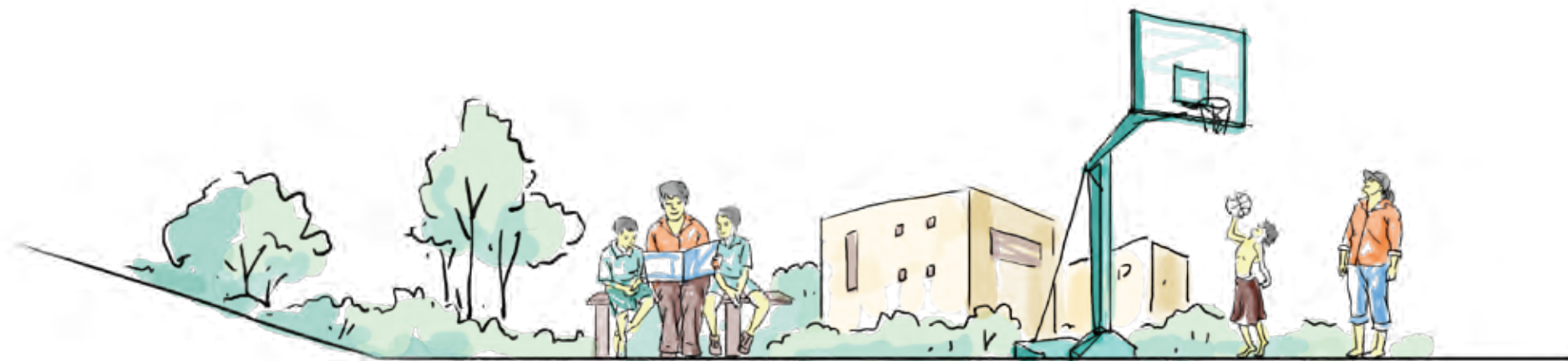
Name of Organization	Position of CMC
UN Global Compact	Member
The World Economic Forum	Foundation Member
China Iron and Steel Association	Executive Council Member
China Association for International Economic Cooperation	Member
China International Economic Research and Communication Foundation	Executive Council Member
China International Council for the Promotion of Multinational Corporations	Vice Chairman
China Council for the Promotion of International Trade	Member
China Chamber of International Commerce	Vice Chairman
China Council for International Investment Promotion	Vice Chairman
China Chamber of Commerce for Import and Export of Machinery and Electronic Products	Member
China Institute of Internal Audit	Council Member
The Investment Association of China	Vice Chairman
China Association of Work Safety	Vice Chairman
China-Brazil Business Council	Council Member
Research Institute for Party Building, Ideological and Political Work of Central Enterprises	Council Member
China Customs Brokers Association	Vice Chairman
China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters	Executive Council Member
China-Chile Business Council	Co-chairman
National Association of Financial Market Institutional Investors	Special Member
Nonferrous Metals Society of China	Executive Council Member
China Nonferrous Metals Industry Association	Vice Chairman
China Charity Alliance	Member
Council of <i>China Occupational Safety and Health</i>	Council Member
Council of <i>China Environment Daily</i>	Council Member
Accounting Society For Foreign Economic Relations & Trade of China	Vice Chairman
Statistical Society for Foreign Economic Relations and Trade of China	Member
<i>Ziguang Ge</i>	President





## Special Topics

-  10 Accentuating CSR in Overseas Operation
-  14 Striving for Management Excellence





## Topic One: Accentuating CSR in Overseas Operation

### Joining the World for Synchronized Development

CMC adheres to social responsibilities and maintains a proactive presence in local communities when operating overseas. Through production capacity purchases, overseas capital M&A, minerals risk exploration and development, strategic alliance and win-win cooperation, it has been dedicated to a broad engagement in global competition, a reasonable resource allocation in a global dimension, a routine performance of CSR, and a construction of a business conglomerate of global competitiveness.

By the end of 2013, CMC had owned 10,794 overseas employees and controlled 3 listed subsidiaries abroad through 191 offices in 34 countries and regions. Its overseas assets had reached RMB 95.81 billion and accounted for 32.58% of the company's total assets. In 2013, its overseas operations contributed 23.71% (RMB 98.3 billion) and 69.13% (4.474 billion) of the company's total revenue and profit, respectively.

In 2009, MMG Limited was founded after CMC's acquisition of OZ Minerals' major assets. As a flagship platform for CMC's overseas operation, MMG was certified as a "constituent company of the Hang Seng Corporate Sustainability Index Series" on the strength of outstanding performance in environmental, social and corporate governance in 2013.



MMG was certified as a "constituent company of the Hang Seng Corporate Sustainability Index Series" in 2013

### Undertaking Responsibilities and Development

While forging ahead for self-development, CMC also cares about its overseas employees, strives to minimize the impact of its operation on local ecological environment, and marches forward together with its host countries to bring tangible and sustainable economic and social benefits and create shared values.



## Pursuing Equality and Efficiency

The performance of social responsibilities is an important way for a company to enhance its competitive edge and promote its sustainable development. While seeking business growth, CMC has been consistently responsibility-minded, managed to strike a balance between economic and social benefits, stimulated sustained development of stakeholders, won recognition from host governments and communities, and built the image of a responsible Chinese enterprise in overseas markets.

### Supporting local economic development:

- Since production started in 2003, Sepon mine of MMG has generated billions of US dollars in indirect benefits to the Lao economy through procurement localization, job creation, community development and training
- As of 2013, Sepon mine had registered a cumulative local procurement of USD 13 million, with the year's total amounting to USD 2.5 million
- CMC has brought into full playing the driving role of local economy, boosted market involvement which is greater in coverage and density, and promoted steady and sustained economic growth

### Ameliorating local environment:

- Since 2012, Kinsevere mine has launched tree saplings distribution in villages to reduce the incidence of massive tree cutting for charcoal production in the area. In 2013, two tree nurseries were developed in Mumba and Kalillanda villages and 28 farmers were trained in this area by the School of Agriculture from University of Lubumbashi and by NGO CLCPD
- In 2013, Kinsevere mine took an active part in the International Environment Day activities by presenting 80 dustbins to Lubumbashi City
- CMC has proactively promoted pollution & emission reduction and mine reclamation, striving to improve the ecological environment of local settlements and build environment-friendly communities

### Enhancing local community development:

- In 2013, Lumina Copper Corp. under CMC helped to pay salaries to 15 teachers from La Encañada, taking concrete steps to strengthen local education and bringing benefits to a total of 160 students from all schools in the community
- Kilongo Health Center, in which Kinsevere mine made an investment of USD 65,000, opened in April 2013
- In the agricultural season 2012-2013, Kinsevere mine provided over 1,400 farmers with in-kind farming inputs, with nine of farmers registering the tripling of their income via mechanized farming
- CMC has proactively promoted infrastructure construction in places where its operations are based, enhanced training of local staff, strived to bring benefits to local communities by dint of corporate achievements, and realized co-development of the enterprise and the locality



MMG has proactively promoted procurement localization in the Congo by prioritizing products and services from local communities

### Case

#### A visit to three African states

In April 2013, CMC President Zhou Zhongshu led a delegation to South Africa, Zambia and the Congo to inspect local business, meet with government officials and business executives, and sign a memorandum of cooperation, laying a solid foundation for the Group's further development in Africa.

*In recent years, the large number of Chinese enterprises investing in Africa has presented uneven performance. CMC is willing and ready to invest in CSR, rendering meritorious achievements in project development and management as well as promotion of community growth.*

*- Katumbi Chapwe  
Governor of Katanga Province, the Congo*

*CMC will seek high-end, green and innovative development in Africa. To be specific, it will draw on advanced development ideas of western countries, and make greater contributions to communities, employment and tax revenue.*

*- Said CMC President Zhou Zhongshu  
on a visit to Kinsevere mine*

### Case

#### Sepon mine celebrated its ten-year anniversary

Sepon mine had been in operation for ten years since 2003, generating more than USD 1 billion in royalties and taxes, and hundreds of millions of dollars in indirect benefits to the Lao economy through local procurement, job creation, community development and training. Meanwhile, it had built a memorial hall and taken an active part in the inheritance and preservation of local culture.

Vilabouly Culture Exhibition Hall was opened to the public on the occasion of the ten-year anniversary celebrations from September to December 2013. With an array of treasures on display, it will effectively promote the preservation of major cultural relics and encourage the mass participation of local communities in the cause.

*The team is extremely proud of its ongoing contribution to economic development and poverty alleviation, particularly in the communities close to the mine. At MMG, our vision "we mine for progress" is about drawing from the benefits of mining to enable people to lead better lives. Nowhere is this more apparent than in the province and villages hosting our Sepon mine.*

*- Andrew Michelmores, CEO of MMG*



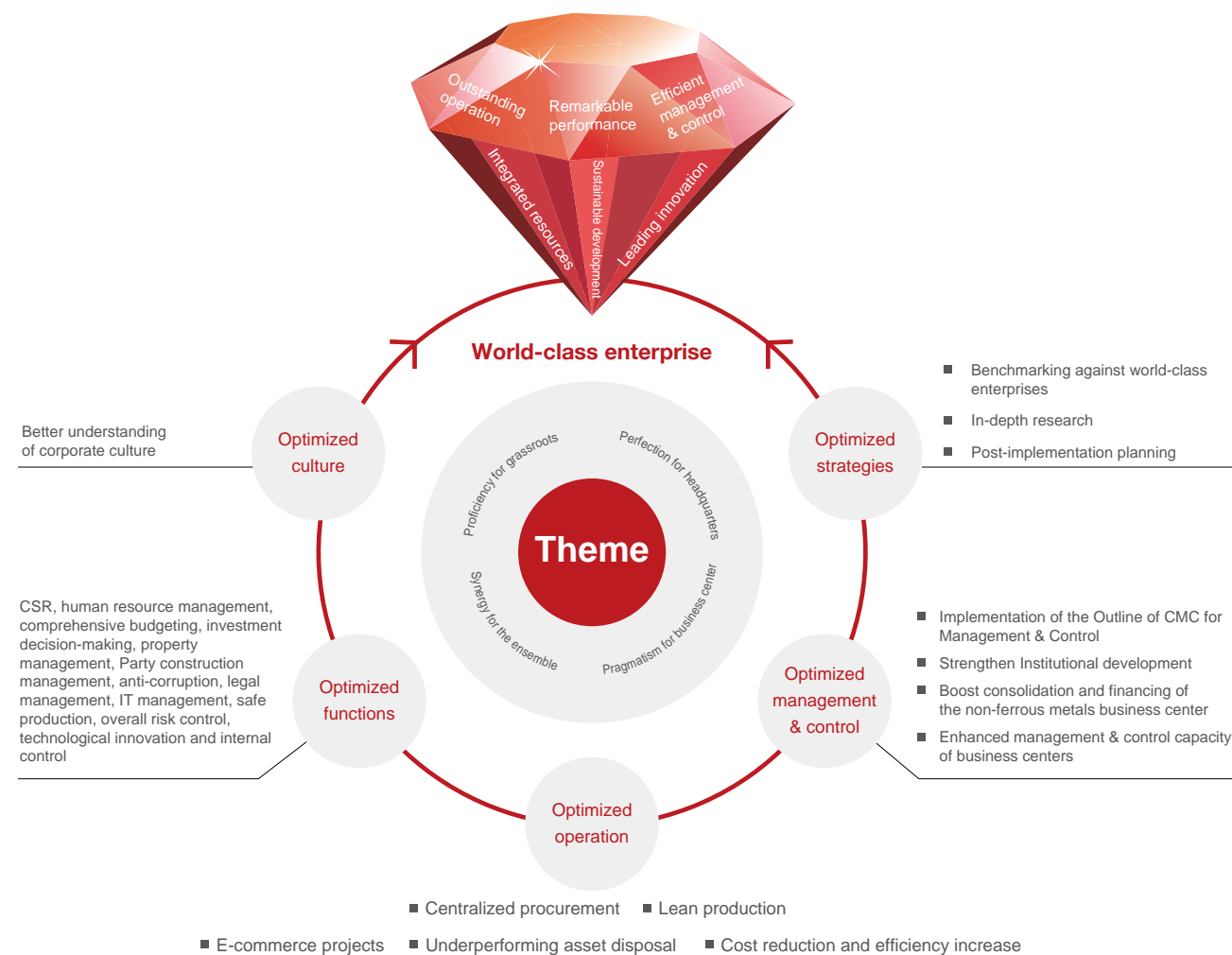
MMG CEO Andrew Michelmores at the ribbon-cutting ceremony of Vilabouly Culture Hall



## Topic Two: Striving for Management Excellence

### Making Innovative Top-down Design and Sticking to the Leitmotif

In line with the actual needs for implementing development strategies and promoting transition and upgrading, it has integrated the yearly key tasks for operation & management into the campaign and mapped out the Master Plan of CMC for Management Improvement. It has worked out a performance-oriented “diamond model” through benchmarking against global best practices, with a view to earning itself a world-class status on the strength of outstanding operation, efficient management & control, integrated resources, leading innovation and sustainable development. It has defined the leitmotif as “optimized strategies, management & control, operation, functions and culture”, and focused on outstanding management issues and weak links in pursuit of “perfection” for the headquarters, “pragmatism” for business centers, “proficiency” for grassroots and “synergy” for the ensemble.



### Streamlining the Institutional Framework and Ensuring Implementation

Insisting on integrating the “leadership and staff”, “centralization and decentralization”, “domestic and international practices” as well as “internal and external cases”, CMC has been engaged in deep-dive trouble-shooting via global benchmarking, grassroots interview, themed survey and external consulting.

#### Combining various levels of management and operation

**Headquarters:** Identifying functional management and communication challenges

**Business centers:** Focused on limitations of specialized business management and skills

**Producers:** Committed to trouble-shooting at key rungs (production, supply and marketing) of the operational ladder

**Grassroots:** Finding out problems in the workplaces, of various positions and among team members

#### Combining centralization and decentralization

- Trouble-shooting at higher levels (strategies, operation, management & control) and multi-dimensional evaluation (process, policies & organization)
- Subsidiary-specific trouble-shooting

#### Combining domestic and international practices

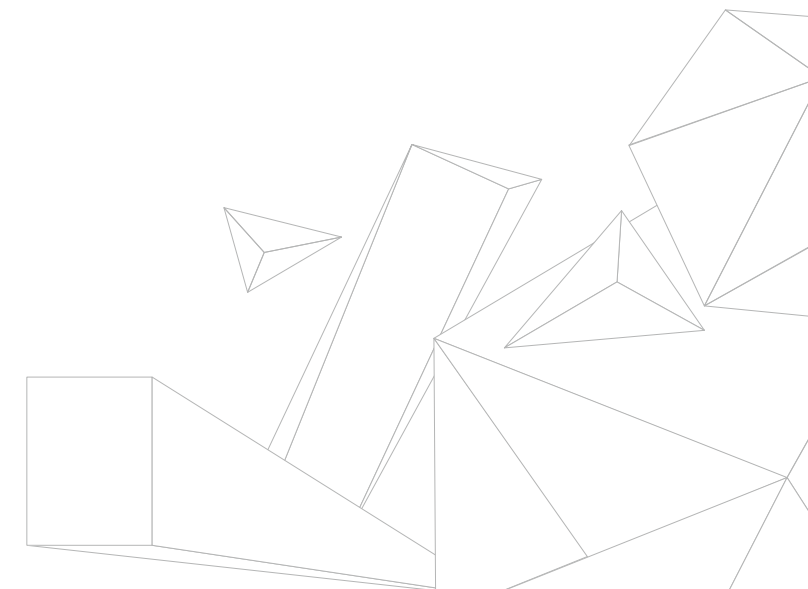
- Assimilating the approaches of grassroots and model employees, and sharing typical cases
- Combining international tools introduced by consulting agencies with its own approaches to locate the exact problems

#### Combining internal and external cases

**External:** inviting famed specialists and think tanks to benchmark CMC's functions against those of domestic exemplars (Chinalco and Haier) and world-class enterprises

**Internal:** promoting CMC's good practices and enhancing involvement of business entities in the management improvement campaign

Insisting on integration and committing to trouble-shooting



CMC has established and streamlined the mechanism for communication with SASAC, routine meeting, training, evaluation and publicity: 1. It has closely followed SASAC's guidance and promptly met its requirements. As a result, three of its functions (investment decision-making, comprehensive budgeting and overall risk control) have been honored by SASAC as management improvement models; such undertakings as CSR performance, human resource management, legal management and procurement management lauded and publicized by the same, with CSR performance in particular making CMC one of SASAC's ten key contacts in accordance with the Outline of the Twelfth Five-Year Plan for Implementing the Strategy of Harmonious Development by Central Enterprises. 2. It has held regular and timely meetings in respect of management improvement, kept tabs on progress of work plans at all levels and solicited advice of the Group leadership. 3. It has enacted the Measures for Evaluation of Management Improvement and selected the exemplary individuals and entities. 4. It has organized the senior management and specialists to provide training on overall risk control and lean production. 5. It has launched a newspaper dedicated to management improvement coupled with Group briefings and a supporting website.

17

It has closely followed the guidance of SASAC, issued over 20 reports to the same, and been mentioned 17 times in SASAC's briefings.

9

It has organized nine routine meetings in respect of management improvement, kept tabs on progress of annual plans of business entities.

8

It has selected eight exemplary business entities, 23 exemplary grassroots teams and 50 exemplary individuals.

17

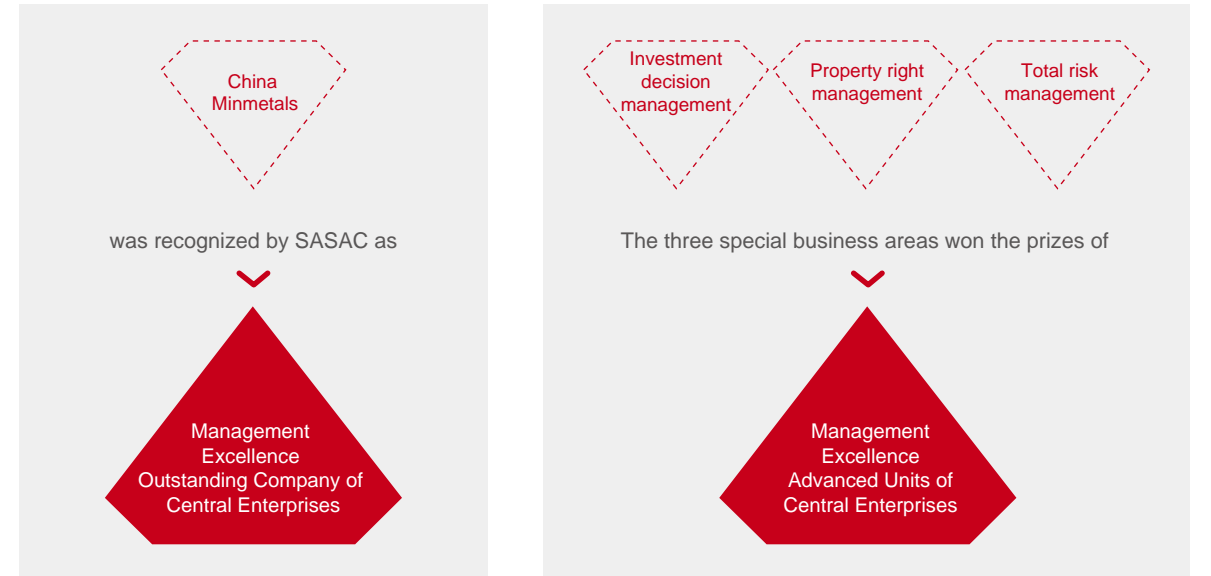
It has launched a newspaper dedicated to management improvement (17 issues so far) coupled with Group briefings (35 issues so far) and a supporting website.

8

It has organized the senior management and specialists to provide eight training sessions on overall risk control and lean production.

Numerous Highlights and Achievements

Relying on the efforts of China Minmetals Institute of Economics, CMC has been able to integrate its research resources and greatly improve its research quality. It has effectively implemented and made regular amendments to its strategic plans so as to offer constant guidance on corporate development. It has laid down the Outline of CMC for Management & Control and greatly enhanced related capacity by means of institutional & organizational development, functional revamp and business center integration. It has reaped sound benefits from the deepening of centralized procurement, lean management, integrated marketing and underperforming asset disposal, and facilitated cost reduction and operating efficiency increase. It has also seen the formation of positive core values and the integration of corporate culture.



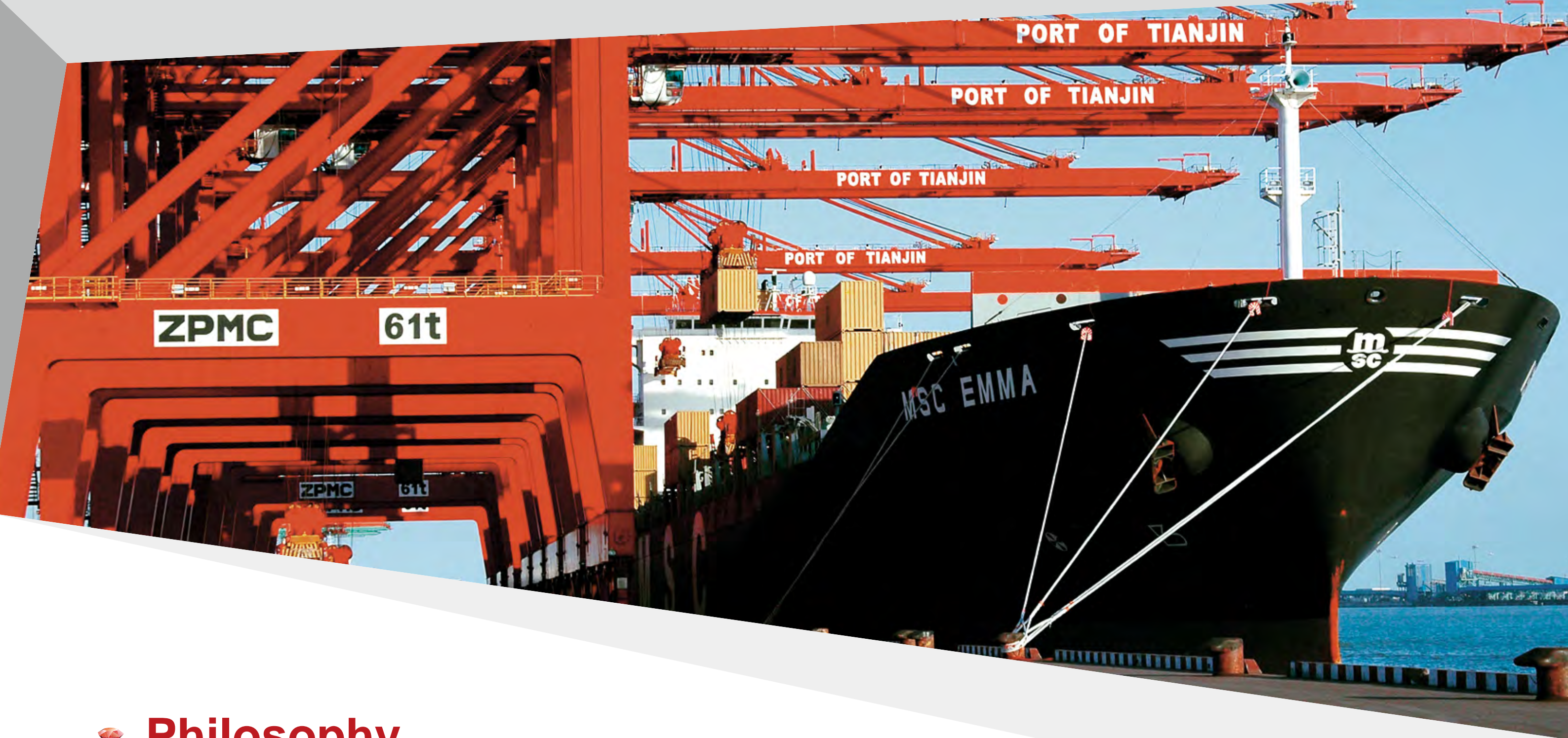
Highlight No.1

Setting in Motion the Outline of CMC for Management & Control	Reaping Significant Achievements in Cost Reduction and Efficiency Increase	Increasing Profits by Lean Management	Reducing Costs by Centralized Procurement
The Outline of CMC for Management & Control issued in 2013 is a programmatic document for to clarify and implement management & control tasks. It treats of the capacity framework for CMC, the adjusted leitmotif, horizontal and vertical communication as well as the division of responsibilities. The business centers of non-ferrous metals, iron ore & steel and real estate have implemented the Outline and seen improvement in management & control capacity.	In 2013, CMC committed itself to cost reduction and efficiency increase, and kept a tight rein on such controllable costs as for business receptions, meetings and foreign affairs of the headquarters. The budgets for the three items recorded a 40%, 40% and 30% reduction respectively, and the actual yearly expenses were 66%, 79% and 45% shy of the budgets prepared at the beginning of the year. The actual yearly management fees of CMC (including the headquarters) were 25% less than the beginning budgets.	Through implementation of the Blueprint of CMC for the Promotion of Lean Production, it has promoted lean production at the business centers of non-ferrous metals, ferrous mining, iron ore & steel, and organized Group-wide experience sharing and training concerned. In 2013, the expenditures of 17 grassroots entities where lean production was applied shrank by nearly RMB 67 million.	By setting in motion the Roadmap for Implementing the Five-Year Plan for Procurement Management Capacity Building, CMC has urged business entities to streamline the procurement process and system, sift through suppliers and expand the scope of centralized procurement. The business centers of real estate, ferrous mining and non-ferrous metals where centralized procurement is adopted have registered a total purchase amount of RMB 2.15 billion, down RMB 52.80 million.



