



2009

# Sustainability Report of Minmetals

Build Responsible Minmetals Co-create Bright Future



# About this report

This Report is the third Sustainability Report released by China Minmetals Corporation. For the purpose of writing and reading, China Minmetals Corporation is also hereinafter referred to as Minmetals Group, the Corporation, China Minmetals, the Group, Minmetals, the Company, and we/us.

This report has been prepared according to the Guiding Opinions on Performance of Social Responsibilities by State-Owned Enterprises under the Central Government released by the State-owned Assets Supervision and Administration Commission (SASAC) of the State Council, the Sustainability Reporting Guidelines 2006 of the Global Reporting Initiatives (GRI), and actual conditions of Minmetals Group.

This Report mainly covers the year of 2009, and may also retrieve data from other important years in the Company's history. This Report covers the headquarters and entities of the Corporation (The data of this report does not include those of Changsha Research Institute of Mining and Metallurgy, Luzhong Metallurgy & Mining Group Corporation and Hunan Nonferrous Metals Corporation Limited which just concluded strategic merger with Minmetals by the end of 2009).

This Report truthfully reflects how the Corporation actively performed its economic, social and environment responsibilities for realizing comprehensive, coordinated and sustainable development in the year. All data contained herein are from formal documents, statistics reports and financial reports of the Corporation in connection with the sustainability practices of departments and entities of the Corporation, and have been kept, summarized and reviewed by the social responsibility management system of the Corporation.

This Report has been certified by Det Norske Veritas (DNV) as an independent third party according to the criteria set forth in its VeriSustain. The certification statement is attached hereto as an appendix.

This report has both Chinese and English version. Please contact China Minmetals Corporation to request a copy of this report:

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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:

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



## 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 aluminum ingots and steel rods imply the industry of the Corporation --- metals and minerals. The red sun symbolizes optimism, selflessness, integrity and magnificent presence, embodying China Minmetals' spirit of "Providing quality service, and striving for excellence"; the gray steel rods extend endlessly in a perspective view, conveying the sustainability philosophy of the Corporation to "cherish limited resources and pursue sustainable 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 Corporation, and signifies the Corporation's bright future and creation of sustainable development.

# Table of Content

Message from the President	02	I. Sustainable Operation --- Upgrading a More Valuable Minmetals	26
60 Years of Responsibility	04	(I) Achieving positive results in coping with the financial crisis and improving corporate strength through robust operations	28
Key Performance Indicators	06	(II) Seizing historic opportunities and promoting growth through capital operations	35
Table of Progress in Accomplishing Sustainability Objectives	06	(III) Stepping up efforts to consolidate the foundation and improve competitiveness through better management	53
Highlights in 2009	08	II. Sustainable Safety --- Strengthening a Safe Minmetals	64
Challenges, Opportunities and Countermeasures of Sustainable Development of Metal and Mineral Industry	11	(I) Objectives and Performance	66
About Us	13	(II) Promoting the HSE System	67
Sustainability Management	16	(III) Intensifying Safety Supervision	68
		(IV) Enhancing Emergency Response Capability	72
		(V) Occupational Health and Safety	74
		(VI) Cultivating safety culture	74
		III. Sustainable Ecology --- Promoting a Green Minmetals	76
		(I) Objectives and Performance	78
		(II) Promoting System Building	79
		(III) Response to Climate Change	80
		(IV) Protecting the Ecological Environment	82
		IV. Sustainable Harmony --- Building a Win-Win Minmetals	86
		(I) Targets for mutual benefit and win-win outcomes	88
		(II) Employee development	88
		(III) Mutual-benefit cooperation	104
		(IV) Compliance with laws and regulations	108
		V. Sustainable Community --- Creating a Global Corporation	112
		(I) Community Development Goals	114
		(II) Promotion of MDGs	114
		(III) Contributing to the Development of Communities	121
		VI. Perspective for 2010	128
		Appendices	129



Zhou Zhongshu

The year of 2009 was the most difficult one for the economic development of China after the millennium, as the global financial crisis spread and the world economy slumped into a severe recession. During the year, the metal and mineral industry suffered immense shocks from the dramatic shrinking of international trade and violent fluctuation of metal and mineral prices. As a key player on the global metal and mineral market and China's largest integrative metal and mineral enterprise, Minmetals Group worked with stakeholders to address the financial crisis despite the extreme difficulties and harsh conditions. We believed in our ability to tackle the difficulties, seized opportunities and competed for market shares. With our efforts, the Corporation witnessed significant progress in M&A and reorganization, and historical achievements in strategic transformation, which have laid a more solid foundation for the international competitiveness of the Corporation.

Metal and mineral resources are an important part of the fundamental elements of safety, stability and sustainability of the national economy. We stick to the sustainability philosophy of the Corporation to "cherish limited resources and pursue sustainable development", seeking fairness and mutual benefit. We are committed to promoting a just and fair order of the international metal and mineral industry, and improving the sustainability of economic and social development. We advocate green development, actively participate in international cooperation, and endeavor to expand the protective development and overall utilization of metal and mineral resources. We pay attention to the protection and improvement of the environment, carry out green mining, and work sincerely to contribute to an energy-saving and environmentally friendly society. The corporation is people-oriented and keen on public interests. The corporation contributes to the society and fulfills global responsibilities. With our efforts, we help to create a harmonious society and a harmonious world.

In 2009, we spare no efforts in pursuing sustainable operation and improving the performance of the corporation. We consolidate the competitiveness of the core business and improved the value of Minmetals. We maintained stable operations, intensified market exploration, actively reduced costs and increased benefits, drove collaboration, enhanced financing, expedited the adjustment and optimization of industrial structure, and further improved fine management, and thus realized the stable and optimistic performance of the Corporation. The operating revenues of the Corporation were RMB 170.4 billion, with a total profit of RMB 3.1 billion and taxes of RMB 5 billion for the year. We seized historical opportunities during the financial crisis and realized the great-leap-forward development with the help of capital operation. We successfully acquired core assets of OZ Minerals, the third largest mineral company in Australia, and started strategic reorganization with two central enterprises and one local SOE - Changsha Research Institute of Mining, Metallurgy and Luzhong Metallurgy & Mining Group Corporation, as well as Hunan Nonferrous Metals Corporation Limited. China Minmetals has a much more appropriate profile of business, and a more complete value chain now. Propelled by its "two driving wheels" of production operation and capital operation, China Minmetals has been able to continuously push forward its sustainable development and hold an increasingly important position in the industry.

In 2009, we paid more attention to work safety and made every possible endeavor to improve the level of safety to reach the objective of a safe Minmetals. We have adhered to the philosophy of "creating safety for each other" to complete work safety management rules, further build up the HSE system, and continuously work to secure the foundation of work safety. We actively implement safety and environment protection

management and control approaches, and tighten work safety management and supervision, focusing on improvement of accident prevention, emergency response and occupational safety and health management. We have enhanced the building of safety culture, and safeguarded safety with technological means. The work safety was satisfactory and optimistic in the year, safeguarding the strategic transformation of the Corporation.

In the year, we were highly concerned with the global climate change, and responded to it with wide implementation of environmentally friendly operation to safeguard the sustainable development of the environment and realize the objective of a green Minmetals. We were also highly concerned with and continued our energy saving, emission reduction and ecological protection, by further developing the three systems of "organization, statistics & monitoring, and appraisal & rewards/penalties" for energy saving and emission reduction. We enhanced innovation in environmental protection technology, implemented the policy of environmental protection through technology, and made great efforts in the environmental protection sector. We intensified environmental protection and improvement, improved the utilization of resources, and participated in international activities related to environmental protection. The Corporation actively researched green development with low energy consumption, low pollution and low emission, and achieved encouraging progress in energy saving and environmental protection.

In 2009, we followed the concept of "cooperation for win-win and mutual benefits" in maintaining existing and establishing new long-term, harmonious and stable cooperation with related stakeholders to realize the objective of cooperation and achieve win-win results. Our values are "integrity, responsibility, innovation and harmony". We abide by applicable laws and regulations in our activities, enhance our management of legal affairs, fight corruption and advocate probity. We perform our responsibility to employees, customers, suppliers, governments and other stakeholders during our production operation and capital operation, facilitate communication with them as well as their participation, create diversified value for the stakeholders, and work hard to realize development of both the Corporation and its stakeholders.

In 2009, we regarded the United Nations Millennium Development Goals as a focus in our work and regarded the economic and social development of the places in which we operate as an integral part of our responsibilities in global operation, in an effort to become a qualified international corporate citizen and realize the objective of a global Minmetals. We made more efforts in supporting poverty alleviation, education and healthcare in communities, drove the development of local enterprises, and boosted local employment rates. We followed good joint practices for community development in Australia, Peru, Laos, India, China, etc. We were concerned with charity and public interests, made donations to help victims in Taiwan after the devastating typhoon, and became a widely respected global metal and mineral enterprise.

In 2009, we kept enhancing work related to our social responsibilities by maintaining and improving the social responsibly management system, and witnessed improvement in the ability to perform such social responsibilities from all employees throughout the Corporation and throughout work. We enhanced publicity and training in connection with concepts and awareness of social responsibilities, and actively promoted relevant communication. We joined the United Nations Global Compact, and became an active member of the UN Global Compact Environment Stewardship consisting of only 20 pioneer enterprises worldwide. We have won wide recognition for our work related to social responsibilities.

The glories and dreams of the last sixty years have laid the foundation for sustainable development of the next sixty years. With sixty years of experience in the metal and mineral industry and with our heritage of responsibility, China Minmetals will continue transforming the development mode, improving value creating capabilities, strengthening independent innovation, and optimizing the industrial structure and layout. We will intensify capital operation and management integration, follow the strategic goal of building an internationally competitive metal and mineral group, work with stakeholders for quality in every task, tackle challenges, develop a new era of "Building responsible Minmetals, co-creating bright future", and contribute to a harmonious world and global sustainable development.

Zhou Zhongshu  
June 2010

# 60 Years of Responsibility

*The past 60 years witnessed significant changes throughout the world but China Minmetals maintains a consistent spirit of commitment to providing quality service and striving for excellence;*

*No matter what happened in the past 60 years, we have persisted in the philosophy of "cherishing limited resources and pursuing sustainable development".*

## 1950s



In 1951, Premier Zhou Enlai appointed Ding Kejian as the Deputy Manager of China National Minerals Corporation. The picture shows the letter of appointment issued by Premier Zhou.

To break the embargo in 1950s, China Minerals Corp. and China Metals & Electrical Supplies Import Corp., the two predecessors of China Minmetals, were founded. From the very beginning, China Minmetals shouldered the unshirkable responsibility of earning revenues in foreign currencies with exports and importing necessary products for industrialization of the country. The value of imports and exports of China Minmetals accounted for up to one fourth of China's total in the following 30 years of planned economy.

## 1960s



In 1965, a Minmetals Corporation trade delegation led by Cao Zhongshu (seventh from left) visited four European countries including France, Austria, Italy and Britain. The picture was taken after the negotiation during the visit to Italy's Finsider group Dalmine Steel Plant in July 1965.

1960s were a period of turbulence in China. As China's only institution of import & export of metals and minerals, China Minmetals worked hard to avoid interference and established a trade structure with both the eastern and western countries, to ensure the supply of metals and minerals for the country.

## 1970s



In 1975, Tian Guangtao (right) was received by President Ford (front row, third from right) during a visit to the United States.

In 1970s, China Minmetals shouldered its responsibility in difficult times and took the opportunities from changes in the international situation despite the unfavorable political environment in the country. During this period, China Minmetals found and maintained stable sources and channels of supply, and recovered and expanded its international trade, creating record highs of import and export volumes and readying itself for China's upcoming reforms and opening up.

## 1980s



In the 1980s, China Minmetals held a commemorative ceremony at the port of Baltimore in the United States for China's alumina export 100,000 tons to the United States.

In 1980s, China Minmetals was successfully converted into a market-oriented operating entity after a short period of uncertainty and pains due to the transformation process, stepped on the path of "going global", and perform its consistent responsibilities with new international and commercial approaches.

## 1990s



Zhou Keren, who was then president of Minmetals, beat the drum at the listing ceremony at the Shanghai Stock Exchange.

In 1990s, China Minmetals, with its inherent gene of responsibility and entrepreneur spirit, maintained market exploration through industrialization and internationalization, became stronger through fierce competition, and successfully utilized the capital market in achieving significant expansion and improving its profitability.

## 2000s



On November 20, 2008, witnessed by President Hu Jintao and Peruvian President Garcia, Zhou Zhongshu and Romero, Chairman of Credit Bank of Peru, signed the financing agreement.

Since 2000, China Minmetals has experienced rapid growth for nine consecutive years. The objective of "creating a new Minmetals in five years" was realized two years earlier than expected. China Minmetals was successfully listed as the Fortune 500 and its ranking climbed to the 331st in 2009. It ranked 9th among all metal industry companies globally. With continuous strategic transformation, China Minmetals has been able to ride on its "two driving wheels" --- production operation and capital operation, and has realized great-leap-forward development despite the once in 100 year financial crisis. An internationally competitive metal and mineral group has started to take shape. Now, China Minmetals carries out global operation and comprehensively performs its responsibilities, and works with stakeholders to "Build responsible Minmetals, and co-create bright future".

## Key Performance Indicators

	Indicators	Unit	2007	2008	2009
Economic	Revenues	RMB 100 million	1,560.56	1,853.36	1,704.74
	Profits	RMB 100 million	70.01	65.10	31.43
	Tax	RMB 100 million	44.05	59.95	49.70
Environment	Energy consumption	10,000 metric tons of standard coal	209.20	181.77	157.89
	Energy consumption per RMB 10,000 output value	metric tons of standard coal / RMB 10,000	0.97	0.78	1.121
	COD emissions	metric tone	1,667.87	1,154.41	1,124.22
	SO <sub>2</sub> emissions	metric tone	7,010.66	3,914.91	4,583.83
Social	Employees	person	44,425	66,367	100,656
	Female employees	person	10,200	15,238	11,222
	Employment agreement rate	%	100	100	100
	Input in training	RMB 10,000	900.77	1,460.57	1,926.12
	Training sessions	person-time	15,670	17,608	54,871
	Donation	RMB 10,000	1,167	4,896	3,094
	Safety incidents	time	52	40	31

## Table of Progress in Accomplishing Sustainability Objectives

A: Objective accomplished (≥95%) ; B: Making progress as scheduled; C: Lag behind

Category	Sustainability objectives in 2009	Accomplishment Status
Responsibility management	Establish and optimize the internal social responsibility system throughout the Corporation to cover all functional departments, tier-2 entities and key production enterprises, and improve the channels of communication;	A
	Join the United Nations Global Compact, observe the 10 principles, periodically release sustainability reports, and accept supervision by stakeholders;	A
	Organize training and communication at various levels for social responsibility issues, and improve the awareness of social responsibility among the management and employees;	A
	Enhance publicity of law compliance, organize anti-corruption and probity training, further carry out efficacy audits, and cultivate the operation philosophy of compliance;	A

Category	Sustainability objectives in 2009	Accomplishment Status
Economic performance	Be aligned with best practices of international peers, improve the global resource assurance system and the global marketing and service system, and carry out strategic transformation of the Corporation;	A
	Enhance operation and management to retain and increase the value of state-owned assets;	A
	Enhance control of advantageous resources, work hard to acquire resources, and strengthen capital operation;	A
Safety performance	Establish and optimize a work safety management and control mode suitable for the strategic transformation, according to the Work safety Plan of China Minmetals Corporation (2008-2010);	A
	Advance safety standardization and development of the HSE management system, effectively manage major sources of danger, improve the emergency response and rescue system, realize zero-causality of safety accidents, and reduce the occurrence of various accidents;	A
	Enhance the safety management information system and the safety education and training system to continuously improve the safety level of the Corporation;	A
	Facilitate safety and technical upgrade for process equipment, improve emergency response equipment, enhance technical research, and realize safety management through technical innovation;	A
Employee care	Strictly follow applicable laws and regulations to protect legal interests of employees;	A
	Provide job training and improve employee development and promotion mechanisms;	A
	Maintain and improve the occupational health and safety system for employees;	A
	Perform responsibilities to employees during the period of crisis without salary reduction or lay-offs;	A
	Help employees overcome difficulties;	A
Environment Performance	Regulate basic management of energy saving and emission reduction, and enhance supervision, inspection and assessment of energy saving and emission reduction work, to ensure fulfillment of the objectives of energy saving and emission reduction set by the government;	A
	Increase investments in environmental protection, improve the capability of innovation in environmental protection technology, apply energy saving technology, promote compressive utilization of renewable resources to gain leadership in this field among domestic and foreign peer companies;	B
	Explore mineral resources in a scientific manner, improve comprehensive use of resources, and increase recovery of residual ore and wastes;	A
Social Performance	Perform responsibilities as a global corporate citizen, and contribute to the fulfillment of the United Nations Millennium Development Goals;	A
	Enhance the support for social undertakings, and help poor regions by various means;	A
	Support community education, enhance monitoring of health, improve infrastructure in communities, and realize harmonious development of both the Corporation and communities;	A
	Increase local procurement, engage local employees and contribute to local economic and social development;	A
	Follow business ethics and combat commercial bribery, to create just and fair market environments.	A

# Highlights in 2009

## (I) Stable operation in international financial crisis

In 2009, despite difficulties and harsh operation conditions, the Corporation organized all employees to make every possible effort to combat the impact of the global financial crisis, and realized stable and optimistic performance of the Corporation and consolidated its market position and operational strength. In the year, China Minmetals realized revenue of RMB 170.474 billion, with a total profit of RMB 3.143 billion; the trade volumes of most key commodities of the Corporation increased, and the global rankings of many key commodities reached record highs, successfully fulfilling the annual targets set by the State-owned Assets Supervision and Administration Commission (SASAC).



The Corporation held a workshop on operational situation on August 27, 2009



To Mr. Zhou Zhongshu:  
 Congratulations on Minmetals' successful acquisition of OZ Minerals. We hope you can summarize the valuable experience in the acquisition process. Though it was difficult to acquire foreign mineral resources, it will be more difficult to well manage their operations. We hope you will enhance the operation and management of OZ Minerals, and work hard to explore and summarize practices."

--- Zhang Dejiang, Vice Premier of the State Council



"First, Congratulations! Second, please be fully prepared for the complexity and difficulties after the acquisition, fulfill pre-set targets, and improve the management of China Minmetals Corporation."

--- Li Rongrong, Chairman of SASAC

The Corporation also seized the opportunity arising from the adjustment and reorganization of large scale SOEs, and carried out strategic reorganization with Changsha Research Institute of Mining and Metallurgy, Luzhong Metallurgy & Mining Group Corporation and Hunan Nonferrous Metals Corporation Limited, to pave the road for development in the future.

## (II) Great-leap-forward development through capital operation

In 2009, China Minmetals took advantage of the domestic and international resources and markets, and seized opportunities arising from changes in the international market to successfully acquire the core assets of OZ Minerals, the third largest mineral company in Australia, which further consolidated the foundation for the sustainable development of the Corporation.



On June 16, 2009, Zhou Zhongshu activated a blasting devices at the Century Zinc Mine, Australia



Ceremony formalizing reorganization between China Minmetals and Hunan Nonferrous Metals Corporation Limited



Ceremony formalizing reorganization between China Minmetals and Luzhong Metallurgy & Mining Group Corporation



The reorganization will benefit both Luzhong, who is expected to quickly become stronger and larger in mines as its core business, and Minmetals, who is expected to expand in mineral resources. The reorganization will also improve the industrial concentration of State-owned metal and mineral enterprises, and forge an internationally competitive metal and mineral group.

--- Liu Zhenjiang, CPC Secretary of China Iron and Steel Association

### (III) Joining the United Nations Global Compact and creating value through responsibility communication

China Minmetals joined the United Nations Global Compact in 2009. As the world's largest and most influential international platform in the field of social responsibility, the UN Global Compact allows the Corporation to carry out communication regarding social responsibility practices and expand impacts in the world via the platform. Moreover, the Corporation also became an active member of the UN Global Compact Environment Stewardship consisting of only 20 pioneer enterprises worldwide, held discussions and research on climate change and other key environmental issues, and improved the image of Minmetals and Chinese enterprises in the world.



#### Knowledge

The UN Global Compact was first announced by the then UN Secretary-General Kofi Annan in an address to The World Economic Forum on January 31, 1999. He called for businesses and governments to work together in addressing various challenges arising from globalization, and participate in the resolution of key issues in the world. In July 2000, the Global Compact Office was set up at the headquarters of the United Nations, advocating ten principles regarding human rights, labor, environment and anti-corruption. Currently, the UN Global Compact has become the world's largest and most influential international platform in the field of social responsibility.



### (IV) Global Corporate Citizenship, Commitment to the Millennium Development Goals

As a global metal and mineral group, China Minmetals has been highly concerned with poverty, disease control, environment, and other global development issues, and is committed to the United Nations Millennium Development Goals. China Minmetals helps local communities achieve development through providing medical assistance, donations for education and other support in Asia, Latin America, Australia, etc., to fulfill social responsibilities as a corporate citizen.



The Corporation helps local residents improve living conditions during a project in Laos



Lumina Copper S.A.C. helps improve the local education conditions in northern Peru

## Challenges, Opportunities and Countermeasures of Sustainable Development of Metal and Mineral Industry

### (I) Challenges and Countermeasures

#### 1. Challenges of sustainability

##### Economic cycles and fluctuation of commodity prices

The core business of China Minmetals involves exploration, development, refining, processing and marketing of metal and mineral resources characterized by visible cycles. Market prices of metals and minerals are subject to dramatic fluctuation due to changes in the global economic cycles, leading to corresponding movements in the Corporation's business.

##### Monopolization of resource and market by international mining magnates

The structure of the global mineral industry has undergone noticeable changes, as continuous industrial integration has led to concentration of resources in the hands of a few magnates of the industry. The unbalanced distribution of mineral resources around the world and the rapid economic development in China have made the country more dependent on imported minerals.

##### Increased pressures for environmental protection, safety and protection of aboriginal people

As pressures for environmental protection have been unremittingly increasing and awareness of environmental protection has been continuously improved, the environmental issues involving industries including mining and metal refining have attracted attention from the world. Metal and mining companies have to face and resolve issues such as greenhouse gas emission, biodiversity and surface vegetation protection, discharge of industrial wastewater, pollution caused by heavy metals, management of tailings and discarded mines, and work safety.

##### New requirements for businesses due to industrial restructuring

The global financial crisis expedited the restructuring of the iron and steel as well as non-ferrous metal industry. Considering the excessive capacity, outdated equipment, weak resource security, energy consumption, environmental protection and other issues, governmental industrial policies also require faster adjustment and optimization of the industrial structure. The industry's development is subject to the impact of both the market and government policies.

##### Higher pressure for management in the course of rapid development

Since the beginning of the new Millennium, the Corporation has stayed on the course of rapid growth and development and achieved great-leap-forward development in 2009. Both Minmetals' scope and scale of business expanded significantly, posing challenges to the management capabilities at all levels. One major challenge has been the integration of management following merger and acquisition. China Minmetals is faced with the tough task of integrating the new acquired companies seamlessly into the Corporation to achieve cultural integration, strategic alignment and collaborative synergy, thus enhancing the overall competitiveness of the Corporation. The other challenge has been the need to keep improving its management capabilities. As the Corporation strives for strategic transformation by moving rapidly in the direction of "industrialization and internationalization", its business structure has changed drastically with a much broader management span, bringing new challenges to the Corporation in respect of the capabilities, means and efficiency of management at all levels.

#### 2. Strategies and actions to tackle the challenges

As a leading enterprise of the metal and mineral industry, China Minmetals is engaged in judgment and study of the pricing trends of metals and minerals and takes effective actions to improve its ability of sustainability, with 60 years of experience in the industry and unique understanding of the industry.

To tackle the situation of monopolization and disorderly competition of the global mining market, on one hand, China Minmetals calls for the establishment of a new just and fair order of the market at international mining conferences, and on the other hand, it is committed to the optimized allocation of global metal and mineral resources and the establishment of a new order through trading, shareholding and other measures. With strengthened resource control capabilities and optimized allocation, the Corporation is to play a greater constructive role in the sustainable development of the global mining industry.

With an inherent gene of responsibility, China Minmetals has been highly concerned with environmental protection through continuously improving the environment and safety management system, and the occupational safety and health conditions of its entities, participating in the environmental protection and improvement activities of the communities, and contributing to the occupational safety and health of employees, career development and the sustainable development of the host countries.

China Minmetals has long been committed to promoting sustainable development of the industry, building up its core competitiveness and realizing its own sustainable development in industrial restructuring, and improving the industry's capacity for sustainable development.