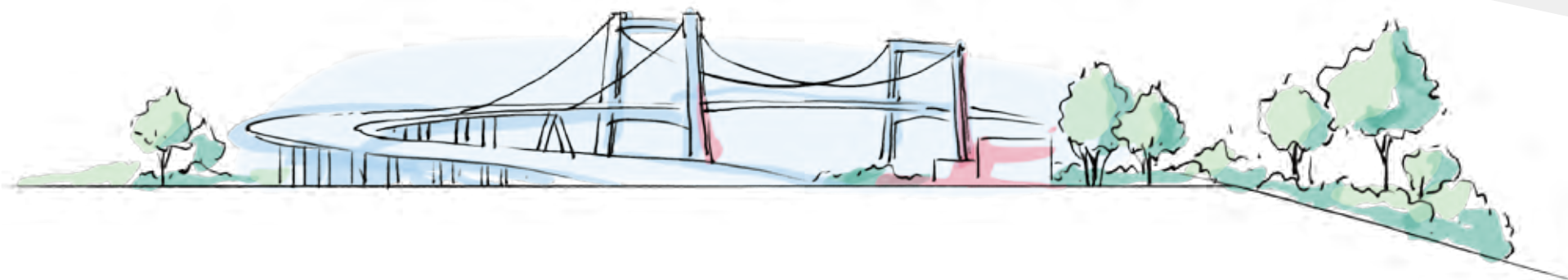
Lean production at North China Aluminium Co., Ltd. under by CMC





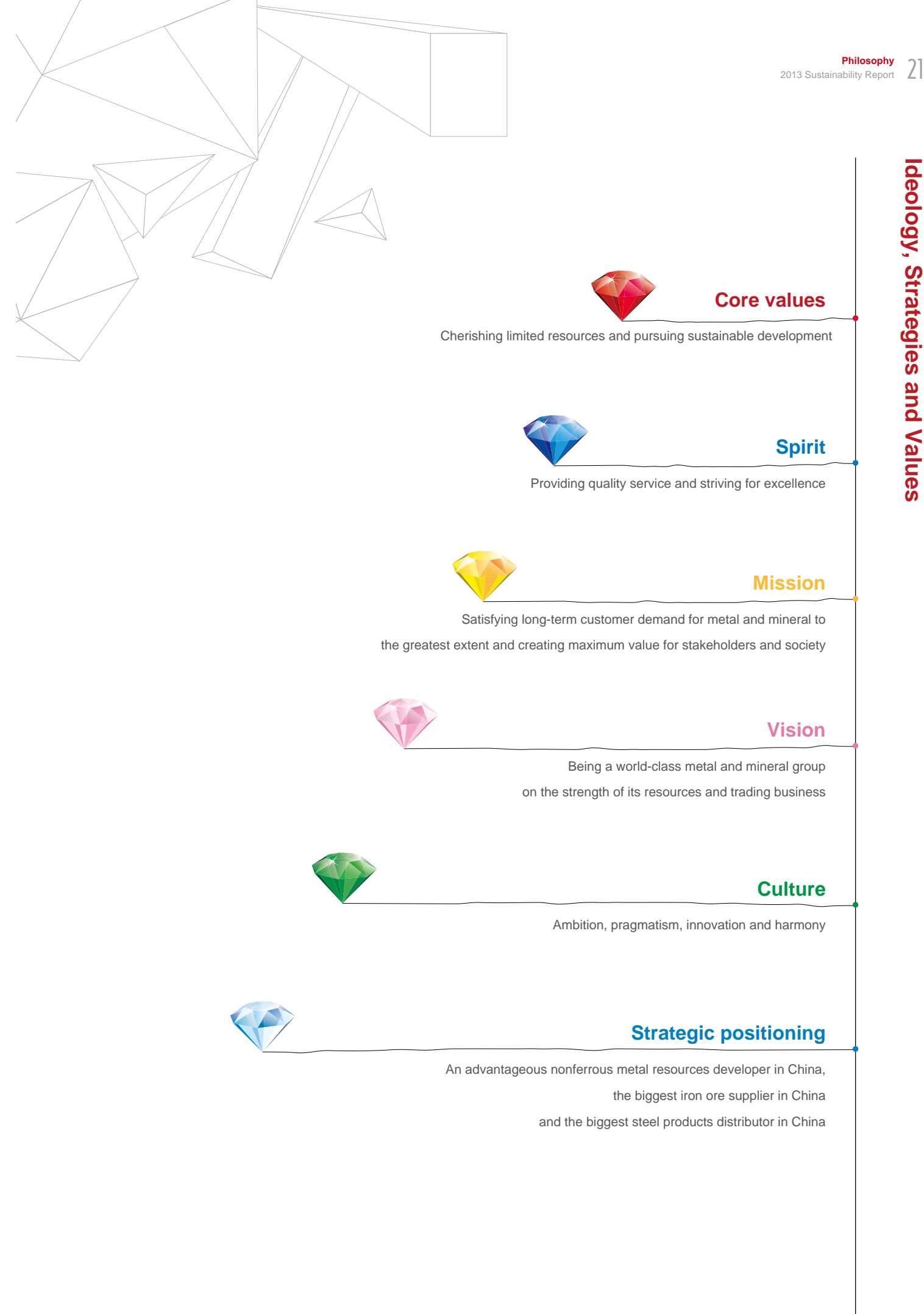
# Philosophy

- 20 Opportunities and Challenges
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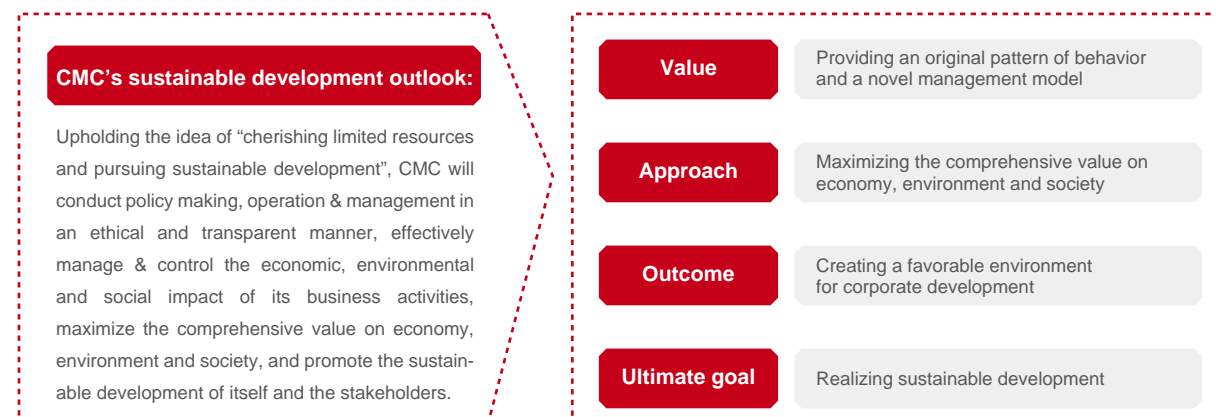
## Opportunities and Challenges



## Sustainable Development

### Sustainable Development Outlook

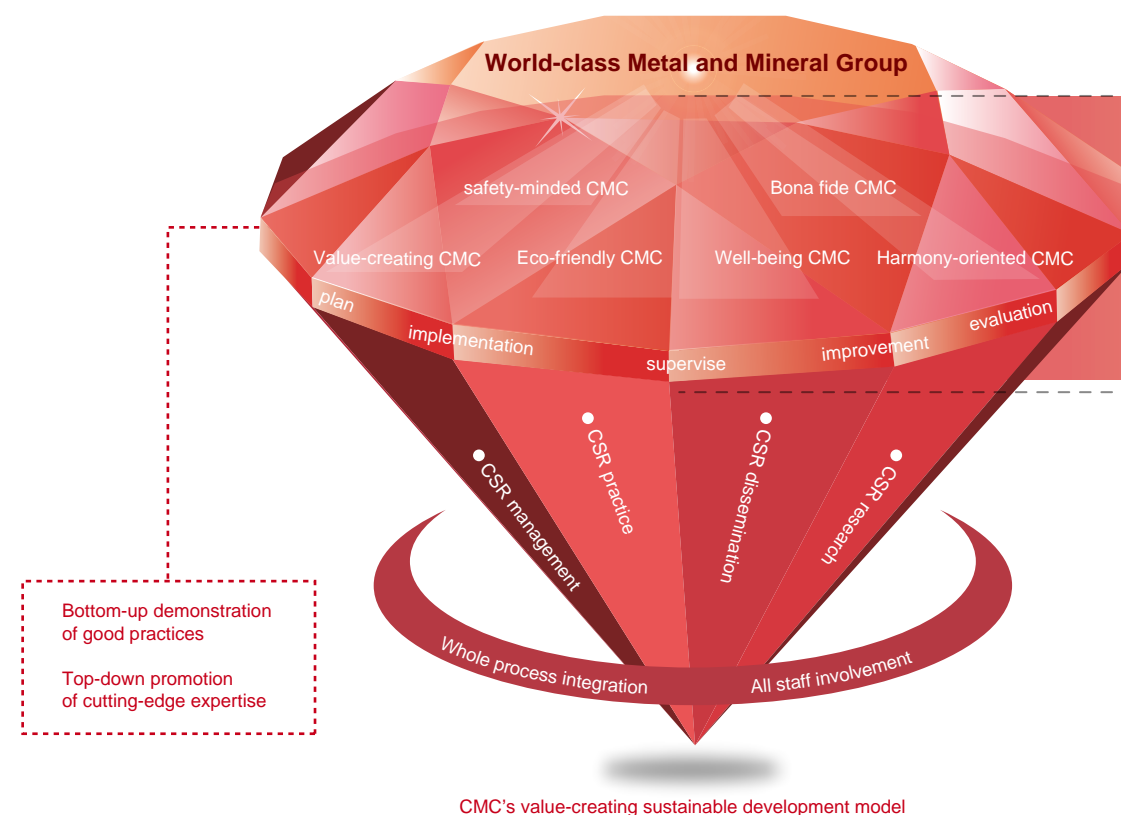
Based on corporate, industrial and social realities, CMC's sustainable development outlook has clarified the objective of maximizing the comprehensive value on economy, environment and society, and provided sound basis for business growth.



- The diamond model showcases CMC's relentless pursuit of sustainable development and unflagging commitment to maximizing the comprehensive value of economy, environment and society
- Approaches: CSR management, practice, dissemination and research
- Internal operation mechanism: Implanting the ideas and requirements of CSR into prospecting, mining, smelting, processing, trading and other business sectors as well as into the functions of human resource management, financial investment management and procurement management under the banner of "CSR performance and value creation"
- Core brands: Value-creating CMC, Safety-minded CMC, Eco-friendly CMC, Well-being CMC, Bona fide CMC and Harmony-oriented CMC in a strategic goal of being a world-class metal and mineral group
- Value creation formula: Comprehensive value of economy, environment and society (max.) = positive effect on stakeholders (max.) - negative effect on stakeholders (min.)

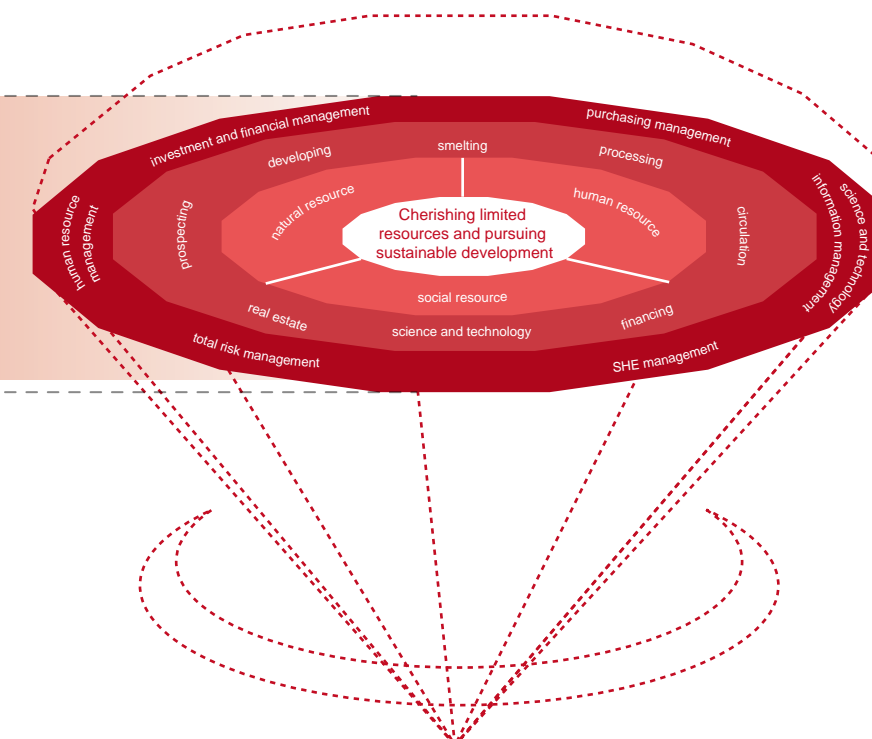
### Sustainable development diamond model

Regarding value creation as the primary goal of business development, CMC has taken value creation capacity into serious consideration in business portfolio design and strategy making, developed a value-creating sustainable development model, and put forward approaches and proposals for the full integration of CSR into its business strategies, operation & management.



### the Value Creation Formula of CMC

$$\text{Max comprehensive value} = \sum_{\text{Max}} \text{positive effect} - \sum_{\text{min}} \text{negative effect}$$



## Implementation of Sustainable Development Outlook

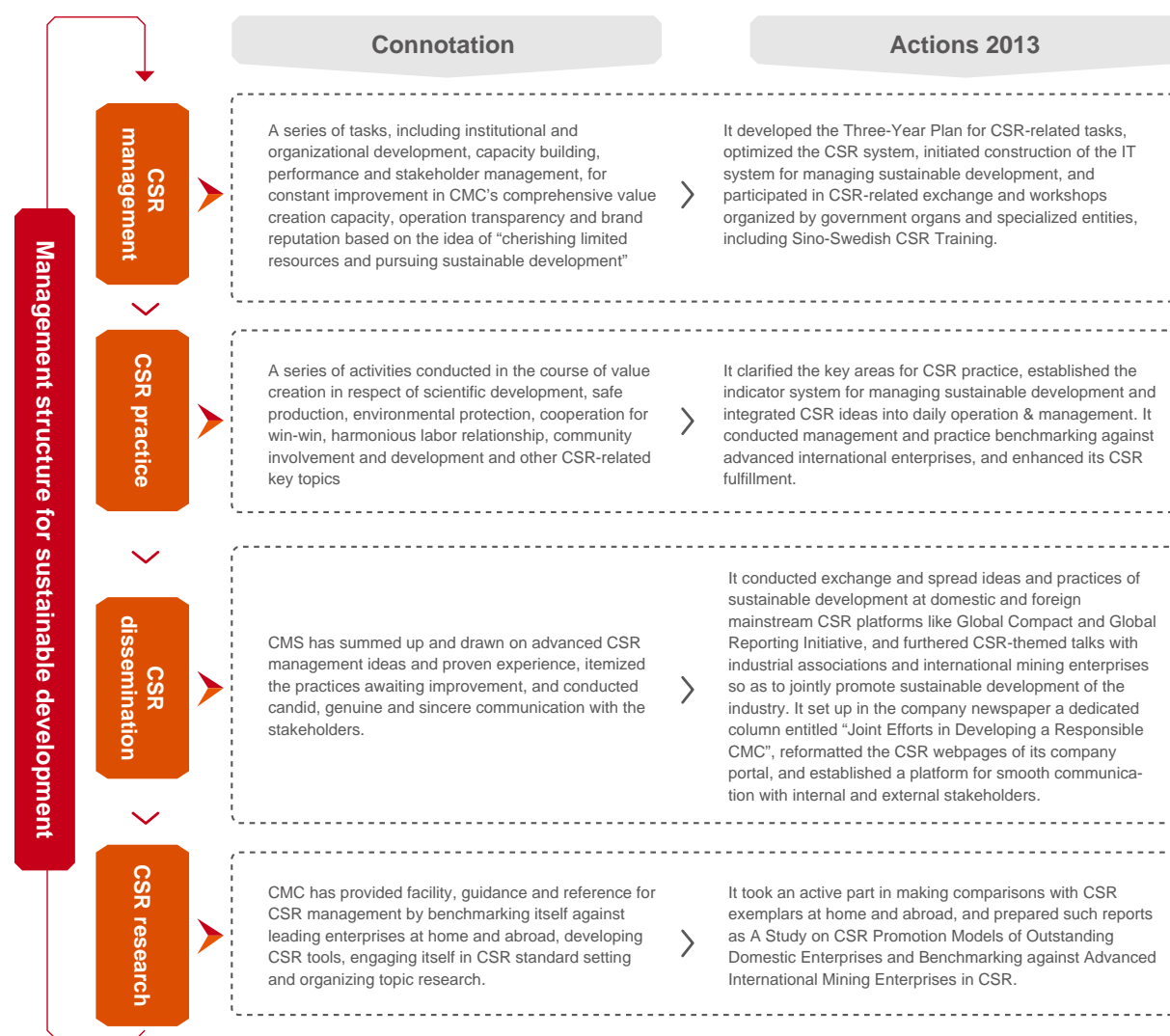
CMC has proactively followed SASAC's guidance on further promoting the performance of central enterprises' social responsibilities, constantly deepened the well-structured CSR management and gradually integrated the same into every rung of the business and operation ladder, thus laying solid foundation for sustainable development.

### Organizational structure for sustainable development

The CSR Management Committee of CMC (hereinafter referred to as the "Committee"), with CMC President as its Chairman, CMC Senior Vice President as its Vice Chairman, and directors of functional divisions and business entities as its members, is mainly liable for leadership and policy making for CSR performance. The CSR Office of the Committee, affiliated with the CSR Dept. of the General Office, is liable for policy implementation and day-to-day work of the Committee. The CSR Working Groups set up by the functional divisions and business entities are liable for fulfillment of their corresponding CSR management-related tasks.

The Measures of CMC for CSR Management have clarified the principles and scope of CSR management as well as the organizational structure and duties, and contained comprehensive plans for promoting the infusion of CSR ideas into operation & management.

### Management structure for sustainable development



## Participating in UN Sustainable Development Campaigns

As a member of UN Global Compact LEAD program, CMC has brought into full play its leading and promoting role in sustainable development, shared relevant experience and offered constructive advice to global enterprises and Chinese peers seeking sustainable overseas development in particular.

**Interview with Global Compact CEO:** In July 2013, during an interview with Global Compact CEO event, CMC President Zhou Zhongshu claimed that the historic challenges facing the metal and mineral industry should be considered a driver for business reform and adjustment rather than a drag on corporate development, and that the enterprises concerned should rise to the occasion to enhance their sustainability, competitiveness and sense of social responsibility.

**Interview with the Research Group of Sustainable Overseas Development Program for Chinese Enterprises:** In August 2013, during an interview with the Research Group of Sustainable Overseas Development Program for Chinese Enterprises, a program jointly launched by SASAC

Research Center, Chinese Academy of International Trade and Economic Cooperation of the Ministry of Commerce, and United Nations Development Program in China, CMC President Zhou Zhongshu stressed that the Group should adhere to the sustainability concept of "responsibility foremost, mutual benefits and common development" in its overseas development, and strive to bring tangible, sustainable economic and social benefits to the stakeholders in pursuit of corporate growth.

**The pursuit of sustainable development Global Compact:** CMC, in the capacity of a Global Compact signatory, has endorsed a "Caring for Climate" initiative, launched by Global Compact China Network. The initiative has made it clear that CMC is determined to place equal emphases on conservation and growth, proactively reduce pollutant discharge, promote low carbon technology development and product marketing, and enhance its resilience to climate changes.

### Honors:

- The case of "CSR Practice of CMC Sepon Mine in Laos" was granted the "2013 Award for Best CSR Practice of Central Enterprises" by SASAC
- CMC's case of "Well-planned and Comprehensive Promotion of CSR Management" was honored as the "Best Practice in CSR" among "2013 Global Compact China Best Practices", and listed in Global Compact China Network Yearbook
- CMC was granted "Golden Bee 2013 Excellent CSR Reports · Leading Enterprise Award"
- CMC was granted the "Award for Innovations in CSR Communication" in the transparency evaluation targeting Top 50 Chinese enterprises
- CMC's cases were included in the Collection of Outstanding Practices of Domestic and Foreign Enterprises in International CSR Performance
- CMC's cases of "Community Involvement and Development - Protection of Indigenous Rights and Interests" and "CMC: Spurring Sustainable Overseas Development through Responsible M&A" were included in the Collection of Case for Beijing Normal University MBA Program

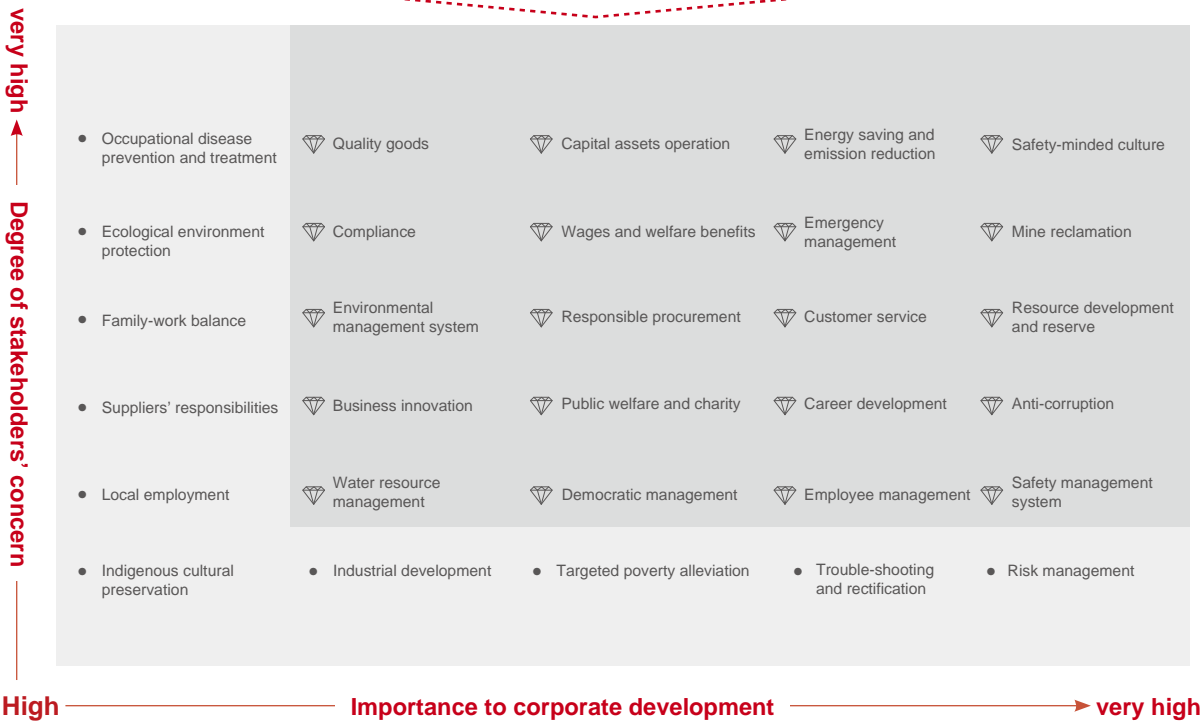
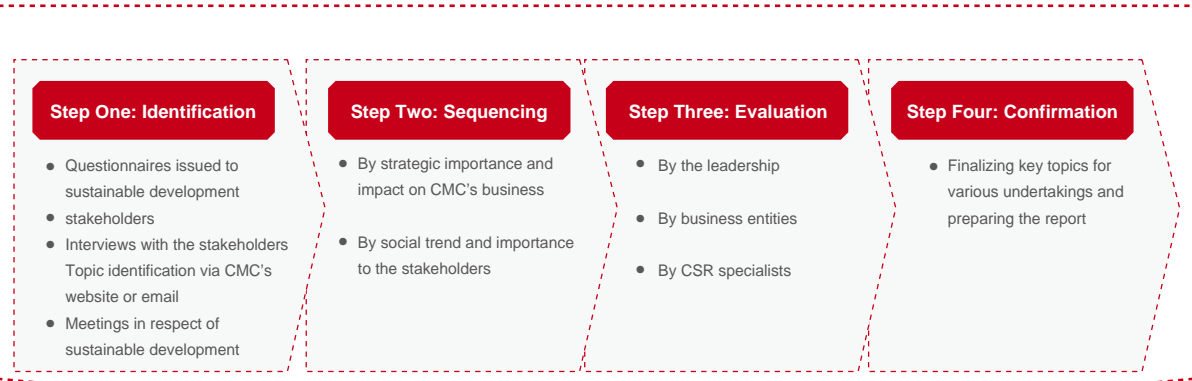


Stakeholder Management

Identifying Topics on Sustainable Development

In 2013, CMC organized a Group-wide survey on CSR management, issuing 2,179 questionnaires to 12 divisions and business entities. Based on the survey, the Report on the Current Situation of CMC's CSR-related Tasks was prepared for a systematic review of CSR management.

In the run-up to the reporting, CMC selected 70 CSR-related topics based on expert advice and internal decisions, and issued 208 questionnaires (131 with valid results) to the shareholders, government and staff correspondingly as per the significance of the topics, which were later prioritized in light of the results.



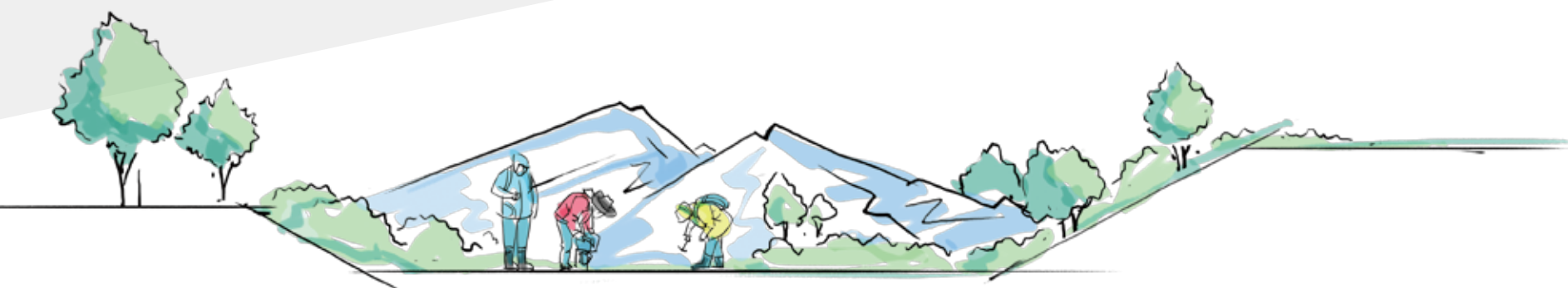
The diamond symbol: Major topics

The diamond symbol in certain paragraphs of the report denotes major topics.