In the course of strategic transformation, China Minmetals has attached great importance to improving its corporate governance structure, innovating its management systems and mechanisms, aligning and optimizing its organizational structure, recruiting and developing management personnel, introducing modern management tools and employing information technology in its management, with the aim of enhancing its core competitiveness and gaining competitive advantages. The Corporation has been actively pushing forward management improvement in a bid to lay a solid foundation for its sustainable development.

## (II) Seizing Opportunities

### 1. Opportunities for sustainability

#### Opportunities from recovery of the overall economy

China's continuous, stable, healthy and rapid economic growth has brought about immense opportunities to China's metal and mineral industry and its enterprises. The trend of economic recovery is more evident in 2010, and China's economy maintains strong growth. The macro-economic environment is optimistic for development of the industry and its enterprises.

#### Opportunities from urbanization and industrial upgrade

In the long run, the development of emerging economies will maintain the driving force for the global metal and mine industry, and the future demand for and prices of metals and minerals will stay high. The continuous industrial upgrade and urbanization in China is to drive the development of real estate, processing and manufacturing, infrastructure construction, and thus the demand for metals and minerals. Compared with developed countries, China's consumption of metals per capita is still low, so there is much room for market expansion.

#### Opportunities from industrial restructuring in the country

The metal and mineral industry is a key area of industrial restructuring in the country. The governmental industrial policies encourage concentration of mining businesses, improvement of equipment technology, protective mining of resources, and development of large enterprises engaged in metal production and marketing, guiding the formation of a fair and orderly industrial pattern with effective competition.

### 2. Strategies and actions to seize the opportunities

In the context of rapid economic growth in China and historic opportunities, the professional and engaged management and employees of China Minmetals are committed to contributing more to the sustainable development of China and the world, with masterly production operation and capital operation and a strong sense of responsibility. The Corporation will achieve this through continuously consolidating its market role and foundation of resources, taking opportunities, implementing stable operating policies and prudent investment policies, enhancing the enterprise's core competitiveness, and securing the foundation for sustainable development. It will implement the strategies of responding to the industrial guidelines with effective, responsible operation philosophy and actions, taking the opportunities from China's continuous economic growth and the industrial development, promoting the awareness of and actions in responsibility performance in global operation, and comprehensively improving the management and performance of sustainable development.

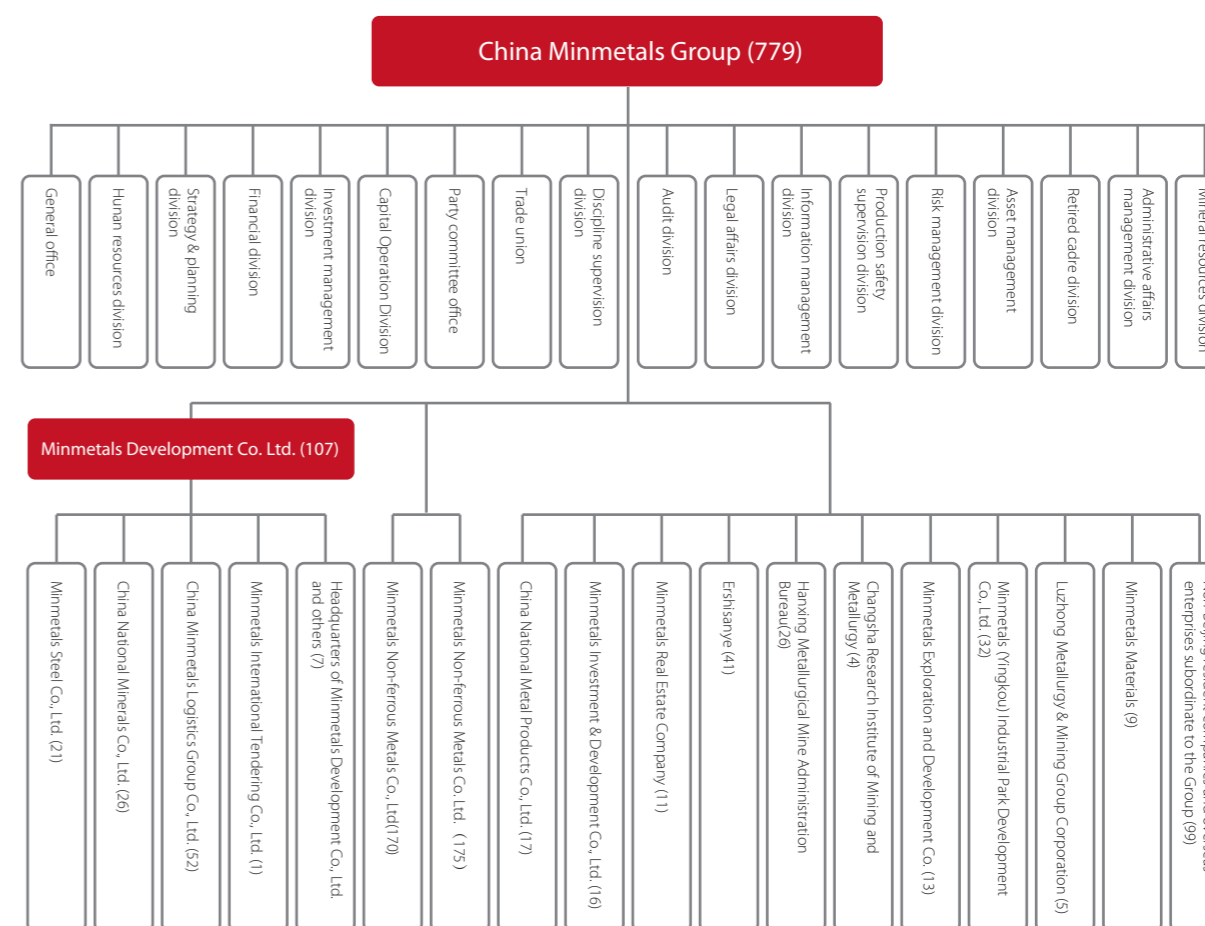
## About Us


### (I) Company Profile

China Minmetals Corporation, founded in 1950, is a large scale group engaged worldwide in exploration and development, refining and processing, trading and services of metals and minerals. It is also engaged in finance, real estate, logistics, and mining and metallurgical technology. In 1992, China Minmetals was listed among the first 55 pilot enterprise groups and seven authorized State-owned assets operators designated by the State Council, and in 1999, it was listed among the 44 "key State-owned enterprises". In 2007 and 2008, Minmetals won the title as an "Excellent Performing Enterprise" when the SASAC conducted an assessment of performance of all central enterprises during the initial term of its management (2004~2006) and was further rated as a Class A enterprise in 2007 and 2008 in performance assessments carried out by the SASAC. In 2008, the Corporation ranked No. 331 among the Fortune Global 500. It ranked the 9th among all metal industry companies globally. In 2009, despite the international financial crisis, China Minmetals realized revenues of RMB 170.474 billion, achieving a total profit of RMB 3.143 billion, with stable operation policies, and the global rankings of many key commodities of Minmetals remained stable and climbed slightly, successfully fulfilling the annual targets set by the SASAC. Minmetals took the historic opportunities from the financial crisis through capital operation to successfully acquire or reorganized four large metal and mineral enterprises, and realized great-leap-forward development.

After the test of the global financial crisis, China Minmetals now maintains a more stable production and operation order, and a more solid foundation with resources and management for sustainable development. Minmetals now has an optimized value chain for the core business of ferrous and non-ferrous metals and minerals, and maintains healthy operations in finance, real estate, logistics, as well as mining and metallurgical technology. Along with the market development, core business synergy, and optimization of industrial structure, the Corporation has realized great leaps forward in terms of its competitiveness, influence and control, and "an internationally competitive metal and mineral group" has started to take shape.

Minmetals is based on trading and relies on resources with intensive and diversified operations, works to develop marketing networks, continues to innovate, provides value-added services, and carries out win-win cooperation in a creditable manner. We have adhered to the Corporation's sustainability philosophy of "cherishing limited resources and pursuing sustainable development", in forging core competitiveness and exercising social responsibility, and worked to become a widely admired global group of metal and mineral enterprises.



 **Company name:** China Minmetals Corporation

**Legal representative and president:** Zhou Zhongshu

**Registered office:** No. 5, Sanlihe Road, Haidian District, Beijing, China 100044

**Registered capital:** RMB 5,258,864,000

**Scope of primary business:** Trading, logistics, futures and related services regarding metals and minerals; exploration and utilization of metals and mineral products; technical R&D, engineering design and related services in connection with metals and minerals; real estate development and operation.

## (II) Mission, Vision, Strategies and Values

Mission	<p>Provide quality service, and strive for excellence, meet long term demand of customers for metals and minerals to the greatest extent, and create maximum value for the society and shareholders.</p> <p>Safeguard the supply of metal and mineral resources for China, optimize the allocation of metal and mineral resources in the world, and contribute to the long-term sustainable development of China's economy; spare no effort to reduce risk and accident, minimize pollution and damage to the ecological environment; be people-oriented, realize harmonious development of both the Company and employees, and create maximum value for the society and shareholders.</p>
Vision	<p>Based on trading operations and relying on resources, Minmetals strives to become a world leading metal and mineral group.</p>
Values	<p>Integrity, responsibility, innovation and harmony</p> <p>Integrity is the base of survival, growth and goodwill of Minmetals;</p> <p>Responsibility is the essence of the operation of Minmetals;</p> <p>Innovation is an inexhaustible driving force for the development of Minmetals;</p> <p>Harmony is important for the smooth operation and sustained development of Minmetals.</p>
Strategic positioning	<p>The most advantageous metal and non-ferrous resources supplier in China; the largest iron ore supplier in China; and the largest iron and steel products circulation service provider in China with global impact.</p>

## (III) Corporate governance

China Minmetals is a State-owned enterprise registered according to the Law of the People's Republic of China of Industrial Enterprises Owned by the Whole People. The SASAC performs the responsibility as investor on behalf of the State Council. The State Council designates the Board of Supervisors of key large-scale State-Owned Enterprise, and the Board of Supervisors oversees the value preservation and increment status of state-owned assets according to the Interim Regulations on Board of Supervisors of State-Owned Enterprises.

The Corporation adopts the president responsibility system, and the president is the legal representative of the Corporation. The President Conference is the decision-making organ responsible for reviewing and deciding on major operational and management issues of the company. The Corporation has set up a number of committees, including the Strategy Committee, the Investment Committee, the Budget Committee, the Remuneration Committee, the Work Safety Committee and the Risk Management Committee, to provide support and recommendations for decision-making by the President Conference.

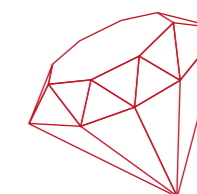
The Company convenes the Employees' Congress every year, on which leaders of the Group make reports to the workers representatives in connection with the operation and management of the company, important matters and decisions, and their conditions. Matters involving reforms, remuneration, welfare and benefits, and other matters involving immediate and vital interests of employees are subject to the approval of the Employees' Congress.

Domestic and overseas enterprises controlled by the Company have also established complete corporate governance structures according to the applicable laws and regulations. The Corporation excises its rights in and to its subsidiaries such as its rights to earnings on assets, major decision-making and selection of management according to the applicable laws and regulations.

The Corporation has enhanced the work related to designation of directors and supervisors to subsidiaries, and released the Process for Adjustment of Boards of Directors and Boards of Supervisors of Wholly-Owned Subsidiaries and Companies under the Direct and Indirect Control of China Minmetals Corporation in 2009. To improve the corporate governance structure of its subsidiaries, the Corporation adjusted the boards of directors and boards of supervisors of 31 subordinate companies, including Minmetals Development, Minmetals Non-Ferrous Metals and Minmetals Investment & Development, according to the process.



At the Eighth China Corporate Governance Forum held on December 18, 2009, Minmetals Development Co., Ltd. was granted the Information Disclosure Award of 2009 by the Shanghai Securities Exchange.



# Sustainability Management

## (I) Sustainable Development

### 1. Concept of Sustainable Development

Cherish Limited Resources and Pursue Sustainable Development

### 2. Vision of Sustainable Development

Building a responsible Minmetals and co-creating a bright future

### 3. Connotations of Sustainable Development

There is no boundary to the needs of human beings. However, the resources that can meet the needs of human beings are limited. Cherish Limited Resources and Pursue Sustainable Development is the understanding and pursuit of China Minmetals for its sustainable development. Building a Responsible Minmetals and co-creating a Bright Future is the vision of sustainable development of Minmetals.

To better meet the expectations of its stakeholders, Minmetals has been performing its social responsibility in every aspect of its global operation. We attach great importance to ecological environment protection, cherish and use limited resources in a reasonable way, dedicating ourselves to the career of becoming a leading mineral resource supplier in China, a responsible global enterprise with optimized mineral resource allocation. Striving according to our principle to Promote a Valuable Minmetals, Strengthen a Safe Minmetals, Boost a Green Minmetals, Strive for a Win-win Minmetals, Build a Global Minmetals, we work shoulder to shoulder with stakeholders for the realization of the sustainable development vision of Building a Responsible Minmetals and Co-creating a Bright Future.

#### Promoting a Valuable Minmetals

We have dedicated ourselves to strengthening our capability for resource security and providing mineral products and services to meet the increasing demand for mineral resources for social economic development. While guaranteeing and increasing the value of State-owned assets, we are also trying our best to create greater comprehensive value for stakeholders.

#### Strengthening a Safe Minmetals

We have dedicated ourselves to the promotion of work safety. Holding the belief that life is to be valued highly above all other values, we fuse the concept of safety into every procedure of production and operation. We continue strengthening our management system and rules for work safety and occupational health and safety. We have established a long-term work safety mechanism for effectively enhancing the level of safety.

#### Boosting a Green Minmetals

We have dedicated ourselves to environmental protection. We cherish the limited environmental resources and reduce the impact on the environment to the minimum. We carry out protective development and integrated use of natural resources, enhance the ability of the natural environment to provide sustainable support and supplies for social economic development, and create a bigger green space for the sustainable development of human beings.

#### Striving for a Win-win Minmetals

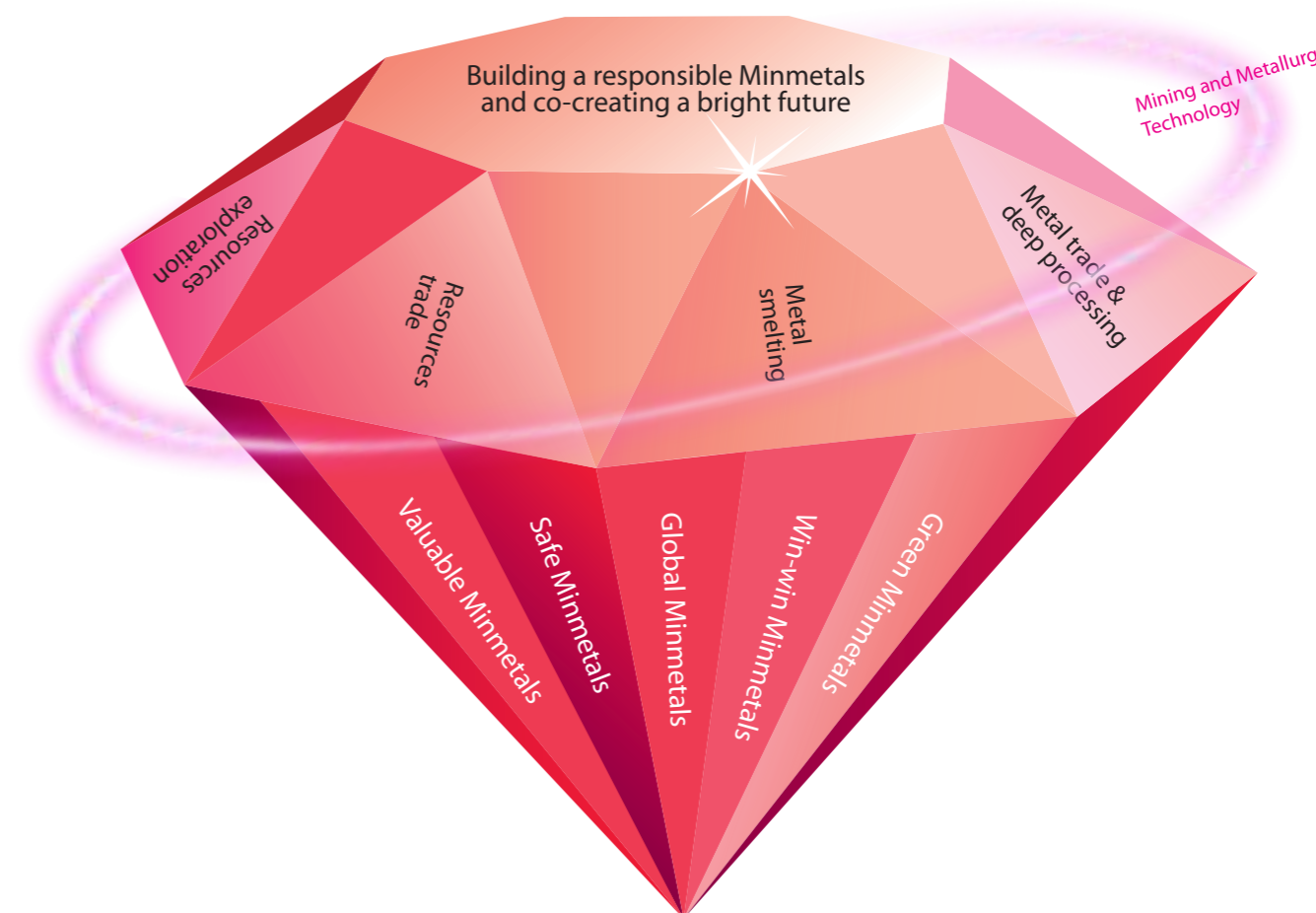
We have dedicated ourselves to the establishment of harmonious cooperation with stakeholders. We communicate actively with stakeholders, perform our responsibilities to our employees, clients and governments, seeking common benefit with all stakeholders.

## Building a Global Minmetals




We have been dedicating ourselves to sustainable community development. By upholding the values of integrity, responsibility, innovation and harmony, we take improving the life of community residents and promoting social economic development of communities as an important responsibility and obligation of the Corporation, and seek to build a widely respected global mineral group.

## (II) Diamond Model for Sustainable Development

The concept of sustainable development of Minmetals can be vividly summarized in the Diamond Model as follows:



### (III). Participation of Stakeholders

Stakeholders	Description	Expectations for Minmetals	Communication Methods	Main Indicators
<b>Government</b> 	Chinese government and local governments of business location	Actively implement State macro regulation, carry out industrial integration according to State plans for boosting steel and non-ferrous metal industries; strengthen supervision on work safety, and protect the environment.	Formulate laws, regulations and policies, participate in meetings, make specific reports, submit statistic statements and make visits	Total tax paid Number of employees
<b>SASAC</b> 	Exercise rights and responsibilities of investor on behalf of the State	Ensure value preservation and appreciation of State-owned assets, improve corporate governance structure, focus on primary businesses, improve international competitiveness of the enterprises, and actively implement State policies on energy saving and emission reduction to achieve green operations.	Formulate rules and regulations, propose work targets, make performance assessment standards, report work, and submit statistics statements.	Revenues from primary business operations, total profit, ROE, value preservation and appreciation ratio of State-owned assets
<b>Employees</b> 	All members within the organizational structure of the Corporation	Protect the rights and interests of the employees, provide stable job opportunities and reasonable and fair remunerations, improve the channels for career development of employees, and provide a safe and healthy work environment.	Establish labor unions at various levels, hold the Employees' Congress regularly, establish sound internal communication channels	Rate of employees having concluded labor contracts, rate of employees having social insurance, rate of employees turnover, investment for employee training, number of proposals for the Employees' Congress
<b>Customers</b> 	Users that purchase products or services from the Corporation	Keep promises, provide high-quality and cost-effective products and services, and realize equal and mutual-benefit cooperation.	Communicate closely with customers, strictly perform contracts, and provide abundant information for products and services	Customer credit rating, level of customer satisfaction
<b>Business partners</b> 	Suppliers, contractors, financial institutes, research institutes and consultancy institutes	Abide by business ethics, laws and regulations, establish long-term cooperation, reach mutual benefit	Strategic cooperation negotiation, executive meetings, bidding activities, daily communications, regular visits	Status of performance of agreements and contracts
<b>Investors and Creditors</b> 	Holders of stocks and bonds of the Corporation and its subsidiaries	Keep increasing the value of the Corporation, lower risks, operate on a stable basis, make debt service per schedule, and pay dividends.	Accurate and instant information disclosure, regular visits, annual reports, meetings of shareholders	The Corporation credit rating, equity interests of minor shareholders
<b>Community and the public</b> 	Location of business and operation	Promote the capability of sustainable development of community economy, support public welfare programs, protect community environment, and strive for common development.	Sign joint construction agreement, participate in construction of community projects, regular communication, and hold get-together activities	Investment for community building, donation for community welfare programs
<b>NGOs</b> 	International organizations, industrial associations and local organizations, etc	Support social organizations, abide by the charters of the organizations, strengthen disclosure of operational information, and support environmental protection and other public welfare programs.	Actively participate in relevant meetings, support continuous improvement, and propose suggestions and advice	Number of memberships to industrial organizations and associations, investment for public welfare

### 1. Selection of Sustainable Development Issues

Minmetals, while performing its social responsibilities, attaches great importance to the establishment and improvement of a mechanism of stakeholder participation. In selecting issues for sustainable development, we make full reference to social responsibility standards and best practices of international corporations, taking into consideration the Corporation's development strategy and features of the industry as well as the expectations and requirements of stakeholders, to select sustainable development issues in a scientific and reasonable way.

### 2. Procedure for Selection of Sustainable Development Issues



### 3. Minmetals Memberships with Major Social Organizations

Minmetals Memberships with Major Social Organizations	
Name	Position
China Iron and Steel Association	Permanent Standing Director
China Nonferrous Metals Industry Association	Vice President
Chinese Association of Mineral Resources Appraisers	Permanent Standing Director
China International Freight Forwarders Association	Vice President
Metallurgical Mines Association of China	Member
China Customs Brokers Association	Vice President
China Investment Association	Director
China Association of Work Safety	Permanent Standing Director
China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters	Vice President
China Chamber of Commerce for Import and Export of Machinery and Electronic Products	Director
China Chamber of International Commerce	Vice President
China Mining Association	Member
China Council for the Promotion of International Trade	Commissioner
China Council For International Investment Promotion	Vice President
Fudan Premium Fund of Management	Director
UN Global Compact	Member
China Center for International Economic Exchanges	Director
Chile Entrepreneur Commission	President of Chinese Side
China-Brazil Entrepreneur Commission	President of Chinese Side

### (IV). Responsibility Promotion

Effective social responsibility management is the foundation for sustainable development of a company. China Minmetals actively improves its system for social responsibility promotion management and keeps improving the efficiency of performance of social responsibility through various methods and communication with stakeholders.

#### 1. Enhancing Structural Construction and Strengthening Responsibility Management

As an answer to the call of SASAC for responsibility performance, in order to play the leading role of State-owned companies in performing social responsibility and guarantee orderly and effective implementation of works concerning social responsibility, China Minmetals has set up an organ for social responsibility management. The President Conference is responsible for overall social responsibility work of the Corporation. The Department of Corporate Social Responsibility is established under the General Office of the Corporation to be in charge of detailed promotion and implementation of works concerning social responsibility of the Corporation.



#### 2. Improving the Mechanism for Participation of Stakeholders and Strengthening Communication

The trust and support of stakeholders are the motivation and guarantee for the sustainable and healthy development of the Corporation. China Minmetals has made great efforts to promote and communicate social responsibility to its employees in order to raise their awareness, seeking to transform the concept of "cherishing limited resources and pursuing sustainable development" into voluntary fulfillment of responsibilities by its employees. In addition, we have improved the mechanism for participation of stakeholders and strengthened disclosure of responsibility information to jointly promote sustainable development.

## Compilation and Release of Corporate Sustainability Report

Compilation and release of an annual sustainability report has been an important mechanism for stakeholders to participate. The Corporation has issued the Sustainability Report of China Minmetals Corporation for two consecutive years since 2007. The report is made according to the Guiding Opinions of SASAC for State-owned Enterprises to Perform Social Responsibility with reference to the Guideline for Sustainability Report (2006) and COP Guideline of the UN Global Compact, disclosing to stakeholders fully and accurately the responsibility concept, management system, practices and results of responsibility performance of the Corporation. In 2009, the first English version of the Sustainability Report was issued for better international communication. An independent third-party certification by an internationally reputable organization was introduced for the first time in the mineral industry of China to increase the credibility of the report. The compilation and release of the report enhanced the improvement of the responsibility management system and the management level of the Corporation, effectively promoting the brand image of the Corporation as a responsible corporate citizen.



President Zhou Zhongshu delivered a speech at the Release Conference of Sustainability Report 2009



Peng Huagang, Director of Research Bureau of SASAC, delivered a speech at the Release Conference of Sustainability Report 2009

## Boosting Communication on Social Responsibility

China Minmetals attaches great importance to communications on experiences in social responsibility performance. While sharing our own experience, we also actively learn from best practices for social responsibility performance globally to further improve our work in this regard.



In August 2009, President Zhou Zhongshu delivered a speech as a representative of enterprises at the Release Conference of China Development Bank Social Responsibility Report 2008



Leader of China Minmetals Corporation attending the 5th China International Forum on Corporate Social Responsibility — Dialogue on Social Responsibility of Overseas Chinese Companies

## 3. Trainings on Social Responsibility

Trainings on social responsibility of enterprises is of great importance to the improvement of work concerning the performance of social responsibility of Minmetals. Through organizing activities such as senior executives communication meetings on social responsibility and special trainings on social responsibility, China Minmetals has successfully reached common sense among staff and improved their awareness of responsibility.



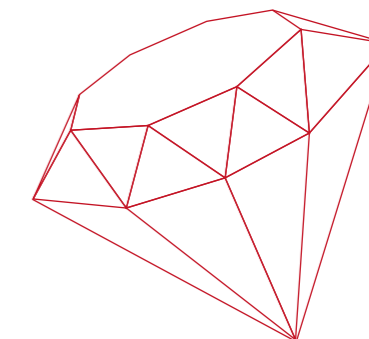
On September 17, 2009, more than 30 executives led by President Zhou Zhongshu attended the communication meeting on corporate social responsibility. Ms.Chen Ying, Director of Board of UN Global Compact exchanged opinions with the attending leaders on issues including new trends of the Global Compact and corporate social responsibility, and the relationship between social responsibility performance and company sustainability, etc.



On June 22, 2009, China Minmetals Corporation organized the "Workshop on Corporate Social Responsibility and Skills for Compiling Sustainability Reports". Experts from the China network center of UN Global Compact were invited to give lectures on social responsibility and relevant issues. More than 50 staff members from various functions of the Corporation and its subsidiaries attended the training session.

## 4. Joining the United Nations Global Compact

See P10. Joining the United Nations Global Compact and creating value through responsibility communication



## (V). Social Appraisal

In 2009, the efforts of China Minmetals in social responsibility obtained wide recognition internationally. We have won several awards in selection organized by domestic and international organizations. Minmetals was named the Best Company for Social Responsibility 2009 at the 5<sup>th</sup> China International Forum on Corporate Social Responsibility at which President Zhou Zhongshu was present and delivered a speech as the sole representative for entrepreneurs. Mr. Hua Jianmin, Vice Chairman of the National People's Congress attended the forum and gave out the awards. Mr. Hua extended his congratulations to Mr. Zhou and praised Minmetals for its achievements in 2009.

### Case



Mr. Hua Jianmin, Vice Chairman of the National People's Congress presented the award to Mr. Zhou Zhongshu



Mr. Zhou delivered a speech on the forum



Top 10 Green Companies 2009, given by Fortune (Chinese)



President Zhou Zhongshu was honored as the Top 25 Most Influential Commercial Leaders 2009, given by Fortune



Golden Bee Award 2009 for corporate leaders with excellent CSR Report, given by WTO Economic Journal of the Ministry of Commerce



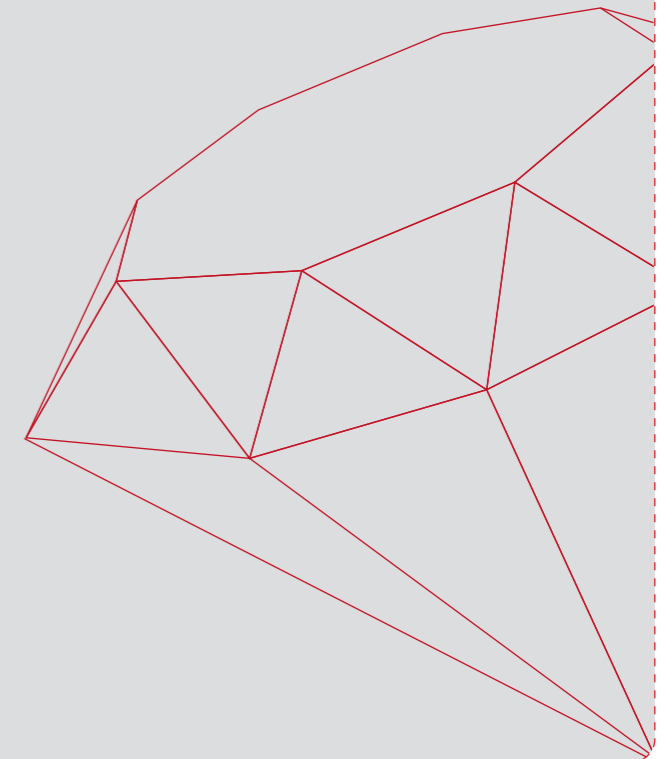
Excellent Individual for Supporting the National Day Parade at the 60<sup>th</sup> Anniversary of PRC, given by SASAC



Excellent Social Responsibility Practice for State-owned Enterprises 2009, given by SASAC



Role Model Unit for Supporting the National Day Parade at the 60<sup>th</sup> Anniversary of PRC, given by SASAC



# 1 Sustainable Operation

## --- Upgrading a More Valuable Minmetals

- ◆ Achieving positive results in coping with the financial crisis and improving corporate strength through robust operations 28
- ◆ Seizing historic opportunities and promoting growth through capital operations 35
- ◆ Stepping up efforts to consolidate foundations and improve competitiveness through better management 53



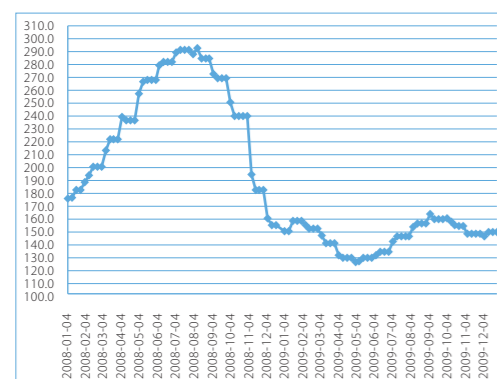
Sustainable operation is a prerequisite and foundation for an enterprise to continuously exert its core social functions, create values for its stakeholders and serve social and economic development. In 2009, China was faced with its most difficult period of economic development in the new century, while the global metal and mining industry was hard struck by the financial crisis. Against all the odds, upon its 60 years of experiences in the metal mining industry, its profound understanding of the basis of industrial development and its solid foundation of robust sustainable operations and strong growth laid down over the past nine years, China Minmetals successfully made historical breakthroughs in its strategic transformation. The Corporation made rational decisions, turned crises into opportunities and formed a sustainable development pattern propelled by its "two driving wheels" of production operation and capital operation. All such efforts enabled the Corporation to consolidate and raise its position in the industry and brought to a new height its ability to serve social and economic development and to create value for stakeholders.

## (I) Achieving positive results in coping with the financial crisis and improving corporate strength through robust operations

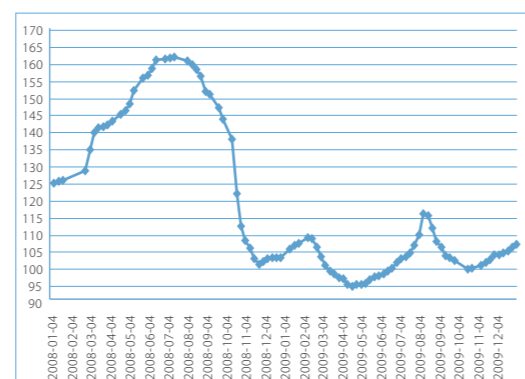
In 2009, the global financial crisis continued to spread, having a huge impact on the global metal and mining industry. International trade volume plummeted, and prices of major metallic mineral products experienced large fluctuations and remained at a low level. Metal & mining enterprises worldwide saw a general drop in sales and a much weakened earning power. Industry-wide losses presented an unprecedented challenge to production and operations.

Changes in Major Metal & Mineral Product Prices in China and the Rest of the World, 2008-2009

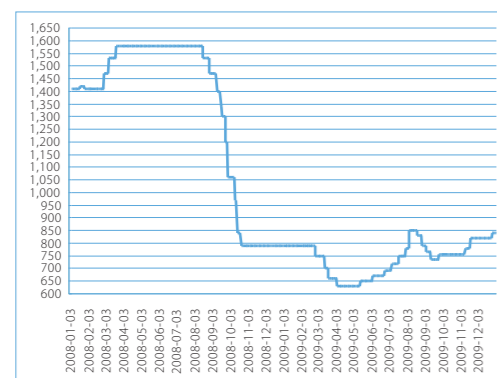
Trend of International Iron & Steel Price Index (CRU)



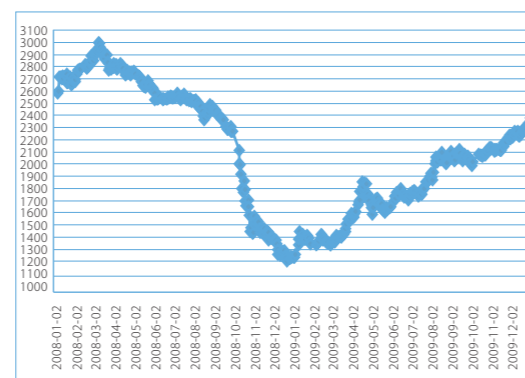
Trend of Domestic Iron & Steel Price Index (China Iron and Steel Association Iron & Steel Composite Price Index)



Changes in Fine Iron Powder Price: Han Xing (66% dry base without tax)



Trend of Shanghai Nonferrous Metal Price Index (SMMI)



## 1. A scientific approach to decision-making and dynamic adjustment

In the face of an extremely severe and difficult situation, China Minmetals adopted the Scientific Development Outlook as its overall guiding thought and carried forward the sustainable development philosophy to achieve rational judgment and strong decision-making. The Corporation resolutely took development as its primary task, stressed the need to overcome the tremendous test of the financial crisis through robust operations and moved forward jointly with its stakeholders to overcome the difficulties. At its annual working conference held in early 2009, the Corporation specifically put forward the overall principles and basic guidelines for robust operations, namely "take stability as the primary task and strictly control risks", "adjust structure and overcome shortcomings" and "seize opportunities and pursue growth amidst stability".



The 2009 Annual Working Conference of the Corporation

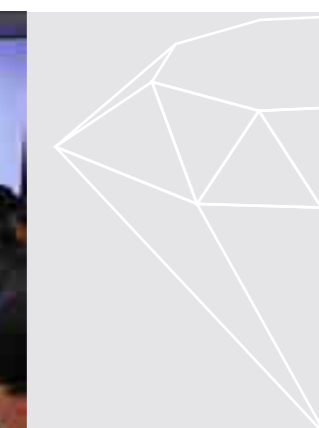
Considering the rapid changes in the external situation in 2009, the Corporation attached great importance to strengthening sound strategic study and judgment in deciding the various principles and strategies for coping with the financial crisis and carrying out robust operations. It stressed the need to accurately grasp the internal and external situation and promptly adjust operational strategies. The Corporation successively held three strategic consulting meetings to effectively improve scientific decision-making and operational strategy implementation and promote stable business growth.

In 2009, the Corporation dynamically adjusted its operational strategies through strategic consulting meetings.

First Quarter Strategic Consulting Meeting	Second Quarter Strategic Consulting Meeting	Third Quarter Strategic Consulting Meeting
Stress the need to establish awareness of three factors, speed up operational and management adjustment, and raise the level of scientific development. Encourage all operating units to seize opportunities, and adopt "extraordinary measures of an extraordinary year" to smoothly weather over the crisis.	Put forward the tasks to work on adjustment, expand market share and lower cost, and strive to fulfill the challenging annual targets of the Corporation.	Call for efforts to seize the window of opportunity for economic recovery, resolutely take "tapping the market" as the primary task, continuously push forward adjustment and optimization efforts to reach a new standard and achieve great new progress in the next 3 years. Make maximum efforts to expand market share, guarantee the fulfillment of the set targets and promote growth.



The Corporation Holds Third Quarter Strategic Consulting Meeting on October 27, 2009



### Stakeholder Q&A:

Question: What operational difficulties has the financial crisis caused to China Minmetals? What strategic decisions has the Company taken to cope with them?

Answer:

1. The financial crisis has caused four major difficulties to the Corporation:

- ◆ Falling market: The Corporation has witnessed impact on its five major industries. It faces even greater challenges in the ferrous and nonferrous metals industries, which are two core industries of the Corporation;
- ◆ Blocked growth: Starting from Q4 2008, the Corporation has seen a change in nine consecutive years of business and profit growth, with its growth momentum being restricted;
- ◆ Stock build-up: Sluggish sales due to a low market have resulted in rising stocks of iron alloy and steel;
- ◆ Increasing defaults: As the market turns sluggish, some cooperative enterprises upstream and downstream have come across internal operational problems and downgraded credit ratings. The Corporation has seen more instances of goods payment delays, goods supply suspensions and other contract defaulting.

2. The three principles which the Corporation adheres to in its production and operations:

- ◆ Take stability as the primary task and strictly control risks: When the market situation is not yet clear, the Corporation's most important course has been to maintain a firm footing and carry out robust operations;
- ◆ Adjust structure and overcome shortcomings: The Corporation has called upon all its subordinate companies to give greater consideration to structural adjustment, look for the biggest constraint factors in corporate development, identify disadvantages and bottlenecks which restrict businesses and pool resources to address them;
- ◆ Seize opportunities and pursue growth amidst stability: The only way to take initiative is to seize opportunities. The Corporation has striven to seize the opportunity of the State's drive to stimulate domestic demand, the opportunity of M&As resulting from the periodic adjustment of the international industry and the opportunity of accelerating restructuring of central enterprises.

3. The four imperatives which we stick to:

- ◆ Scientific development must be pursued, a clear mind must be maintained, growth must be sought amidst stability and regulations and orders must be followed.

## 2. Actively tapping the market and opening up new business sources

In accordance with a development approach of pursuing growth amidst stability, the Corporation actively overcame a grave market situation and adopted extraordinary measures in an extraordinary year. It made maximum efforts to seize opportunities, increase market share and continuously expand business areas, achieving remarkable results in opening up new sources of business. In 2009, the Corporation saw its steel and billet business volume reaching 16.26 million tons. Its coal, rare earth, iron ore and electrolytic copper business volume was up by 154%, 82%, 70% and 48% respectively over the previous year. Customs statistics put the Corporation on top in terms of steel and coal imports as well as exports of rare earth, fluoride stones, silicon carbide and ferro-tungsten. Its coal and iron ore imports both topped 10 million tons. With notable rises in its rankings on the steel, iron ore and electrolytic copper imports tables, the Company continuously consolidated its position in international trade and improved its position in the metals market.



### Case The Corporation's Rankings in Major Commodity Markets

In 2009, the Corporation was on China's Top 20 Trading List for a total of 31 commodities. As for export trade, it accounted for 2.8% of China's total coal exports. The figures for other products were as follows: antimony oxide, 8.8%; tungsten oxide, 11.8%; ammonium paratungstate, 11.2%; tungsten powder, 14.8%; and silver, 4.4%. As for import trade, the Corporation accounted for 9.2% of China's overall coal import. The figures for other products were as follows: alumina, 8.4%; chromium ore, 5.9%; and manganese ore, 4.1%. In addition, the Corporation saw its steel trade account for 1.7% of China's total apparent steel consumption.



### Case All subordinate companies of the Corporation energetically expanded market share and expand business niches.

- ◆ Minmetals Non-ferrous Metals Co. Ltd. fully leveraged the domestic and international markets and promoted current period business operations through long-term contracts. Its operating revenues reached a new height in 2009, up by 25.51% over the previous year.
- ◆ Jiangxi Tungsten Industry Group Co., Ltd. overcame major flooding and other natural disasters. Through strengthening internal resource allocation, it organized the "Becoming Marketing Heroes" program among its employees in an effort to attract orders and keep customers and produced good business results. The company won the title of "Outstanding Enterprise of Jiangxi Province".
- ◆ China National Minerals Co., Ltd. promptly shifted its business focus to import and domestic trade, improved market research and judgment, and optimized operational models. It made integrated supplies and joint transactions with key steel plants and increased its commodity trading volume by 47% over the previous year.
- ◆ All the financial operations of the Corporation were innovative with their business models, opened up external markets and rapidly expanded their businesses, achieving operating revenues four times as great as in the previous year.
- ◆ Minmetals Logistics Group Co., Ltd. fully advanced professional logistics services and saw its total freight volume up by 50% over the previous year.
- ◆ China Minmetals' four real estate and construction enterprises, Minmetals Real Estate Co., Ltd., Minmetals Land Limited, Minmetals (Yingkou) Industrial Park Development Corporation and Ershisan Construction Group Co. Ltd, seized favorable opportunities in the market, stepped up sales efforts and project operations and improved fund use efficiency.
- ◆ Overseas branches effectively seized import opportunities to actively expand third-country trade and successfully overcame the sluggish international market.



### 3. Lowering cost, cutting expenses and improving efficiency

The Corporation actively implemented the "belt tightening" requirements of the State-owned Assets Supervision and Administration Commission under the State Council, and adopted a strategy of giving equal importance to opening up new sources of revenues and saving on costs. It stepped up its cost management and greatly reduced expenditure, achieving notable results in lowering cost and improving efficiency.



#### Case

All subordinate companies of the Corporation actively reduce costs and improve efficiency.

- ◆ Jiangxi Tungsten Industry Group Co., Ltd. and Shanxi Guanlv Co., Ltd. adopted various measures and reduced their costs by RMB88 million and RMB40 million, respectively.
- ◆ Minmetals Development Co., Ltd. adjusted the RMB and USD loan structure of all its business units to maximally use low-cost funds. Its Minmetals (Hunan) Ferro-Alloys Co., Ltd. reduced production costs by RMB60 million through process technology innovations.
- ◆ Minmetals Steel Co., Ltd. saved financial costs of RMB56 million through import financing and bill discounts.
- ◆ China National Minerals Co., Ltd. rationally arranged its funds structure and reduced its financial expenses by RMB130 million on comparable terms.
- ◆ All the financial branches fully leveraged their advantageous status and raised RMB2 billion of low-cost funds and saved on financial expenses by approximately RMB130 million.
- ◆ Minmetals Real Estate Co., Ltd. energetically strengthened planning, tendering and construction plan optimization for its branches and saved costs of RMB80 million.

### 4. Forming business synergy to generate a joint force

With the continuous optimization of its business structure and the continuous improvement of its business value chain, the Corporation has continuously expanded opportunities for business synergy. By focusing on system construction and corporate cultural building, the Corporation utilizes assessment and incentives as the driver to fully tap the large-scale, industrialized and integrated collaboration potentials inside and between its prime businesses. The Company has continuously pushed forward business synergy at the sales, operation and resources levels, leveraged its conglomerate advantages, provided integrated services and more effectively created value for customers.

In 2009, the Corporation smoothly advanced its business synergy and achieved good results, making business synergy an important means to improve corporate competitiveness in the financial crisis. Taking trade, financial services, logistics and technology as the foundation, the Corporation actively developed its value-added services abilities. With mining, smelting and processing as the support industries, it gave priority to developing key businesses and turned them into strategic control points to support services on a reciprocal basis. It also achieved the mutual promotion and complementarity of services and physical businesses, provided total solutions to customers and formed greater competitive advantages.

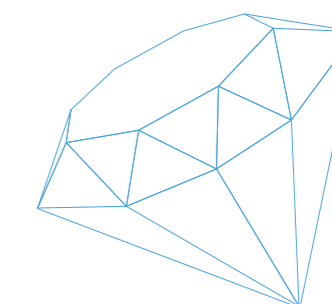
#### Award-Winning Business Synergy Projects Selected by the Corporation for 2009

Since 2007, the Corporation has carried out annual business synergy assessments. An important part of this exercise is the Annual Business Synergy Award selection, which is designed to advocate a collaborative culture, encourage collaborative efforts and build the overall competitive advantages of the Corporation.

Award	Business Synergy Project	Winner
First Prize	China Metals Products Imp. & Exp. Co. helped Minmetals Steel Co., Ltd. and China National Mineral Co., Ltd. to operate special trade businesses.	China Metals Products Imp. & Exp. Co.,
Second Prize	Financial branches of the Corporation, known as the financial block, or arm, assisted Minmetals Non-ferrous Metals Co. Ltd. and Henan Wanji Aluminum Industry Stock Co., Ltd. in concluding an alumina supply and electrolytic aluminum procurement contract.	The financial block
	Minmetals Australia Pty. Ltd. assisted China National Minerals Co., Ltd. to push forward the chromite resources development project in South Africa.	Minmetals Australia Pty. Ltd.
Third Prize	China National Minerals Co., Ltd. provided Ershisanye Construction Group Co. Ltd. with equipment reconstruction and repair services.	China National Minerals Co., Ltd.
	Minmetals Zhenjiang Import and Export Trading Co., Ltd. offered steel processing services to Minmetals Materials (Changshu) Management Co., Ltd. and assisted them in resuming normal operations.	Minmetals Zhenjiang Import and Export Trading Co., Ltd.

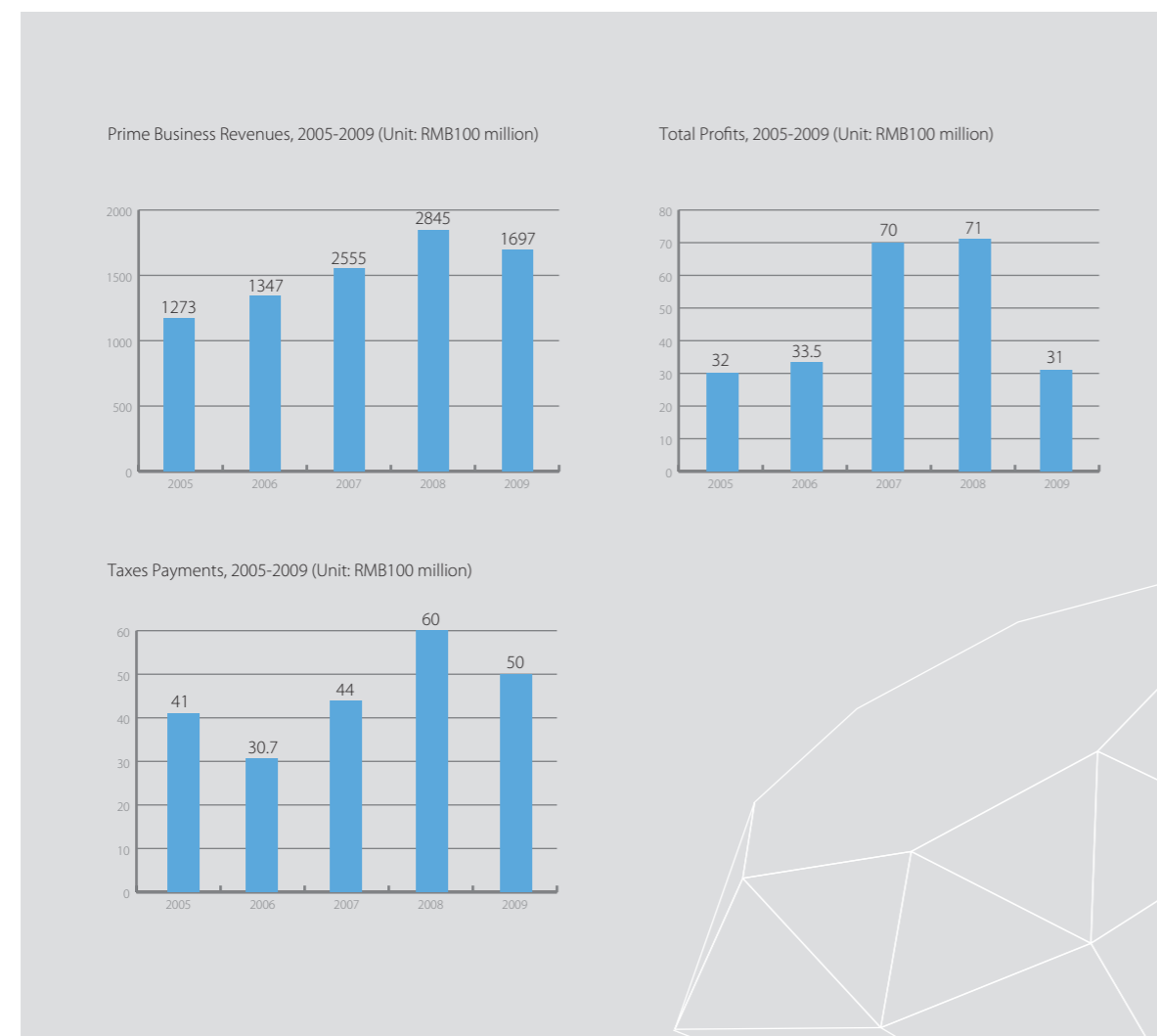
#### Outstanding Business Synergy Companies Selected by the Corporation for 2009

Award	Winner
Outstanding Business Synergy Company	Minmetals International Tendering Co. Ltd.
	Minmetals (Yingkou) Industrial Park Development Corporation
	Ershisanye Construction Group Co. Ltd.