Responding to Stakeholders' Expectations and Requirements

Stakeholders	Expectations and Requirements	Ways of communication	Actions	Practices
<b>SASAC and shareholders</b> 	<ul style="list-style-type: none"><li>Compliance operation</li><li>Maintenance and increase of assets</li><li>Safe production</li><li>Environment protection</li></ul>	<ul style="list-style-type: none"><li>Special reports</li><li>Information submission</li><li>Attend meetings</li><li>Stockholder's meeting</li><li>Company announcement</li></ul>	<ul style="list-style-type: none"><li>Law-abiding business</li><li>Improve profitability</li><li>Enhanced management of safe production</li><li>Ecological environment protection</li></ul>	Minmetals Land Limited makes monthly announcements of contracted sales to keep investors updated.
<b>Host government</b> 	<ul style="list-style-type: none"><li>Boosting employment</li><li>Tax compliance</li><li>Promoting local economic development</li></ul>	<ul style="list-style-type: none"><li>Executive meeting</li><li>Exchange meeting</li><li>Information submission</li><li>Attend meeting</li></ul>	<ul style="list-style-type: none"><li>Providing job opportunities</li><li>Paying tax voluntarily</li><li>Stimulating local industries concerned</li><li>Facilitating local infrastructure construction</li></ul>	In October 2013, The reconstruction of China Avenue in Łazienki Park, co-sponsored by CMC and KGHM, has figured prominently in Sino-Polish friendship and cultural exchange, and received accolade from Polish political and cultural circles and the general public.
<b>Staff</b> 	<ul style="list-style-type: none"><li>Occupational health</li><li>Mutual growth</li><li>Wages and welfare benefits</li><li>Humanistic care</li></ul>	<ul style="list-style-type: none"><li>Congress of workers</li><li>Petition</li><li>Openness of corporation affairs</li><li>Newspaper of CMC</li><li>Complaint mail box</li></ul>	<ul style="list-style-type: none"><li>Safety equipment and labor protective products</li><li>Career development path</li><li>Education and training</li><li>Competitive wages and welfare benefits</li><li>Employee assistance</li></ul>	In order to meet the requirements for strategic development, the ferrous mining business center has unveiled its vision of building three teams of talents excellent in both moral integrity and professional ability, i.e. a team of corporate operation & management talents who are efficient, pragmatic and equipped with advanced ideology, a team of resource development and project management talents with a global mindset and rich experience, and an industry-leading, well-structured team of senior professional and technical talents, thus paving the way for career development.
<b>Customers</b> 	<ul style="list-style-type: none"><li>Trustworthiness</li><li>Affordable and reliable products and services</li><li>Unimpeded communication</li></ul>	<ul style="list-style-type: none"><li>Business communication</li><li>Service hotline</li><li>Business visits</li></ul>	<ul style="list-style-type: none"><li>Contract compliance</li><li>Quality products and services</li><li>Customer satisfaction survey</li></ul>	Minmetals Land Nanjing Branch has set up a 24-hour toll-free hotline to solicit customer feedback on products and services in a timely manner.
<b>Suppliers/contractors</b> 	<ul style="list-style-type: none"><li>Fairness and openness</li><li>Business integrity</li><li>Confidentiality</li></ul>	<ul style="list-style-type: none"><li>Supplier assembly</li><li>Bidding information disclosure</li><li>Strategic cooperation</li><li>Cooperation agreement</li></ul>	<ul style="list-style-type: none"><li>Equal consultation</li><li>Contract compliance</li><li>Procurement information disclosure</li><li>Compliance procurement</li></ul>	Sepon mine, together with its freight subcontractor LFF, has organized driver training to encourage LFF to provide the same job opportunities for women as for men.
<b>Partners</b> 	<ul style="list-style-type: none"><li>Routine communications</li><li>Long-term stable relationship</li></ul>	<ul style="list-style-type: none"><li>High-profile visits</li><li>Strategic cooperation</li></ul>	<ul style="list-style-type: none"><li>Integrity and law-abiding</li><li>Mutual benefits</li></ul>	In December 2013, under the witness of Chinese President Xi Jinping and Ukrainian President Viktor Yanukovych, a cooperation agreement on the construction of No. 11 Pokrovsky coal mine was executed by Zhou Zhongshu, President of CMC, and Oleksandr Shapovalov, General Manager and Chairman of Donetskstal Group.
<b>Peers</b> 	<ul style="list-style-type: none"><li>Fair competitions</li><li>Industrial development</li></ul>	<ul style="list-style-type: none"><li>Enhanced industrial communication</li><li>Attend forums and meetings</li><li>Inspect and visit</li></ul>	<ul style="list-style-type: none"><li>Maintain healthy industrial development</li><li>Involvement in industrial standard development</li><li>Sharing outcomes</li></ul>	In June 2013, CMC President Zhou Zhongshu attended GMAC Gala Dinner for Mines and Money Beijing 2013 and delivered a keynote speech entitled "Actively Respond to Mining Adjustments, Work together to Open Future Development".
<b>Communities, NGOs and the general public</b> 	<ul style="list-style-type: none"><li>Improving community environment</li><li>Respecting community culture</li><li>Supporting public welfare</li></ul>	<ul style="list-style-type: none"><li>Community propaganda</li><li>Convening community communication meetings</li><li>Forum</li></ul>	<ul style="list-style-type: none"><li>Community construction</li><li>Indigenous culture preservation</li><li>Philanthropy</li></ul>	In April 2013, CMC made an urgent donation of RMB 5 million to quake-hit Lushan Country in Ya'an, Sichuan Province.
<b>Media</b> 	<ul style="list-style-type: none"><li>Information disclosure and transparency</li></ul>	<ul style="list-style-type: none"><li>Website construction</li><li>Bulletin</li><li>Interview</li></ul>	<ul style="list-style-type: none"><li>Spokesperson appointment</li><li>Information disclosure</li></ul>	In October 2013, during a joint interview with seven central media, namely Xinhua News Agency, People's Daily, Guangming Daily, Economic Daily, Workers' Daily, China Securities Journal and China Business News, CMC Vice President Yao Ziping introduced the China Steel Circulation E-Alliance Xinyilian co-founded by CMC as well as the progress of iron & steel e-commerce platform construction, and gave detailed answers to media inquiries.





## Actions

-  Cherishing the Wealth of Shareholders and Growing a Value-creating CMC
-  Cherishing the Value of Life and Creating a Safety-minded CMC
-  Cherishing the Planet's Resources and Building an Eco-friendly CMC
-  Cherishing the Dedication of Employees and Building a Well-being CMC
-  Cherishing Partnership and Building a Bona Fide CMC
-  Cherishing Social Support and Building a Harmony-oriented CMC



# Cherishing the Wealth of Shareholders and Growing a Value-creating CMC

RMB **414.65** billion  
Gross operating revenue

RMB **6.472** billion  
Total profits registering

RMB **1.05** billion  
Technology input amounting

Cherishing the Wealth of  
Shareholders and Growing  
a Value-creating CMC



Cherishing the Value  
of Life and Creating a  
Safety-minded CMC



Cherishing the Planet's  
Resources and Building  
an Eco-friendly CMC



Cherishing the Dedication  
of Employees and Building  
a Well-being CMC



Cherishing Partnership  
and Building a Bona  
Fide CMC



Cherishing Social Support  
and Building a Harmony-  
oriented CMC



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## Stakeholders' Concerns

Maintenance and increase of state-owned assets    Risk management    Technical innovation  
Business model innovation    Resource development and reserve    International operation

## Our approaches and strategies

CMC has cherished the investment of shareholders and strived for long-term sustained benefits and returns for them. It has made continuous efforts in laying a solid foundation for management, giving an impetus to development through reform and innovation, enhancing operational efficiency, creating higher benefits with fewer resources, and realizing sustained optimal value for shareholders through sound operational performance.

## Our Actions



Laying a Solid Foundation  
for Management

Operation of capital assets  
Risk management  
All-round budgeting



Innovation-driven Development

Technical innovation  
Model innovation



Optimizing the Global  
Resource Layout

Domestic resources  
Overseas resources



Reinforcing Integrated Operation

Integration of industrial chain  
Internal coordination and integration

## Our Honors

- ▶ CMC has been ranked 5th on the metal industry list of the "World's Most Admired Companies 2013" by Fortune
- ▶ CMC has won the title of "the Most Influential Enterprise in China in 2013"
- ▶ CMC has received 41 science and technology awards at the provincial and ministerial levels in 2013
- ▶ The scientific and technological achievement of "the development and application of multi-mode-flow cascaded reinforced floatation technology" has won the second prize of the 2013 National Award for Scientific and Technological Progress
- ▶ CMC has won "the Most Valuable Risk Management of the Year" at the 3rd Deloitte China Risk Intelligence Awards
- ▶ CMC has won the title of "Outstanding Entity in Performance Assessment" awarded by SASAC
- ▶ CMC has won the second prize of "2013 Award for Scientific and Technological Achievements of Land and Resources" upon approval by the State Ministry of Land and Resources, for its "Exploration Report on Nihe Iron Mine in Lujiang County, Anhui" project

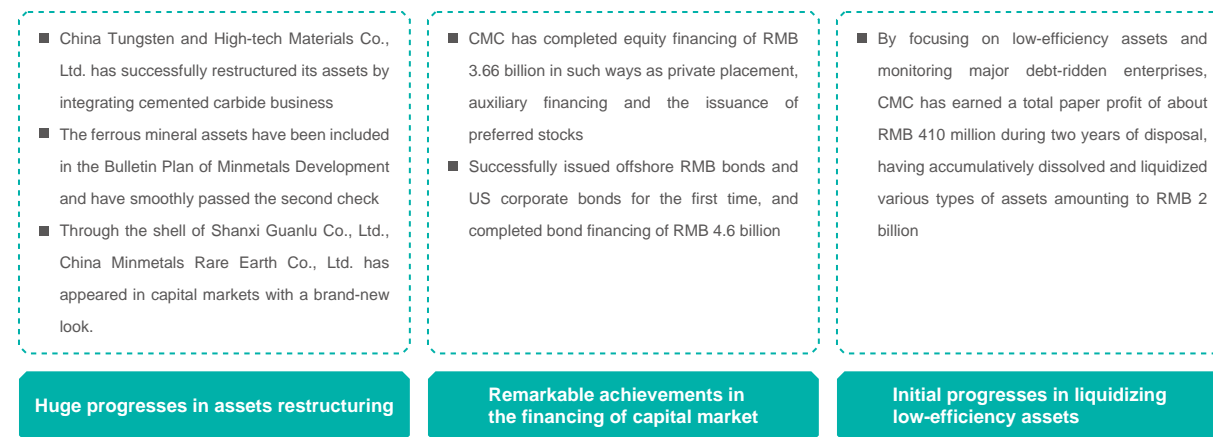


## Laying a Solid Foundation for Management

Since scientific and normative management underpins corporate development, CMC has made continuous efforts in enhancing its scientific, normative and effective management, so as to provide robust guarantee for sustainable development.

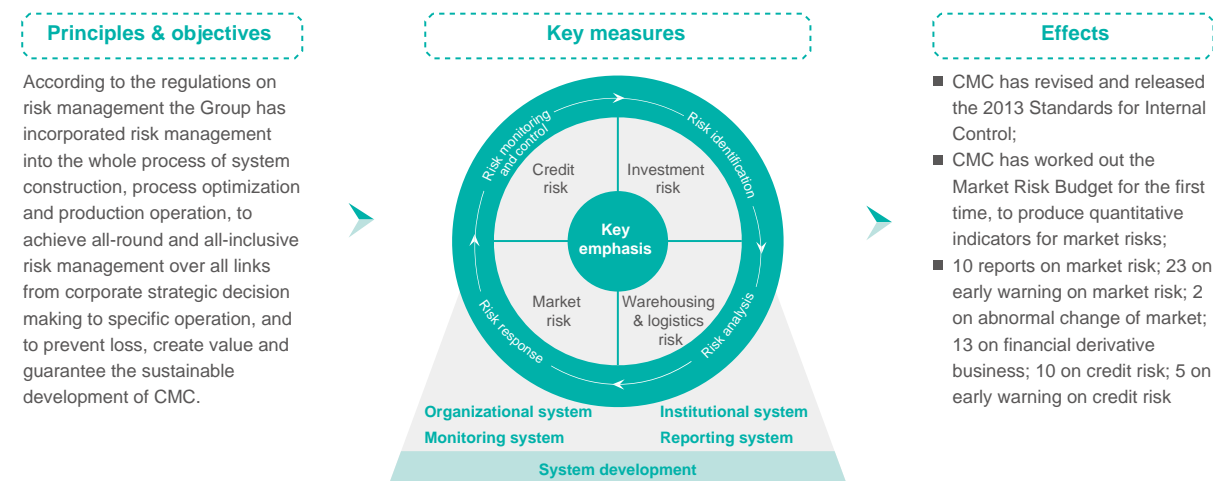
### Operation of capital and assets

CMC has steadily boosted the overall matchmaking of assets with the capital market, conducted asset restructuring and capital market financing under the guidance of promoting industrial development with the help of the capital market, continuously liquidated low-efficiency assets, enhanced the standardization, professionalism and business coordination of capital operation, ensured maintenance and increase of State-owned assets, fully considered such factors as human rights and social impacts in the process of project investment, and proactively conducted responsible investment activities.



### Risk management

CMC has continuously improved the construction of the risk management platform and expanded the scope of risk monitoring by continuously optimizing its existing systems of risk strategies, organizational functions and internal control. In addition, CMC has carried out emphatic management over all processes of four special risks including credit, marketing, investment and warehousing & logistics, reinforced the supportive role of risk management in corporate business decision-making, improved the corporate consciousness and management capability of preventing risks, and nurtured a risk management culture.



## All-round budgeting

Adhering to the principles of “focusing on key links and optimizing management and control”, CMC has promoted the construction of an all-round system of budgeting, reinforced the cost control of manufacturing enterprises, strengthened low-cost financing, carried out rigid budgeting, boosted cost reduction and efficiency increase, conducted overall management over key budget indicators, and reinforced the monitoring of budget enforcement, thus having achieved all annual assessment task goals of SASAC.

## IT development

CMC has prepared for the construction of the V5 Phase 4 Project for IT development, emphatically boosting five tasks including functional control, operation management, cultural integration, information security management and infrastructure services, persistently improving data quality, reinforcing the construction of an information-based system, conducting the planning consultancy of the Data Center, and carrying out the implementation of IT projects.



## Innovation-driven Development

Innovation is the powerhouse for enterprises to adjust and optimize their economic structure. Through reform and innovation, CMC has promoted its sustainable development, pushed itself onto the high end of global value chain, and built the brand of "CMC 2.0".

### Technical innovation

Technical innovation is the core driving force for transition and upgrading. Abiding by the principles of "laying a solid foundation, perfecting the system and uplifting the value", CMC has improved its technical management system, set up innovation-driven mechanism and platform, increased investment in technical innovation, set up the appraisal and incentive mechanism for technical achievements, reinforced publicity, learning and exchange of technical innovation, and built a desirable atmosphere for technical innovation. In addition, CMC has supported collaborative projects between manufacturers, universities and research institutes, reinforced the cooperation between universities and enterprises, guided research institutes and enterprises for market-oriented technological innovation, built a strategic alliance of technical innovation, and rapidly applied the achievements to industrial production.

As of the end of 2013, CMC had registered 5,328 R&D staff members, invested RMB 1.05 billion in science and technology for the whole year, including RMB 858 million for R&D, and earned an income of RMB 8.06 billion from the sales of new products. The achievement of "the development and application of multi-mode-flow cascaded reinforced floatation technology" developed by Hunan Shizhuyuan Nonferrous Metals Co., Ltd. has won the second prize of the 2013 National Award for Scientific and Technological Progress.

Talents of technical innovation	Platform of technical innovation	Achievements of technical innovation
<ul style="list-style-type: none"> <li>Academicians: 2</li> <li>Doctoral supervisors: 5</li> <li>National candidates of Baiqianwan Talent Program: 2</li> <li>Experts enjoying the special government allowance: 68</li> </ul>	<ul style="list-style-type: none"> <li>National key laboratories: 3</li> <li>National research centers of engineering technology: 3</li> <li>Enterprise technology centers identified by the central government: 3</li> <li>National analytical inspection centers: 8</li> <li>Laboratories of quality control and technical appraisal of industrial products: 2</li> <li>Research and development platforms at the provincial or ministerial level : nearly 30</li> </ul>	<ul style="list-style-type: none"> <li>Patents: Having applied for 343 patents</li> <li>Having been granted 212 patents</li> <li>Awards: having won 41 technical awards at and above the provincial level</li> <li>Research projects: having undertaken 47 scientific research projects at the national, provincial or ministerial level</li> <li>Standards: organizing or participating in the formulation of 32 national and industrial standards</li> </ul>

### Case Zhuying Group was elected 2013 national model enterprise of technical innovation

In November 2013, the Ministry of Industry and Information and the Ministry of Finance of China released the new list of "national model enterprises of technical innovation". Relying on its obvious advantage in technical R&D and innovative capability, Hunan Non-ferrous Zhuzhou Cemented Carbide Group Co., Ltd. (hereinafter referred to as Zhuying Group) has become the first "national model enterprise of technical innovation" in the industry of cemented carbide. This has been the fourth national honorary title of technical innovation for Zhuying Group on the heels of "enterprise technology center approved by the central government", "national hi-tech enterprise", and "national key enterprise laboratory". As of the end of 2013, Zhuying has undertaken more than 20 national technical planning programs, possessed 503 national granted patents (effective) including 180 invention patents, presided over or participated in the formulation of 159 national and industrial standards, and won more than 150 awards for technical achievements at or above the provincial or ministerial level. Zhuying Group has the largest number of invention patents and technical achievements in the industry of cemented carbide in China.

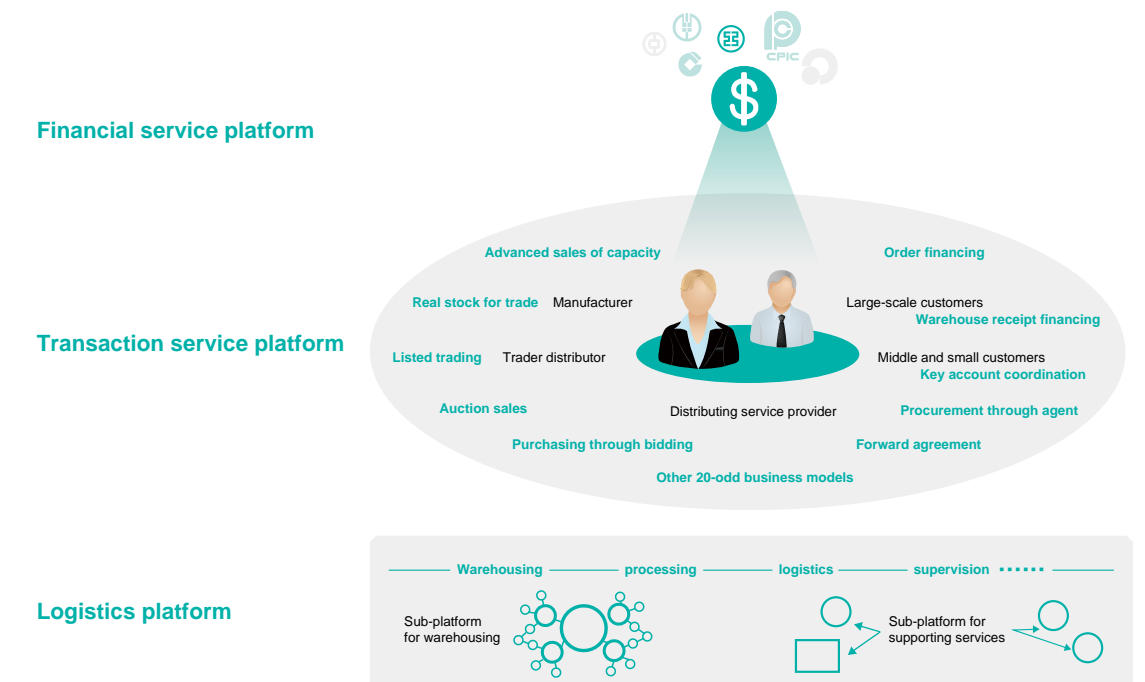
## Model innovation

CMC has realized strategic transition, attached importance to the division of labor based on specialization and cooperation based on value chain, and reinforced business coordination. Through the innovation of business models, CMC has obtained leading edges in the market, expanding new development territory, discovering new growth potentials and searching for its own "blue oceans" in the market.

### Case

### Building the steel e-commerce platform and innovating the business model

At present, China has 200,000 steel distributors and more than 1,000 steel markets. However, the entire industry of steel trade presents scattered, chaotic, undesirable and uneven performance. The traditional profit model has been challenged and single enterprises facing difficulties in transition. As the largest steel distributor in China, in 2013, CMC successfully put Xin Yi Lian (an e-commerce website platform integrating information, transaction and other services) into online operation by means of information technology. Xinyilian E-commerce Platform has now launched four types of business, including online listed transaction, financial coordination, business information and a special area for sales. In the future, it will continuously improve itself with new service functions and set up the innovative business model of "selling services" according to market demand. It will eventually evolve into a leading e-commerce platform of third-party bulk commodities in China.



## Optimizing the Global Resource Layout

Against the backdrop of fiercer competition in the global metal mining industry, the possession of mining resources would mean the possession of market competitiveness and initiative. In 2013, through such measures as purchase of production capacity, M&A, risk exploration and alliance between giants, CMC has reinforced its resource reserves, optimized its resource layout, utilized domestic and overseas resources, and substantially upgraded its resource reserves.

### Overseas resources

- The development of zinc and lead ores of Australian Dugald River have been well under way. This project is expected to produce 205,000 tons of zinc from the zinc concentrates and 27,000 tons of lead from the lead concentrates on a yearly basis after completion, so that CMC can steadily rank at the top of the list in the world in terms of the production capacity of zinc ores
- The exploration project of No.1 iron ores in TAZADIT, Mauritania, and the project of chrome ores in Townlands, South Africa have been carried out smoothly as usual, thus increasing CMC's overseas resource reserves of iron and chrome
- At the iron-rich ore deposit measured off from the Joyce high-grade iron open pit, affiliated to Canadian Century Iron Ore Holdings Inc. of which one of the equity holders is Minmetals Exploration & Development, the average grade of iron reached up to 58.13%, and the detected resources reached 15.60 million tons
- Minmetals Resources Co., Ltd. has successfully taken over Anvil Mining Limited, thus acquiring copper resources of 1.33 million tons and newly-added copper-cathode production capacity of 60,000 tons/year



### Domestic resources

- Qinghai - Liping Salt Lake Project has successfully acquired the mining rights, with 1.8 million tons of available lithium resources and 16.85 million tons of available potassium resources. A breakthrough has been made in the layout of such newly-developed minerals as lithium and potassium
- Guangdong Bachi Rare Earth Mine has completed the reserve review and registration, with 173,500 tons of detected resources, and has made a substantial progress in the acquisition of ionic medium and heavy rare earth resources
- Based on integrated exploration and prospection, the detected gold resources in Songxian County in Henan Province have risen to 36 tons
- Anhui Development Mining Industry Co., Ltd. has started its production as scheduled
- Liaoning Chentaigou Iron Mine has met the basic conditions for development and construction
- China Minmetals Copper (Hunan) Project has kicked off its construction, with an annual production of 100,000 tons of cathode copper after being put into operation
- The fluorite recycling project of polymetallic tailings in Huangshaping, Hunan Province has been approved for implementation. Every year, the newly-built production line of fluorite recycling can process 400 thousand tons of on-line tailings, register an annual production scale of 20 thousand tons of fluorite concentrated powder, and realize the comprehensive utilization of low-grade fluorite resources
- By implementing the rare earth project in Jianghua, Yongzhou, Hunan Province, CMC has successfully acquired the only certificate of rare earth mining right in Hunan Province, and arranged the rare earth separation production capacity of 3,000 tons/year





## Reinforcing Integrated Operation

CMC has attached much importance to internal coordination, fully tapped internal resources, established the mechanism of sharing-based cooperation, fully mobilized each other's "talent, capital, information and technology", and exerted the advantage of CMC as a diversified enterprise.

### Integration of industrial chain

CMC has constantly promoted the development of a framework and mechanism for integrated operation of the industrial chain, and effectively combined market-based prediction of trade business with purchase-sales decision making and low-cost production capacity of manufacturers. The Corporation has planned marketing strategies as a whole; integrated sales channels; reinforced the integrated linkage between upstream and downstream enterprises; increased efficiency; and reduced the cost of marketing. In 2013, CMC has given full play to the effect of industrial chain of tungsten products, carried out production-sales cooperation as a whole, reinforced the coordination and linkage between domestic market and overseas market, strengthened regional cooperation over iron ores, gradually set up the export coordination mechanism of rolled steel, effectively played the supportive role of the overseas procurement of copper commodities, and continuously promoted trade integration.