## 5. Business performance indicators gradually improving

Thanks to a series of prompt and effective coping measures, the Corporation achieved robust operations against all the odds in 2009, maintaining relative business stability and overall profitability. For the whole year, its overall revenues amounted to RMB170.474 billion, and total profits amounted to RMB3.143 billion. With this, the Company fully measured up to the annual business assessment indicators assigned by the SASAC. Despite the impact of the global financial crisis, it effectively preserved and increased the value of its State-owned assets, with a value preservation and increment ratio of 111.89%. Its tax payments reached RMB4.97 billion.



China Minmetals wins wide recognition for its business performance and notably improves its standings on various ranking charts.

Fortune's Top 500 Companies for 2009	The Corporation jumped to the 331st place, 81 places up from the previous year. It ranked ninth among all metal industry companies globally.
China's Top 500 Companies for 2009	The Corporation ranked 21st, 3 places up from 2008.
China's Top 500 Manufacturing Enterprises for 2009	The Corporation ranked 3rd.

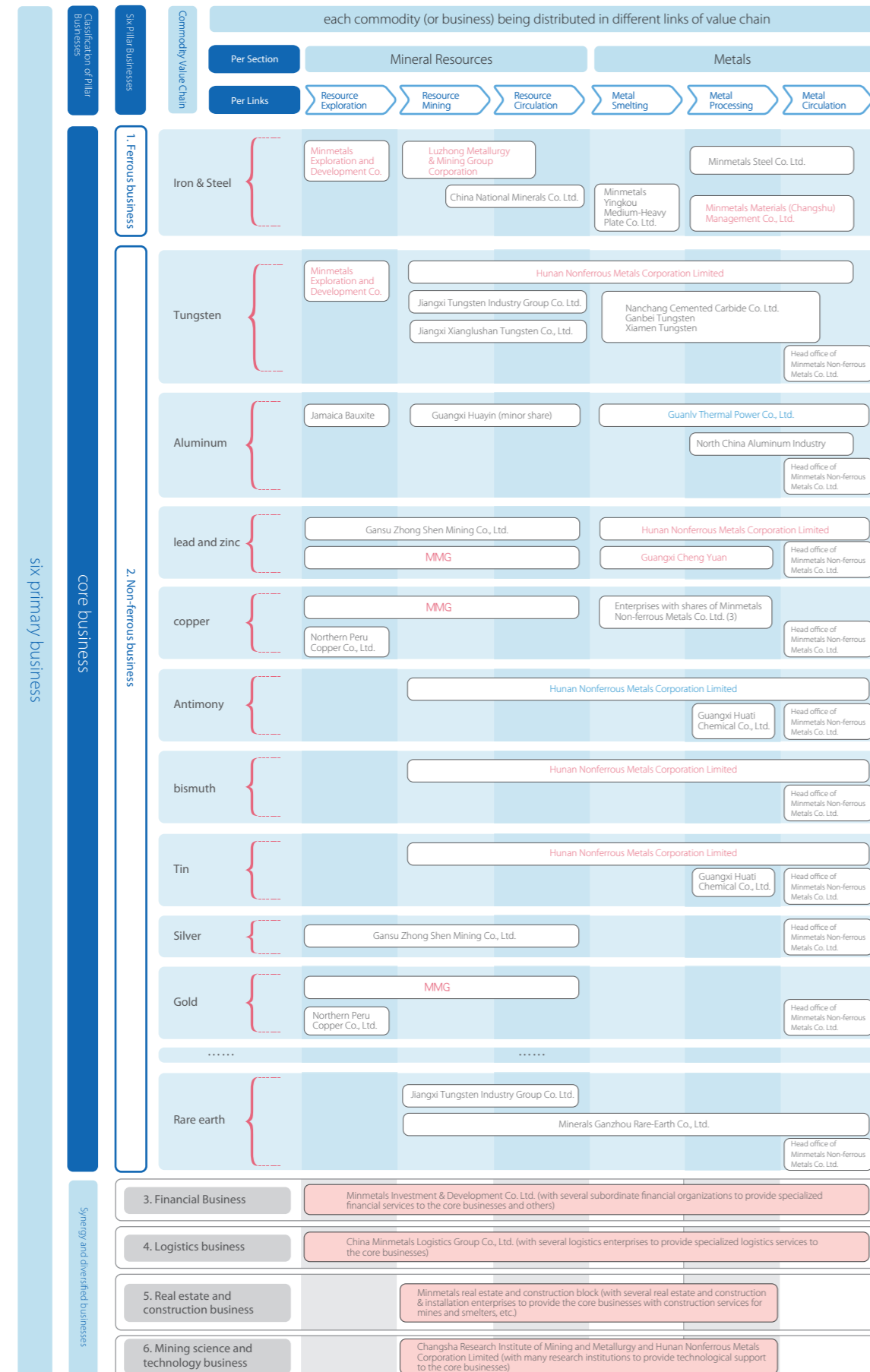
## (II) Seizing historic opportunities and promoting growth through capital operations

In 2009, the global financial crisis produced abrought impact on the development pattern of the global metal mining industry. Some historic opportunities for industrial restructuring emerged. The Corporation cherished the rare opportunities, made headway against adversity and pushed forward its great-leap-forward development through capital operations, greatly raising its level of industrialization and internationalization. It continuously improved its business structure and value chain and made historical breakthroughs in its strategic transformation, making a breakthrough step forward in approaching its strategic goal to be an internationally competitive metals mining conglomerate.

### 1. Business structure was further improved

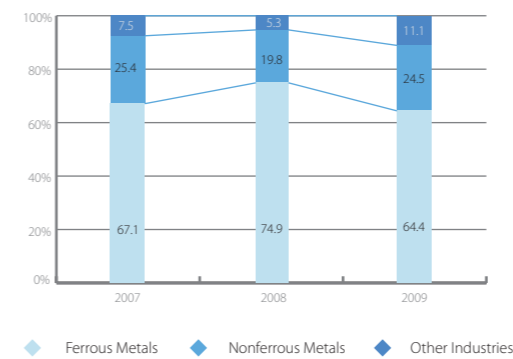
Driven by major breakthroughs in its strategic transformation in 2009, the Corporation continuously improved its business structure and formed a preliminary layout in the six major primary businesses of ferrous metals, nonferrous metals, financial services, logistics, real estate and R&D. Its grand mining and grand logistics pattern started to take shape, while its business portfolios were more rational and the foundation for sustainable development was further consolidated.

### Chart of Business Portfolio and Value Chain Distribution of China Minmetals Group

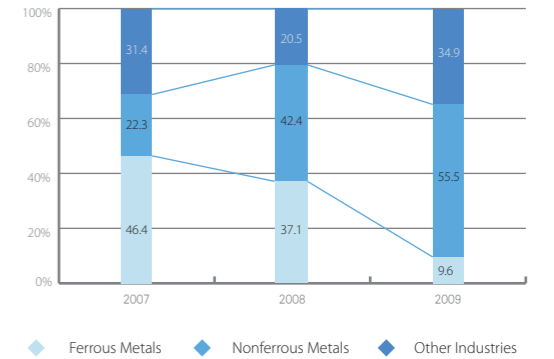


Despite a very difficult ferrous and non-ferrous operating environment in 2009, the Corporation still achieved outstanding performance in the industry. Ferrous and non-ferrous businesses were still the main source of operating revenues and profits for the Corporation, with ferrous metals contributing to over 60% of its primary business revenues. Among the top five operating revenue contributors, steel, iron ore and billet, all belonging to ferrous goods, accounted for almost 50% of the Corporation's overall operating revenues, becoming a stable source of contributions to the steady business growth of the Company. With the joining of Luzhong Metallurgy and Mining Group Corporation, Changsha Research Institute of Mining and Metallurgy, and Minmetals Materials, the Corporation has strengthened its ferrous businesses and growth reserve force. Despite the financial crisis, its nonferrous metal businesses yielded excellent results in both "production operations" and "capital operations", contributing to over 20% of the total operating revenues and over 50% of the total profits of the Corporation. Historical breakthroughs were also made in M&As and restructuring both at home and abroad. The successful acquisition of OZ Mineral and Hunan Nonferrous Metals Co. Ltd. both laid a solid foundation for the Corporation's great-leap-forward development in the post-crisis era. This is a milestone in the Corporation's effort to become a world-class nonferrous business and contribute to the Corporation's smooth strategic transformation.

Contributions From Two Leading Core Industries to the Corporation's Primary Business Revenues, 2007-2009



Contributions From Two Leading Core Industries to the Corporation's Total Profits, 2007-2009



The financial block of the Corporation based on internal financial services and collaboration to promote the integration of businesses with finance and introduced financial investment services with value appreciation potentials in the market, in a bid to establish on the Corporation level a financial business operation platform, an internal financial services platform and an assisting industry investment platform and set up a financial holding company with China Minmetals' unique advantages. In 2009, the financial block revised and improved the Strategic Positioning and Business Portfolios of China Minmetals' Financial Block. Through efforts to adjust mechanisms, strategies and organization, controlling cost, improving performance and seizing market opportunity, the Corporation successfully took a controlling share of Qinghai Tinhtic Trust and left its business platforms further optimized, resources allocation more rational and capital reserves more ample. It also achieved notable progress in combined swap and futures businesses. This has greatly improved the growth quality and reserve strength of its financial block. For the whole year, the financial block achieved a prime operating revenue of RMB4.48 billion, marking a four-fold year-on-year increase, while total profits approached RMB630 million.

#### Case

Minmetals Investment and Development Co., Ltd. made substantive progress in gaining a controlling share in Qinghai Tinhtic Trust Co., Ltd. by reaching a framework agreement with the Qinghai Provincial Government. Following the restructuring, Minmetals Investment and Development Co., Ltd. will have a 66% stake in Tinhtic Trust. This will improve the financial services and capital operation platforms of the Corporation.



Note: Fonts in light pink are enterprises which joined the Group in 2009. Value chain links covered in pink boxes means the major business of the project has synergy with the several value chain links of the core business

Centering on a strategy of “developing bigger and more competitive logistics and services and building the largest professional metal mineral product logistics group”, the Corporation has nurtured and improved its integrated logistics services abilities through establishing new organizational forms. In 2009, the Corporation comprehensively strengthened its logistics infrastructure and regional network layout. Its integrated port logistics businesses grew steadily, while its financial logistics and other new businesses expanded rapidly. Unified goods storage management progressed, while internal logistics synergy produced notable results. The Company improved its integrated logistics services abilities and overall business profitability. For the whole year, the Corporation saw its total goods freight volume reaching 90.14 million tons, up by 50% over the previous year, generating RMB7.128 billion in operating revenues and a profit of RMB102 million. Of this, import and export freight volume amounted to 78 million tons, up by 50% over the previous year, while domestic trade volume stood at 8.8 million tons, up by 23%, and marketed freight volume 57.70 million tons, up by 27%.



Minmetals Logistics won the honor of “China’s First-Choice Logistics Service Brand for 2009”.



China Minmetals is one of the 16 central enterprises approved by the SASAC to have real estate development as one main line of business. During the Eleventh Five-Year Plan Period, the four real estate enterprises of the Corporation grew fast, both in terms of development scale and returns. In 2009, the four companies achieved a total prime operating revenue of RMB7.069 billion and a total profit of RMB431 million. In an effort to strengthen its real estate block, promote resources integration and improved capability, push forward business restructuring and regional agglomeration and raise the notability and reputation of Minmetals’ real estate brand, the Corporation revised its three-year rolling real estate business development plan in 2009. It also actively pushed forward the internal integration of its real estate businesses and preliminarily established an organizational management model in which the four regional companies are placed under the uniform management and monitoring by the real estate and construction headquarters. Looking into the future, Minmetals Real Estate will grow into a real estate developer which will command a good reputation and a certain influence in China and become an important profit center of the Corporation.



Case

The Minmetals Industry Park, the first industry park developed by an enterprise in China is a core project for the Corporation to undertake strategic transformation and enter the industrial real estate field. It is at the forefront of Liaoning Province’s “Five Points and One Line” development strategy and marks a useful attempt for the Corporation to participate in the coastal economic zone development in Liaoning.



A German business delegation inspects the Minmetals Industry Park

R&D has become a new primary line of business for the Corporation. In 2009, the Corporation restructured the Changsha Research Institute of Mining and Metallurgy and Hunan Nonferrous Metals Corporation Limited and gained valuable research platforms of its own. This has also greatly improved the technological strength of the Corporation and given it leading technological advantages in metallic ore extraction and dressing. Among these are the advantages of the Changsha Research Institute of Mining and Metallurgy in ferromanganese ore dressing technologies, nonferrous metal dressing and smelting technologies, and relevant equipment and agent R&D. The Changsha Institute of Mining Research of Hunan Nonferrous Metals Corporation Limited has its strength in metal mine extraction technologies, extraction equipment and mine safety technologies. The two professional research institutions make up the Corporation’s technological disadvantages in metallic ore extraction and dressing. As of the end of 2009, the Corporation had nine national-level R&D institutions and five national-level analysis and test centers. A dozen of its subordinate companies have won the status of High- and New-Technology Enterprises. The expanding technological businesses offer the Corporation a new point of economic growth and provide solid technological support for its build-up of core competitiveness and improvement of its overall competitiveness. This helps the Corporation to accelerate its efforts to build “a grand metals industry chain” and push forward the implementation of its strategy of promoting work safety and environmental protection through science and technology.



Case

The Changsha Research Institute of Mining and Metallurgy is a large, first-class integrated research institution in China. Its restructuring has greatly strengthened the Corporation’s technological competitiveness and technological innovation capabilities. This helps to forge a close integration of the Corporation’s mining resources, capital strength, management strength and marketing abilities with the Institute’s talent and technological advantages. It will promote the Corporation’s transformation of its resource advantages into product and market advantages.



Case

Both the State Key Laboratory of Hard Alloys at Zhuzhou Hard Alloy Group under Hunan Nonferrous Metals Corporation Limited and the State Key Laboratory of the Changsha Institute of Mining Research have officially obtained accreditation from the Ministry of Science and Technology.



Sustainable Operation — Upgrading a More Valuable Minmetals

**Case**

**The Corporation boasts of domestically-leading technological talent.**

Academician Li Baochen of the Changsha Research Institute of Mining and Metallurgy has long been committed to mining and rock engineering research and developed a unified space-time random media theory. He has developed general-purpose fractured rock mechanics models and unique surface movement and deformation computing methods under the influence of extraction.



Academician Yu Yongfu of the Changsha Research Institute of Mining and Metallurgy has long engaged in research on the dressing of iron ores, large multi-metallic associated ores, rare metallic ores and copper, cobalt and sulfide ores. In the mining industry, he has gained a reputation as "The King of Ore Dressing".



**Case**

The Changsha Research Institute of Mining and Metallurgy has won a First-Class Metallurgy Science and Technology Award for its project Research on Dressing Technologies for Low-Grade, Complex and Difficult-to-Process Siderite and Limonite Ores. The China Iron and Steel Association has also recommended the Project for the National Science and Technology Progress Award. The Project has creatively solved several difficult technical problems for rotary kiln-based siderite burning in Daxigou Siderite Mine in Shaanxi Province. This has laid a foundation for the large-scale development and utilization of almost 8 billion tons of siderite and limonite in China.



Research on Dressing Technologies for Low-Grade, Complex and Difficult-to-Process Siderite and Limonite Ores — Wandeli Mine in Eshan Mountains has been put into production.

## 2. Achieving a global mineral resources layout

China Minmetals Corporation, in an effort to live up to its reputation as the leading company in China's metal mining industry, has persisted in making its starting point the support of the sustained and healthy growth of the Chinese national economy and promotion the optimized allocation of global mineral resources. It has actively explored and made innovations in resource development models, accelerated a global strategy for mineral resources layout and continuously improved its resource control ability. This has enabled the Company to lay a more solid resource foundation for sustainable development and greatly improved its competitive strength at the mineral resources end. In 2009, the Corporation saw its incremental nonferrous metal volume reach 33.50 million tons. As of the end of 2009, it owned a total of 960 million tons of iron ore resources, 367 million tons of coke, 4.55 million tons of lead, 18.55 million tons of zinc, 11.34 million tons of copper, 1.8 million tons of tungsten, 224,000 tons of antimony and 253,000 tons of bismuth.

The Corporation now tops some of the resource lists in China, and even in the world.

Metallic Mineral Resource	Position
Tungsten	Largest resource reserves in the world
Antimony	Highest antimony output and the largest enterprise in antimony extraction, dressing, smelting, in-depth processing and research in the world
Bismuth	Largest resource reserves in the world
Zinc	The largest zinc metal producer in China
Lead	The second largest lead metal producer in China

### Strengthening domestic resource control ability

The Corporation has continuously innovated and improved its resources acquisition models. Through various means such as M&As, restructuring, independent exploration and joint exploration, it has developed and acquired domestic metallic ore resources and strengthened its control of advantageous metallic ore resource. In 2009, the Corporation took full advantage of the government policies supporting enterprise restructuring and mergers, actively implemented the specific plans of the SASAC for pushing forward strategic restructuring of central enterprises and successfully restructured Luzhong Metallurgy & Mining Group Corporation, a central enterprise. The move increased the Company's total iron ore resource reserves by 279 million tons and its annual iron ore production capacity by 3.5 million tons. This marks a new achievement in the Company's efforts to control key resources. It also made a strategic restructuring of Hunan Nonferrous Metals Corporation Limited, bringing its bismuth and antimony resources reserves to the highest level in the world and greatly improving its hard alloy, zinc and antimony production capacities. Furthermore, the restructuring is also the first large-scale M&A and restructuring project in China's non-ferrous metal industry after the government unveiled the Nonferrous Metal Industry Adjustment and Revitalization Plan. The move has pushed forward resource integration in the industry, raised the level of concentration of rare nonferrous metals, helped the protection and rational development of rare nonferrous metal resources in the country and strengthened China's competitiveness in the global nonferrous metal industry.

**Case**

Hunan Nonferrous Metals Corporation Limited is a large, wholly State-owned company with nonferrous metal production and sales as its main businesses. It has the largest tungsten and bismuth resources reserves in the world and abounds in antimony resources. It is the largest hard alloy, zinc and antimony producer in the world. Following its restructuring, the Corporation will have a 51% stake in Hunan Nonferrous Metals Corporation Limited, while the remaining 49% is in the hands of the Hunan Provincial State-Owned Asset Supervision and Administration Commission.



President Zhou addressed the meeting on the strategic restructuring of China Minmetals and Hunan Nonferrous Metals Corporation Limited.

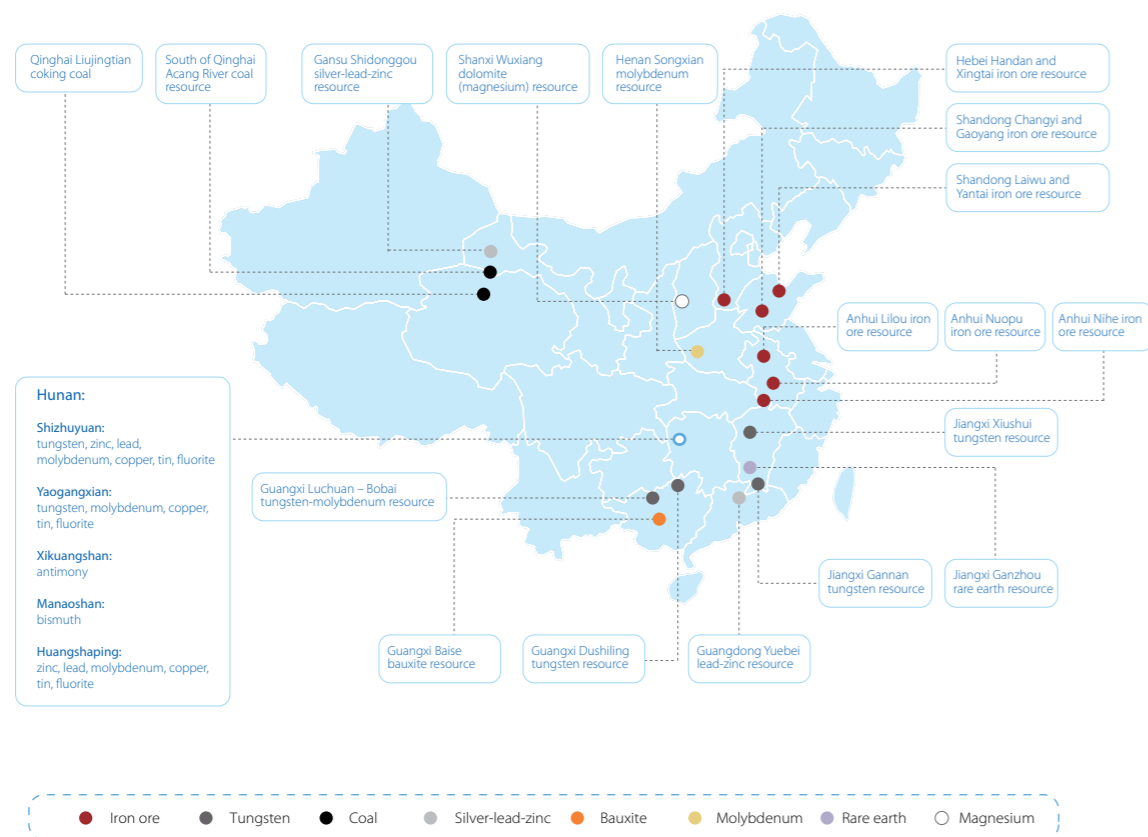
**Case**

Luzhong Metallurgy & Mining Group Corporation is a large, State-owned underground ferrous metal mining enterprise. After its restructuring, the Corporation has notably improved its ability to control ferrous metal resources.



In 2009, the Corporation focused on the objective of acquiring key minerals in important metallogenic belts. It continued to adopt an all-round mineral resource exploration and development strategy and to accelerate its strategic resources layout in China. Currently, the Corporation has formed its zonal mineral resource advantages in the country and built large-scale mineral resource bases in Hebei, Shandong, Anhui, Jiangxi and Hunan provinces. Centering around abundant mineral resource regions, it has formed complete control zones.

**Domestic Resource Exploration and Development Chart**



**Case Geological Exploration**

In 2009, the Corporation continued to expand its resource acquisition model, which was characterized by "low cost, high starting point and taking a road of ministry-enterprise cooperation with support of the Minmetals brand". It explored a new mechanism of geological exploration. This new mechanism features an interaction between local governments, geological exploration units and enterprises, an organic connectivity between public welfare and commercial explorations, a close combination between geological exploration and mineral development and a coordinated promotion of geological prospecting, mining right management and geological exploration workforce reforms. The Corporation successively made exploration breakthroughs, which were named as "Nihe" and "Songxian" models, and won high praise in the industry. These were designated by the Ministry of Land and Resources as the demonstration projects for the nationwide promotion of the new mechanism.