## Internal coordination and integration

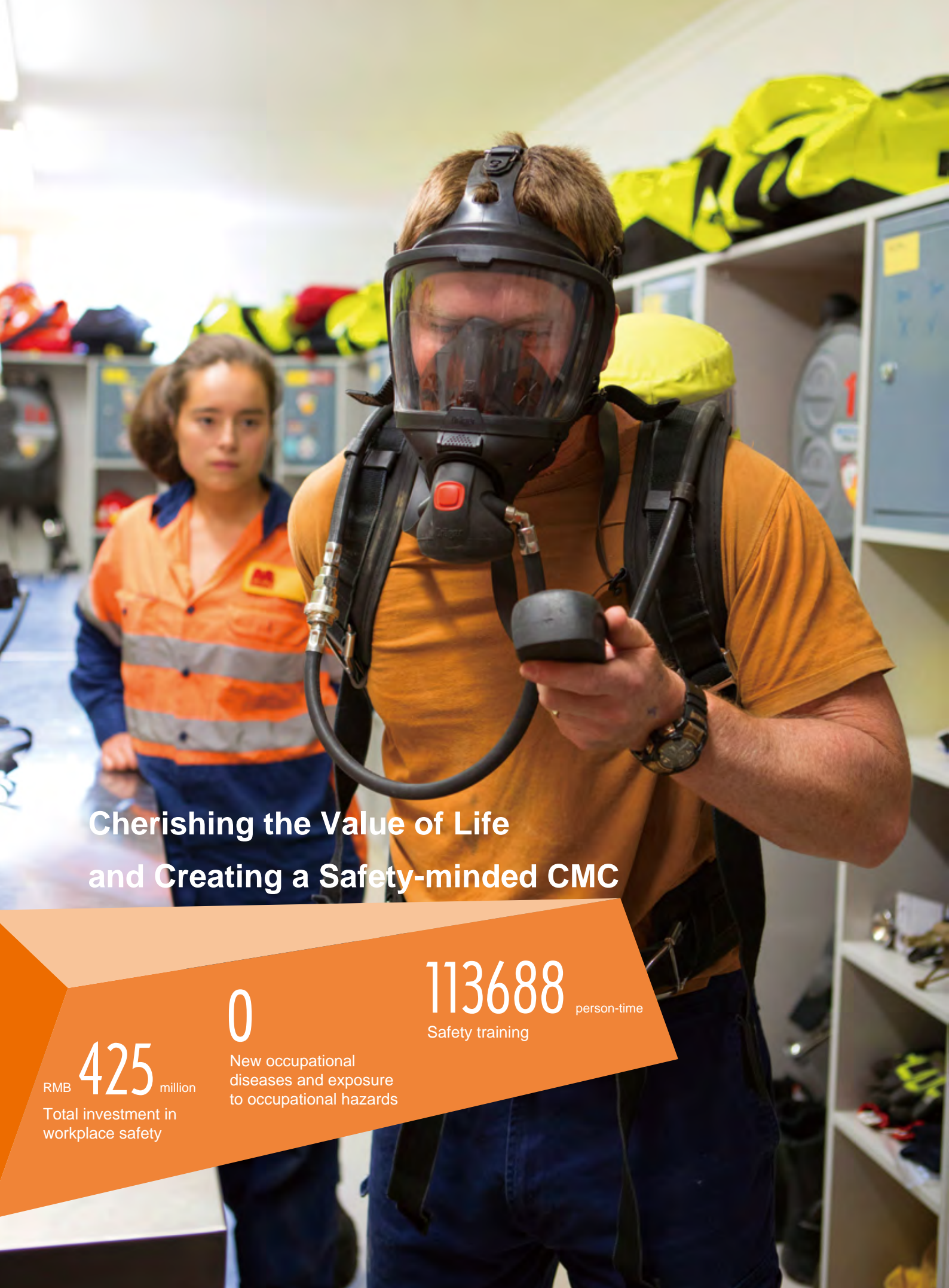
CMC has emphatically promoted internal coordination among such business fields as nonferrous metals, ferrous metals, finance, real-estate construction and science & technology, reinforced integrated cooperation, achieved effective sharing of resources, reduced the cost of operation, controlled the risk of operation, exerted CMC's advantage in overall competition with the outside, and made obvious achievements. In order to solve the problem of information asymmetry among various business items, it has compiled the Business Coordination Manual of CMC, so as to publicize the products and services of various entities and set up a bridge of communication between suppliers and demanders in the internal market.

### Case Upgrading the efficiency of resource allocation on the basis of technical coordination

Adhering to the principle of "making overall coordination, integrating resources, accurately locating the pivot and achieving concerted improvement", the ferrous mining business center and Changsha Research Institute of Mining and Metallurgy have paved new ways for coordination and signed the Agreement of Technical Cooperation between Minmetals Mining and Changsha Research Institute of Mining and Metallurgy. Both parties have agreed to jointly set up a foundation for coordination to solve technical problems in realizing efficient, clean and comprehensive utilization of iron, chrome, manganese and other advantageous metallic resources of CMC. The first phase has seen an investment of RMB 4 million to address nine projects involving mining, dressing, environment and safety. So far, all projects have been kicked off. As a new attempt for technical coordination, setting up this foundation can help establish a mechanism of open cooperation based on complementary advantages, shared interest and shared risks; intensify the relationship of cooperation; maximize the efficiency of resource allocation; and achieve a win-win development of both parties.







# Cherishing the Value of Life and Creating a Safety-minded CMC

RMB

425

million

Total investment in  
workplace safety

0

New occupational  
diseases and exposure  
to occupational hazards

113688

person-time

Safety training

## Stakeholders' Concerns

Fulfilling safety responsibilities by relevant person   Inspecting work safety   Safety management system   Safety education and training  
Identifying and rectifying hidden dangers   Emergency management   Promoting safety through science and technology  
Managing work safety in contractors' operation   Preventing and controlling occupational diseases

## Our Measures and Strategies

CMC has intensified its efforts in establishing organizational and institutional systems for safety management, cultivated safety culture, carried out safety education and training, embedded the concept of work safety into everyone's mind, strengthened all-inclusive and unified internal and external management over work safety, earnestly practiced safety measures and fostered a safety-minded CMC with all strength.

## Our Actions



### Building a Safety Management Platform

Developing a safety management system  
Fulfilling safety responsibilities by relevant person



### Improving Essential Qualities for Work Safety

Safety education and training among all employees  
"Safe Production Month"



### Practicing Safety Measures

Identifying and rectifying hidden dangers  
Promoting safety through science and technology  
Emergency management  
Occupational health and safety management  
Managing work safety in contractors' operation

## Our Honors

- ▶ CMC, Minmetals Development, and Minmetals Hanxing Mining have won the national knowledge contest of "Fighting against and Rectifying Illegal Acts and Violations"
- ▶ Jiangxi Xialong Tungsten Industry Co., Ltd. has won the title of "Nation-wide Demonstration Entity for the Development of Safety Culture"
- ▶ Minmetals Hanxing Mining has won the title of "Outstanding Entity of China in 'Safe Production Month' Activity"
- ▶ Zhengzhou subway project undertaken by MCC 23 has been elected "A Safe Construction Site in Other Provinces"



## Building a Safety Management Platform

CMC has strived continuously for uplifting its competence of work safety management; formulated the development plan that guarantees work safety for the years from 2013 to 2015; carried out institutionalized safety management; improved and implemented responsibility assessment and accountability system; reinforced the system of fulfilling responsibilities by liable person; and forged a solid platform for safety management with complete system and based on precautions.

### Tips

#### "Three Simultaneities"

requires all newly built, renovated and expanded supplementary facilities for work security to all the construction projects to be simultaneous with the main projects in their design, construction and operation.

"Three violations" refers to orders in violation of the safety regulations, operations in violation of the safety regulations, and inobservance of labor disciplines.

"Three exceeds" means exceeding the limits of production capacity, exceeding the limits of operational intensity, and exceeding the fixed number of staff required during production (the number of staff on duty exceeds the required amount).

### Tips

"The four cases we cannot let slip" include the cases where the cause of the accident has not been identified, the liable person has not been punished, the rectification measures have not been put into effect, and the liable persons have not received related education.

## Developing a safety management system

CMC has established and improved its organizational system for safety management at all levels, provided a stronger organizational guarantee for work safety management, and ushered in a standardized and organized safety management system compliant with related regulations or specifications.



## Fulfilling safety responsibilities by relevant person

CMC has defined the responsibilities of each individual for work safety, intensified performance assessment, enhanced the awareness of work safety among administrators and relevant persons in charge, strengthened accountability system, stiffened penalties over safety accidents, and required relevant person to fulfill safety responsibilities.



## Improving Essential Qualities for Work Safety

CMC has set much store by improving essential qualities of the staff to ensure work safety, developing safety cultural system in an all-round manner, carrying out comprehensive safety education and training, enhancing the employees' awareness, helping them behave consciously in a way that promotes safety, and uplifting their competence of working safely.

## Comprehensive safety education and training

CMC has attached great value to safety education, and allowed only license holders with related training to perform work duties. It has deepened the concept of "inadequate training is the biggest hidden danger" and brought an uplift in the employees' awareness and competence. In 2013, the Corporation organized 4,105 safety training sessions for 113,688 person-times.



## "Safe Production Month"

CMC has continuously organized the activity of "Safe Production Month" with the theme of "implementing the strategy of safe development and boosting the competence of safety management", and has taken concrete steps to launch educational campaigns and publicize safety culture. It has been identified by SASAC and State Administration of Work Safety in the first batch of state-owned enterprises directly under the central government registered outstanding performance in work safety and took the initiative in performing CSR. The Corporation has also taken part in the shooting of large docudrama Way to Safe Development.

### Case

#### Developing safety culture in Xiaoguanzhuang Iron Mine

Xiaoguanzhuang Iron Mine, affiliated to the ferrous mining business center, has attached importance to boosting the competence of work safety management, and strengthened the employees' awareness.

- The mine has created safety culture corridors at the depths of 450 and 500 meters underground to showcase the safety culture
- The mine has elected and commended on a yearly basis the "outstanding individuals of work safety" and "good wives of miners", to nurture work safety culture
- The mine has organized the "working safely for 1,000 days and embarking on a new journey" activities, including signing campaign, speech contests and speaking tours to create a work safety environment
- The mine has compiled and printed the Employees' Messages on Work Safety, including over 1,410 proposals and over 1,000 articles



## Practicing Safety Measures

CMC has placed emphasis on the implementation of safety measures. Through an all-inclusive and in-depth inspection and rectification of hidden dangers, it was better equipped to improve work safety, strengthened emergency management capacity, promoted the employees' occupational health and safety, reinforced supervision over contractors' safety, and ushered in an overall uplift in training effects.

### Safety inspection

- In six batches, a general work safety inspection campaign has been launched, targeting at over 80 sites of 14 major mining enterprises and 5 metallurgical processing enterprises. Without prior notice or fixed schedule, the campaign has aimed directly at enterprises at the grassroots level
- A special inspection has been carried out for safety management over the reclaiming practice of remnant ores. CMC has identified in the work safety development plan that it will gradually terminate or suspend the reclaiming of remnant ores at sites without proper operational conditions or safety guarantees

### Safety rectification

- Rectified hidden dangers in a timely manner, and supervised the correction of any hidden dangers unrectified
- Conducted regular reporting; reported and gave early warnings about hidden dangers not under control within the time limit; conducted on-site re-inspection
- Carried on-site supervision for two times to press ahead with the harnessing of huge mined-out area in Xianglushan; formed a weekly reporting system of the progresses
- Promoted the research on hidden danger control in the mined-out area; sent a special team to mining enterprises to conduct on-site investigation, so as to understand the distribution, configuration and scale of the mined-out area; accomplished the research on causation mechanism of flood, fire, mine earthquake, shock wave and other disasters potentially caused by the mined-out area; set up database, classified evaluation criteria and safety monitoring process for the mined-out area; worked out a special plan for mining enterprises to control and manage the mined-out area

## Identifying and rectifying hidden dangers

Aiming to realize "full coverage, zero tolerance, strict management and practical effects", CMC has required manufacturing entities to carry out self-inspection under the supervision of the headquarters and business centers. It has also strengthened inspection at the grassroots level, leaving no blind spots in supervision, no forgotten corners in trouble-shooting and no hidden dangers after rectification. As for subordinate overseas companies, it has strengthened safety supervision, worked out related plans, intensified efforts in identifying and rectifying hidden dangers, and strictly observed the reporting system in case of accidents. In 2013, CMC carried out 5,572 work safety inspections and discovered 41,949 hidden dangers, with a rectification rate of 99.1%.



Down-hole operations at Golden Grove in Australia



## Enhancing safety with science and technology

CMC has intensified its efforts in the research and application of safety technology, pushed forward the development of "6+1" systems for mining subsidiaries, enhanced information-based supervision and monitoring, and effectively prevented any work safety accidents from happening. As of the end of 2013, it had invested a total of RMB 390 million in work safety and completed the development of "Six Systems" in all underground mines to avoid any risks. Two meetings had been held for on-site supervision, guidance and training, so as to press ahead with safety system construction. It had conducted routine assessment over system operation and maintenance, and evaluated the performance of system management personnel. It had probed into the operation and management experience of the six systems, and formed typical management models as well as innovative practices. It had promoted the "Four First Batches" program of the latest safety technology in non-coal mines initiated by State Administration of Work Safety. The "risk monitoring and early warning program of the support structure to prevent the deformation of surrounding rocks in the mined-out area of Minmetals Hanxing Mining" had been listed as "a model program for work safety technology".

### Case

### Information-based safety monitoring at Chenzhou Fluoride

Hunan Nonferrous Chenzhou Fluoride Chemical (hereinafter referred to as Chenzhou Fluoride) has reinforced information-based monitoring by introducing the most advanced DCS in China; setting up 31 video surveillance system, 20 hydrogen fluoride leakage detection and warning points and 16 gas leakage detection and warning points in the production area; inputting all detection, warning and video signals into the central control room and scheduling center for round-the-clock real-time surveillance; and implementing automated interlock control at major points to uplift the work safety management competence of the company.

### Tips

The six safety systems include mining enterprise monitoring system, underground staff positioning system, underground emergency rescue system, compressed air self-rescue system, water supply rescue system and communication system.

## Emergency management

CMC has reinforced the emergency management system, strengthened the building of emergency rescue bases and emergency response teams, continuously improved emergency plans, and carried out regular emergency drills and comprehensive drills to consolidate the foundation for emergency management and uplift the emergency handling capabilities. In 2013, it invested RMB 4.367 million, carrying out 458 emergency drills with 19,213 people involved. All major manufacturing entities subordinate to CMC have set up full-time/part-time emergency response teams, including altogether 6 full-time fire fighting teams, 2 full-time gas protection teams and 1 medical care team with 131 full-time rescue crews and 8,051 part-time ones.

### Case

### "Fire Fighting and Public Security Awareness Month"

Through Jun. 24th to Jul. 24th, 2013, CMC organized a group-wide activity of "Fire Fighting and Public Security Awareness Month". As an activity with the largest scale and of the highest grade of its kind in recent years, the "Awareness Month" this year has featured the personal participation by CMC leaders in Beijing and active involvement of cadres and other employees. The activity has thus received higher recognition and broader participation.



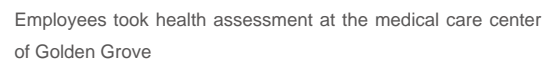
Volunteer firefighters practiced fire hose coupling in the office area on Minmetals Plaza





CMC has paid great attention to the accountability for the prevention & control of occupational diseases, followed without even the least trace of deviation the Measures on Occupational Health Management and other regulations, pressed further ahead with “less pollution and fewer posts”, and intensified efforts in supervision of key enterprises for the prevention & control of occupational diseases. It has organized activities for “the Awareness Week on the Law of Prevention & Control of Occupational Diseases” in connection with the theme of “preventing occupational diseases and bringing happiness to thousands of families”, and invited the persons-in-charge of occupational health as well as divisional chiefs from key manufacturing enterprises to attend the special training on occupational health. It has enhanced the provision of labor supplies and daily supervision on the wearing of such supplies, established dossiers on employees’ health conditions, and carried out regular physical checks. It has also improved the working conditions, and uplifted the competence of occupational health and safety management for the employees. The year 2013 has seen zero case of new occupational diseases or exposure to occupational hazards.

Golden Grove has taken a series of measures to deal with the high incident rate of staff injuries. The measures included: setting a target of bringing the injury incident rate to under 7.5% over the year; keeping records of all accidents or hidden dangers during production, and reviewing how they were dealt with; increasing the frequency of security check, extending the timeframe for safety management, and encouraging the employees to take safety measures; organizing internal auditing on processes; and encouraging the employees and contractors to identify, rectify and report any potential hazards timely. In 2013, the injury incident rate of Golden Grove registered 5.8%, with a 42% YoY uplift in safety performance.



Working at height is one area of particular safety focus for MMG's fatal risk standards

On a constant basis, CMC has improved the safety management system over contractors, strengthened inspection of their work safety, promoted exchange of experience, intensified training and education, and uplifted in all-round way their awareness and competence of safety management.

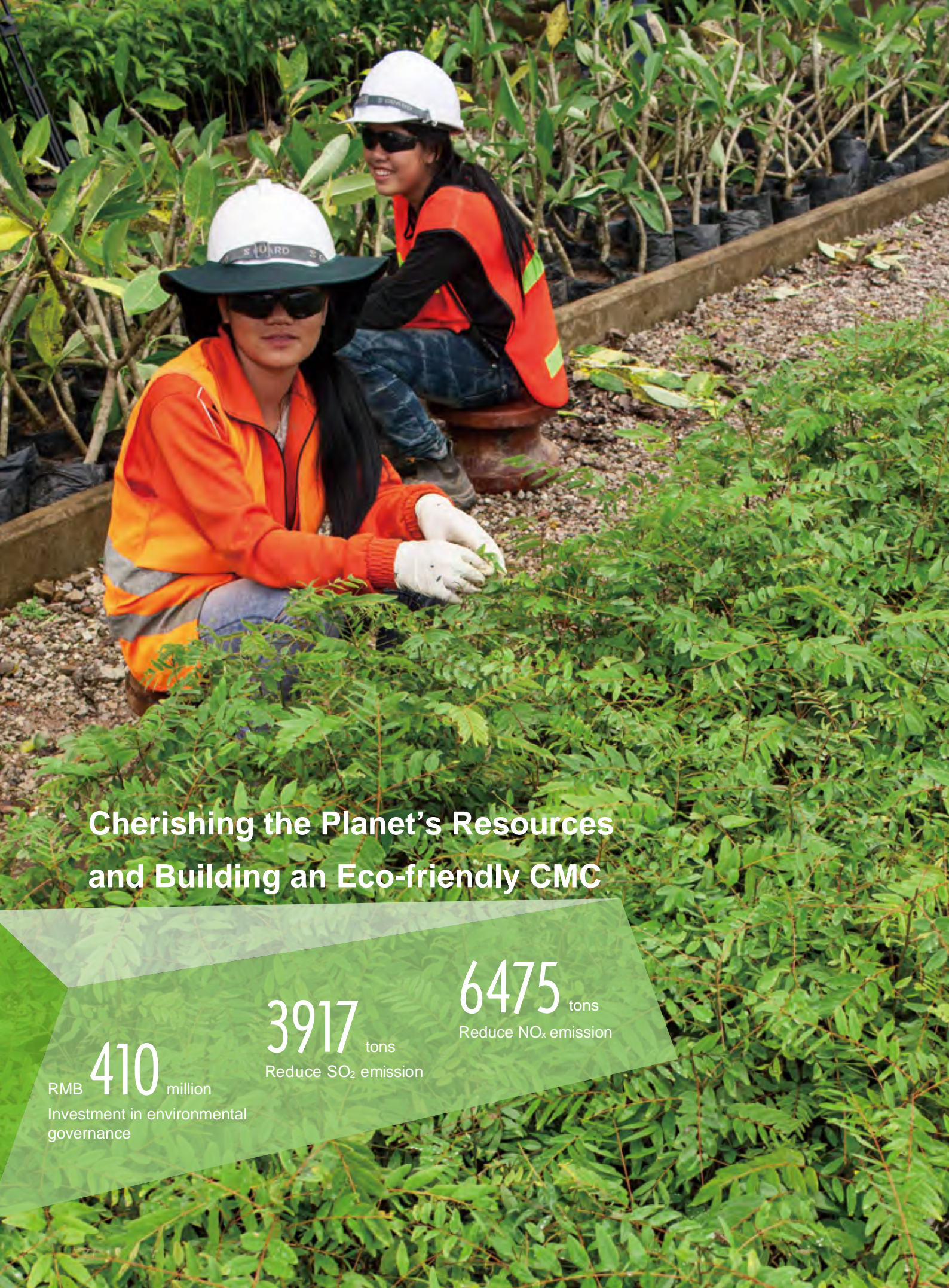
“One strict standard” refers to following a strict standard in selecting outsourcing contractors.

“Nine unified tasks” include: unified control over staff recruitment, unified arrangement for safety training, unified assignment of safety work, unified responsibility for safety governance, unified rectification over hidden dangers, unified service by safety technologies, unified arrangement for safety activities, unified assessment of safety performance, and unified integration into safety management system.

Organized trainings on the Interim Measures for Safety Management of Non-coal Mine Outsourcing Project for contractors; shared the management experience of Jiangxi Xialong Tungsten Industry in "maintaining one strict standard and finishing nine unified tasks" over contractors

- It has compiled the CMC Rules on Safety Management over Contractors of Construction Enterprises, embodied the process and requirement for hierarchical management over construction contractors, and improved access management and process control over contractors
- It has placed contractors under unified management for work safety
- It has strictly observed the Interim Measures for Safety Management of Non-coal Mine Outsourcing Project, and strengthened the system of contractor censorship, on-site supervision and withdrawal
- It has strictly implemented the work safety management agreements concluded with contractors, carrying out process control and appraisal of the contractors' fulfillment of safety goals





# Cherishing the Planet's Resources and Building an Eco-friendly CMC

RMB **410** million  
Investment in environmental  
governance

**3917** tons  
Reduce SO<sub>2</sub> emission

**6475** tons  
Reduce NO<sub>x</sub> emission

## Stakeholders' Concerns

Environmental management    Water resource management    Mine reclamation  
Pollutant emission control    Biological diversity    Green office

## Our Measures and Strategies

CMC has persisted in putting the concept of green development into each link of production and operation; strengthening the development of environmental management system; adopting new processes, technology and standards; implementing cleaner production with reduced emissions from the source and uplifted efficiency during the process; enhancing water resource management; fostering an awareness and taking actions to realize low-carbon and green production; and minimizing any adverse effects of management and operation on the environment.

## Our Actions



### Building a Green Management Platform

Improving environmental  
management system  
Strengthening environmental  
performance  
Reinforcing environmental risk  
management



### Addressing Climate Change

Energy conservation and  
emission reduction  
Water resource management



### Building Green Mines

Efficient mining  
Cleaner production  
Ecological restoration  
of the mines  
Bio-diversity protection



### Carrying out Green Actions

Environmental protection campaigns  
Green office

## Our Honors

- Xishimen Iron Mine, affiliated to the ferrous mining business center, as well as Dajishan Tungsten Industry, Piaotang Tungsten Industry, Tieshanlong Tungsten Industry (Shangping Mine), Xihuashan Tungsten Mine, Xialong Tungsten Industry (Zhangdou Mine), Hunan Yaogangxian Tungsten Mine, and Shizhuyuan Poly-metallic Ore Mine, affiliated to Minmetals non-ferrous metals business center, have been identified as the third batch of pilot green mines at the national level
- Minmetals Real Estate has won the award of "2013 Leadership in Energy and Environmental Design"
- Wanjing Wealth Center undertaken by MCC 23 has been elected "green architectural project" by Hunan Provincial Science & Technology Department
- Hunan Shizhuyuan has been elected national "Model Mine in Popularization and Application of Advanced Applicable Technologies for Conservation and Comprehensive Utilization of Mineral Resources"



## Building a Green Management Platform

CMC has established and improved its environmental management system, deepened the development of the organizational system for environmental management among secondary entities and major manufacturing enterprises, reinforced environmental performance evaluation, carried out environmental risk inspection and rectification, and forged a precaution-based green management platform with optimized managerial institution, improved operational mechanism and clearly defined responsibilities.

### Improving environmental management system

Through preparation of the Regulations on Environmental Protection of CMC and the Regulations on Management & Control Mode of Environmental Protection of CMC, the Group has basically established a well-functioning institutional system for environmental management involving, among others, energy conservation, emission reduction, cleaner production and environmental emergency response. All secondary entities have set up competent authorities and assigned specialized personnel to take charge of energy conservation and emission reduction. Major producers have set up environmental protection and management divisions. In addition, environmental monitoring stations have been found among key pollutant discharging enterprises for regular environmental monitoring and data analysis. CMC has thus pressed ahead with the development of the organizational system for environmental management to strengthen the institutionalized environmental management.

### Strengthening environmental performance evaluation

CMC has endeavored to finish the task of performance assessments of SASAC and eliminate outdated industrial capacity as required by the Ministry of Industry and Information Technology. In addition, the Corporation has improved its environmental performance evaluation system, optimized the monitoring, early warning, summary and analysis of environmental data. It has signed the "Responsibility Contract for Annual Objectives of Energy Conservation and Emission Reduction in 2013" with all business centers and entities directly under CMC's control, followed up the fulfillment of tasks on a monthly basis as per sectors, and analyzed key indicators of energy consumption and pollutant emission so as to discover problems and take immediate measures.

## Reinforcing environmental risk management

CMC has placed much emphasis on the prevention of environmental risks; established and improved environmental risk inspection system; enhanced the development of environmental emergency response plan system; uplifted emergency-handling ability; strengthened the supervision and rectification of environmental compliance and other issues; and boosted its capability of supervising and controlling any environmental problems right at the source.



## Addressing Climate Change

CMC has taken energy conservation, emission reduction and water resource management as important means to cope with climate change. It has continuously improved the management mechanism and system over energy conservation and emission reduction, strengthened related data monitoring, developed circular economy of water resources and enhanced water resource efficiency. In 2013, the comprehensive energy consumption pointed to 2.8453 million tons of standard coal, down by 1.2% YoY; COD emission registered 1,594 tons; SO<sub>2</sub> emission registered 14,075 tons; CO<sub>2</sub> emission registered 8.61 million tons; and NO<sub>x</sub> emission registered 21,500 tons.

### Energy conservation and emission reduction

CMC has optimized the IT-based statistics system for energy conservation and emission reduction, uplifted the competence of IT-based data monitoring, and realized on-line reporting of data at three levels, and conducted real-time data monitoring. It has worked out early warning and monitoring plan for energy conservation, provided monthly statistics, monitoring and analysis, carried out regular energy consumption data analysis, sent special reports on energy utilization, and developed early warning mechanism. It has revamped energy-saving technology, implemented energy performance contracting, and boosted energy utilization efficiency. It has also classified all manufacturing subsidiaries into three categories according to energy consumption level, reinforced supervision over key enterprises in statistics and monitoring, outdated capacity elimination, technology revamp and structural adjustment, and carried out dynamic management according to energy grades and categories.

In 2013, CMC cut SO<sub>2</sub> emission by 3,917 tons, NO<sub>x</sub> emission by 6,475 tons, NH<sub>3</sub>-N by 42 tons, and COD by 158 tons.

#### Case Zhuzhou Smelter reinforced energy management

Hunan Nonferrous Metals Zhuzhou Smelter Co., Ltd. (hereinafter referred to as Zhuzhou Smelter) has improved energy management in an all-round manner, strictly implemented performance evaluation system, developed and introduced new technologies, and gradually received economic benefits. In 2013, through technological upgrading, the company reduced unit gas consumption by over 35%, and the yearly power consumption of fuming furnace dropped by 1.45 million kwh.

##### Reinforced management

Established a three-level network consisting of companies (Zhuzhou Smelter), branches (plants, divisions or offices) and sections (workshops, teams, groups) to take charge of energy statistics, index management, energy planning, training and publicity, on-site management, energy monitoring and saving technology.

##### Strengthened performance assessment

Identified energy consumption indicators for various products, key processes and high energy consumption facilities; defined targets for each liable person; carried out regular inspection; rewarded the good and fined the bad according to the assessment and rewarding criteria formulated at the beginning of each year.

##### Revamped technology

The energy management program has already been implemented. The company has revamped the industrial gas furnace, adopting fast regenerative lead-smelting furnace, closed-loop control of fans and water pumps has also saved 25% of electricity.

#### Case Xishimen iron mine adopted China's first whole-tailings consolidation and discharge project

In recent years, Minmetals Hanxing Mining Co., Ltd. (hereinafter referred to as Hanxing Mining) has been committed to environment-friendly disposal and scientific utilization of tailings. Xishimen Iron Mine affiliated with Hanxing Mining has become the first in China to adopt whole-tailings consolidation and discharging technology to protect the environment. As the key project for energy conservation and emission reduction in Handan, the project has solved reduced the land taken up by tailings storage to leave room for land reclamation.

## Water resource management

Through revamped processes and techniques, CMC has reduced water consumption during the production process, discharged waste water according to related standard, and reused waste water to improve the utilization efficiency of water resources.

#### Case Shizhuyuan saved and reused water

Hunan Nonferrous Shizhuyuan Asset Management Co., Ltd. (hereinafter referred to as Shizhuyuan) has unleashed the advantages of integrated process of mining, dressing and metallurgical operation, and improved water reuse. It uses spring water to feed the air compressor during mining, collects the used condensed water for underground drilling, stores the water for drilling and fissure water, and outputs the stored water to the dressing plant and metallurgical plant. The dressing plant adopts flotation column and thickening ponds to concentrate and purify waste water so as to reuse it. This process has rendered a 66% reduction in water consumption as compared with the original technique, and saved 4.07 million tons of water every year. The pumping station set up at the discharging mouth of Chaishan tailings storage has realized a 90% utilization rate of reclaimed water, and reused 5.0003 million tons of water each year.

#### Case New water treatment technology at MMG Sepon's Western Tailings Storage Facility

As the existing water treatment plant was not designed to efficiently remove sulphate, the water discharge throughput of the plant was reduced and the amount of water held in the tailings dam increased. The excess water takes up capacity for tailings storage and has an impact on the consolidation of the tailings in the facility. In 2012 MMG conducted an options study and a prefeasibility study for a major water treatment plant upgrading and expansion in order to remove the sulphates. Preliminary designs were then developed for a water treatment plant that uses ion exchange technology for sulphate removal. In the meantime, additional work in 2013 to increase the efficiency and maximize the use of the treatment capacity in the existing water treatment plant prevented a further increase in water inventory in the WTSF. The detailed engineering of the ion exchange plant is expected to be completed in 2014, with commissioning of the plant in the second half of 2015. This will gradually bring the water inventory down.



Water quality inspection in Sepon





Panorama of the dressing plant of Anhui Development Mining Industry Co., Ltd. affiliated with Hanxing Mining, with a capacity of 7.5 million tons

## Building Green Mines

CMC has endeavored to build green mines during the whole process of mining, production and ecological restoration etc., in a bid to realize garden-like mines conducive to energy conservation as well as environmental and ecological protection.

### Efficient mining

CMC has paid much attention to the R&D and application of mining technology, optimized technical parameters, adopted advanced facilities, boosted resource recovery rate and quality, and strived hard to shift from being quantity-oriented to being quality-oriented.

Case

#### Zhangjiawa Iron Mine saw increased recovery rate of mines

Recovery rate is generally stated as a percentage of the ore extracted compared to the total geological reserves of the mine or stope (pit and mining workplace). It is one of the technical and economic indicators required to judge the mining methods and recovery quality. Minmetals Luzhong Mining Co., Ltd. (hereinafter referred to as Luzhong Mining) has conducted in Zhangjiawa Iron Mine a research on “realizing higher ore recovery rate through non-standard staggered arrangement”, leading to an average ore recovery rate of 73% (up 7.35%) in Gangli Iron Mine of which the first slice was set at -195 m. In addition, the company has strictly controlled ore dilution ratio and guaranteed a grade of 33.91%.

Case

#### Changsha Research Institute of Mining and Metallurgy carried out research on efficient mining technology

Changsha Research Institute of Mining and Metallurgy has accomplished multi-stage whole-process optimization of technical parameters at the dressing plant of Lilou Iron Mine, affiliated to Hanxing Mining, with a capacity of 7.5 million ton/year. The capacity of single ball grinder has increased from 240 to 270 ton/hour, and the grade of iron concentrate has been stabilized at above 65%. Changsha Research Institute has also finished the experiment and research program of ore dressing in Kangjiawan lead-zinc mine in line with the technical requirement of the 12<sup>th</sup> Five-Year Plan of the company. The grade of sulfur concentrate has reached 47%, and the recovery rate of silver ores has seen an increase from 69% to 75%.

### Cleaner production

CMC has adopted cleaner production audit as a powerful motivator for cleaner production. It has encouraged mining enterprises to take active parts in auditing and implement the auditing plan, and uplifted related competence of mining enterprises in an all-round manner through, among others, energy conservation, emission reduction, pollution control and efficiency uplift.

Case

#### Donglin Lighting made remarkable progress through cleaner production audit

Minmetals Donglin Lighting (Jiangxi) Co., Ltd. (hereinafter referred to as Donglin Lighting) has carried out cleaner production auditing and implemented 34 programs, including low-content solid mercury process, protective nano-film or fluorescent powder coating on fluorescent lamp tube, assembly line production mode and other national leading processes to make energy-saving lamps. Based on the current production capacity, it can save altogether 2,800 kg of LNGs, 800 tons of water, 0.1 million kW·h of electricity, and 17.1 tons of standard coal for comprehensive energy consumption every year.

### Ecological restoration of the mines

CMC has continuously increased its input in the closure of tailings ponds, land reclamation, mine greening and other works to restore the eco-condition of the mines. After carefully planning, comprehensive ecological control has been carried out in steps to promote green mine construction in an all-round manner.

Case

#### Hanxing Mining committed to greener mines

With a view to rendering “beautiful Hanxing”, Hanxing Mining has laid equal emphasis on construction and management, and made great efforts to build green landscape belts along main roads of the mines and residential areas to press ahead with the greening program.

- A 3,800 m<sup>2</sup> ring-like green belt has been constructed on both side of the road and entrance to Fushan Iron Mine; and a 15,000 m<sup>2</sup> green park has been built up at Mingsi Reservoir of 702 slag disposal pit
- The former tailing storage has been backfilled and planted with 30,000 fast-growing poplars after land reclamation. The tailing storage has been turned into economical forests
- Beiminghe, Ankuang and Xishimen mines have made explicit provisions regarding plant-hole size, seedling specification, as well as technical standards of planting, watering, nurturing and extermination of disease and insect pests. Relevant responsibilities have been assigned to specific individuals to ensure seedling viability



### Case

#### Xintianling Wolfram Mine made great efforts in ecological restoration

With an aim to “building a green and ecologically friendly mine”, Hunan Nonferrous Metals Xintianling Wolfram Mine Co., Ltd. (hereinafter referred to as “Xintianling Wolfram Mine”) has formulated and implemented geological environmental protection, control and recovery programs, as well as land reclamation programs. Since 2009, the mine has invested around RMB 60 million in environmental protection, conformed to the principle of “water control followed by slope management and plant recovery”, and effectively improved local eco-environment. It has realized a green land area of 68.3 hectares, including 44.7 hectares of woodland and 23.6 hectares of grass fields.

### Bio-diversity protection

CMC has constantly intensified its effort in bio-diversity protection during the whole process of business operation, encouraged planned initiatives on bio-diversity protection, deepened its partnership with professional organizations, carried out bio-diversity research and investigation, and exerted more positive influences on bio-diversity.

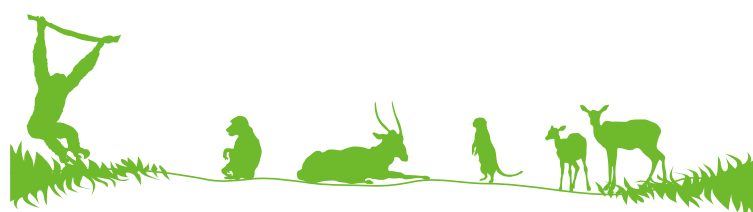
### Case

#### Comprehensive management over bio-diversity in MMG Sepon

Before the start of Sepon mine project, MMG assessed the possible impacts on the local wildlife and its habitat, made protection plans, and taken special protection measures in mining, metallurgical and other processes to reduce the impact of operation on biodiversity. Moreover, it has cooperated proactively with bio-diversity protection organizations to carry forward the protection work at the mine.

MMG has launched a survey into the area of Namkok Headwaters, and included Siamese crocodile and other threatened species in the IUCN list. It has developed a bio-diversity implementation plan, through joint efforts with the wild animal conservation societies, to protect saola, otter, langur, muntjac, gibbon and other rare and endangered local species.

In places with potential mining activities, it has carried out researches together with local wild animal conservation societies, to identify “the scope of habitats” and “the location of the conservation zones”, so as to effectively improve the living environment of Siamese crocodiles.



Environmental assessment at OZ mine of MMG in Australia



## Carrying out Green Actions

CMC has laid special stresses on the publicity and education about environmental protection, encouraged employees to participate in environmental protection campaigns, highlighted the awareness of environmental protection in everyday work, and helped employees develop a green and low-carbon lifestyle.

### Environmental protection campaigns

CMC has paid tremendous efforts in creating a green culture, guiding the employees to develop the concept and awareness about environmental protection, and encouraging the employees to take active parts in and make due contributions to environmental protection campaigns.

### Case

#### Greening the Yangtze River, protecting the mother river

Since 2010, CMC has participated in the charity initiative of “Green Yangtze River, Chongqing Action” jointly launched by the National Forestation Commission, State Forestry Administration, China Green Foundation and Chongqing Municipal People's Government, and has donated a total of RMB 30 million in five years to “Chongqing Special Fund for the Yangtze River” set up by China Green Foundation. According to related plans on greening the Yangtze River, the funds have been used mainly for, among others, ecological forest plantation and forest preservation in Chaoyang Village, Quchi Town, Wushan County and Guihua Village, Wuxia Town. In 2013, CMC carried out a field investigation to understand the local forestation and to ensure orderly progress of the program. All of the seedlings are growing well.

### Case

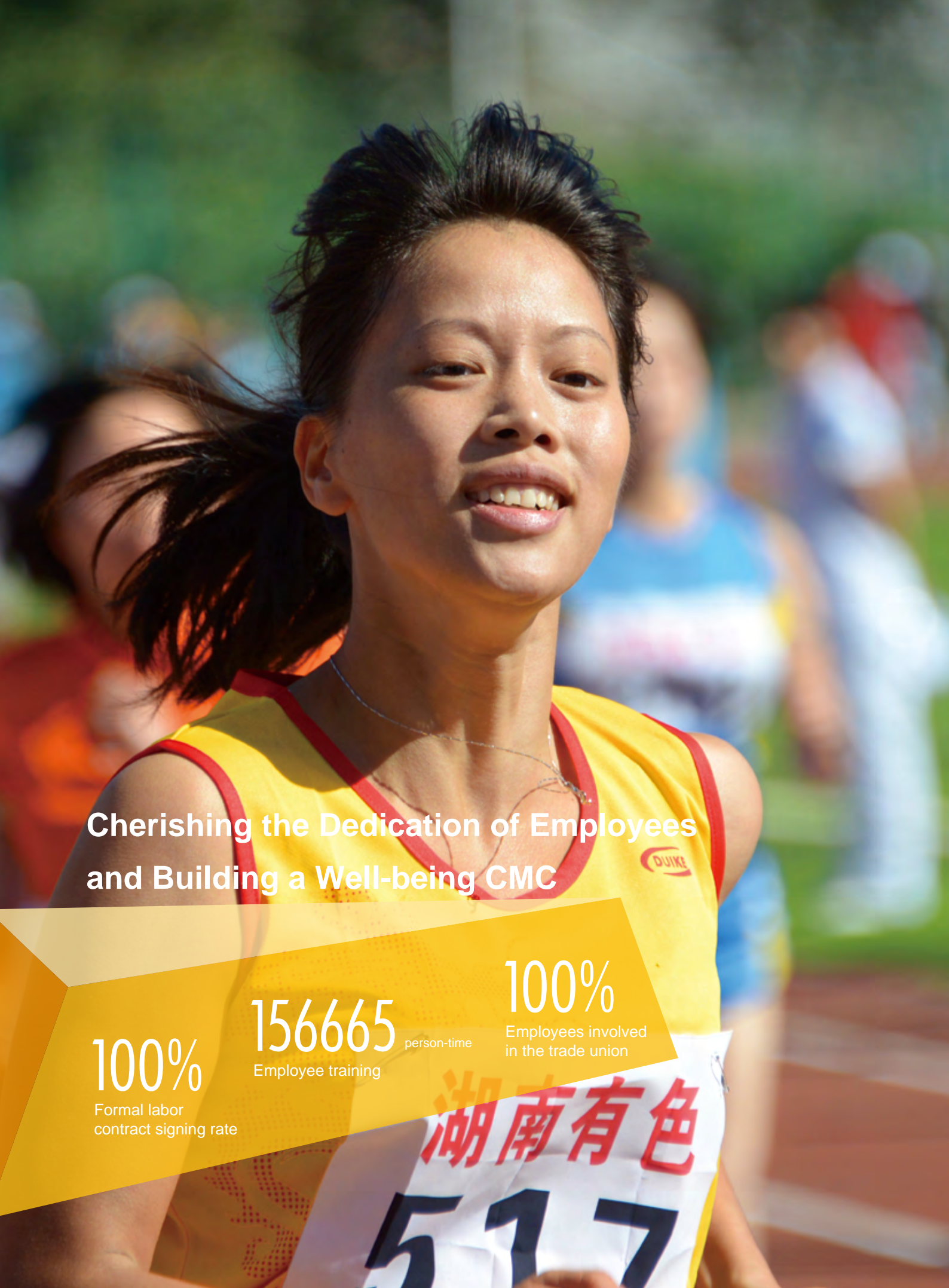
#### Beautifying the environment through afforestation

For six straight years, the financial sector has organized employees to the afforestation base in Fangshan District, Beijing for tree-planting activities. In 2013, altogether 120 people planted over 500 saplings, which has not only rendered a green-shaded base, but also enhanced the employees' awareness of environmental protection and aroused their enthusiasm to participate in environmental protection campaigns.

### Green Offices

CMC has encouraged employees to practice green offices, to adopt the concept of green and low-carbon business in everyday work, and to minimize the environmental impacts of offices. It has also promoted paperless offices and encouraged the reuse of scrap paper. In addition, water-saving appliances have been used and water-saving signs posted. Other measures included encouraging the use of public transportation, controlling the frequency of using office vehicles, and holding video conferences whenever possible to reduce the necessity of business travel and carbon emissions.





# Cherishing the Dedication of Employees and Building a Well-being CMC

100%  
Formal labor  
contract signing rate

156665  
Employee training  
person-time

100%  
Employees involved  
in the trade union

## Stakeholders' Concerns

Employment management    Remuneration and benefits    Employees' engagement in management    Career development  
Occupational training    Achieving work-life balance    Corporate culture    Employees' rights and interests

## Our Measures and Strategies

Upholding the principle of "putting people first and giving full scope to talents", CMC has safeguarded the legitimate rights and interests of the employees, provided a sound platform for them to grow, inspired the passion and creativity out of them, offered care to them, fostered a harmonious corporate culture, given a impetus to the strategic transition and strived for mutual development with them.

## Our Actions

 Protecting the Rights and Interests of Employees ▼ Employment management Remuneration and benefits Employees' engagement in management	 Stimulating the Vitality of Employees ▼ Career development Training and communication Talent exchange Staff honors	 Caring for Employees ▼ Achieving work-life balance Helping employees in need Caring for retired employees Caring for female employees	 Building Advanced Culture ▼ Corporate culture system Corporate culture development
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## Our Honors

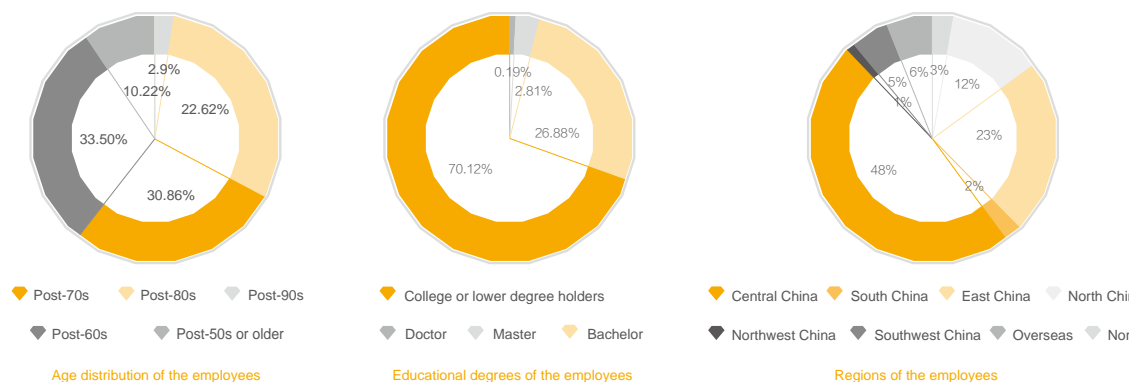
- ▶ China Minmetals Rare Earth Co., Ltd., Zhuzhou Cemented Carbide Group Co., Ltd. and three other companies have won the honorary title of "Outstanding Entities of State-owned Enterprises Directly under the Central Government" awarded by SASAC
- ▶ CMC has won the titles of "Best HRM Company" and "Best HR Management Team" awarded by 51JOBS
- ▶ CMC has won the title of "China's Best Employer in Energy and Chemical Industries" by ChinaHR
- ▶ CMC has been listed among "China's Top 100 Best Employers of the Year" by Zhaopin.com

## Protecting the Rights and Interests of Employees

CMC has strived for fairness and equality in employment and appreciated the contributions from the employees. By offering them competitive remuneration and benefits and safeguarding their democratic rights and interests, CMC has built harmonious labor relationship.

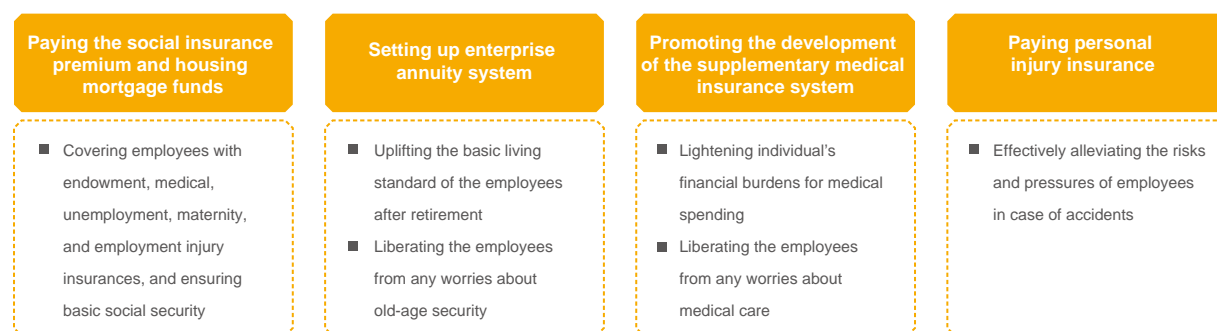
### Employment management

CMC has strictly observed local labor laws, regulations and policies in host countries and regions, as well as pertinent international conventions on human rights, labor forces and the others. Adhering to equal and standard employment, the Group has prohibited all forms of discrimination in employment, laid a ban on child labor and forced labor and clearly defined the minimum notice period regarding significant operational changes. 100% of the employees have returned to work after the maternity or paternity leave. In 2013, out of the whole of 171,829 employees, 118,030 were in service. The rate of formal labor contract signing reached 100%. At the headquarters, female members accounted for 14% of the senior management and the staff turnover rate pointed to 0.45%, with zero case of infringement of employees' rights and interests.



### Remuneration and Benefits

Based on the principle of "salaries varying with posts, capabilities and performance", CMC has adopted gross salary and wage budgeting to improve the efficiency of remuneration resource allocation. During the formulation of professional remuneration policies, CMC has taken full account of the stakeholders' interests, and engaged specialized consultant firm for advice on logic optimization and management model adjustment. Moreover, CMC has constantly improved its performance-based salary distribution system and strived to establish a comprehensive reward system based mainly on remuneration distribution and supported by benefits and good working atmosphere, so as to ensure equal pay for equal work without gender pay gap and provide employees with competitive remuneration and benefits according to local standards.



Multi-layered social security system

### Employees' engagement in management

Attaching great importance to the employees' engagement in management, CMC has established the congress of workers and the disclosure system of managerial affairs, bringing into full play the democratic management and consultation of the congress, to fully guarantee the employees' rights to information, participation, expression and supervision. In 2013, CMC held the congress and received 32 motion proposals. In addition to giving timely feedbacks, CMC also passed ten regulations through discussion. Moreover, the Corporation improved the mechanism of public voicing through letters and calls to manage employees' suggestions timely.

In July 2013, CMC officially kicked off the "education and practice campaign of CPC's mass line", which featured the participation of over 1,300 leaders, over 1,600 CPC organizations at the grassroots level and some 35,000 CPC members and employees.

#### Thoroughly identified problems, earnestly dealt with severe problems of formalism, bureaucratism, hedonism, and extravagance

- Found out our own problems
- Found out each other's problems
- Superiors helped subordinates to find problems
- Targeted at key issues

#### Organized special democratic meetings, and earnestly practiced criticism and self-criticism

- Fully prepared for the meetings by organizing learning, publicity and education activities; reviewed suggestions and opinions collected from the cadres and employees; carefully examined the way in which the problems had been identified and solved; reviewed and analyzed the communication; the leadership lineup filled out all the check materials against the standard
- Reflected the spirit of rectification during democratic meetings, and earnestly practiced criticism and self-criticism
- Held briefings to report the progress of the special democratic meetings for the leaders

#### Held special organizational meetings or democratic meetings based on realities

All functional divisions at the headquarters, business centers, entities directly under CMC, and affiliated enterprises have reviewed their respective realities and organized special democratic meetings. CMC has followed very strictly all the standards and made full efforts to achieve satisfying results

#### Worked out plans for collective learning of the leaders

- Formulated and issued the Plan of CMC on Carrying out the Education and Practice Campaign of CPC's Mass Line
- Identified learning contents, specified learning methods and set up exchange platform
- Carried out in-depth education on ideals and belief; on Party spirit, Party conduct and Party discipline; and on morality and conducts

#### Carried out meticulous and effective work to promote rectification and implementation in an all-round, orderly and efficient way

- Insisted in opening the door for rectifications, and releasing rectification schemes in a timely manner
- Strengthened supervision and guidance over subordinate entities
- Set up standard inspection and reporting process and carried out timely follow-up

#### Took strict and prompt measures to correct any problems in an earnest manner

- Carried out cost reduction and efficiently uplift
- Kept major costs down
- Cut the number of meetings and official papers
- Placed a strict control over overseas business trips
- Laid a ban on buying gifts with public funds during festivals
- Addressed the phenomenon of official cars exceeding set standard
- Checked the implementation of the "eight-point code"

#### Consolidated the achievements, focused on long-term effects, and deepened the institutional system construction

- Earnestly publicized and implemented the Regulations on Practicing Thrift and Opposing Waste in Party and Government Bodies
- Reviewed the existing systems
- Established and improved pertinent institutional systems to fight against formalism, bureaucratism, hedonism and extravagance

#### Organizations at all levels have taken prompt measures to correct any problems earnestly

All entities under CMC have carried out the education and practice campaign, taken immediate measures, worked out rectification and implementation plans after special democratic meetings, put forth solutions to major problems and established institutional systems to guarantee long-term effects.