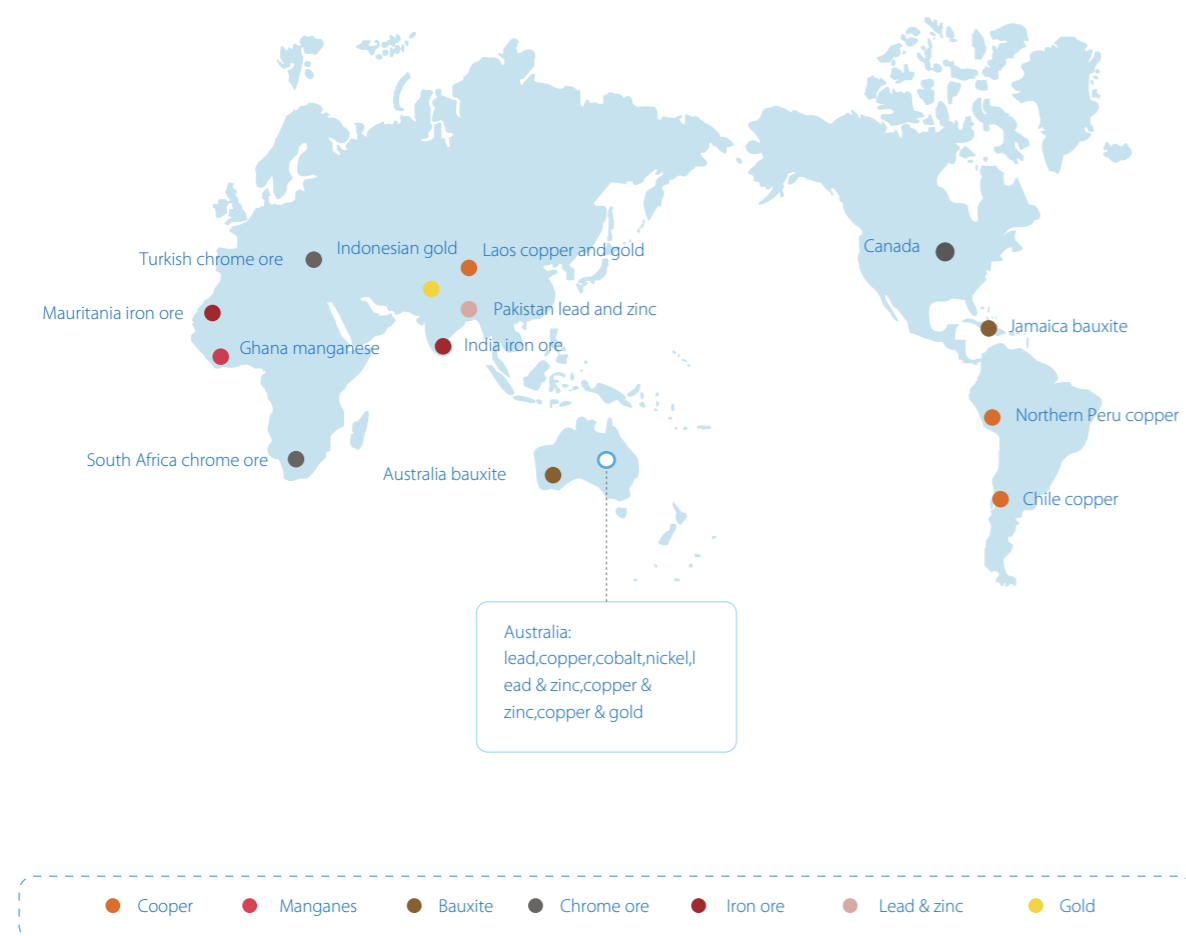
**Case Construction of the Corporation's First Self-developed Mine Completed Mechanisms and Model Innovations**

In September 2009, the Shitonggou Silver-Rich Metal Mine Phase I Project was preliminarily completed. This is the first nonferrous metal mine project which the Corporation undertakes from the stage of venture prospecting. It also marks the first mine which the Corporation has independently explored, developed and built in the 60 years since its founding. It took less than three and one half years from geological exploration, submission of detailed reports, design of extraction and dressing works, to construction and combined trial run, setting a record for rapidity in mine development and construction.



## Accelerating overseas resources layout

Centering on the establishment of a global resources supply system, the Corporation has persistently implemented an overseas expansion strategy and adopted various means to push forward overseas resource development. In regions and countries including Australia, South Africa and South America, it has acquired a number of important mineral resources, bringing its global mineral resources layout to a considerable scale. As of the end of 2009, the Corporation owned a total overseas resources volume of 48.83 million tons, including about 18 million tons of zinc ore and 15 million tons of chrome ore.



In 2009, the Corporation successfully acquired the main assets of OZ Minerals, the 3rd largest mining company in Australia. This was the first time for a Chinese company to acquire a whole international mining company. It was named by Finance Asia as the Best Acquisition Project of 2009. The acquisition has greatly increased the Corporation's reserves of main base metals, including zinc, copper and lead. To a great extent, it has strengthened China's ability to ensure sound mineral supplies and enabled China to have a bigger say in the international metal ore market. Meanwhile, the acquisition has also prevented OZ Minerals from falling victim to the risk of liquidation, guaranteed the legitimate rights and interests of its shareholders and creditor banks and thoroughly safeguarded the local jobs and tax payments arising from OZ Minerals' various operating assets. It has played an active role in securing social and economic stability in Australia.

### Case

With the smooth transfer of OZ Minerals' main assets, June 14-20, 2009, Minerals and Mining Group Limited ("MMG"), the Corporation's new metal mining conglomerate in Australia, was officially established. Thanks to sound management, MMG made profit in its founding year.





**Case**  
**Rich Resources Lie with MMG**

MMG boasts rich resource reserves in zinc, lead, copper, nickel, gold and silver. It has 18.20 million tons of zinc and 2.6 million tons of lead, equivalent to 18.74% and 6.28% of China's respective proven resource reserves in 2007.



**Case**  
**Chrome Ore Resources Development in South Africa Progresses Positively**

In 2008 and 2009, Minmetals South Africa No.1 Chrome Mine Co., Ltd. successively acquired exploration rights in the two chromite venture prospecting projects at Naboom and Townlands in South Africa, marking an important step for the Corporation to acquire overseas mineral resources. In September 2009, the Company officially set up an office in Johannesburg, South Africa and dispatched project management personnel.



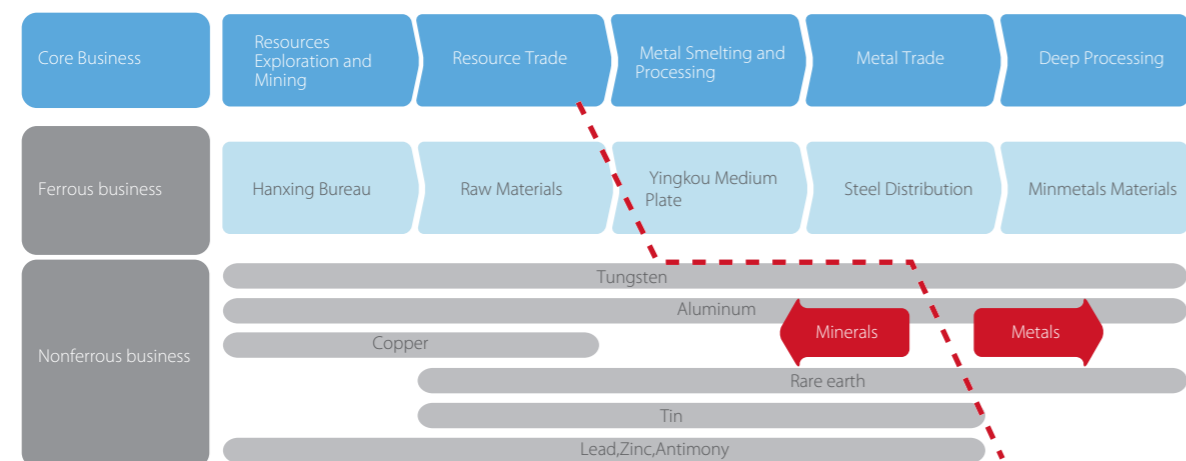
### 3. Continuously improving the business value chain of metals

In accordance with the Corporation's requirements of "becoming a rare-resource developer, advantageous metal producer and integrated industrial service provider", the Corporation has stepped up its effort in shaping an integrated upstream and downstream layout in the ferrous metals industry. Its main ferrous metal business operations run throughout the iron & steel industry chain. It has also continuously improved its nonferrous metal business industry chain, and strengthened its main nonferrous business abilities in resource mining, smelting, processing and product distribution processes.



Sustainable Operation — Upgrading a More Valuable Minmetals

The Corporation has preliminarily formed an integrated upstream and downstream metal industry layout.



### Improving the ability to supply metallurgical raw materials

Metallurgical raw materials are an upstream link of the ferrous metals industry chain. The ability to supply raw materials affects the growth potentials and competitive strength of the ferrous metals industry. In particular, as China's iron & steel output has been growing fast in recent years, the demand for iron ore, coke, coal, ferro alloys and metallurgical raw materials is huge. A stable and reliable supply of raw materials has become a key factor for the sustained and healthy growth of the iron & steel industry. The Corporation has attached great importance to the nurturing and improvement of its ability to supply metallurgical raw materials and views it as an important part of a ferrous metals industry with the upstream integrated with the downstream. Currently, the Corporation has attained an ability to supply iron ore, coke, iron alloys and other metallurgical raw materials. The production volume of fine iron powder reached 4.07 million tons, in addition to the trade volume, the total amount of fine iron powder was close to 33 million tons. The total transaction volume of raw materials such as coal, coke and ferro alloys topped 15 million tons. In 2009, the Corporation actively expanded long-term supply businesses, with a total of almost 27.50 million tons in long-term supply, marking a big increase over 2008. For the whole year, the Corporation had the largest coal imports in China, while its iron ore imports were among the top 10 in the country.

**Case**  
The Corporation's fine iron powder-producing enterprises




### Improving metal production capacity in its advantageous fields


Centering on the strategic position of building itself into a leading advantageous metal producer, the Corporation has selectively entered metal production fields where it enjoys advantages through capital operations and investment in new production capacities. It has continuously improved its advantageous metal smelting and processing abilities, the industry chain and its overall competitiveness in the whole ferrous and nonferrous metal industry chain. In 2009, the Corporation further consolidated its advantageous position in the heavy plate, hard alloy and antimony oxide fields and improved its aluminum industry chain. For the whole year, it produced 1,000 tons of hard alloys, the highest in the world. Its medium-heavy plate production capacity reached 1.6 million tons. Its new wide-heavy plate production line will be officially put into operation in 2010.

**Case**

The main part of the wide-heavy plate project invested in by Minmetals Yingkou Medium-Heavy Plate Co. Ltd. with an accumulated total of almost RMB7 billion has been completed. As it is completed, the mill has successfully passed the first trial run under heat load. Both equipment technology and product performance have reached an internationally advanced level.



The Precision Tool Center of Nanchang Cemented Carbide Co. Ltd. and HPTec officially signed an integrated processing agreement and set up a tools department at Nanchang Cemented Carbide Co. Ltd. The production and operations activities of the former Precision Tool Center will be brought under the management of HPTec, making substantive progress in integration work.



Guangxi Huati Chemical Co., Ltd. has continuously improved its production processes and workflows, actively undertaken various key technological research projects and committed itself to developing new products and adjusting new process technologies.

North China Aluminum Co., Ltd. has stepped up technological innovation efforts and has been named as the unit to undertake the Advanced Aluminum Processing Technology Research and Development Project funded by the National Eleventh Five-Year Science and Technology Support Program.

## Improving the ability to distribute metal products

In line with its strategic goals of centering on customers, focusing on supply chain management, actively providing various value-added services and building itself into China's largest iron & steel circulation service provider of international influence, the Corporation has adopted a roadmap for safeguarding steel plant customers, centering on customers and getting close to the market in its ferrous metal circulation businesses. It actively built its global marketing network and formed a sales network which covers all major regions of steel demand across China. In 2009, the Corporation fully leveraged its iron & steel circulation business networks, actively expanded business operation models, maintained existing and acquired new strategic customers, improved its outside image and established a stable customer base. It decisively adjusted its organizational structure, improved its institutional mechanisms, and established the six regional centers of North China, Northeast China, Northwest China, Southeast China, East China, and Central and South China. Despite the adverse impact of the global financial crisis, the Corporation still maintained stable iron & steel business volume and profitability. For the whole year, the Corporation realized operating revenues of over RMB60 billion from iron & steel business, and its market position was further consolidated.

## Providing processing, distribution and other value-added services

Establishing regional steel trading markets and processing centers of a certain scale has become an important means to improve the ability to provide value-added services and effectively cope with market competition. In 2009, the Corporation sped up its efforts to develop "one-stop" iron & steel circulation business models which encompass warehousing, processing and distributing services, actively extended its value chain by centering on processing, explored value-added services in the steel market, and provided customers with better and more comprehensive product services. In alliance with Zhejiang Materials Industry Group, the Corporation successfully acquired and restructured Changshu Everbright Material Technology Co., Ltd., Changshu Xingdao Advanced Building-material Co., Ltd., Changshu Xinghai Advanced Building-material Co., Ltd., Changshu Xingyu Advanced Building-material Co., Ltd. and Changshu Chang Steel Plates Co., Ltd. (hereinafter referred to as the "FerroChina" plants). The two companies jointly set up Minmetals Materials (Changshu) Management Co., Ltd. to carry out uniform management of the FerroChina plants. This acquisition increased Minmetal' galvanized plate processing and production capacity by 1.15 million tons and its iron & steel processing and production capacity by 4.25 million tons, further consolidating the foundation for the Corporation's ability to conduct iron & steel circulation and value-added businesses.



### Case

**The Corporation successfully restructured "FerroChina" plants and strengthened its iron & steel businesses.**

In October 2008, more than 30 Taiwanese executives of the FerroChina plants suddenly left Changshu. The five FerroChina plants were then declared by a local court to enter into the bankruptcy and restructuring process due to their insolvency. China Minmetals Corporation, together with Zhejiang Materials Industry Group, succeeded in their joint effort to acquire and restructure these five plants. This transaction not only strengthened the Corporation's processing and distribution abilities in the ferrous metals field but also safeguarded the lawful interests of the creditors and stakeholders of the FerroChina plants. The move helped prevent a large number of employees from losing their jobs as a result of enterprise bankruptcy and contributed to maintaining local economic and social stability.



### Case

**Preparatory work is under way for setting up Wuhan Steel Processing Center**

The Feasibility Study Report for the H beam and medium-heavy plate processing center to be built by Minmetals Steel (Wuhan) Co., Ltd. was approved by the Corporation's Investment Committee in February 2009. Implementation started in March after the President Conference of the Corporation approved the report in the same month. Phase-I investment has been provided. The two sides of the joint venture are now actively working on the project implementation such as examination and approval of the project plan, project land requisition procedures and architectural design.



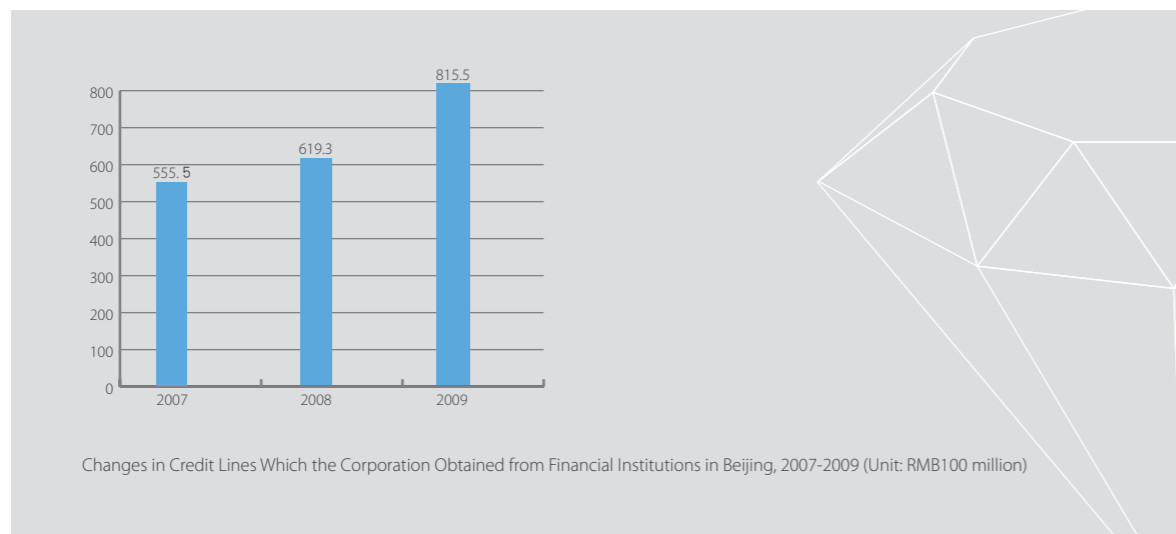
The Corporation and METAL ONE met to discuss cooperation matters

## 4. Significantly improving financing capabilities

In line with the need to seize opportunities and carry out robust operations, the Corporation has adopted various means and channels to raise funds and provide sound financial support for its investment activities and business operations.

In 2009, the Corporation seized the opportunity of monetary policy adjustment unleashed by the government and steadily expanded its overall credit lines. In Beijing, it was granted a credit line of RMB81.55 billion, up by 31.68% over 2008. The Corporation made efforts to push forward granting of unified credit lines nationwide and expanded granting of unified credit lines. It also actively promoted granting of unified credit line for its overseas branches and attracted steadily increasing credit lines. At the end of the year, its unified credit line rate reached 91%.





The Corporation has actively expanded its financing channels and continuously optimized its financing structure. In 2009, its bills financing amounted to RMB18 billion, up by 157% over the previous year. It successfully issued RMB8.5 billion of medium-term bills and RMB3 billion of short-term financing bills, increased the proportion of its medium- and long-term funds and optimized its financing term structure. This has fundamentally improved the Corporation's overall financing stability and was significant in enhancing the anti-risk ability of its capital chain.

In 2009, the Corporation further leveraged the financing platform of its listed companies and built on the financing functions of the capital market to improve its own financing capability. The Corporation adopted a flexible equity management strategy. On the one hand, it successfully pushed for the "Da Di" (Mother Earth) program and injected assets and mature real estate businesses three times into Minmetals Land, successively raising some 2 billion Hong Kong Dollars from the capital market in four instances. On the other hand, it recovered large amounts of cash by selling its equity shares in the listed companies, harvesting returns on its investments. This helped the Corporation focus investment on its main businesses and improve its core competitiveness. For the whole year, it recovered an accumulated total of RMB1.7 billion and got good returns from its investments.

**Case**  
Successful Financing by Minmetals Land Limited

In July and September 2009, Minmetals Land took two steps --- issuance of new shares and acquisition by issuing some 450 million of consideration shares --- in order to successfully inject the 527 million Hong Kong Dollars which it obtained from transferring its shares in Jinmao Group as well as the 230 million shares which it held in Franshion Properties into Minmetals Land.

**Case**  
Flexible Equity Transactions

Based on in-depth research and scientific decision-making, the Corporation has been able to seize opportunities in the capital market, increasing its earnings and cash inflow by selling part of its equity shares to meet its funding requirements for strategic transformation and stable operations. From March to May, 2009, Minmetals Non-ferrous Metals Co., Ltd. sold 34,070,700 of its shares in Xiamen Tungsten Co., Ltd, realizing a profit of RMB140 million. The sale represented 4.996% of Xiamen Tungsten's total shares. From August to end of November, 2009, Minmetals Development Co., Ltd. sold a total of 38,240,000 of its shares in Ningbo United Group Co., Ltd. via the collective trading system and the block trade platform, with its shareholding in the latter dropping from 21.56% to about 8.9%. From June to end of November, 2009, the Corporation sold a total of 6.2 million of its shares in Shenzhen SDG Information Co., Ltd. through the collective trading system of Shenzhen Stock Exchange, realizing a cash proceed of about RMB50 million.

### (III) Stepping up efforts to consolidate the foundation and improve competitiveness through better management

Continuous improvement of enterprise management is the foundation for the Corporation to build itself into a metal mining conglomerate with international competitiveness. It is a necessary requirement for the Corporation to optimize the allocation of both internal and external resources. Against the extremely complicated situation in 2009, the Corporation persistently pushed forward its internal management optimization, comprehensively improved its enterprise management system and promoted intensive development, further consolidating the management foundation for sustainable development.

#### 1. Accelerating innovations in institutional mechanisms

In 2009, the Corporation stepped up its reform and innovation efforts, focused on pushing forward institutional mechanism innovations, greatly promoted structural adjustment and management integration, laying a firmer foundation for institutional mechanisms for scientific corporate development.

Centering on the establishment of a modern enterprise system and the improvement of governance structure and management models, the Corporation has fully introduced and solidly pushed forward the overall restructuring work and especially set up a restructuring leadership group headed by the President. It has also established a Corporation-wide organizational system and work mechanisms for restructuring. Currently, various restructuring work is well under way. Meanwhile, the Corporation has also actively adjusted its organizational structure and made innovations to its mechanisms, pooled its existing resources to build real estate and construction blocks, and pushed forward unified real estate business operations. It has improved its mineral prospecting abilities and made efforts to nurture its core resources replacement abilities as a metal mining conglomerate with international competitiveness. Minmetals Steel Co., Ltd. reformed its management and control models and organizational structure and set up four divisions, six regional centers and relevant business support departments to achieve effective alignment of responsibilities, powers and interests. China National Minerals Co., Ltd. promptly re-planned and positioned its business and management departments, while Minmetals Non-ferrous Metals Co. Ltd. adopted a commodity division management model.

**Case**

On April 24, 2009, the Corporation held a Strategic Committee Meeting & System Reform Launch Meeting, officially starting up system reform work at the company.



## 2. Improving strategic management

Responding to changes in the external environment and internal development needs, the Corporation has actively pushed forward strategic management. In 2009, the Corporation stepped up its strategy, industry policy and industry research and compiled over 40 thematic research reports, which provided great support for its strategic and business decision-making. It also energetically adjusted and optimized its key plans and recompiled the overall plan of the Corporation as well as specific plans for iron & steel circulation, real estate, technology and new nonferrous metal businesses. The Corporation conducted research to determine the positioning of newly acquired companies, further improved its strategic planning system, and made its plans more forward-looking and sound. It continued to improve its strategic management system, and actively explored and made innovations in its strategic management mechanisms and a strategic evaluation system for investment projects. It introduced and implemented the "Measures on Strategic Plan Review by the Strategy Committee of the Corporation" and the "Management Measures of the Corporation on Strategic Alignment of Investment Projects". For the first time, the Corporation carried out "strategic alignment" management for investment projects and actively pushed forward pilot work on a "post-strategic planning evaluation system" to truly secure effective strategy implementation and expected results.



### Case Development Financing Aids Boosted "Great-leap-forward" Development

In 2009, the Corporation and China Development Bank cooperated at the planning level and jointly compiled A Special Plan on Development Finance Support for China Minmetals Corporation's Overseas Resources Development and put forward a comprehensive solution for providing development fund to finance China Minmetals' overseas resources development, opening up a new way of thinking for the Corporation to compile plans and leverage the role of planning.

## 3. Strengthening human resources management

In accordance with the basic aims of providing services through management and integrating management into services, the Corporation has emphasized the role of professional human resources management services in supporting and advancing its strategic transformation and business growth. It has actively changed old thinking, established and continuously advanced the goal of a greater Minmetals and greater human resources management, and regarded human resources tasks and business tasks as equally important. The Corporation has continuously pushed forward strategic human resources management, and promoted efforts to implement a strategy of building a competitive enterprise through recruitment and retention of talents.

### Establishing and improving a comprehensive human resources management system

In 2009, the Corporation made improvement of the human resources management system a key work area and strengthened efforts to build a human resources management system which incorporates rules, workflows and people. It drafted 11 rules and regulations, including the Interim Provisions for Level-by-Level Human Resources Management, sorted out and optimized 12 management workflows and formed its comprehensive human resources management system. With the Human Resources Development Plan of China Minmetals Corporation as the general guide and level-by-level human resources management as the main purpose, this system includes over 30 rules and regulations and more than 20 workflows. These encompass such areas as post management, talent recruitment, assessment and evaluation, promotions, remunerations and incentives, social security, labor relations and employee training.