#### Took advice and found out our own problems

- The leaders went down to the worker at the grass-roots level to hear their voices
- Handed out letters to seek comments
- Carried out questionnaire survey
- Encouraged free airing of views and sought for advice through multiple channels





Pre-employment training for new hires of the Financial Business Center

## Stimulating the Vitality of Employees

CMC has resolutely implemented the strategy of revitalizing enterprises on the basis of talents, strived to build up a scientific and reasonable mechanism for talent development and proactively carried out all-round, multi-layered employee training, so as to forge a broad and solid stage for employees' occupational development.

### Career development

CMC has pressed ahead with the building of an integrated position system, vigorously broadened the channel for staff career development, and promoted specialized and professionalized career development. In 2013, CMC further enriched its job position system which includes four main sequences (management, professional, operational and consultant) and 26 job grades. A position management system featuring "multiple horizontal sequences, multiple vertical levels, an expert database on the top, a pool of talents at the base, channels for promotion, and mechanisms for removal" has taken shape to guarantee multi-channel career development for the employees.

### Career Training

In order to satisfy the needs for strategic transition, CMC has adopted a training management model with "unified leadership, centralized management, classified responsibility and categorized implementation". This training program covered specialized skills, management improvements, and was offered to employees at all levels. The Group has also intensified its efforts in providing more professional, institutionalized, regular and practical trainings. In 2013, RMB 49.99 million has been invested in training programs, and the training programs reaches 156,665 person-times.

#### Case

#### Carrying out "positive influence" training

CMC held the "positive influence" training in 2013 to help the middle/top management understand different styles and acts that may translate into influences and their possible impacts on the set targets. The training helps management accurately understand internal and external situations in everyday work, especially in the face of challenges and difficulties to take on appropriate styles for progresses in their work and achieve pre-set targets.

Cherishing the Wealth of Shareholders and Growing a Value-creating CMC



Cherishing the Value of Life and Creating a Safety-minded CMC



Cherishing the Planet's Resources and Building an Eco-friendly CMC



Cherishing the Dedication of Employees and Building a Well-being CMC



Cherishing Partnership and Building a Bona Fide CMC



Cherishing Social Support and Building a Harmony-oriented CMC



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### Talent exchange

To ensure coordinated human resource deployment and strengthen talent training scheme, CMC has upheld the philosophy of "remaining grounded in CMC strategy, strengthening talent training scheme, solving managerial difficulties, and improving inter-organizational integration", and held for the first time a carefully-planned, well-organized and multi-dimensional cadre exchange in 2013. Altogether 41 outstanding young- and middle-aged talents from enterprises at the grassroots level and the functional departments of the Group participated in the bi-directional exchange program. This program has been an innovative move to further deepen the reform of the labor system, and an important approach to implementing talent development strategy, so as to forge sound atmosphere for realizing the mobility of human resources and bringing top-notch talents to the fore.

### Staff honors

CMC has paid much attention to recognizing and commending staff contributions, and to cultivating the sense of employee honor for enhanced cohesiveness.

#### Case

#### Organizing "May 4<sup>th</sup>" commendatory activity to inspire unceasing progress

In order to create sound atmosphere that inspires energetic work and continuous progresses, CMC organized "2013 May 4th Commendatory Activity" to nominate 27 model youths and commend 55 youths excelling in their jobs, 10 red-flag youth league committees, 29 youth league (general) branches, 27 outstanding youth league cadres, and 41 outstanding league members. The activity encouraged young employees to strive for progress and success, to integrate individual growth with the development of CMC.



The May 4<sup>th</sup> Commendatory Activity



CMC President Zhou Zhongshu

"The cadre exchange program has well interpreted the essence of the talent exchange mechanism. It is a major breakthrough to the original system obstacle and is a good start."



Lei Zhigang, Director of Policy Information Research Center, Changsha Research Institute of Mining and Metallurgy Co., Ltd.

Temporarily assuming the post as Deputy Manager, Talent Planning and Development Department of the HR Division

"This cadre exchange program has given us a rare opportunity to settle down to observe, learn, practice and ponder over everything in a very different capacity. This has also provided us with a valuable chance to reach beyond our limit, leave our comfort zone and realize self-improvement."



Geng Yiran, Manager of the Minmetals News of the General Office

Temporarily assuming the post as the Director of the Board Office, Minmetals International Trust under the Finance Business Center

"The new working environment has given me opportunities to develop specialized skills, improve knowledge structure and understand the most practical business. While uplifting personal competence, I have also served as a bridge between the headquarters, business centers and front-line enterprises for culture exchanges."



Chen Yanmei, Manager of Contract Management Department of the Legal Division

Temporarily assuming the post as Deputy General Manager, Operation and Development Division of Minmetals Exploration and Development Co., Ltd.

"I want to extend thanks to CMC for organizing this activity, in which we have been offered a great opportunity and a broad stage to enrich our occupational experience. I have also observed different dimensions of life and stuck even tighter to my career dream. It's a choice that I will never regret as it really has touched, educated and inspired me."



## Caring for Employees

CMC has attached great importance to care for employees, and worked hard to constantly improve their working environment and living conditions, so as to enhance their physical and mental wellbeing and realize harmonious development.

### Achieving work-life balance

Through extensive cultural and sports activities, CMC has enriched the employees' life, nurtured their soul, and encouraged them to stand up to all challenges in work and life with a positive mindset.

#### Case

#### Minmetals Exploration and Development Improved care management for expatriates

Minmetals Exploration and Development has established and improved a management mechanism over expatriates, offering thoughtful arrangements for dispatch procedure, subsidy and logistics support and assistance. It has also appointed specialized personnel to carry out better contact with the expatriates, and provided them with all necessary supports. In addition, it has made elaborate accommodation and transportation arrangements to liberate the expatriates from any worries about everyday life, and has organized colorful activities to enhance communication between the expatriates and local colleagues.

#### Case

#### The 1<sup>st</sup> group-wide sports games

In August 2013, CMC held the first group-wide sports games, gathering together 1,690 athletes from 13 teams within and without Beijing. A total of 71 players broke company records of 67 individual items and 4 group items. The sports games is a milestone for the 63-year-old company.



The 1<sup>st</sup> corporation-wide sports games

### Helping the employees in need

With long-term mechanism and responsibility system for helping the employees in need, CMC has paid home visits to such employees to understand their difficulties and help them out in a timely manner. It has organized activities in celebration of the New Year's Day and the spring festivals to show its love and concern for the needy employees and offered them subsidies. It has also taken the initiative in going through the medical insurance claim procedure for employees with serious illness and in helping the needy families tide over difficulties.

### Caring for retired employees

CMC has respected and appreciated all contributions made by the retired for the development of the Group, putting our heart and soul into the work for them, doing good and practical things and helping solve their problems. In addition, CMC has organized all kinds of salutary activities to improve their physical and mental health, to make sure that they are looked after properly and can educate themselves constantly, contribute to the society and lead a happy life.

- Organized 415 retired employees to visit the Agricultural Carnival in Changping in April 2013
- Organized 280 retired employees to visit the New Capital Museum in three batches to celebrate the anniversary of the foundation of CPC in July 2013
- Organized 440 retired employees to visit the 9th China (Beijing) International Garden Expo in September 2013
- To celebrate the Double Ninth Festival of 2013, CMC organized a tour for 340 retired employees to Baiquan Mountain Scenic Spot, Huairou in October 2013

### Caring for female employees

CMC has always cared for female employees and taken active measures to better safeguard their rights and interests. It has continued to organize female employees currently in service in Beijing to participate in the mutual insurance program of All-China Federation of Trade Unions, to keep them free of any worries and enhance their sense of belonging and corporate identity.

#### Case

#### Century mine of MMG Limited exchange meeting to support female employees' development

In December 2013, Century mine held "Queensland Women in Resources Forum" which was attended by 60 guests in both genders from the mining industry and other sectors. The forum highlighted that in an industry where women had historically been under-represented, the promotion of women's career development would actually benefit the whole industry. The forum aimed to uplift women's role and position in resource sectors, and to enhance their influences.

*Female employees have skills that are essential to the workplace. Research tells us that successful organizations aim always for a diverse workforce with balance.*

*— Rebecca Stevenson*

*— Century Human Resources Superintendent*

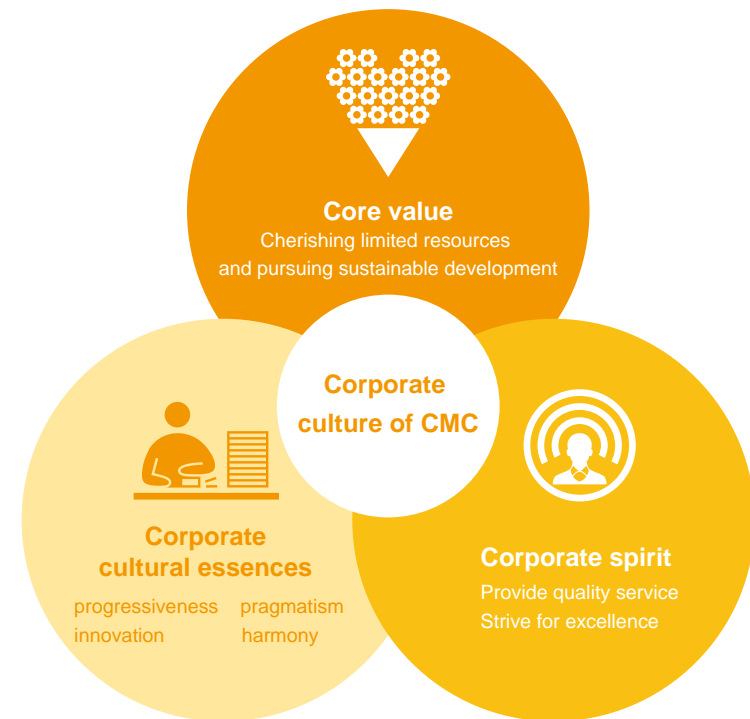


Forum participants





CMC, a big family of happy and healthy members



## Corporate Cultural Development

Corporate culture building is an important prerequisite for developing employees' values, enriching their work and life, and enhancing their sense of identity and cohesiveness. CMC has organized colorful and diversified activities, promoted mutual understanding, communication and integration among employees in many ways, created a harmonious and friendly atmosphere conducive to cooperation, fostered a positive corporate culture, and enhanced sustainable development based on an advanced culture.

### Case

#### Iron Ore and Steel Business Center held “Pursuing the Dream” themed activity

On May 6, 2013, the iron ore and steel business center held an activity with the theme of “pursuing the dream”. In connection with “Chinese dream” of our times, the activity has encouraged the employees to speak out loud their dreams, to integrate personal ambitions with the efforts of the Group in “becoming a top-notch international comprehensive iron ore and steel business service provider”, and to tide over difficulties of our times through concerted efforts with CMC.

*Our work creates values for CMC and actualizes our own personal worth. In life, we learn to cherish every little thing. Wish everyone happy and healthy.*

*- Qian Wei, the Iron Ore and Steel Business Center*

*We will well perform our duties, be the best of ourselves and grow together with CMC.*

*- Zhao Siyu, the Iron Ore and Steel Business Center*



Preserving the culture and pursuing the dream

## Building Advanced Culture

Based on the essence of “progressiveness, pragmatism, innovation and harmony”, CMC has endeavored to practice the core values of “cherishing limited resources, pursuing sustainable development” under the guidance of the corporate spirit of “providing quality service and striving for excellence”. With remarkable soft power, CMC has united its employees and heightened their morale, and made managerial and technical innovations an essential part of the corporate culture to promote continuous progress of the Group.

### Corporate culture system

The textbook, Warmness of Wisdom, compiled in 2013 has systematically showcased the corporate culture system of CMC in the new era. The book explains the status quo of CMC’s cultural development, and defines the essence of “progressiveness, pragmatism, innovation and harmony” to adapt to the development of the Group under new circumstances. CMC’s culture develops around “corporate vision” and “corporate spirit”, putting the concept of “cherishing limited resources and pursuing sustainable development” to the core and advocating the spirit of “providing quality service and striving for excellence”. The textbook has also shed light on the coexistence and mutual influences of diverse cultures under the new corporate culture system.

Through the textbook, CMC has explained its corporate culture in a plain language that every employee can read and understand. It contains more stories and pictures about front-line workers, well demonstrating the new industrial outlook of CMC in a new era of reform and development.



# Cherishing Partnership and Building a Bona Fide CMC

AAA

Corporate credit rating

100%

Contract  
performance rate

0

Major complaints  
from partners

Cherishing the Wealth of  
Shareholders and Growing  
a Value-creating CMC



Cherishing the Value  
of Life and Creating a  
Safety-minded CMC



Cherishing the Planet's  
Resources and Building  
an Eco-friendly CMC



Cherishing the Dedication  
of Employees and Building  
a Well-being CMC



Cherishing Partnership  
and Building a Bona  
Fide CMC



Cherishing Social Support  
and Building a Harmony-  
oriented CMC



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## Stakeholders' concerns

Responsible marketing  
suppliers' CSR management

product and service quality  
customer information and privacy protection

customer satisfaction  
and industrial standard development

responsible procurement  
and industrial standard development

## Our approaches and strategies

Through enhanced cooperation with stakeholders including host governments, industry peers, financial institutions and scientific institutes, CMC has provided customers with quality products and satisfactory services, promoted responsible M&A, supplier management and industrial communication, proactively engaged itself in industrial standard development, pursued mutual benefits of the industrial chain, and contributed to sustainable industrial development.

## Our Actions

  
Consistently Seeking  
Mutual Benefits

Cooperation with governments  
Cooperation with enterprises  
Cooperation with banks  
Cooperation with institutes  
Cooperation with foreign partners

  
Creating Value for Customers

Quality products  
Satisfactory services

  
Jointly Developing  
a Responsible Supply Chain

Responsible procurement  
Co-development with suppliers

  
Spurring Industrial Development

Enhanced industrial communication  
Engagement in standard development

## Our Honors

- ▶ Minmetals Development Co., Ltd. took the 27<sup>th</sup> place in the ranking of Fortune 500 Chinese listed enterprises, and has come out top among retailers & wholesalers for two years in a row; it has been included in the Fortune China CSR 50 list for three straight years
- ▶ Minmetals Land was renowned as the "Most Innovative Chinese Real Estate Enterprise in 2013"
- ▶ Minmetals Land made its way to the list of "Chinese Real Estate Enterprises with Outstanding Brand Value"
- ▶ Non-ferrous Metals Business Center - Zigong Cemented Carbide Co., Ltd. was awarded the title of "National Exemplar in the Implementation of Customer-satisfying Projects · Customer-satisfying Enterprise"



## Consistently Seeking Mutual Benefits

CMC is committed to enhance cooperation with various governments, financial institutions and industry peers for mutual benefits, and bring into full play its core competence in resources, services, talents and technology, so as to create a win-win situation for itself and the stakeholders.

**Targets:** Governments of Hunan, Guangdong, Liaoning, Hebei, Shandong, Chongqing, Qinghai, Beijing, Tianjin and Jiangxi

**Scope:** Prospecting and development of mineral resources, trade and real estate development

**Value:** Realizing mutual development of CMC and the places where its operations are based

### Case

In 2013, China Hi-Tech Mineral Industry Development Summit & Heyuan Tender Invitation and Promotion Conference for Rare Earth Industry, co-held by Minmetals Exploration & Development Co., Ltd. and Heyuan Municipal Government, attracted the participation of over 350 guests, including officials of State ministries and commissions concerned, industrial experts and deputies of more than 130 rare earth enterprises. The event fully showcased CMC's leading and bridging role in rare earth sector and enhanced the municipal government's confidence into deepening cooperation with CMC. It was no less an advertisement for the city's rich ionic rare earth resources, favorable investment environment and supporting policies than for CMC's philosophy of "green development, high-end development and innovative development" of the rare earth industry.

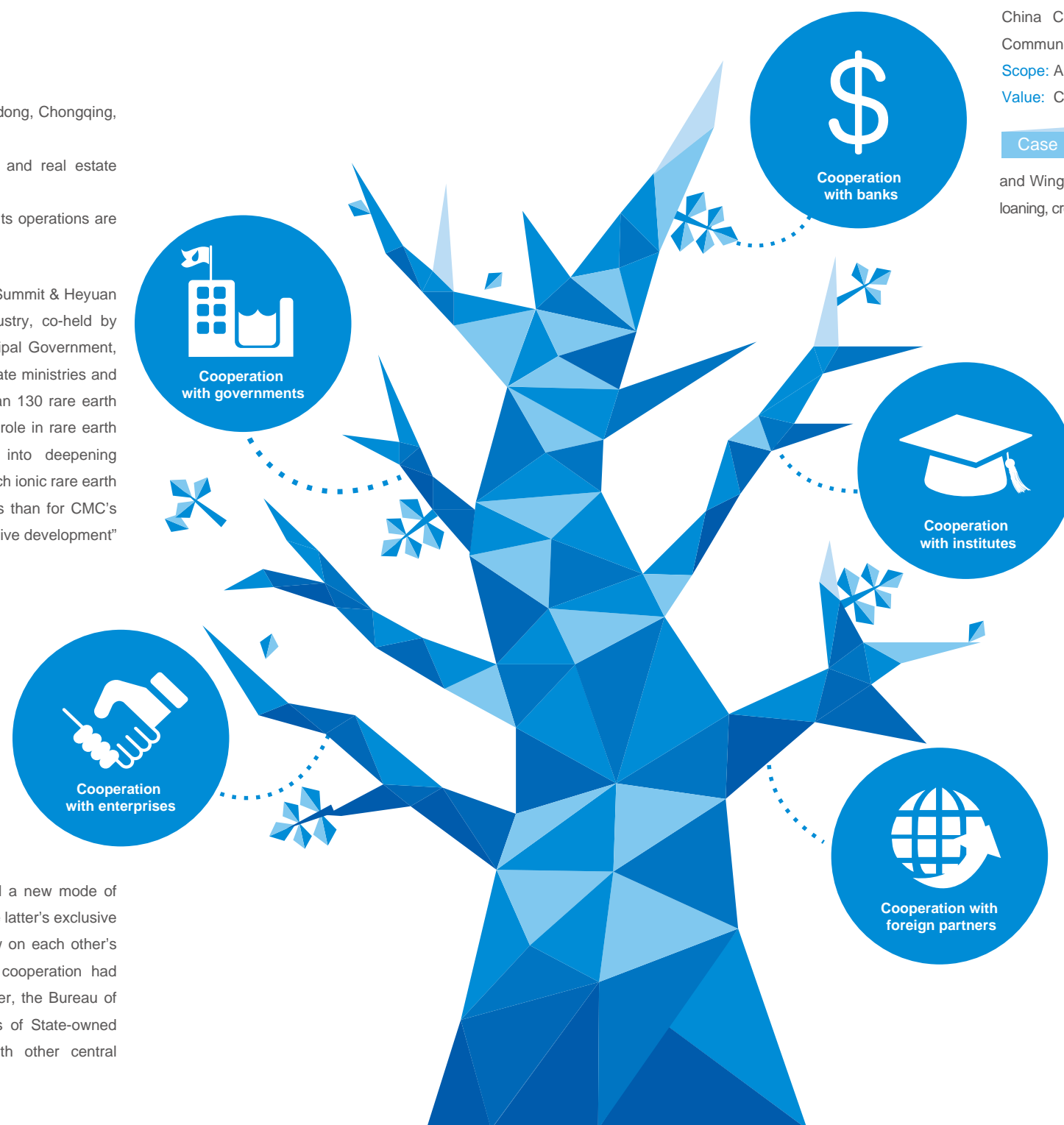
**Targets:** Wuhan Iron and Steel (Group) Corp., Anshan Iron and Steel (Group) Corp., China Energy Conservation and Environmental Protection Group, China Resources, China Communications Construction Co., Ltd., Sinotrans&CSC Holdings Co., Ltd., China Railway Construction Co. Ltd., and China Reform Holdings Co., Ltd.

**Scope:** Supply of metal and mineral raw materials, trade and logistics

**Value:** Creating a win-win situation for CMC and its partners, and spurring the development of metal and mineral industry

### Case

In 2013, the iron ore & steel business center initiated a new mode of cooperation with Wuhan Iron and Steel (Group) Corp. and became the latter's exclusive agency in Shanghai and Wuxi. The partners were thus able to draw on each other's comparative strength. As of the end of October, such mode of cooperation had translated into a sales volume of more than 500,000 tons. In October, the Bureau of Enterprise Reform of SASAC published an article in the Dynamics of State-owned Enterprise Reform to share their experience of cooperation with other central enterprises.



**Targets:** Bank of China, Industrial and Commercial Bank of China, Agricultural Bank of China, China Construction Bank, China Development Bank, China Merchants Bank, Bank of Communications and Wing Lung Bank

**Scope:** Accounting and financing consultation, bond issuance, credit support and settlement

**Value:** Contributing to the steady operation of CMC

### Case

In March 2013, a strategic cooperation agreement was inked by Minmetals Land and Wing Lung Bank in Hong Kong. The two sides will work together on financing consultation, loaning, credit support and settlement for the purpose of resource sharing, complementation and win-win.

**Targets:** Peking University, Tsinghua University, Renmin University of China, Chinese Academy of Geological Sciences, China University of Geosciences in Beijing, China University of Mining & Technology, University of Science & Technology Beijing, North China University of Technology, and Central South University

**Scope:** Technical research and innovation

**Value:** Promoting technical innovation of metal and mineral industry

### Case

In 2013, the non-ferrous metals business center proactively implemented the strategic cooperation framework agreement concluded with Central South University in the name of Non-ferrous Metals Research Foundation on forward-looking topics related to CMC's non-ferrous metal business, covering such fields as mining, mineral processing, metallurgy, materials, efficient utilization of resources and environmental protection.

**Targets:** The US, Ukraine, Poland, Sweden, Chile, Russia, Germany and Canada

**Scope:** Resource prospecting, exploration and trade

**Value:** Further integrating and optimizing resources of international mineral industries

### Case

In December 2013, under the witness of Chinese President Xi Jinping and Ukrainian President Viktor Yanukovich, a cooperation agreement on the construction of No. 11 Pokrovsky coal mine was executed by Zhou Zhongshu, President of CMC, and Oleksandr Shapovalov, General Manager and Chairman of Donetsktal Group. Up to now, CMC's subsidiaries have successfully undertaken a number of large-scale metallurgical engineering projects in Russia and Ukraine, creating a win-win situation for CMC and the Commonwealth of Independent States.



## Creating Value for Customers

CMC is committed to developing a demand-oriented customer service management system so as to provide quality products and services and constantly enhance customer satisfaction and loyalty.

### Quality products

Adhering to the business ideology of “putting customers first and serving customers wholeheartedly”, CMC has constantly improved the quality management system and product mix, striving to develop a colorful portfolio of outstanding products. The Tianjin Cultural Center developed by the Real Estate Business Center was granted the “2012-2013 Luban Award for Chinese Construction Projects”, and Tianjin University Library the “2012-2013 Award for Outstanding National Projects”. In 2013, CMC conducted product marketing according to the relevant laws and market rules, recording zero case of health & safety accident due to substandard products or services.

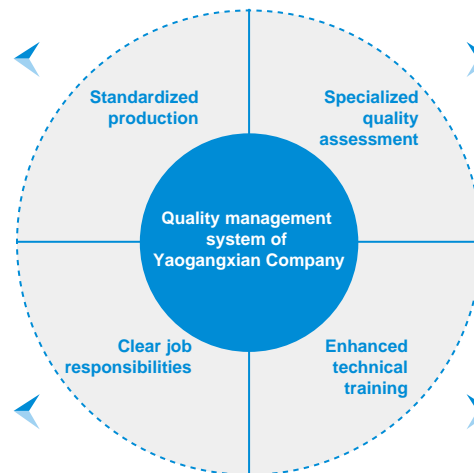
#### Case

#### Yaogangxian Company comprehensively enhanced quality management

In 2013, Non-ferrous Metals Business Center - Hunan Yaogangxian Mining Co., Ltd. (hereinafter referred to as “Yaogangxian Company”) constantly enhanced its quality management and provided outstanding products for customers.

Yaogangxian Company has established a quality management system and implemented its production and acceptance management responsibilities, thus ensuring a specific management tool applicable to each operational ladder.

It has clarified production duties and enhanced the sense of responsibility. Should there be any substandard product, it will conduct deep-dive trouble-shooting, find solutions, and hold the person involved accountable.



It has set up relevant department to assess quality and dedicated labs for strict QC of finished products.

It has organized technical training for the employees to ensure a full understanding of operating instructions and proficiency in use of equipment and instrument.

#### Case

#### Minmetals Land created standardized products of real estates

By proactively coordinating internal and external resources and analyzing outstanding apartment styles of leading enterprises, Minmetals Land has set up seven standard systems for project investment, product positioning, product design, cost contracting, construction method, marketing and property management. It has also established a model of “standard module + contingency module”, and formed many product categories. It has set up a standard module of high-rise residential apartment styles based on “Changsha Longwan International Community” to serve customers who are purchasing for the first time. It has also compiled the standardized product atlas for “Longwan Series (rigid-demand product)”, “Jiuxitai Series (medium and high-end)” and “Hallstatt Series (low-density residence for leisure and resort)”. These can be directly copied by similar products, thus considerably reducing the design cycle and accelerating project turnovers.

### Satisfactory services

Insisting on consultative marketing, CMC has provided customers with professional advice and solutions, strengthened communication and optimized every aspect and every detail of its services.

- Yaogangxian Company has developed a customer-centered service process to protect customers' health & safety, avoid disclosure of their business secrets to any third party, and safeguard their rights and interests. In 2013, it recorded zero case of infringement upon customer privacy and of missing customer data
- Jiangxi Tungsten Industry (Group) Co., Ltd. (hereinafter referred to as “Jiangxi Tungsten Group”) has conducted customer satisfaction survey on a regular basis and made active response to any complaint. The survey showed a general recognition of the price, quality and lead time of products and services in 2013

#### Case

#### “Hedging Assistant” quantitative process management system

In 2013, Finance Business Center – Minmetals Futures Co., Ltd. put forward the innovative “central kitchen” customer service ideology, referring to customers as diners with different tastes who were eager to share a bite of its desirable dishes. For key accounts, Minmetals Futures assisted them in forging partnership with futures exchanges for the sake of efficient hedging; for general customers, it facilitated the establishment of their hedging systems, provided effective strategies concerned for their reference, and kept tabs on the entire progress of futures delivery. As the only shortlisted enterprise of its kind, Minmetals Futures was granted the 3<sup>rd</sup> Award in the financial innovation competition of Shenzhen on the strength of “Hedging Assistant” quantitative process management system.