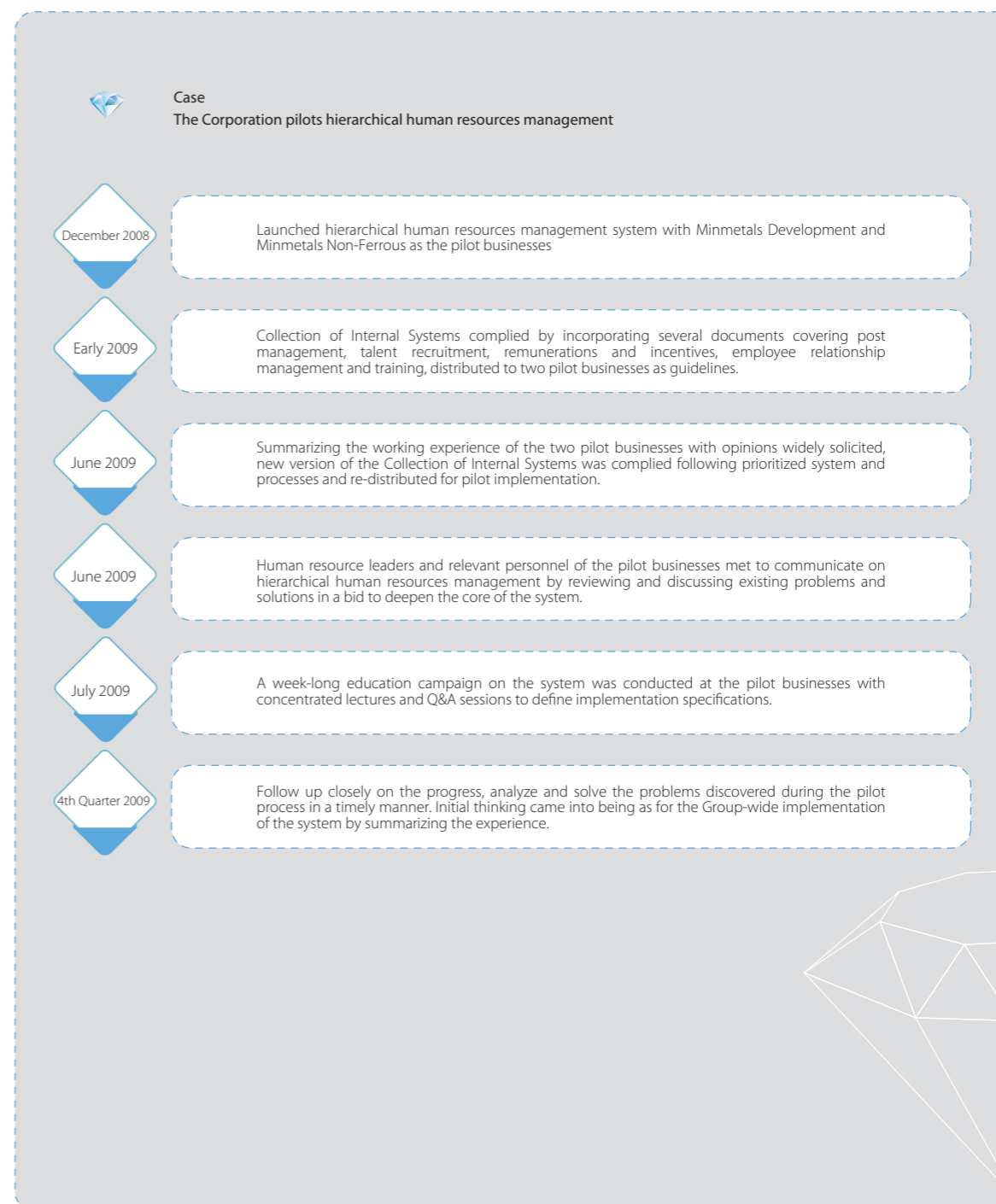


### Case The Corporation has produced remarkable results in system building



## Actively piloting hierarchical human resources management

The Corporation has actively promoted hierarchical human resources management. It has chosen Minmetals Development Co., Ltd. and Minmetals Non-ferrous Metals Co. Ltd. for pilot work and obtained remarkable results, laying the foundation for promoting hierarchical human resources management throughout the Corporation.

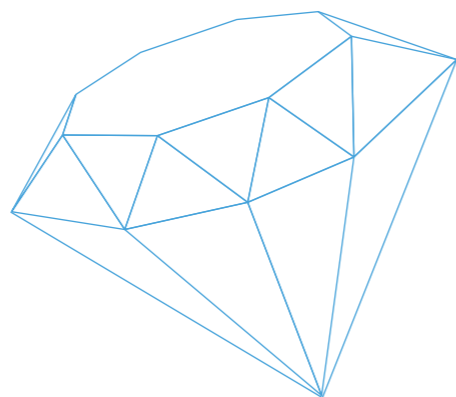


## Consolidating management foundations, and strengthening performance management

The Corporation has fully strengthened basic human resources management work, and carried out the largest and the most comprehensive talent inventory of the past 10 years, in a bid to provide an important basis for the planning and development of human resources and the reserves and placement of talent at the next stage. Meanwhile, the Corporation has established and improved its post management system to adapt to the needs of refined and scientific management and successively implemented The Measures of China Minmetals Corporation for Post Evaluation Management, The Interim Measures of China Minmetals Corporation for Post Quota Management and The Measures of China Minmetals Corporation for the Compilation and Management of Job Descriptions. The Corporation has preliminarily formed its own post management system, and basically established a comprehensive post management model in which posts and staffing requirements, position analysis, post evaluation and talent allocation are well connected. Through overall planning, the Corporation has earnestly pushed forward all-employee performance assessment, established and improved performance management institutions, preliminarily formed a sound performance management system, fully leveraged the management effect and role performance assessment and prompted the joint performance improvement of the organization and employees.

## 4. Enhancing the ability of investment management

Facing a grave investment challenge resulting from the financial crisis, the Corporation has worked in a number of areas to boost creation of investment management capacity. First, it strengthened investment system building. In 2009, the Corporation adhered to an investment policy of "proper tightening, total volume control, greater work focus, and structural optimization", and strengthened investment management control. It introduced The Guiding Opinions on Investment Work of the Corporation for 2009, stressing an investment strategy of pursuing progress amidst overall stability to prevent the risks of excessive investment while meeting the investment demands of the Corporation for great-leap-forward development. Meanwhile, it drafted and introduced The Internal Control and Investment Guide of China Minmetals Corporation to standardize the workflows of its investment activities and specify the responsibilities, code of conduct and coordination and work division mechanisms of such activities to ensure safe investment. With a focus on system building and implementation as well as adjustment of its investment strategy, the Corporation has improved its all-around investment management. Secondly, the Corporation improved the supervision and management of investment projects and enterprises. The Corporation has attached much importance to investment project and enterprise supervision and has energetically carried out follow-up audit, survey, research and supervision and post-investment evaluation of its major investment projects, ongoing projects and invested companies. This was achieved through establishing a series of investment supervision and post-evaluation rules and regulations, assigning full-time personnel and enlisting the help of professional institutions. All such work is designed to prevent and control risks, promptly find problems, and summarize experiences and lessons to guide decision-making on new investment projects. Thirdly, the Corporation has paid more attention to assessing and reviewing social responsibilities in its investment projects and notably strengthened its awareness and ability regarding investment responsibility.



### Case

#### The Corporation Completed Investment and Rational Economic Tolerance Range for Central Enterprises Project

After 8 months of hard work, the Corporation completed the Investments by Central Enterprises and the Rational Economic Tolerance Range commissioned by the SASAC. In the project, the Corporation developed a set of quantitative investment decision management models suitable for use by the SASAC and enterprises. These models can help central enterprises to better steer a dynamic balance between investment and funds chain risks, improve investment decisions, deepen their understanding of economic tolerance and enhance their ability to achieve scientific development. The research findings of the project have been highly praised by Shao Ning, Vice Chairman of SASAC. In addition, the Corporation has also been pioneering in the development of evaluation methods for iron ore projects and produced good results.



### Case

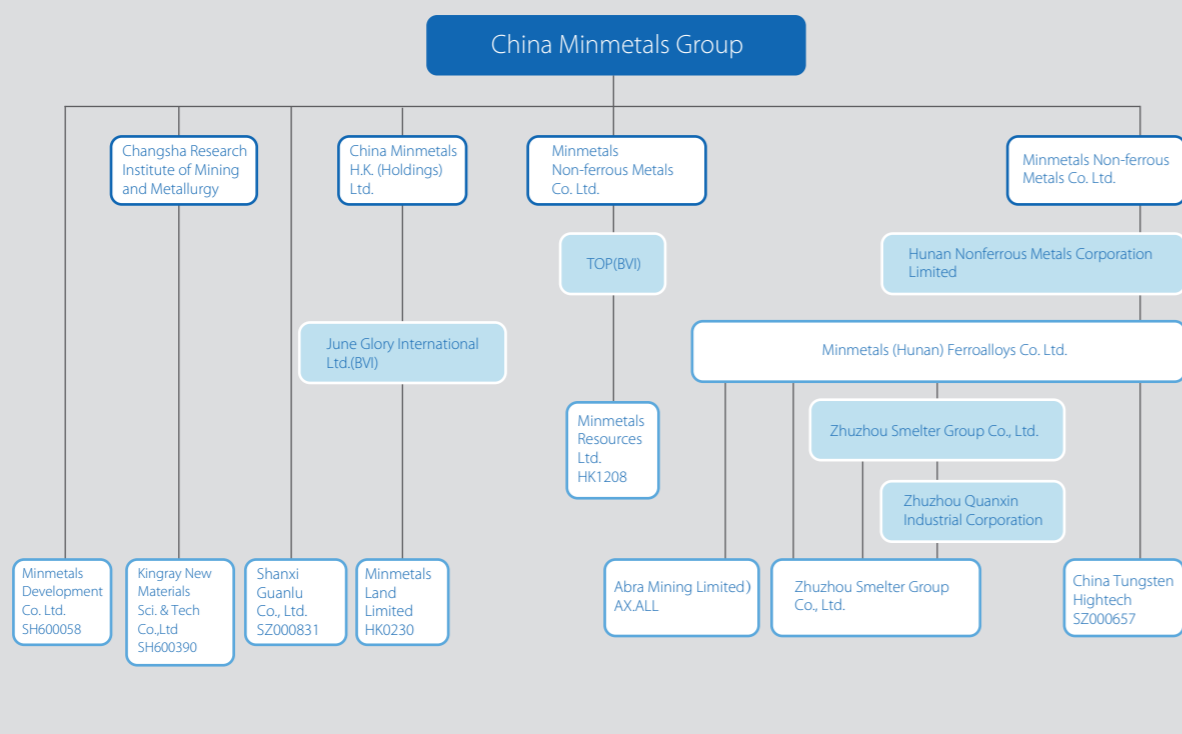
#### The Corporation was invited to introduce its central enterprise restructuring and integration experiences

On October 29-30, 2009, SASAC held a Restructuring Experience Exchange and Training Class for Central Enterprises to foster an exchange of restructuring and integration experiences among central enterprises. In recognition of its great achievements in State-owned asset restructuring and overseas M&As, SASAC selected the Corporation as one of the four key central enterprises to introduce their experiences.



**Case**  
Information on the Corporation's Holding Companies

As of December 2009, the Corporation had a holding stake in nine listed companies. As early as in 2008, the primary businesses already contributed to over 60% of their revenues. On the whole, the Corporation's main subordinate companies all have a diversified shareholding structure and highly market-oriented operations.



system, improve the reporting mechanism concerning annual report of comprehensive risk management and such major risks as credit and market risks. The Corporation sought to evaluate and pre-warn risks in a timely manner, and has submitted the "comprehensive Risk Management Report of China Minmetals Corporation 2009" to SASAC. Throughout the year, the risk management functions and staff prepared and submitted 12 credit risk monitoring reports and four market risk analysis reports to the Corporation and its subordinate businesses, which markedly improved Minmetals' risk management efficiency and effect. The Corporation has actively conducted researches on risk quantification models regarding market risks and investment project risks, participated in the research program organized by central enterprises on risk quantification analysis of major investment projects, and achieved satisfactory results in this respect. The subordinate companies of the Corporation have been able to focus on priorities in their risk management work with a view to their respective business characteristics and actual operational and management requirements. They strengthened management of such major risks as credit risks, market risks, warehousing and logistics risks and high-risk business operations, improved their management systems, paid close attention to effectiveness of their practices, and actively combined their risk management work with daily operation and management requirements, thus guaranteeing the healthy and rapid development of their businesses. The Corporation has strongly publicized and nurtured risk management, and adopted various measures such as offering risk management training and creating new magazines to establish an awareness of risk management and improve its risk management ability.

**Case**  
Minmetals launched the "Risk Management Review"

The journal combines theory with practices, provides the most up-to-date information on risk management, and introduces risk management methods and tools as well as case studies, serving as a platform for Minmetals risk management experts and employees to learn knowledge, exchange experience, discuss issues and share their success stories.



**Case**

Minmetals Non-ferrous promotes comprehensive risk management work in newly acquired enterprises; MMG formulates "Risk Management Policy"

In response of the Corporation's general requirements on implementing comprehensive risk management, Minmetals Non-ferrous has actively pushed forward comprehensive risk management work in its nine subordinate enterprises, including North China Aluminum, Jiangxi Tungsten, Nanchang Cemented Carbide Co. Ltd., Minerals and Mining Group Limited ("MMG") of Australia has formulated its Risk Management Policy in accordance with the requirements of the Corporation set forth in the "Provisions on comprehensive Risk Management" and with reference to ISO31000 enterprise risk management standard. The move has enabled MMG to set clear its risk management targets, improve its risk management system, standardize its risk management processes and methods, and enhanced its overall risk management capability.

## 5. Pushing forward comprehensive risk management

The outbreak and spread of the global financial crisis requires the Corporation to have a better ability to manage risks. In 2009, the Corporation, with establishing a comprehensive risk management system as the goal and managing major risks as the key task, combined case work with general work and pushed forward the implementation of a risk management model featuring level-by-level, classified and concentrated management, and notably improved its comprehensive risk management abilities. The Corporation further improved its overall risk management functions and systems and established the Corporate Risk Management Committee. The organizational functions and systems for risk management have preliminarily taken shape, which consist of the Corporate Risk Management Committee, the risk management department, risk management roles in various functional departments, risk management committees and risk management departments/roles across all operating units. The Corporation has basically shaped a seamless and top-down structure to carry out overall risk management. It also made endeavors to improve its risk management rules and processes, and formulated and released The Credit Risk Management Measures of China Minmetals Corporation and related guidelines, The Interim Measures of China Minmetals Corporation for Risk Management and Evaluation and The Interim Measures of China Minmetals Corporation for Risk Management Reporting. The Corporation took actions to remedy its defects in management and adopted a more systematic and scientific approach to enhance its capability in managing and controlling major risks. It established and improved its management system for major risks, which cover such professional areas as strategic and investment risks, financial risks, legal risks, internal audit, credit risks, information security risks, and crisis and emergency management. For example, it has published and implemented the "Measures of China Minmetals Corporation on Management of Credit Risks" and related guidelines to prevent losses resulting from breach of contract in the course of operation. The Corporation further promoted the building of its risk reporting

**Case**

The Corporation organized a crisis management training class to spread relevant knowledge and improve crisis-handling ability



## 6. Improving integrated support services

In 2009, the Corporation improved the level of collaboration among its management services functions and notably improved its service assurance ability. In particular, it completed its V5 Phase II Project in the course of building its information technology capacity, put its decision-making support system into operation, and built a unified basic data integration and sharing platform. It also won Grade A Central Enterprise status for IT applications. The Corporation strengthened various service support functions, including policy research, external publicity, foreign affairs meetings, conference management, archive management, document management and logistics assurance. Greater support was provided for other functional management and business operations.

**Case**

On September 17, 2009, the Corporation held a V5 Phase II Project Summary Meeting in Beijing, symbolizing the full completion of the project.

**Case**

**The Corporation notably improved its policy research ability.**

While carrying out sound management and services work, the Corporation energetically conducted policy research work and successfully completed several thematic research reports in 2009. These reports, including Research on Overseas M&A Strategies for China Minmetals Corporation, Research on Methods for China Minmetals Corporation to Nurture and Strengthen Core Mining Development Competitiveness and Discussions on Hot Issues in the System Transformation of Central Enterprises, provide reference for corporate executives in making decisions and planning and carrying out business operation activities. The Corporation also undertook the project Follow-up Research on the Financial Crisis and its Countermeasures commissioned by the State-owned Asset Supervision and Administration Commission, and successively submitted The Industry Report for Metal Mining Enterprises and The Report on Status of Business Operations at China Minmetals Corporation to the Commission. These reports have played an active role in disseminating the latest information about the macro situation and publicizing corporate achievements.

**Case**

**The Corporation improved integrated support service in foreign affairs**

The Corporation has successfully completed the planning, liaison and implementation of several important public relations activities, including reception by President Zhou Zhongshu of distinguished domestic and international guests such as Choummaly Sayasone, General Secretary of the Lao People's Revolutionary Party and Chilean President Michelle Bachelet. The activities have enhanced communication and exchanges between the Corporation and its stakeholders and provided a strong boost to China Minmetals' effort in implementing its strategic transformation and its strategy to "go to the world market".

## 7. Strengthening technological innovation management

The Corporation has persisted in implementing a strategy to build a competitive enterprise through science and technology. It has continuously increased inputs into technological innovations, actively built technological innovation platforms and improved its technological innovation system. It has deepened scientific and technological exchanges and cooperation on production, study and research, actively taken part in the formulation of standards and fully promoted intellectual property protection. The Corporation has also pushed forward technological renovations in a pragmatic and effective way, nurtured and strengthened its technological competitiveness in the metal mining field, and improved the quality of its corporate growth. In 2009, the Corporation compiled its first science and technology development outline and specified its technological innovation roadmap. It also strengthened its technological innovation management system building and formed a series of complete management systems. These covered science and technology management, expert pool management, research funds management, research results management, and trademark, patent and intellectual property management, providing a powerful institutional guarantee for the Corporation to energetically push forward technological management in the future. The Corporation has pushed forward the establishment of strategic alliances for technological innovation, and set up the "Strategic Alliance for Technological Innovations in the Nonferrous Metal Tungsten and Hard Alloy Industries" and the "Strategic Alliance for Innovations in Metal Mining Engineering and Equipment Technologies". Currently, it is doing preparatory work for setting up the "Strategic Alliance for Efficient, Energy-Saving, Clean and Green Technological Innovations in the Metallic Ore Resources Industry". The Corporation has energetically pushed forward efforts to build national-level R&D platforms. Currently, it has eight national-level R&D institutions and seven national-level analysis and test centers. A dozen of its subordinate companies have won the title of High- and New-Technology Enterprise. By the end of 2009, the Corporation has pooled more than 200 internal and more than 50 external experts, providing strong expert backup for the technological progress of the Corporation and the efforts it makes to strengthen safety and environmental protection management. The technology of the Corporation for energy saving and emission reduction was further expanded so that, by the end of 2009, it had 28 technologies in five categories. Following arduous efforts, the Corporation has successfully been included in the third group of innovation piloting enterprises in China. This affords a good opportunity for the Corporation to reach a new height of technological innovation.



Type	Nature
State key laboratories (3) (Note: The last two were only approved in January 2010)	State Key Laboratory of Deep Sea Mineral Resource Development and Utilization Technology
	State Key Laboratory of Hard Alloys
	State Key Laboratory of Metal Mining Safety Technology
National engineering research centers (2)	National Engineering Research Center for Metallic Mineral Resources Comprehensive Utilization Technology
	National Engineering Research Center for Metal Mining Technology
State-certified enterprise technology centers (3)	Zhuzhou Smelter Group Co., Ltd. Enterprise Technology Center
	Zhuzhou Hard Alloy Group Co., Ltd. Enterprise Technology Center
	Xikuangshan Twinkling Star Stibium Industry Co Ltd Enterprise Technology Center
National-level analysis and test centers (7)	National Metallurgical Industrial Drilling Tool Quality Test Center
	National Metallurgical Industrial Auxiliary Mineral Product Quality Supervision and Test Center
	National Nonferrous Metallurgical Electromechanical Product Quality Supervision and Test Center
	National Work Safety Changsha Mining Electromechanical Inspection and Test Center
	Zhuzhou Smelter Group Co., Ltd. Quality Test Center
	Zhuzhou Hard Alloy Group Co., Ltd. Quality Test Center
	Xikuangshan Twinkling Star Stibium Industry Co Ltd Quality Test Center

**Case**

In July 2009, the Meeting of Central Enterprises on Informal Discussion and Exchange of Experience on Development of Technological Innovation Information Platforms was held by the Corporation. The meeting was attended by officials from the SASAC and delegates from 12 key central enterprises.



**Case**

In 2009, the Ministry of Science and Technology and SASAC awarded the title of "Innovative Enterprise" to the Changsha Research Institute of Mining and Metallurgy. The Institute made several major achievements in technological innovations and won two First Prizes, three Second Prizes and one Third Prize at Provisional/Ministerial level. It applied for 22 patents (including eight invention patents), while 17 were granted (including eight invention patents). It presided over or took part in the formulation and revision of seven national standards and three industry standards. Over the year, it published two books and 42 technical articles.



# 2 Sustainable Safety

## --- Strengthening a Safe Minmetals

- ◆ Promoting the HSE System 67
- ◆ Intensifying Safety Supervision 68
- ◆ Enhancing Emergency Response Capability 72
- ◆ Occupational Health and Safety 74
- ◆ Cultivating Safety Culture 74



Production safety is a precondition for the stable development of the national economy and society, and the foundation for the healthy development of an enterprise. Fully aware of the chronicity, arduousness and complexity nature of work safety, China Minmetals Corporation ("Corporation") closely integrates the needs of its strategic transformation, upholds safe development, and earnestly implements the guideline of "safety first with emphasis on prevention and overall control", firmly establishes the concept of "creating safety for each other", energetically promotes systematized construction, pay close attention to investigation and management of security risks, steadily improve emergency response capability, continuously improve the long-term mechanism of work safety management, and continue to build a safe Minmetals.

## (I) Objectives and Performance

### 1. Safety Objectives

- ◆ To strengthen the building of safety culture, firmly establish the idea of "creating safety for each other" and work hard to create a sound corporate safety culture and atmosphere;
- ◆ To effectively promote safety standardization and building of HSE system to form a system management system with the Corporation's characteristics and level up the safety management of production enterprises;
- ◆ To deepen the investigation and rectification of safety hazards and strengthen the monitoring of major potential hazards to prevent accidents;
- ◆ To intensify emergency response management and strengthen the enterprise's capability of responding to emergency;
- ◆ To strengthen the monitoring of occupational health and create a healthy and safe working environment.

### 2. Safety Performance

In 2009, the Corporation actively carried out the "Three Actions, Three Constructions" program, earnestly implemented the work safety responsibility system, vigorously conducted safety inspection, focused on the investigation and rectification of safety hazards, stepped up the monitoring of major potential hazards, intensified emergency response management, strengthened the supervision of contractors and the building of field teams and accelerated the improvement of the HSE system. In same the year, safety accidents saw a year-on-year decline of 16.2% and the overall situation of work safety took a turn for the better.

Table of Work safety Performance of the Corporation in 2009

Year	Number of Safety Accidents	Margin of Increase/Decrease from Last Year (%)	Fatalities (Individuals)	Seriously Injured (Individuals)	Lightly Injured (Individuals)
2007	52	-28.8	8	3	47
2008	40	-23.1	4	0	38
2009	31	-16.2	3	1	27

#### Knowledge

Three Actions: Work safety enforcement action, rectification action, publicity & education action

Three Constructions: Construction of legal system and mechanism, construction of support capability, and construction of supervision teams

## (II) Promoting the HSE System

The year of 2009 saw intensive efforts made by the Corporation to build its HSE system. To promote the building of the system, we compiled and released the "Guide to the HSE Management System of China Minmetals Corporation". This was tailored to the actual conditions of the Corporation, by combining internationally accepted HSE system standards with related industry standards and incorporating our own control mode and supervision requirements to systematically standardize the improvement of the HSE. The Corporation also issued the "HSE System Publicity Manual", which explains and publicizes the relevant knowledge of HSE and the Corporation's requirements for building the HSE system. By advancing the building of the HSE system, the Corporation has embarked on the track of scientific safety management featuring self restraint, self supervision, self improvement and self development and has formed a long-term management mechanism of work safety.



Guide to the HSE Management System of China Minmetals Corporation

#### Q&A

- ◆ Q: As a large enterprise group that is one of the earliest in China to introduce the HSE system, how does the Corporation understand the system? Why has the Corporation implemented the system?
- ◆ A: The HSE system is an occupational health, safety and environmental management system. This is an integrated system that is based on the principle of the pre-control of risk and determines the hazards and their consequences that may occur in production activities, through risk analysis, to take effective precautions and control measures for the prevention thereof and reduce the personal injury, property loss and environmental pollution that may be caused. Its core concepts are prevention first, all-member participation, leadership commitment and continuous improvement. With the progress of its strategic transformation, the Corporation finds itself with greater responsibilities for work safety, energy saving and emission reduction. The Corporation has the need to introduce a mature international HSE system, draw on advanced management ideas and management thinking, fulfill its corporate citizen's responsibility, tamp its foundations, and standardize management measures to reach management objectives and build a multi-industry and multi-tier HSE supervision system that suits the Corporation.

To accelerate the building of the HSE system, we set up an HSE System Leading Group, which is led by a vice president of the Corporation and comprises an expert panel, a promotion team and a publicity team for all-round promotion. The Corporation strengthened the guidance of its subordinate production enterprises in relation to the building of the HSE system, dispatched experts to the enterprises to provide HSE system training and coaching and stepped up the communications and exchanges between the enterprises to ensure that the system they build can satisfy the requirements of the Corporation's Guide and operate effectively.

#### Case

In June 2009, a working conference was held to publicize the Guide to the HSE Management System of China Minmetals Corporation and promote the HSE system. The conference required all production enterprises to build their HSE system in strict compliance with the arrangements of the Corporation. Those enterprises that had already become certified to ISO14000 environmental management system and OHSAS18000 occupational health and safety management system should review and improve the existing system against the Guide of the Corporation. The conference identified the key units to be promoted and further detailed the progress and quality requirements for the enterprises.



Working Conference of China Minmetals Corporation on Promoting the Improvement of the HSE System

### (III) Intensifying Safety Supervision

Intensified supervision of work safety is the key to reducing accidents and attaining the objectives of work safety. The Corporation continues to implement the control mode of work safety and works for all-round intensification of safety supervision in a bid to minimize production accidents.

#### 1. Implementing Safety Accountability

In early 2009, the Corporation held the annual working conference on work safety and signed the contract of responsibility for work safety objectives with secondary production units to continue the implementation of the "one position, two responsibilities" policy and assign work safety responsibilities to each level down to the field units. Addressing the industrial distribution characteristics of the production enterprises, the Corporation sponsored work safety symposiums involving the mining, construction and metallurgy industries for in-depth discussions about the focus, difficulties and common issues of the industries in work safety management.



Group Seminar of Work safety Working Conference Held in Early 2009 --- Mining Industry

In February, the Corporation held colloquiums with seven secondary production units to communicate and discuss annual task requirements, the difficulties confronting the enterprises and solutions for fulfillment of work tasks.

At the mid-year working conference on work safety held in July, the Corporation made arrangements for the work safety in the second part of the year in light of the "Three Actions, Three Constructions" program and specially required the fulfillment of key work tasks by grassroots units.



2009 Working Conference on Work safety

#### 2. Work safety Inspection

Work safety inspection is an important means of implementing work safety supervision. Throughout the year, the Corporation carried out five large-scale inspections, which involved 14 inspection teams composed of 56 internal and external experts and covered 65 production enterprises and construction projects. The inspection teams found 406 safety hazards of all types at those sites, of which 404 have been redressed. For the remaining two hazards that have not yet been redressed, the Corporation issued redressal notices and urged the related enterprises to promptly draw up specific plans and measures for their redress.



Work safety Inspection Carried out by the Corporation



#### 3. Investigation and management of risks

Concurrently with the safety inspections, the Corporation also carried out hazard investigation and rectification. In April 2009, the Corporation held a working conference on the investigation and rectification of major accident risks, requiring all production enterprises to organize a sweeping investigation and rectification of such potentials without leaving any blind spot and eliminate the potentials discovered in strict compliance with the "four predefined principles". In the year, the production enterprises under the Corporation discovered 10,930 safety hazards, 10,859 of which have been resolved, accounting for 99.4%.

We further organized the identification and analysis of the major potential hazards and the in-service production equipment of the mining, metallurgical and construction enterprises under the Corporation. As a result, we have obtained an initial picture of the operation and supervision of these major potential hazards and set up a database therefor.



#### Case

To facilitate the effective investigation and rectification of hazards, the Corporation edited and produced in 2009 "A Briefing on Special Actions for Investigating and Rectifying Safety Hazards" on the basis of the materials contributed from the field inspection teams. The publication involves real-time follow-up on the action and quickly reports the latest developments to the leaders of the Corporation and the related departments, playing a positive publicity role.

## 4. Contractor Management

Strictly abiding by the Production Safety Law of the People's Republic of China and other relevant laws and regulations, the Corporation has continuously intensified the supervision of contractors and the building of field teams, requiring all enterprises to strictly examine the access qualifications of contractors according to the "(Provisional) Regulations of China Minmetals Corporation on Management of the Production Safety of Contractors", clarify work safety agreements, strengthen site supervision and implement the system of safety risk margins.

#### Major Rules on Access and Examination of Contractors

- ◆ A contractor shall have the certificates proving his qualifications that meet relevant national regulations and the nature of the project;
- ◆ A contractor shall have the capability of managing work safety provided for by the Work Safety Law and other relevant laws and regulations of the state. For an industry that is subject to work safety licensing issued by the State, a contractor needs to submit the original work safety license;
- ◆ The principal person in charge must have the qualifications required by the State and submit the original qualification certificates; the management office of work safety must be complete and the allocation of full-time safety officers must meet requirements;
- ◆ A sound work safety responsibility system, work safety regulations and operation rules must be in place.

#### Major Rules on Daily Safety Supervision and Management of Contractors

- ◆ It should be made clear that the legal representative and project director of a contractor are the first persons responsible for work safety; the person in charge of project work safety is the person directly responsible for work safety;
- ◆ Pursuant to relevant national regulations on work safety, contractors should establish the work safety responsibility system, safety management system, operation rules and accident rescue plan and should hold drills;
- ◆ Contractors should educate their employees in safety as required by relevant regulations, which should be put on record to be signed by the employees;
- ◆ If a mine enterprise under the Corporation outsources all of its production tasks of underground tunneling and mining to an eligible contractor, that contractor should be managed under work safety management as if it was a mining workshop of the enterprise itself and incorporated into the overall safety management system of the enterprise;
- ◆ In the event of any work-related death in a production accident, the contractor should notify the contract-awarding party promptly and report the same to the local department responsible for the supervision and management of work safety. The contractor should also activate its own accident rescue plan immediately, intensify rescue efforts, make its best endeavors to prevent the accident from spreading and minimize casualties and property loss.

We have at intervals arranged onsite exchanges between experts and enterprises, continuously carried out work safety publicity and training for contractors and, in particular, field employees and promoted the best practices and advanced experience of the enterprises.



#### Case

The mines under Jiangxi Tungsten Industrial Group Co., Ltd. have established the Party Branch of Farm Workers to encourage farm worker Party members play an active role in work safety management. The 23rd Metallurgical Construction Group Co., Ltd. launched a night school to strengthen the training of farm workers in safety knowledge and skills.



Night School for Farm Workers Launched by Wenshan Aluminum Oxide Project Department of the 23rd Metallurgical Construction Group



#### Case

To improve the supervision of contractors, the Nuopu Iron Mine creatively established a series of systems, including the "San Ding Biao System", "Party A representative system", "safety examination winner-list system", "safety examination last place seat system" and the "system of work safety management grading", to strengthen the supervision of contractors from multiple aspects, e.g. qualification examination, site monitoring, performance rating, bonus and penalty. These systems have been gradually modified and improved in light of the actual situation and achieved results, leading to the accumulation of some experience in the supervision of contractors.



## 5. Safety Management of Mines

The Corporation attaches great importance to mine safety, continuously intensifies management and takes effective measures to improve the effect of the safety management of mines. On the basis of the relevant work done in 2008, the Corporation completed the site inspection of all tailing impoundments and created a database of tailing impoundments. The key ferrous metal mine enterprises of the Corporation have established the information system for management of major potential hazards in light of their own conditions, which has effectively promoted the supervision of major potential hazards.

In their promotion of mine safety standardization, the mine enterprises under the Corporation have further improved the safety management system and operations for full-scale standardization of the lifting operations, power supply, underground transportation, ventilation and drainage systems, factory site selection and underground production site operations pursuant to the Safety Rules for Metal and Non-metal Mines.

## 6. Increasing Work Safety Input

The Corporation has further increased the drawing of work safety funds and the investment in work safety to level up safety equipment and improve operation environments. In 2009, the production enterprises under the Corporation invested RMB234.75 million in work safety, up 18.4% from the previous year, which was used for the technical modification of equipment, rectification of hazards, supervision of major potential hazards and improvement of emergency response mechanisms, achieving satisfactory results.



### Case

In a very difficult economic situation, Jiangxi Tungsten Industrial Group Co. Ltd. required that "all the budgetary expenses of the company can be reduced except those for work safety". It drew work safety funds in full, which were used for key fields such as elimination of hazards in tailing impoundments, electronic monitoring systems for inclined shafts and purchase of emergency rescue equipment.

## (IV) Enhancing Emergency Response Capability

The Corporation has further standardized and improved the comprehensive plan and specific plans for emergency rescue. It urges the production enterprises to achieve high standards in building the rescue teams, raise the technical level of emergency response equipment, standardize the storage and management of emergency response materials, organize all types of emergency response drills and enhance the capability of coping with emergency.

In 2009, as required by the Corporation, the production enterprises organized 1,163 emergency response drills addressing the types of major accidents that occur most likely. Jiangxi Tungsten Industrial Group Co. Ltd. organized all nine tungsten mine enterprises into a special drill simulating a poisoning accident caused by underground smoke; Jiangxi Xiushui Xianglushan Tungsten Co., Ltd. carried out the drills of responding to a collapsed tailing dam, a cave-in of top plates, blockage of flood discharge channels and an emergency involving dangerous chemicals; North China Aluminum Industrial Co., Ltd. and Minmetals Property Co., Ltd. organized fire drills tailored to their own characteristics. Through the drills, the enterprises summed up experience, found imperfections and further enhanced their emergency response capability.

### Case

In June 2009, the Corporation and Minmetals Yingkou Medium Plate Co., Ltd. jointly organized the first emergency rescue desktop drill of the Corporation (simulating a major accident of leaking gas), enabling the functional departments of the Corporation to gain a clearer understanding of their duties, tasks and processes in such emergency response and enhancing the ability of the Corporation to cope with emergencies.



Scene of First Emergency Response Desktop Drill of the Corporation



Site of Emergency Rescue Drill at Yingkou Medium Plate Co., Ltd.



## (V) Occupational Health and Safety

The Corporation pays close attention to the management of occupational safety and health and requires production enterprises to strengthen occupational health management and resolutely implement the System of China Minmetals Corporation for the Prevention of Occupational Hazard, the Management Measures for Prevention of the Harm of Occupational Diseases and other related systems and measures to prevent and control the harm caused by occupational diseases.

### 1. Intensifying Occupational Safety Management

In 2009, the Corporation required all enterprises to look for sources of occupational harm, count the incidences of occupational diseases and report the efforts they make to prevent occupational harm every half-year according to the "Provisional Regulations on the Supervision and Management of Occupational Health in Operation Sites" issued by the State Administration of Work Safety (SAWS). At the same time, SAWS requires the enterprises to set up files on occupational health management and report the content to local work safety supervision authorities in a timely and standard manner. The Corporation itself has set up files on the occupational health management of the enterprises.

### 2. Improving work safety conditions

All the production enterprises under the Corporation have established employee safety and health assurance systems according to state regulations and continuously improved the comprehensive occupational safety support system of employees, improved their operation conditions and created a healthy, safe and comfortable working environment. According to national standards, the enterprises issue protective equipment to employees on time and supervise them in carefully wearing the same to lower the incidence of occupational diseases; provide regular checkups for employees and set up an account book of occupational disease inspection and prevention; and pay premiums for the occupational injury insurance and accident insurance of employees.



#### Case

##### Minmetals Yingkou Medium Plate Co., Ltd. Strengthens the Occupational Safety and Health of Employees

In recent years, Minmetals Yingkou Medium Plate Co., Ltd. has increased investment in the protection of the occupational health of employees, which was used to install 36 dust filters in areas where much dust is generated; 23 mufflers in noise-polluted areas; some 190 gas/oxygen alarms at the relevant job posts, plus 951 portable oxygen alarms for employees; 370 air conditioners at the operation posts with the right conditions for heatstroke prevention and temperature reduction. All employees will receive checkups or occupational disease examination before they are recruited for or take up posts that may cause occupational harm or before they leave jobs with occupational hazards.

## (VI) Cultivating a safety culture

Safety management ultimately has to rely on the formation of a good safety culture. The Corporation pays great attention to the building of safety culture and creates a good cultural atmosphere of "safety for everyone" through safety education, training and publicity.

## 1. Safety Training

The Corporation makes great efforts to carry out the training in work safety management knowledge. It invited the experts of State Administration of Work Safety to provide training in work safety management and took advantage of the opportunity of safety inspections to arrange for the experts from the expert pool of the Corporation to provide on-the-spot safety knowledge training for the field safety management and production personnel of the production enterprises. The subordinate enterprises also organized safety training as required by the Corporation. In 2009, these production enterprises carried out 4,646 safety training events and trained some 88,000 people.



Training in Modern Safety Management Knowledge

## 2. Safety Publicity

In 2009, the Corporation launched a variety of safety publicity activities to advocate and popularize the cultural concept of "safety for everyone". For example, the publicity platforms of the News of China Minmetals Corporation and Safety Supervision Newsletter of Minmetals were leveraged to publicize relevant national policies and guidelines, the development of the Corporation, and the activities and experience of all enterprises. In September, the Corporation held the first "Safety Culture Month", when the member enterprises drew up action plans under the overall guidance of the Corporation and carried out multiform publicity activities to create a good atmosphere of safety culture.



#### Case

The 23rd Metallurgical Construction Group Co., Ltd. held the "Safety with Me" speech contest. Around this theme, the competitors talked about their understanding of the safety guideline "safety first, prevention foremost, comprehensive rectification" by using the examples of the real cases related to work safety that occurred in their own work and life. The competitors expressed the inspiring observations that "safety is happiness" and "safety has only a beginning, but no end". The feelings and passionate speeches of the competitors deeply moved the audience, serving to enhance the safety awareness of the employees.



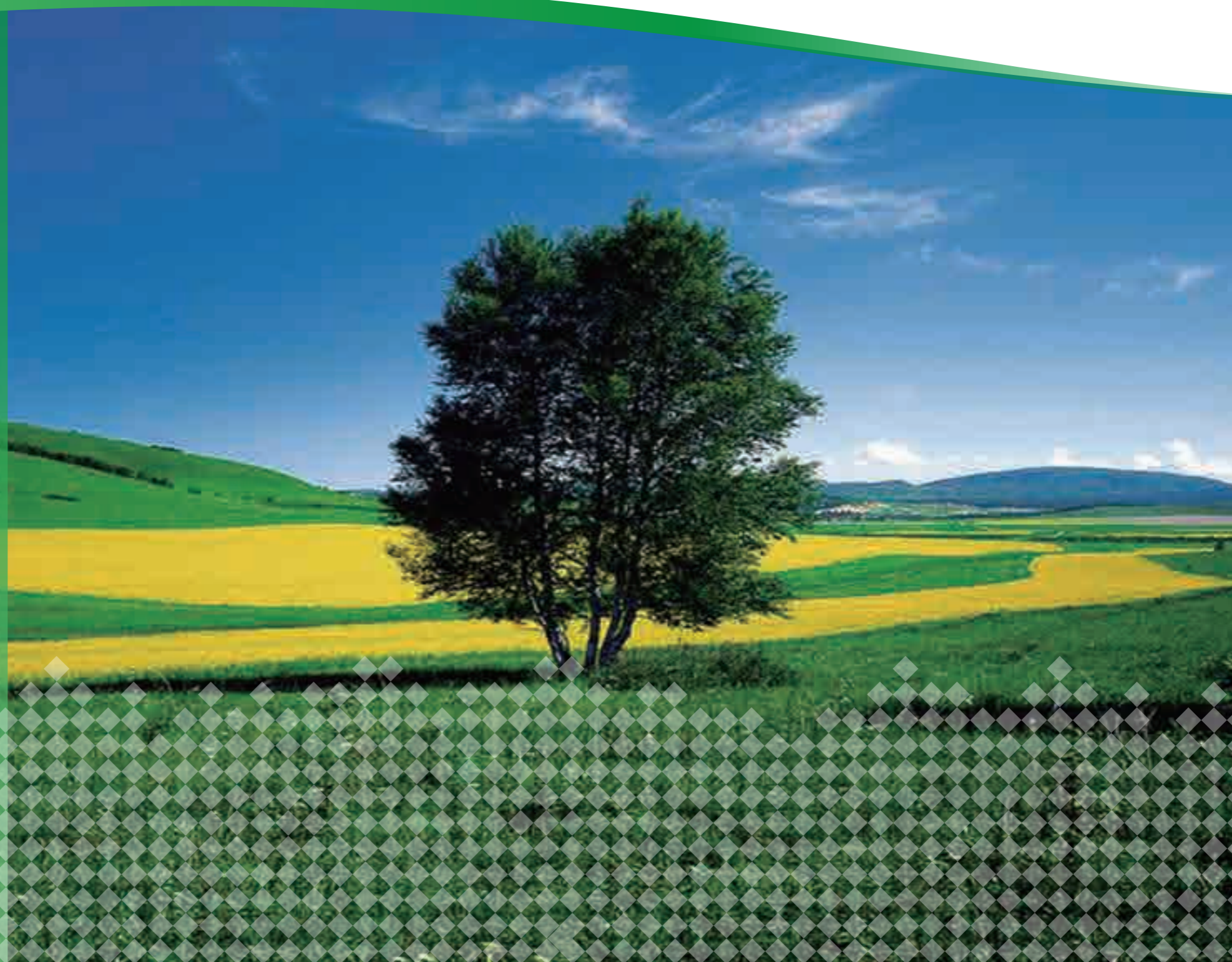
#### Case

##### "7.30" Safety Reminder Activity Carried Out by Minmetals (Guizhou) Iron Alloy Co., Ltd.



# 3 Sustainable Ecology --- Promoting a Green Minmetals

🌿 Promoting System Building	79
🌿 Response to Climate Change	80
🌿 Protecting the Ecological Environment	82



The harmonious development of both the economy-society and the ecological environment is the fundamental guarantee for the sustainable development of human society. The Corporation takes the initiative to address climate challenge, responds positively to global environmental protection initiatives, and persists in the development idea of building enterprises that are resource-saving and environmentally-sound. It commits itself to domestic and international environmental protection and improvement actions, vigorously promotes a low carbon economy, and explores a green development mode characterized by low energy consumption, low pollution and low emission. The Corporation focuses on energy efficiency and intensifies energy saving, consumption reduction, environmental protection and emission reduction to continuously promote its green development.

## (I) Objectives and Performance

### 1. Objectives of Environmental Protection

- ◆ To further the building of the "Three Systems" for energy saving and emission reduction, and raise the level of management and control;
- ◆ To strengthen comprehensive rectification, promote energy saving and emission reduction through technological progress;
- ◆ To promote green industry and level up the green development of the society;
- ◆ To improve the publicity, education and training in energy saving and emission reduction to increase the awareness for environmental protection.

### 2. Performance in Environmental Protection

In 2009, the Corporation continued to intensify green operations and made active efforts in strengthening energy saving, emission reduction and ecological protection.

Table of Performance in Environmental Protection in 2009 (Major Industrial Enterprises)

Indicators	Unit	2008	2009
Comprehensive Energy Consumption	10000-ton Standard Coal	181.77	157.89
Comprehensive Energy Consumption for RMB10000 of Output Value	ton Standard Coal/RMB10,000	0.777	1.121
Emission of Sulfur Dioxide	Ton	3914.91	4583.83
Emission of COD	Ton	1154.41	1124.22

(Note: The continuing financial crisis and violent fluctuation of prices caused the output value of member production enterprises to drop and the comprehensive energy consumption of RMB10000 output value to rise)

In the 2009 Investigation Report on the Social Responsibility of Chinese Enterprises released by Fortune (Chinese Version), the Corporation is one of China's top 10 green companies.

#### Q&A

- ◆ Q: How does the Corporation understand environmental protection?
- ◆ A: Environment is the basic prerequisite for human survival and development, for which it provides the essential resources and conditions. With the development of society and the economy, the issue of environment has become an important question not to be ignored. The Corporation voluntarily undertakes the responsibility for environmental protection, enthusiastically responds to the proposal for global environmental protection, and fully commits itself to domestic and foreign environmental protection and remedial actions. Furthermore it emphasizes the R&D and application of environmental protection technology, promotes energy saving and emission reduction, develops the recycling economy, promotes publicity about environmental protection and has made positive contributions to the environmental protection of industries.

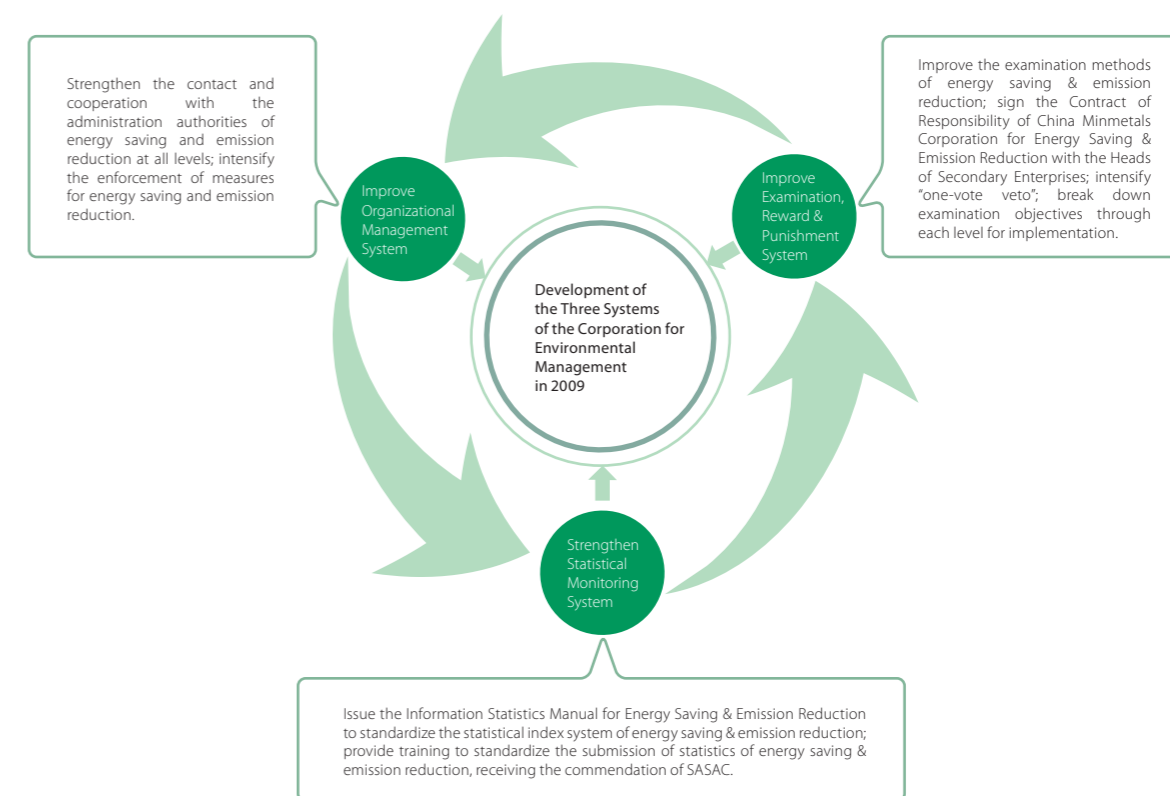
## (II) Promoting System Building

We continue to push forward the building of the "Three Systems" for energy saving and emission reduction, strengthen the self-regulation of the enterprises and key inspection of environmental protection activities, and carry out investigation and supervision in the enterprises. To cater to the background of energy saving and emission reduction, the Corporation has formed a practical work mechanism and management system in the philosophy, mode and methods of management.



2009 Working Conference of China Minmetals Corporation on Energy Saving and Emission Reduction

### Development of the Three Systems of the Corporation for Environmental Management in 2009





Case

The "Contract of Responsibility of China Minmetals Corporation for Energy Saving & Emission Reduction" Signed between the Corporation and Heads of Secondary Enterprises



Meanwhile, taking into account the shares of the enterprises in the energy consumption and pollutant discharge of the Corporation and the degree of seriousness of environmental pollution, the Corporation has made a list of the enterprises that should be under intensive supervision and taken relevant measures, such as onsite inspection and tracking of monthly data.

(Please refer to the part under Sustainable Safety in the previous chapter for the relevant content of the HSE system)

### (III) Response to Climate Change

Global climate changes have become an important issue receiving the widespread attention of the international community. In response to climatic problems, we have increased investment in environmental protection and follow the guiding principle of "reduction, recycling and resource recovery" in a bid to make the most out of each and every unit of resource consumption. Aiming at low consumption, low emission and high efficiency, we work hard to develop the recycling economy, intensify the scientific development of resources, utilize resources in a comprehensive and efficient way to do our share for the energy saving and environmental protection of industries and for the construction of a human habitat of clean water, clear skies and fresh air.

## 1. Innovation in Environmental Protection Science and Technology

Scientific and technological innovation provide breakthroughs for the effective utilization of resources and improvement in energy saving and emission reduction. The Corporation provides technical support for the effort of energy saving and emission reduction through the training of professionals, building of a pool of experts and cooperation of industries, universities and research institutes.

Recognizing the importance of the role of the platform, we have set up the bridge of communications between the database of the Corporation and the member enterprises to guide and assist the enterprises in solving the difficulties, key issues and common problems in energy saving and emission reduction.

## 2. Technical Transformation for Energy Saving & Emission Reduction

We continue to make advances with the transformation of the technologies and processes for energy saving and emission reduction. In 2009, the total investment made in key energy saving works and projects of recycling efficiency exceeded 300 million, including RMB12.8 million invested by North China Aluminum Co., Ltd. in the construction of two rolling oil mist recovery systems, which can bring in RMB3.4 million of benefits each year after completion. Minmetals (Guizhou) Iron Alloy Co., Ltd. invested funds in importing advanced production equipment, improving technology, carrying out furnace expansion and renovating the dust-removing facilities of the ash conveying system, thus greatly improving the environmental protection in the course of production. Nanchang Cemented Carbide Co. Ltd. threw in RMB8.18 million expanding its hydrogen generation capacity. When completed, the project can save 1.23 million KWH of electricity each year.