Staff of the real estate business center





Minmetals International by Haihe River

# Jointly Developing a Responsible Supply Chain

Laying stress on cooperation with suppliers, CMC is committed to enhancing their awareness and practices of sustainability and developing a win-win supply chain.

## Responsible procurement

CMC has fully integrated the idea of CSR into procurement, strictly implemented the policy of fair and transparent procurement, resolutely fought against any conduct of business bribery or corruption, encouraged and endorsed the acquisition of responsible products and services.

Case

### Jiangxi Tungsten facilitated the integration of CSR ideas into supplier management

Jiangxi Tungsten Group has integrated the idea of business ethics, environmental responsibilities and quality commitment into supplier management. The suppliers are expressly required to provide the ISO 9001 quality management system certification, the ISO 14001 environmental management system certification or the Production License for Industrial Products, and the Manufacturing License for Special Equipment. In order to ensure compliance and smooth business cooperation, Jiangxi Tungsten Group and its suppliers signed the Agreement on Business Ethics, where it is stipulated that the suppliers shall make legal use of the patents, trademarks and other IPRs of raw materials or products.

Case

### MMG Strengthened human rights commitments of the supply chain

MMG has developed the Community Standard, planned for assessments on supply chain risks, expressly ordered contractors to observe the UN Voluntary Principles on Security and Human Rights, and encouraged suppliers to better perform their social responsibilities.

## Mutual development with suppliers

As an advocate of trust-based cooperation, CMC has taken a series of measures to enhance communication with suppliers, safeguard their basic rights and interests, render support to their development, infuse them with the idea and values of CSR, and ensure sustainable development and win-win. The year 2013 registered 100% contract compliance of CMC.

Case

### Sepon mine jointly conducted driver training with freight subcontractor

Sepon mine, together with its freight subcontractor LFF, has trained certain female employees of the latter as 18-wheel truck drivers, in a bid to improve their driving skills and encourage LFF to provide the same job opportunities for women as for men.

Case

### Co-development of the Iron Ore & Steel Business Center and its suppliers

Adhering to the principle of mutual trust and cooperation, the Iron Ore & Steel Business Center has constantly improved the strategic sharing mechanism and platform, proactively supported the growth of resource owners and dealers, focused on constraints of suppliers in operation, ensured timely payment to suppliers, and strived to achieve long-term co-development with suppliers.



On Dec. 12<sup>th</sup>, 2013, Zigong Cemented Carbide Co., Ltd. held a symposium of outstanding dealers, where participants put forward many valuable opinions and suggestions



## Spurring Industrial Development

CMC has laid stress on peer cooperation, proactively engaged itself in industrial standard development and policy making, shared experience and achievements of corporate development, and promoted industrial prosperity, stability and healthy development.

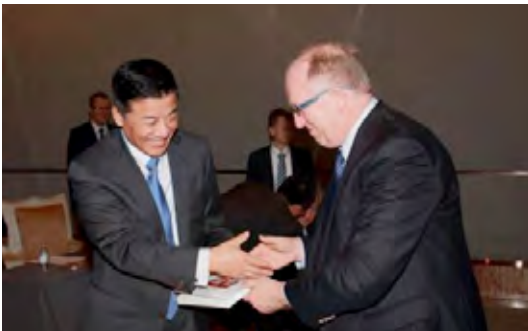
### Promoting industrial communication

By hosting or participating in relevant meetings, forums and exhibitions at home and abroad, CMC has strengthened industrial communication and achievement promotion and played its part in industrial development.

Case

#### CMC as the organizer, planner and participant of the 2<sup>nd</sup> Asia Copper Week

The 2<sup>nd</sup> Asia Copper Week, co-organized by Chile's Centre for Copper and Mining Studies and Shanghai Futures Exchange and co-sponsored by CMC, took place in Shanghai in November 2013. Over 1,500 elites from global copper and financial sectors, brokerage firms and trade agencies gathered in the city to hold annual meetings and negotiations and compare notes on opportunities and challenges of industrial development. The event has greatly promoted business exchange and industrial prosperity.



CMC President Zhou Zhongshu made an appearance in Asia Copper Week

Case

#### Facilitating the construction of Tianjin International Mining Exchange

In order to vigorously promote the construction of China's venture exploitation capital markets and rev up the growth of mining capital markets, CMC has unleashed its advantages in the development of Tianjin International Mining Exchange, shifted investment risks of mining enterprises, and expanded and diversified financing channels. In 2013, the Exchange set up four business platforms, namely the mining rights trading market, international mining financing market, mineral products spot trading market and venture exploration capital market. CMC has gathered its strength to make the tungsten portfolio one of China's first dominant mineral products available for trading at the Exchange.



Successful launch of China's dominant mineral products spot trading platform



2013.02	International Zinc Association meeting	participant
2013.06	Mines and Money Beijing 2013	delivered a speech entitled "Actively Respond to Mining Adjustments, Work together to Open Future Development"
2013.08	Bo'ao Real Estate Forum	delivered a keynote speech entitled "Real Estate Development Options in the Era of New-Type Urbanization"
2013.09	Industrial communication organized by UN International Lead and Zinc Study Group	participant
2013.10	8th Steel Circulation Promotion Conference of China National Association of Metal & Material Trade (CAMMT)	delivered a keynote speech
2013.10	13th China International Steel & Raw Materials Conference	delivered a keynote speech
2013.11	China Mining 2013	delivered a keynote speech entitled "Recognizing the New Landscape of International Mining, and Promoting Normalized Industrial Development"
2013.12	World Antimony 2013	Co-hosted by Minmetals Non-ferrous Metals Co., Ltd. and Metal Pages

CMC's presence in major events for industrial exchanges

### Being engaged in industrial standard development

CMC has been proactively engaged in industrial development planning and standard setting, and brought into play its leading role in promoting scientific and standardized development of the industry.

Case

#### Minmetals Development was engaged in national industrial standard development

The year 2013 saw the release of the Standards for Development and Management of Business Ethics of Steel Circulation Enterprises and the Standards for Information Management of Steel Circulation Enterprises, jointly developed by Minmetals Development and CAMMT. The two standards will provide important guidance and reference for business ethics development and management as well as for industrial information collection, disclosure and management, thus promoting sound development of the industry.

Case

#### Shizhuyuan Non-ferrous Metal Played the leading role in setting up an industrial association

In September 2013, Chenzhou Bismuth Industry Association, China's first association of its kind, was founded by 33 bismuth producers led by Hunan Shizhuyuan Non-ferrous Metal Co., Ltd. under CMC, followed by the convocation of its first member meeting. The foundation of the association is an institutional guarantee for enhancing cohesiveness of the industry and translating outstanding resources into industrial edge.





# Cherishing Social Support and Building a Harmony-oriented CMC

RMB 157.7657 million

Total amount of donations

RMB 8.004 billion

Tax payment

0

Major irregularities

Cherishing the Wealth of Shareholders and Growing a Value-creating CMC

Cherishing the Value of Life and Creating a Safety-minded CMC

Cherishing the Planet's Resources and Building an Eco-friendly CMC

Cherishing the Dedication of Employees and Building a Well-being CMC

Cherishing Partnership and Building a Bona Fide CMC

Cherishing Social Support and Building a Harmony-oriented CMC

Stakeholders' Concerns

Compliance, anti-corruption    enhanced infrastructure construction    local employment    procurement localization  
indigenous development and cultural preservation    targeted poverty alleviation  
public welfare and charity    and disaster prevention & relief

Our approaches and strategies

Cherishing the respect and support of stakeholders from all walks of life, CMC has proactively assumed responsibilities for the social impact of its operations, enhanced internal audit and control, promoted anti-corruption monitoring, ameliorated community infrastructures, boosted local employment, implemented procurement localization, preserved indigenous culture, supported educational development in places where its operations are based, subsidized underdeveloped borders, fully engaged itself in public welfare, facilitated community growth and voluntarily performed its duty as a global corporate citizen.

Our Actions

Ensuring Compliance

Compliance  
Internal audit and control  
Anti-corruption

Driving Local Economic Development

Infrastructure improvement  
Job creation

Promoting Culture and Education

Support for local education  
Respect for local culture

Being Fully Engaged in Social Welfare

Poverty alleviation  
Active participation in public welfare activities  
Involvement in disaster prevention and relief

Our Honors

- ▶ CMC has been granted the "China Charity Award", the country's highest government award for charitable undertakings, for two consecutive years
- ▶ CMC has been granted the "Award for Outstanding Contributions to Care Package Project" by China Foundation for Poverty Alleviation for two years in a row
- ▶ CMC was granted the "2013 Award for Poverty Alleviation Stars" by China Foundation for Poverty Alleviation
- ▶ CMC was granted the honorary title of "Outstanding Central Enterprise in Poverty Alleviation and Development" by SASAC
- ▶ Ding Junnian, Deputy Secretary of MCC 23 Jiatian Investment Co., Ltd. affiliated with the real estate business center, was granted the honorary title of "Outstanding Individual in Targeted Poverty Alleviation from State Organs" by the State Council Leading Group Office of Poverty Alleviation and Development
- ▶ CMC was honored as an "A-rated enterprise in tax credit (2013-2014)"



## Ensuring Compliance

Persevering with the modern corporate governance ideology of “recognizing the supremacy of law, matching powers with responsibilities, abiding by the procedures, embracing integrity and trust, upholding fairness and justice, and maintaining rights by law”, CMC has strengthened internal audit and control, optimized the risk management system, deepened anti-corruption commitment and developed a favorable corporate culture, striving to become an industrial paradigm of operation compliance and business ethics.

### Compliance

It is the basic prerequisite for a “sustainable” operation to comply with relevant laws and regulations of the place where it is based, with its voluntary commitment and with the corporate management system. CMC has continued to promote the legal framework with the general counsel as the core, established and optimized the compliance management system, enhanced legal research and law-abiding culture development, ensured conformity of its operation with applicable laws, modern corporate governance requirements and stakeholders’ interests, and constantly strengthened its risk resistance. In 2013, it recorded 100% legal assessment on economic contracts, internal by-laws and major business decisions. The legal framework has navigated all of CMC’s overseas M&A and material asset restructuring, with legal advice offered to about 200 investment evaluation projects, and debts and direct economic loss of RMB several hundred million recovered.



During the December 4 legal literacy campaign, CMC produced and distributed brochures (see the figure above) and offered on-site legal consulting services to publicize ideas of legal governance and create a compliance culture

While proactively implementing its overseas development strategies, CMC has attached great importance to legal issues arising from globalized operation and constantly strengthened legal management of overseas business. To be specific, it has a) got a thorough understanding of the cultural and social condition of the host nation; b) conducted an in-depth analysis on the institutional framework of the host country; and c) developed systematic solutions to legal risks. Given the improved legal management of overseas business, it has significantly enhanced its capacity for compliance-based globalized operation and reaped substantial achievements in international resource development and competitions.

Issue No.166 of SASAC's Briefing of Management Improvement Campaign of Central Enterprises

#### Case

### Benchmark against the world's best, and cement our legal management system

In 2013, in an effort to become “a world-class metal and mineral group”, CMC benchmarked its legal management system against those of TECK, BARRICK and other top-notch international mining enterprises. Through interview with Senior Vice Presidents and legal consultants of the enterprises, it has gained insight into the advanced legal management structure, operating model and administrative approaches. It has also conducted in-depth, systematic analysis on legal culture, management scheme, system construction and operating performance of the enterprises, and clarified its own target and focus premised on its realities and vision. A report, entitled Benchmarking against Global Best Practices, Improving Legal Management, and Furthering Legal System Construction with the General Counsel as the Core, has been prepared on the basis of benchmarking and research, thus contributing to the development of an efficient, coordinated legal management system.

## Internal audit and control

Consistently implementing new ideology of internal audit, CMC has shifted its focus from performance to process, balanced financial audit with managed audit, and given supervision and services a fair shake for the deepening and upgrading of internal audit. It has made comprehensive plans for economic accountability audit, organized internal control evaluation, focused on major operation & management topics, carried out specific audit analysis, strengthened audit of engineering projects, improved audit response, proactively promoted the construction of group-wide audit system, and brought into play such functions as evaluation, identification, promotion and supervision of internal audit. In 2013, it organized 791 audit projects where 2,551 pieces of related advice were proposed, involving assets of RMB 269.35 billion in total, with increased revenue and reduced costs amounting to RMB 170 million.

In terms of internal audit over the past year, CMC has constantly promoted management & control, enhanced managerial expertise and accorded with SASAC's vision that central enterprises should improve management and make themselves better and stronger on the whole. CMC's internal audit displays the following characteristics: a) Embodying intersectoral and interdisciplinary audit, it is in line with CMC's requirements for strategic restructuring; b) It has ensured efficiency and quality improvement and value creation step by step; c) It has taken pains with rectification and closed-loop audit and supervision; and d) It has been proactively engaged in sustained improvement in internal control evaluation and risk prevention.

SASAC Bureau of Financial Supervision and Evaluation

### Proactively auditing the economic responsibilities according to the principle of “comprehensive and prioritized audit”

Making objective evaluation of business performance, specifying economic responsibilities, urging subsidiaries to enhance management, and strengthening risk prevention capacity

### Focusing on key topics on operation & management and furthering specific audit

Focusing on key topics on production & operation, benchmarking itself against leading enterprises, conducting deep-dive trouble-shooting, preparing specific audit reports, and providing support and services for management and decision making

### Facilitating the integration of internal control evaluation with audit and constantly promoting internal control

Preparing the 2012 Internal Control Evaluation Report of CMC

### Striving to audit the (final) accounting of engineering projects and promoting project management & control

Putting spurs to the audit of cost accounting and final accounting of key projects, strengthening project management & control, reducing construction costs and enhancing investment benefits

## Major tasks of audit in 2013



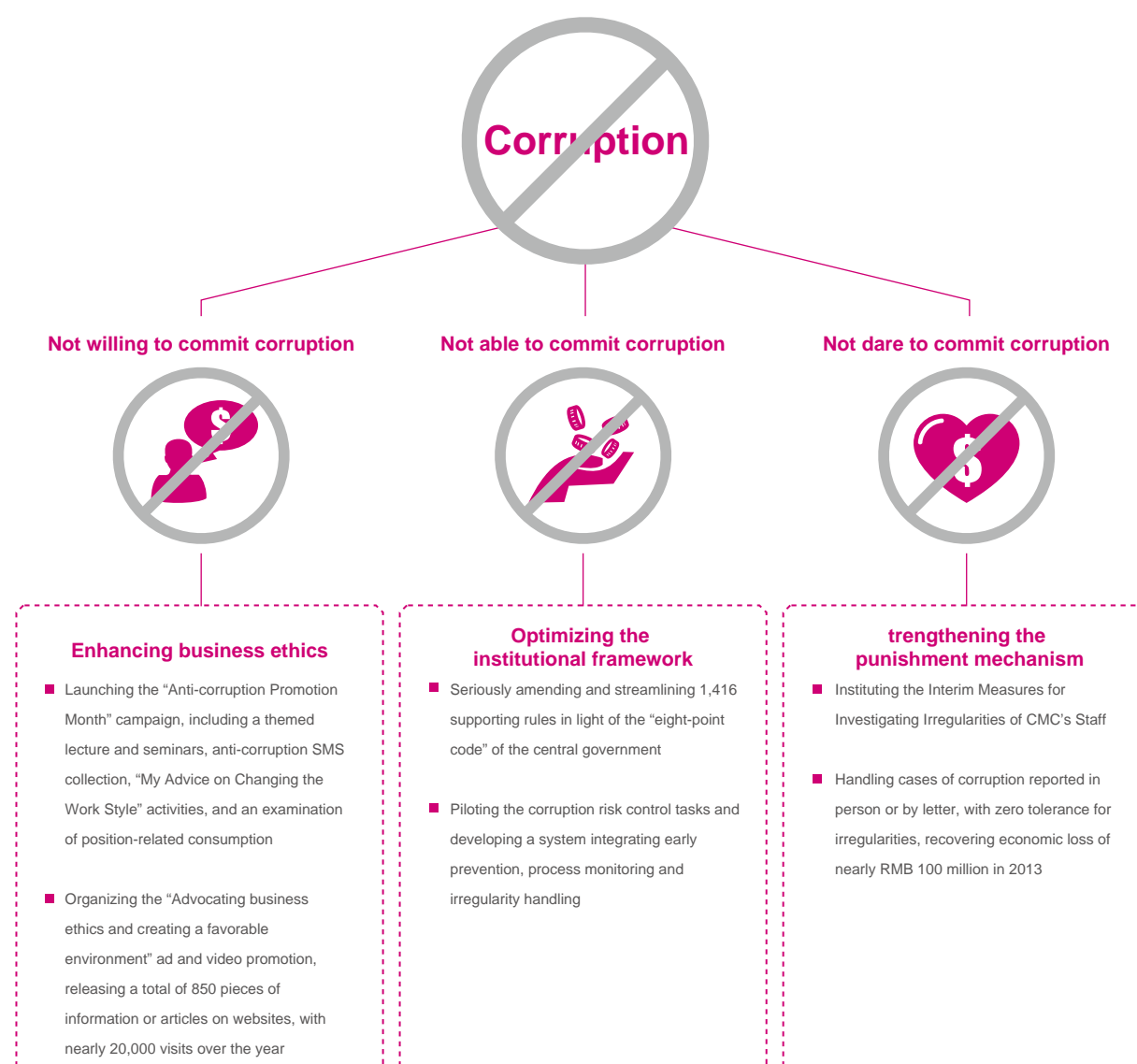
## Anti-corruption

Adhering to the principle of “treating both the symptom and the cause for corruption, conducting governance in an all-round manner, laying stress on prevention and integrating it with punishment”, CMC has constantly improved the corruption prevention and punishment system, deepened anti-corruption education, enhanced business ethics, severely investigated and dealt with cases of irregularities, combined education, prevention, punishment, and developed a long-term scientific anti-corruption mechanism.

Focused on the “three importances and one large amount” decision making system, CMC has conducted efficiency oversight of system implementation and procedures, assignment of property rights, asset evaluation, bidding for material procurement as well as other key rungs of the

operation & management ladder. In 2013, it recorded a total of 267 efficiency oversight projects, fixed 104 problems, set up 153 rules, avoided economic loss of over RMB 27 million, cut costs of RMB 101.52 million and reaped economic benefits of RMB 67 million.

During the paper competition with the theme of “Fighting corruption and promoting cleanness and honesty in a resolute manner”, co-held by Supervision in China, the Research Office and the Center for Anti-Corruption Studies of the Central Commission for Discipline Inspection, a paper entitled “Gathering Strength by Following the Party’s Fine Traditions and Style” earned CMC President Zhou Zhongshu, its author, the Special Award and titled as the only awarded head of a central enterprise.



Sepon mine carried out a rice milling support project

## Driving Local Economic Development

Convinced that corporate and community development can fall in step with each other, CMC has spared no effort to parley its financial, infrastructural and technical strengths into local economic development, and taken concrete steps to maintain friendly relationship with communities and realize shared development.

### Case

### Building community foundations in Laos

For over ten years, the Sepon mine has invested in calibrated projects for community infrastructures, agriculture, health care, financial support, and education, enhancing the self-sufficiency of the surrounding communities. Local household incomes have risen seven-fold since mining commenced. In 2013, the Sepon mine allocated over USD 3.3 million to community development, and conducted assessments of community needs to provide more efficient support for local development.

- Village Development Funds - 32 villages have identified, designed, and implemented small projects for their communities
- Trust Fund - 57 projects completed
- Village Development Funds - 32 villages have identified, designed, and implemented small projects for their communities
- Micro finance project - access to microfinance for poor Vilabouly residents in 41 villages
- Houay Kong Training Centre - 915 trainees in poultry, animal vaccination, fishery, home garden, mushroom growing, nutrition, sewing, advanced tailoring, advanced weaving and first aid
- Local business support - five new businesses, more locals employed and 13% increased in income
- Rice milling project - pilot program for three rice millers, benefiting over 500 farmers in 13 villages
- Health project - potential health program designed and Mother and Child Health (MCH) work continued
- Scholarships - four Sepon scholarships and 11 external scholarships with Sepon support
- Traineeships and apprenticeships - Data entry clerk traineeships, trade traineeships and apprenticeships for local students
- Sponsorships - for the annual conference of Lao paediatricians, Lao Youth Union Child Campaign meeting and the Lao National Chamber of Commerce and Industry
- Donations - made towards university research projects, hospital medical equipment, tropical storm assistance, Boungkham temple hut, Sepon District Handicraft Centre, Vilabouly administration office car park and for local Buddha images



## Improving infrastructures

CMC has offered proactive support in respect of transport, medical care and power supply to places where its operations are based, and helped solve the most pressing issues facing local production and people's living.

### Case Promoting Community Infrastructure Construction in Kinsevere, DRC

MMG has offered proactive support in respect of transport, medical care and power supply to places in the Congo where its operations are based, taken concrete steps to promote sustainable development of local economy, environment and society, and combined efforts to create a favorable environment for win-win investment.

- It has built a safe and convenient road to the mine, and set up a monitoring station at the starting point of the road with contractors for the sake of traffic safety
- It has donated medical facilities worth USD 10,000 to community hospitals surrounding Kinsevere mine and ameliorated local health conditions
- It has connected six surrounding villages to power supply, providing facility for local people's living as well as mine operation



The road built by MMG

## Creating job opportunities

CMC has been proactively engaged in creating job opportunities for places where its operations are based, assisting community residents in improving their professional skills, prioritizing local labor in recruitment and drawing down great efforts in the selection of local management talents. As of the end of 2013, it had registered a total overseas headcount of 10,794, including 258 expatriates and 10,536 local employees (97.6%).

### Case Century mine launched a pre-employment training program

Over the years, Century mine has been dedicated to investment training and job creation for young locals. However, the declining job vacancies incurred by shrinking strip mine reserve has placed requirements for revamp of vocational training mode to reverse over-dependence of youngsters on mining. In this context, Century mine has worked together with other enterprises and institutions to launch a 13-week pre-employment program where apprentices and trainees can receive training on machinery operation as well as safety and health. Those who have finished the program will have access to more jobs including those at MMG.



Participants of the pre-employment program

## Promoting Culture and Education

CMC has strived to promote local culture and education given its focus on community development, and put spurs to sustainable local development.

## Supporting local education

CMC has been proactively engaged in improving educational facilities in places where its operations are based, and created a favorable learning environment for young locals.

### Case School running with local government to promote basic education

In July 2013, Minmetals Land Changsha Branch and Changsha County Government, Hunan Province initiated preparation for establishment of the Third Attached Primary School of Hunan First Normal University. The school, which was invested RMB 70 million, is expected to come into operation in the first half of 2014 with 36 classes and 1,800 students, and will significantly improve basic education in the county and lay a solid foundation for local talent cultivation.

## Respecting local culture

CMC cherishes the cultural relics of places where its operations are based, respects indigenous culture, tradition and religion, and plays its part in cultural integration and local development.

### Case Sepon mine built a culture hall to promote preservation of cultural relics

For better preservation of local cultural relics, Sepon mine has built the Vilabouly Culture Hall which displays tangible (handicrafts) and intangible heritages (folk customs and music), the latter having been recorded by about 400 films. The hall has established itself as the powerhouse for sustained, in-depth cultural preservation.



Kinsevere mine provided support for a traditional blessing ceremony



## Being Fully Engaged in Social Welfare

While seeking corporate development, CMC has brought itself to requite and make contributions to the society through proactive involvement in poverty relief, charity and volunteer campaigns.

### Poverty alleviation

Sticking to the principle of "integrating both development-oriented and targeted poverty alleviation", CMC has offered proactive support to the development of former revolutionary bases, regions inhabited by ethnic groups and underdeveloped borders, promoted the rotation, assignment and management of cadres in counties designated for poverty relief, mobilized local energy, and catapulted healthy, sustainable development of local economy. In 2013, it donated a total of RMB 3.9912 million to the targeted counties for infrastructure renovation for and education subsidy for poverty-stricken kids.

#### Case Supporting borders to improve local people's living

CMC has taken proactive, concrete steps to support underdeveloped borders. In 2013, it donated RMB 5 million to Qilian County, Qinghai Province, uplifting the cumulative donations to RMB 18 million as of the end of the year. Such donations have functioned as support funds for beautification of Haibei Tibetan Autonomous Prefecture, thus contributing to the substantial improvement of local people's living.

The year 2013 saw the smooth progress of Heavenly Qilian Grand Hotel, a CMC-supported construction project. As of the end of the year, civil construction of the hotel had been finished and accepted, and the equipment, indoor and outdoor pipe network almost fully installed. It is estimated that the project will be completed in mid-2014. The project will greatly enhance the self-renewal capacity of the county economy and the development of local tourism industry.

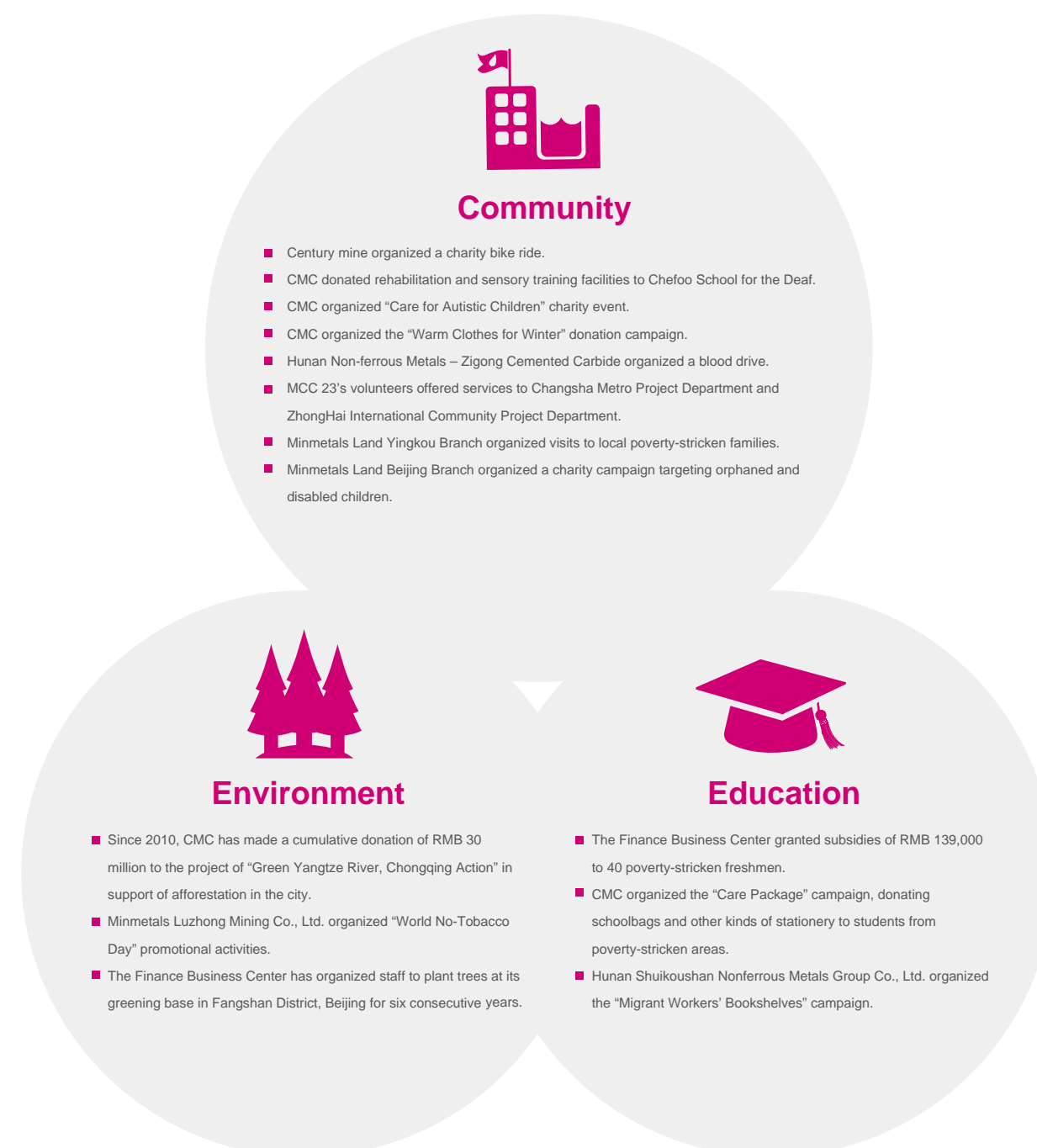
CMC has also been carrying out the "Care Package" campaign. In 2013, through direct donations from the headquarters and voluntary contributions from individual employees and entities, it doled out care packages worth RMB 739,530, bringing benefits to over 7,000 students.



Beneficiaries of the Care Package Project

## Active involvement in public welfare activities

CMC has championed various kinds of volunteer activities, strived to help vulnerable groups as its ability permits, and promoted the construction of harmonious society.



CMC's involvement in charity and volunteer campaigns





Minmetals Land visited orphaned and disabled children

### Case Care for deaf-mute children

CMC has been offering assistance and affection for deaf-mute children for six straight years. In 2013, its staff continued to donate rehabilitation and sensory integration facilities, fitness equipment and hearing aids to the kids, who presented calligraphy works as a token of gratitude.

### Case Subsidizing the construction of Qilian National Geological Park

CMC has made donations to the construction of a national geological park in Qilian County Qinghai Province, given its sound natural environment as well as cultural and geological cultural relics. With the aim of contributing to the popularization of geological sciences via rational and scientific utilization of local resources, the project is to translate its unique resources into economic advances, and promote local economic and social development.

Cherishing the Wealth of Shareholders and Growing a Value-creating CMC



Cherishing the Value of Life and Creating a Safety-minded CMC



Cherishing the Planet's Resources and Building an Eco-friendly CMC



Cherishing the Dedication of Employees and Building a Well-being CMC



Cherishing Partnership and Building a Bona Fide CMC



Cherishing Social Support and Building a Harmony-oriented CMC



### Case Care for autistic children

As the core volunteer group of the Autism Commission of China Association of Persons with Psychiatric Disability and their Relatives and the Continent Kanner Autistic Family Support Center, Team CMC has constantly enriched and expanded its volunteer services, offered advice on and proposals for website construction to Cafsn.org.cn, engaged itself in World Autism Awareness Day events, and supported fund-raising of autism projects.

Team CMC has provided intelligence and fund for Continent Kanner's "bakeland" project as a part of its vocational training for autistic youth, and co-founded a volunteers' union to discuss the way of boosting autism-related NGOs. The union was officially inaugurated on the occasion of the World Autism Awareness Day events in April 2013, and Team CMC was awarded the title of "Outstanding Volunteer Team".



Team CMC supported the "Bakeland of Autistic Youth"

## Involvement in disaster prevention and relief

CMC has maintained immediate response to catastrophes and emergencies, managed to help disaster-hit areas resume normal production and life, and shouldered due responsibilities of a central enterprise.

### Case Timely support for Lushan's post-disaster reconstruction

On April 20, 2013, CMC made an urgent donation of RMB 5 million to quake victims in Lushan County of Ya'an, Sichuan Province. Meanwhile, CMC's cadres and staff have voluntarily organized donations and made their contributions to disaster relief.

### Case Handing out popular science reads for disaster prevention and reduction

In December 2013, proactively responding to the call for "Caring for life and preventing geological disasters" of the Land and Resources Department of Qinghai Province and the Office of Qinghai Association for Science and Technology, CMC donated 500 sets of books on geological disaster prevention to residents of accident-prone areas, in an effort to help them acquire relevant knowledge and protect their lives and properties.





## Performance

- 92 Economic Performance
- 92 Safety Performance
- 93 Environmental Performance
- 93 Staff Performance
- 93 Partner Performance
- 93 Social Performance





## Economic Performance

Indicator	2011	2012	2013
Total operating revenue (in RMB 100 million)	3524.03	3268.64	4146.50
Total profits (in RMB 100 million)	110.68	73.80	64.72
The state-owned assets value increment rate (%)	112.20	113.80	—
R&D input (in RMB 100 million)	8.10	5.70	8.58
New patents	—	233	212

Note: The state-owned assets value increment rate of 2013 will be disclosed in July 2014.



## Safety Performance

Indicator	2011	2012	2013
Input for safety production (in RMB 10,000)	42464	93500	42471 <sup>1</sup>
Safety training sessions	7890	3921	4105
Trainees (person-time)	>200000	67032	113688 <sup>2</sup>
Certified special operations personnel (%)	100	100	100
Seriously injured employee(s)	1	8	2
Death toll of employee(s)	9	2	5

Note1: On completion of a full-fledged "6+1" system, mining enterprises saw a sharp decline in the input for safe production in 2013.

Note2: Referring to safety education and training at front-line producers.

## Environmental Performance

Indicator	2011	2012	2013
Comprehensive energy consumption (in 10,000 TCE)	315.45	287.97	284.53
Comprehensive energy consumption per RMB 10,000 of output value (in 10,000 TCE/RMB 10,000)	0.37	0.44	0.44
COD emissions (t)	3214.59	1754.98	1594
SO2 emissions (t)	19993.90	17459.46	14075
Environmental protection training sessions	—	10	15
Trainees (person-time)	—	1224	1266

## Staff Performance

Indicator	2011	2012	2013
Headcount	177931	177469	171829
Female headcount	28619	29428	31061
Permanent employees with labor contracts (%)	100	100	100
Share of women in positions of middle level or above (%)	16	16	14
New hires over the year	6416	3947	2208
Total input for employee training (in RMB 10,000)	5748	5252.61	4999.23
Trainees (person-time)	149737	191874	156665
Social insurance coverage (%)	100	100	99
Trade Union members as a share of employees (%)	—	100	100

Note: All indicators except the headcount involve Chinese employees only.

## Partner Performance

Indicator	2011	2012	2013
Corporate credit rating	AAA	AAA	AAA
Contract performance (%)	100	100	100
Major complaints from partners	0	0	0

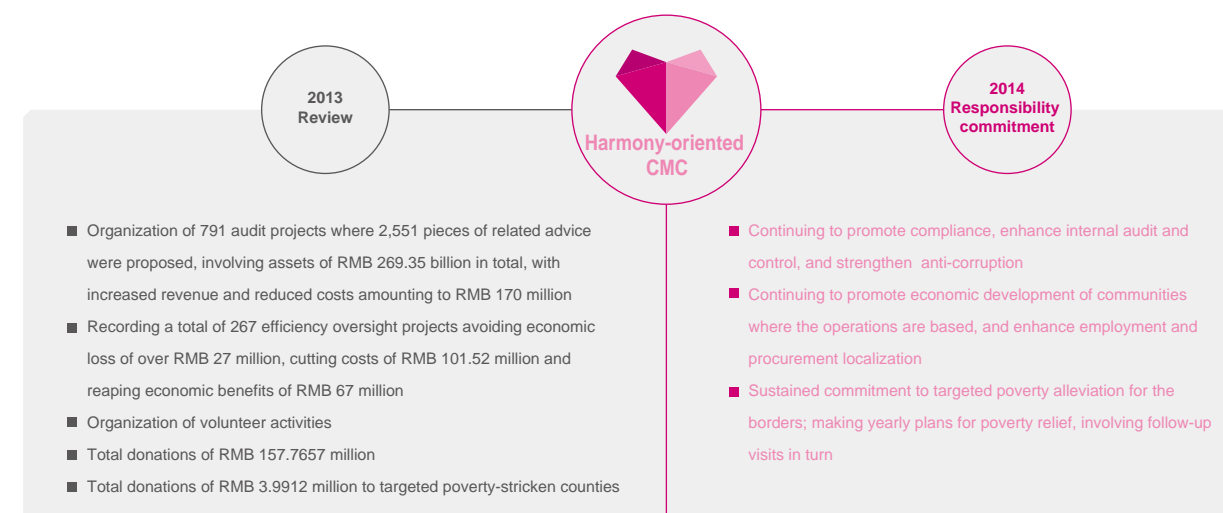
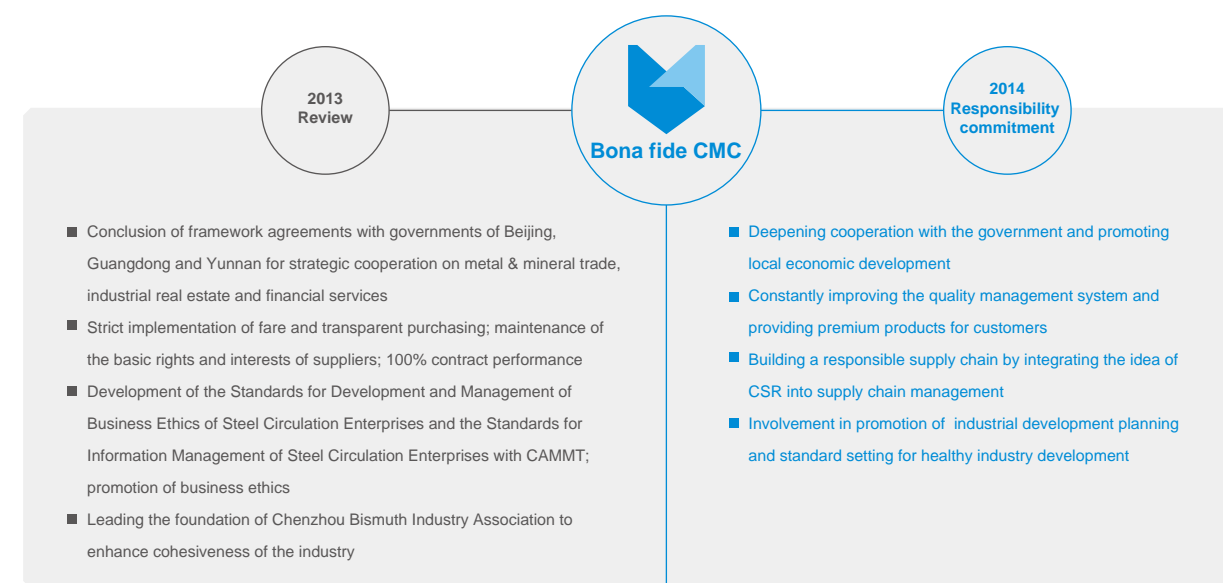
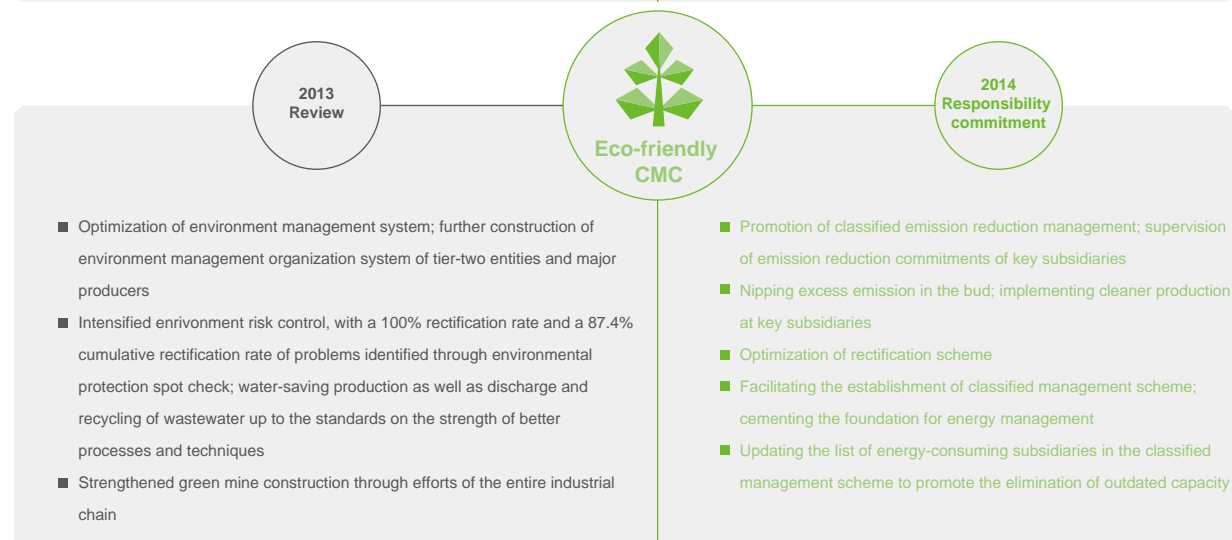
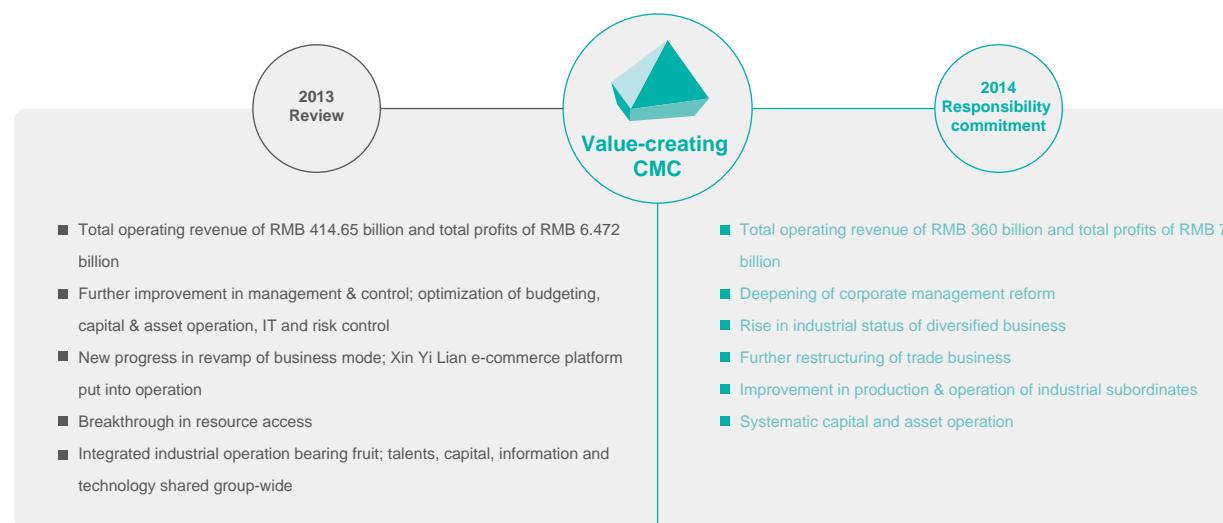
## Social Performance

Indicator	2011	2012	2013
Total tax payment (in RMB 100 million)	98.32	88	80.04
Total donations (in RMB 10,000)	8245	15138.60	15776.57
Major irregularities	0	0	0

Note: Among the donations, those from China amounted to RMB 37.4683 million and those from abroad amounted to RMB 120.2974 million given the following exchange rate: AUD 1 = CNY 5.8056.



# Outlook for 2014





# Report Assurance



## Statement of Assurance

China Minmetals Corporation 2013 Sustainability Report  
(Up to 31 Dec. 2013)

### Introduction

DNV GL - Business Assurance Group ("DNV GL") has been commissioned by China Minmetals Corporation (China Minmetals) to carry out an independent verification of the China Minmetals Corporation 2013 Sustainability Report ("the Report") against the DNV GL VeriSustain Protocol (VeriSustain).

China Minmetals is responsible for the collection, analysis, aggregation and disclosure of information contained in the Report. Our responsibility in performing this work is to the management of China Minmetals only and in accordance with terms of reference agreed. The stakeholders of China Minmetals are the intended users of this statement. The assurance is based on the assumption that the data and information provided to DNV GL is complete and true.

### Scope of Assurance and Limitations

The scope of assurance work agreed upon with China Minmetals includes the following:

- The economic, social and environmental data, as well as the social responsibility performance in the period January to December 2013, as presented in the Report.
- On-site verification at China Minmetals' Head Office.
- Interview the external stakeholders - China Chamber of Commerce of Metals, Minerals and Chemicals Importers and Exporters
- Evaluation of Accountability principles and performance information, as required for a Type 2, moderate level of assurance in AA1000AS.
- A specific evaluation of the information on sustainability performance related to: Safety Performance of China Minmetals 2013
- Core indicators of GRI G4 as indicated in the Report
- DNV GL has not verified the financial data disclosed in the Report which had been audited by third party
- The verification was completed by DNV GL in April 2013.

### Verification Methodology

Our verification was planned and carried out in accordance with the DNV GL Protocol for Verification of Sustainability Reporting.

The Report has been evaluated against the following criteria:

- Adherence to the principles of Inclusivity, Materiality and Responsiveness in the AA1000AS 2008.
- Adherence to the additional principles of Neutrality and Completeness as set out in DNV GL's Protocol.
- Examined and reviewed documents, data and other information made available to DNV GL by China Minmetals.
- Performed sample-based reviews of the mechanisms for implementing China Minmetals's social responsibility policies, as described in the Report.
- Performed sample-based checks of the processes for generating, gathering and managing the quantitative and qualitative data presented in the Report.

### Conclusions

In DNV's opinion, China Minmetals' Sustainability Report 2013 provides a credible and objective presentation of China Minmetals' overall sustainability performance and application of the AA1000 Accountability Principles 2008. Within the scope of assurance, DNV GL has not observed any untrue statements of systematicness and Materiality.

### AA 1000AS (2008) Principles:

Inclusivity: Acceptable. The Report describes how China Minmetals encourage the stakeholders to understand the Corporation's sustainability strategy and to express their expectation through the mechanism of stakeholders' communication and engagement. This mechanism includes industry association, internet, questionnaire, seminar, and etc. the results of this communication and engagement has already had some impact on the setup of the sustainability strategy of China Minmetals to a certain degree.



Materiality: Acceptable. The report discloses that China Minmetals identify and select important sustainability issues through internal and external investigation as well as specialist consultancy, and rank the selected reporting aspects based on the impact to the Corporation' sustainability strategy and the impact to the stakeholders. The Report also discloses China Minmetals's internal management mechanism and performance standard on implementation of materiality issues, and discloses the important sustainability performance in the way of transparency in The Report.

Responsiveness: Acceptable. The indicators and sustainability performance as disclosed in this Report was based on the identification and analysis in materiality issues that related with China Minmetals's sustainability strategy. With the consecutive 3 years and more historical data and explicit context about China Minmetals' economic, social and environmental indicators and performance, the Report response the main stakeholders concerns

Reliability: Acceptable. According to the requirements of Type 2 and moderate level of assurance, the system for collecting specified performance data and information presented in the Report appears generally reliable. No systematic errors were detected during verification.

### Additional Principles

Completeness: Acceptable. Within the reporting scope and boundary defined by China Minmetals, we believe that the Report does not omit relevant information that could significantly influence stakeholders' decisions or that reflect significant sustainability impacts during the reporting period.

Neutrality: Acceptable. We consider the overall tone of the Report to be neutral and the presentation of information to be generally balanced. The emphasis on various topics in the Report is basically proportionate to their relative materiality.

### Opportunities for improvement

The following is an excerpt from the observations and opportunities reported back to the management of China Minmetals. However, these do not affect our conclusions on the Report, and they are indeed generally consistent with the management objectives already in place.

- It is suggested to disclose more clear about DMA (Disclosure of Management Approach) on various sustainability aspects according to GRI 4.0.
- It is suggested to disclose more indicators and performance according to GRI 4.0 and G4 Sector disclosures on Mining and metals.
- It is suggested to disclose more clear about the sustainability strategy and materiality information of oversea merger and acquisition processes.

### Statement of DNV GL's Competence and Independence

DNV GL is a global provider of sustainability services, with qualified environmental and social assurance specialists working in over 100 countries. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward any people interviewed and the verification by numerous public means to understand positive and negative comments on China Minmetals. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement.

For DNV GL - Business Assurance Group

Cai, Kun Quan  
Lead Verifier

C. K. Wong  
Reviewer  
Sustainability Service Manager,  
Greater China

Beijing, China April 2014

If there is any inconsistency between the Chinese and English versions, the Chinese version will prevail.



# CMC’s Implemenation of Global Compact’s Ten Principles in 2013

The Ten Principles		CMC’s Implementation in 2013
Human rights	To support and respect the protection of internationally proclaimed human rights	Supporting and respecting the standards for protection of internationally proclaimed human rights, and fully integrating the human rights and labor practices into corporate strategies and daily operation
	To make sure that businesses are not complicit in human rights abuses	Establishing and optimizing the employee representative meeting and enterprise affair disclosure systems, bringing into full play the employee representative meetings’ role of democratic consultation and management, expanding the channels and scope of democratic involvement, and tangibly maintaining employees’ rights to information, participation, expression and supervision in corporate management
Labor	To uphold the freedom of association and the effective recognition of the right to collective bargaining	Strictly observing the relevant laws, regulations and policies of the States and places where the operations are based, as well as the international conventions on human rights and labor
	To uphold the elimination of all forms of forced and compulsory labor	Resolutely prohibiting child labor and compulsory labor
	To uphold the effective abolition of child labor	
	To uphold the elimination of discrimination in respect of employment and occupation	Sticking to fair and standardized employment, ensuring that all tasks are fulfilled by lawfully recruited personnel, and prohibiting all forms of discrimination in respect of employment
Environment	To support a precautionary approach to environmental challenges	Concerned with global climate changes; aiming at low energy consumption, low emission and high efficiency; deepening of energy conservation and emission reduction; commitment to low carbon via management and technology
	To undertake initiatives to promote greater environmental responsibility	Increasing the input in energy conservation and emission reduction technology upgrading, enhancing the introduction and application of new equipment, processes and technology, and minimizing the environmental impact of production & operation
	To encourage the development and diffusion of environmentally friendly technology	
Anti-corruption	To work against corruption in all its forms, including extortion and bribery	Adhering to the principle of “treating both the symptom and the cause for corruption, conducting governance in an all-round manner, laying stress on prevention and integrating it with punishment”, constantly improving the corruption prevention and punishment system, deepening anti-corruption education, enhancing business ethics and severely investigating and dealing with cases of irregularities

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# Feedback Sheet

Dear reader,

Thank you for reading the report. We sincerely look forward to your comment so as to continue to improve our CSR-related tasks.

You may contact us at:

Fax: 0086-10-60169817

Tel.: 0086-10-60169880, 0086-10-60169885

Mail: CSR Dept. of the General Office of China Minmetals Corporation

Tower A Minmetals Plaza, No.3 North Chaoyangmen Avenue, Dongcheng District, Beijing (Postal code: 100010)

Email: csr@minmetals.com

Multiple choice: (please tick in the box of your choice)

1. Your overall impression of the report:

☐ Very good      ☐ Good      ☐ Fair      ☐ To be improved

2. The quality of CSR-related information contained in the report:

☐ Very good      ☐ Good      ☐ Fair      ☐ To be improved

3. The structure of the report:

☐ Very good      ☐ Good      ☐ Fair      ☐ To be improved

4. The layout of the report:

☐ Very good      ☐ Good      ☐ Fair      ☐ To be improved

Open-ended question:

What is your suggestion about the report for Year 2014?





Cherishing Limited Resources  
Pursuing Sustainable Development

Address of headquarters: Tower A, Minmetals Plaza, No.3 Chao Yang Men North Avenue, Dongcheng District, Beijing, P.R. China  
Postal code: 100010  
Tel: 0086-10-60169880, 0086-10-60169885  
Fax: 0086-10-60169817  
Email: [csr@minmetals.com](mailto:csr@minmetals.com)

You may also read the PDF version of this Report in Chinese and English under “Sustainability” on the official website of China Minmetals Corporation as well as other updates related to the social responsibility activities of the Corporation

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