The Corporation also calls for the member enterprises to strictly implement the national industrial policies to eliminate the equipment deviating from these policies, optimizing industrial structure and speeding up equipment update. Hanching Metallurgical Mine Administration closed down three mines at Tuancheng, Kuangshan Village and Yuquanling, which had not yet expired, to concentrate its human, material and financial resources for use in backbone mines of high production efficiency and a broad development prospect, further optimize its production capacity structure and make more rational utilization of energy. Nanchang Cemented Carbide Co. Ltd. has completed pulled out of the production of primary products of tungsten metallurgy, resulting in marked improvement of energy consumption and pollutant discharge.

## 3. Participation in International Actions

While making a success of our own energy saving, emission reduction and environmental protection, we also take an active part in the international exchanges with regard to environmental protection and strengthen the communications with foreign governments, social groups and international organizations to gain a greater say in the international affairs, spread the ideas and successful experience of our enterprises in respect of sustainable development, and contribute to the promotion of global sustainable development.

Considering the achievements that the Corporation has made over the years in the fields related to environmental protection, the UN Global Compact Office invited the Corporation to join the UN Global Compact Environmental Stewardship Project composed of only 20 enterprises worldwide as a member of the expert panel to jointly discuss and research major issues of environmental protection, e.g. response to climate change, make concerted efforts to develop the most advanced management tools, which will be released at the 2010 Global Compact Leaders Summit and the assembly marking the 10th anniversary of the founding of the Global Compact to be held in June 2010.



Representative of the Corporation and UN Global Compact Executive Director, Georg Kell

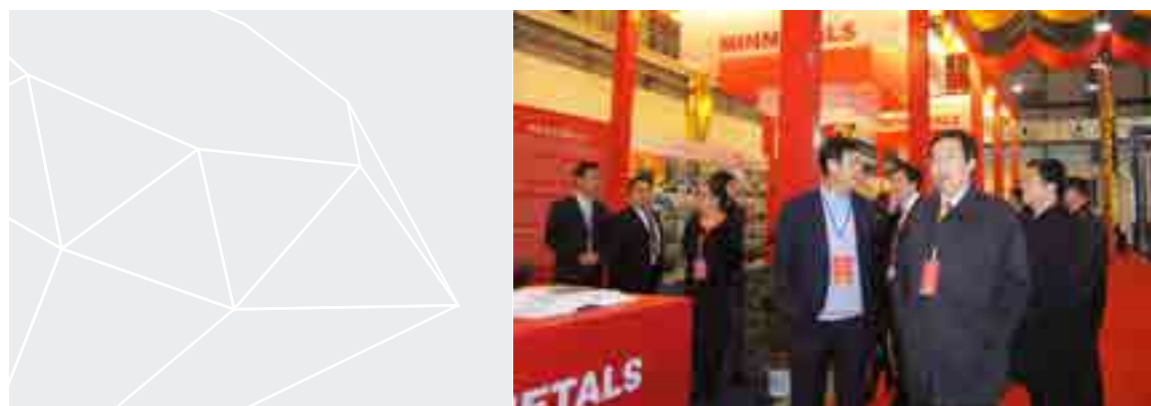


Representatives of the Corporation at a meeting of the Environmental Stewardship Team of UN Global Compact



Sustainable Ecology — Promoting a Green Minmetals

The accession to the UN Global Compact Environmental Stewardship Project plays an important role in the efforts of the Corporation to respond to major environmental protection issues, such as climate change, build its own image and set an example of bearing social responsibilities on the international arena for the Chinese enterprises.



Booth of the Corporation in the 1st World Assembly of Low Carbon and Ecological Economy and Technology Expo

## (IV) Protecting the Ecological Environment

Against the background of worsening human-environment relations, the development of green industry has become an inevitable choice of mankind for continued survival and development. Fully aware of the austerity and urgency of the issue, the Corporation works hard to lower the negative environmental impact caused by its own operations, invests in the development of projects of green environmental protection, tones up the publicity about environmental protection and contributes its bit to the rapid development of the environmental protection industry.

### 1. Promoting Green Development

The Corporation has firmly built the concept of green management and attaches great importance to the development of environmentally-sound projects. It enhances ecological efficiency, reduces risks to mankind and the environment, strengthens the comprehensive utilization of resources and clean production, strongly develops the recycling economy and industries of energy saving and environmental protection, develops the technology for waste recycling to help in saving resources, protecting the environment, eliminating pollution and improving economic benefits.



#### Case The Green Industrial New City of China Built by Minmetals (Yingkou) Industrial Park Development Co., Ltd.

This is the largest industrial park of China that relies solely on enterprises for development, construction and business attraction. Covering 30.4 square kilometers, it was developed in three phases. Drawing on domestic and foreign experience in the development of successful industrial parks, it leverages the advantages of the Corporation in nonferrous and ferrous metals, follows the ultimate principle of strategic collaboration with the primary industry and integration with the value chain of the Corporation, and adheres to the guideline of sustainable development. The project focuses on developing the four leading industries, including equipment manufacturing, electronic information and photonics, and application of new energy and new materials, as well as the two supporting industries of modern logistics and modern commerce, trade and services, and goes all out to build a new and green industrial city excellent for both business and inhabitation.



#### Case North China Aluminum Industrial Co., Ltd. Works to Create an Energy-Saving and Environmentally-Friendly Green Enterprise

As the attention to pollution control increased, the company built a large modern sewage treatment station, which can treat 2,400 tons of wastewater per day and reduce the annual discharge of oily pollutants by 118 tons, chemical pollutants by 285 tons and suspended solids by 457 tons, leading to satisfactory control of pollutant discharge.

The company also pays great attention to energy saving and reducing carbon emission. The modification of the aluminum smelters from oil to gas for energy saving and consumption reduction has drastically lowered production and operating cost, further decreased the emission of sulfur dioxide and removed the environmental pollution caused by black smoke.

Additionally, the company has always implemented the production management mode of avoiding the peak-hour demand for electric power, which can save over 10 million KWH each year. It has also employed new technology in the technical transformation of some important power-consuming facilities, leading to the annual saving of over 3 million KWH.



#### Case Luzhong Mining Co., Ltd. has achieved the recycling of water according to the differing requirements of the systems for water quality. The design of the project adopts the following water saving measures:

- ◆ The wastewater of the chemical workshop is used for dregs flushing to reduce the use of new water and avoid the external drainage of wastewater;
- ◆ The steam boiler discharges its water to the water treatment workshop, where it is used as the heat source of the deaerator to ensure adequate utilization of energy and avoid external drainage of the wastewater of the boiler;
- ◆ The sewage treatment station is west of the boiler room in the eastern zone. The treated wastewater is recycled for use as desulfurization make-up water and dregs flushing water;
- ◆ Muddy water is used to flush ash and terraces to save tap water resources.



Sewage Treatment Station of Power Plant of Luzhong Mining Co., Ltd.



Sustainable Ecology — Promoting a Green Minmetals

## 2. Increasing Publicity of Environmental Protection

The Corporation launched environmental protection publicity activities to popularize energy saving knowledge, using a wide range of publicity methods, such as energy shortage simulations, environmental protection films, training and coverage on the official website of the Corporation, to improve employees' awareness of the need for energy saving. The subordinate units also carried out diversified publicity activities under the guidance of the Corporation to spread the idea of energy saving.

In 2009, the Corporation held two "Expert Forums", where experts gave lectures and conducted interactive exchanges about "Energy Saving Law" and "Policy Requirements and Operation Procedure for the Environmental Impact Assessment of Construction Projects" to intensify the awareness of laws and regulations on environmental protection and enhance the standardization and professionalism of enterprise management.

### Case Energy Shortage Simulation

In June, 2009, the Corporation issued a proposal for the activity of Energy Shortage Simulation Day, calling on everyone to take part in environmental protection and save energy by starting with oneself. On June 15, the Corporation kicked off the activity. On the day, the air conditioners in the office building were turned off. Although the move caused discomfort and inconvenience, it received a positive response and support from the employees at all levels in the headquarters of the Corporation.

Without affecting normal production, Minmetals Yingkou Medium Plate Co., Ltd. also carried out energy shortage simulations in the management departments and all factories and workshops. For example, air conditioners were not in use for one day and domestic water supply was cut off for one hour in the office building. For the managerial staff on the production sites, power supply was cut for one hour and bath water supply was stopped for one use. Jiujiang Nonferrous Metal Smelter required all employees to go to work on foot on June 19.

The activity enabled every employee to keenly experience the major impact and inconvenience caused by energy shortage to both work and life and has further sharpened their awareness of resources, energy saving and economization.



### Case Tree Planting

In 2009, the Corporation organized a tree planting activity in its afforestation base in Hebei Town, Fangshan District, Beijing. Some 300 people took part and planted about 1,500 trees.



### Case Energy Saving Publicity Week

In June 2009, the Corporation carried out the Energy Saving Publicity Week activities to spread ideas of energy saving and emission reduction and knowledge about energy saving among the employees, thereby forming a strong atmosphere of energy saving and emission reduction throughout the Corporation.

# 4 Sustainable Harmony --- Building a Win-Win Minmetals

- ◆ Employee development 88
- ◆ Mutual-beneficial cooperation 104
- ◆ Compliance with laws and regulations 108



Establishing a harmonious partnership of mutual benefit and win-win outcomes with stakeholders is an important foundation for achieving the sustainable development of an enterprise. In its business operations, China Minmetals has actively fulfilled its responsibilities to employees, customers, suppliers, the government and other stakeholders. It has persistently conducted its businesses in compliance with laws and regulations, and striven to push forward the common progress of the company and its stakeholders to build a win-win Minmetals.

## (I) Targets for mutual benefit and win-win outcomes

- ◆ To adhere to the employment philosophy of “people-oriented and making the best possible use of talent”, comprehensively safeguard the rights and interests of employees, provide them with a favorable development platform, strive to motivate their enthusiasm and creativity, promote the strategic transformation of the Corporation and achieve the common progress of the enterprise and employees.
- ◆ To persist in the operational concept of “customers first and services foremost”, improve the ability to deliver services, provide globalized, superior quality services to customers, establish a long-term, stable relationship of mutual-beneficial cooperation with them and achieve the common growth of the enterprise and customers.
- ◆ To stick to the principle of “sincere cooperation, mutual benefit and win-win outcomes”, strengthen cooperation with the government, financial institutions, fellow enterprises and partners, complement advantages and share benefits, and push forward sustainable development together.

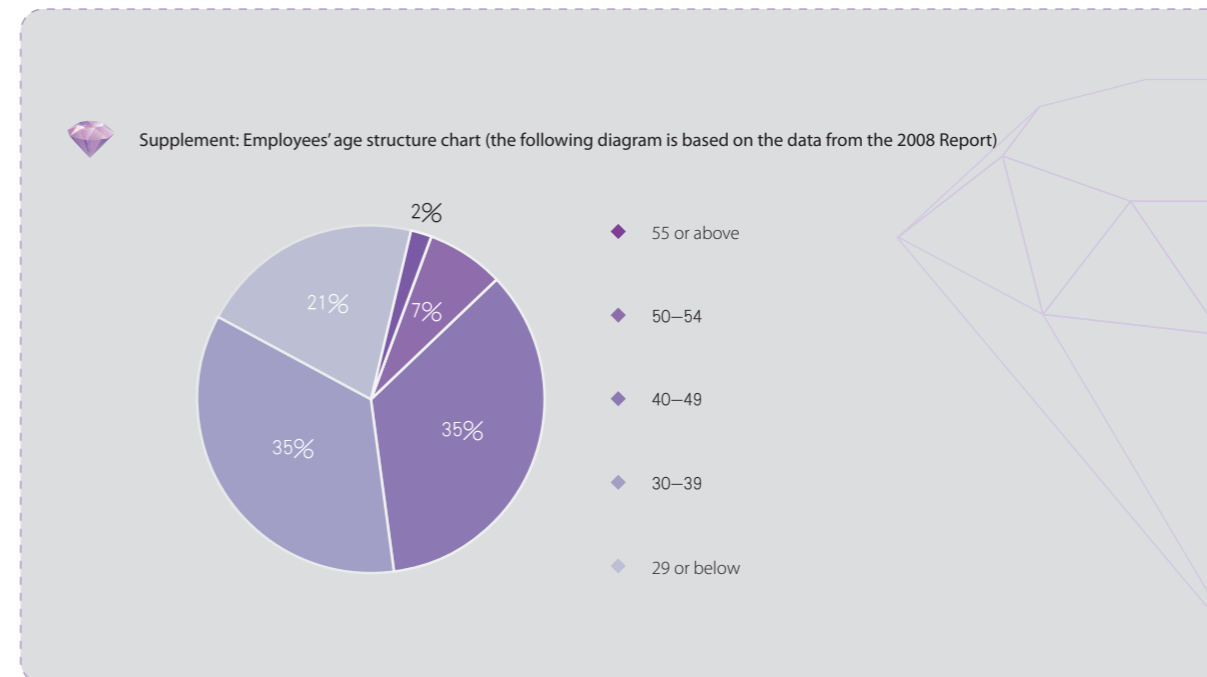
## (II) Employee development

People are the most valuable asset of an enterprise, and corporate prosperity depends on people. The Corporation has firmly established a talent development view which regards talent as the primary corporate resource. It is persistently people-oriented, and has taken improving the qualifications of employees, providing equal development opportunities to employees and achieving the common growth of employees and the Corporation as important parts of its corporate social responsibilities. The Corporation has actively optimized its talent structure, improved personnel quality, strengthened talent incentives, established harmonious labor relations, and endeavored to build a professional talent force characterized by ability and integrity, proper structure, unity and hard work as well as a strong sense of responsibility.

### 1. Overview of the workforce

As of the end of 2009, the Corporation had a total workforce of 100,656<sup>①</sup> employees worldwide. These included 70,311 front-line workers, 733 ethnic minority employees and 11,222<sup>②</sup> female employees. Management personnel totaled 6104, of which 1132 were female employees.

① This figure did not include employees at Hunan Nonferrous.  
② This figure did not include female employees at MMG.



### 2. Protecting employees' rights and interests

The Corporation strictly abides by the relevant State labor laws and regulations, adheres to basic corporate ethics, and strengthens labor contract management. It has continuously improved its labor employment system, paid full attention to employees' right of information, and protected their legitimate rights and interests. In 2009, the Corporation had an employee contract conclusion rate of 100%, a collective contract coverage rate of 100% and an employee turnover rate of 0.45%.



#### Case The Corporation strengthens employee relationship management according to law

In 2009, the Corporation continued to strengthen labor contract management and strictly abided by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Trade Union Law of the People's Republic of China and other relevant laws and regulations, the relevant laws of the countries where it operated and the relevant international treaties approved by the Chinese government, and continuously improved labor employment management. Adapting to changes in the situation, it promptly revised and improved the relevant management system, and submitted the Employee Handbook of China Minmetals Corporation to the Employees' Congress of the Corporation for deliberations and adoption. It paid full attention to employees' right of information and made efforts to protect their legitimate rights and interests.

**Case**  
New Edition of the Corporation's  
Employee Handbook



We insist on equal pay for men and women; we are against any discrimination on the ground of race, sex, age or other factors; we strictly prohibit child labor, and oppose any form of forced labor.

**Case**



Employees from MMG,  
China Minmetals Corporation

We let employees play their roles fully in democratic management and democratic supervision. We have established trade unions at all levels, Employees' Congress, open management information and other grassroots democratic management mechanisms, and basically achieved sound democratic management organizations, diversified forms of management information disclosure and smooth solicitation channels for rationalization proposals. Trade unions at all levels of the Corporation have vigorously organized democratic participation and management activities, made efforts to promote corporate culture building, actively provided practical services to employees and built themselves into "home of workers" which employees can trust.

We also give full play to the role which the Employees' Congress plays in democratic management and democratic decision-making. Whenever formulating rules and regulations or making major decisions that relate to employees' vital interests, we always listen to employees' opinions and submit our draft regulations and decisions to the Employees' Congress for deliberations in strict accordance with the statutory procedures and internal management system. In 2009, the Corporation held two Employees' Congress meetings, submitted 16 resolutions, 100% of them were dealt with.

We fully pay for our employees various insurance programs and social benefits on time, including retirement, medical, unemployment, work injury and maternity insurances and housing accumulation funds. We have a 100% social security contribution rate among our employees. Those subordinate companies with the right conditions have also covered supplementary medical insurance for their employees. We strictly comply with the relevant State provisions for work leave and secure our employees' right to take leave.

We strive to build a performance-based pay system which can effectively motivate our employees to pursue long-term personal advancement. We follow a basic principle of "specifying pay according to post, awarding remunerations based on performance". Through the two tracks of total pay management and income level management, we have established a remuneration management system which follows a unified guiding principle and suits the specific characteristics of the Corporation.

**Case**  
The Corporation held a Employees' Congress meeting.



**Stakeholder Q&A**

- ◆ Question: How does Minmetals help its employees achieve career advancement?
- ◆ Answer: Minmetals adopts a highly inclusive corporate culture. The Company treats new and old employees equally. It offers multi-dimensional, multi-level training to improve the qualifications of all its employees. Through sound talent selection and appointment mechanisms, the Corporation provides all its employees with equal career advancement opportunities and diversified career advancement channels. By strengthening corporate culture building, the Corporation strives to let all its employees feel the warmth of the Minmetals family, strengthen the cohesion of its employees and achieve the common growth of the enterprise and employees.

### 3. Promoting employee development

In line with the principle of “valuing both ability and integrity, and putting integrity first”, the Corporation has carried forward a concept of “matching people with post, bringing talent to best use”, and continuously improved democratic, open and competitive mechanisms of talent training, selection and use to ensure that the best talents can always be selected. It has integrated its core values and talent philosophy into its talent evaluation criteria of “putting integrity first, giving concurrent consideration to knowledge, ability, vision and performance”, and endeavored to make its personnel selection and use more scientific, professional and satisfactory. The Corporation has attached importance to professional team building, vigorously trained professional and technical personnel and skilled operators, and striven to provide its employees with diversified advancement channels and a greater stage for individual development.

#### Employee recruitment

In its talent recruitment work, the Corporation has adhered to a model of “unified platform building, reasonable empowerment, and hierarchical management” and the principle of open and democratic recruitment in a bid to provide equal employment opportunities to all applicants. In the face of the global financial crisis, it has adjusted its recruitment thinking and attracted outstanding talents through internal transfers, campus recruitment, social recruitment as well as other channels. In 2009, the Corporation recruited 62 talented individuals in various specialties, including 30 from campuses recruitment, 11 students with overseas background and 21 from the wider society.

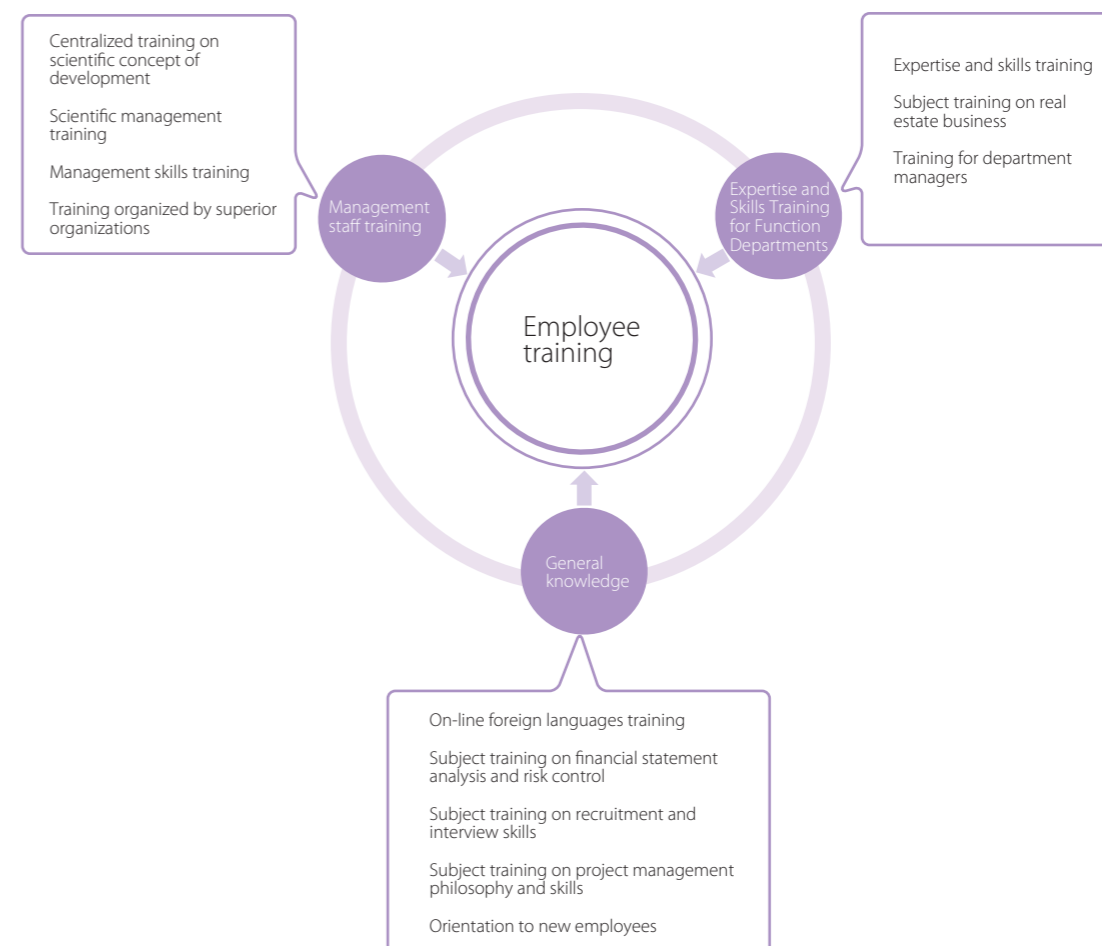
**Case**  
**Figure: The Corporation won Best Employer Award from the Renmin University of China**



### Employee training

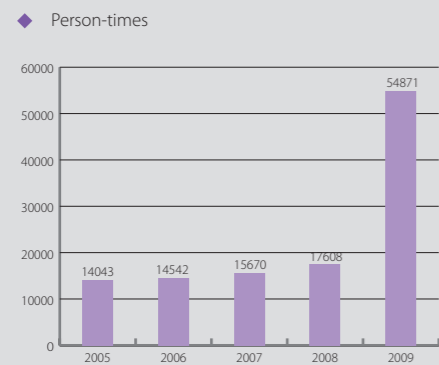
In 2009, the Corporation fully implemented a hierarchical training management model, featuring unified leadership, centered management and functional departments and Level-2 companies assuming respective responsibilities. It fully exploited internal training resources, and offered comprehensive, multi-level and diversified training. To cope with the financial crisis, the Corporation strictly controlled cost and made efforts to ensure training quality. For the whole year, it offered training with 54,871 attendances, including 12,898 management trainees, and input RMB19.2612 million. The departments at the headquarters of the Corporation organized a total of 55 training sessions. The Corporation also organized 30 training classes of various types to 1,090 person-times. These included training classes for middle-ranking and senior managers with the goal of improving their business management skills and general knowledge; skills training classes for ordinary employees with the aim of improving their professional skills; and training classes for junior management personnel with the purpose of improving their job competencies. The Corporation also supervised and guided its various functional departments to organize 25 training sessions on professional knowledge and skills with 1,760 attendances.

③ These training figures do not include Luzhong Metallurgy and Mining, Changsha Research Institute of Mining and Metallurgy or Hunan Nonferrous.

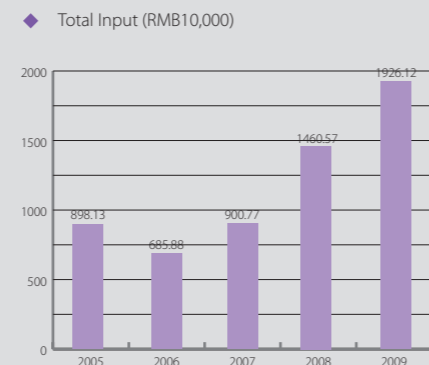


Sustainable harmony — Striving for a win-win Minmetals

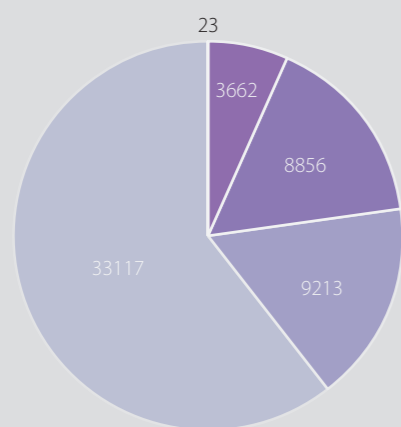
Training (Person-Times) of Minmetals between 2005-2009



Training Costs of Minmetals between 2005-2009

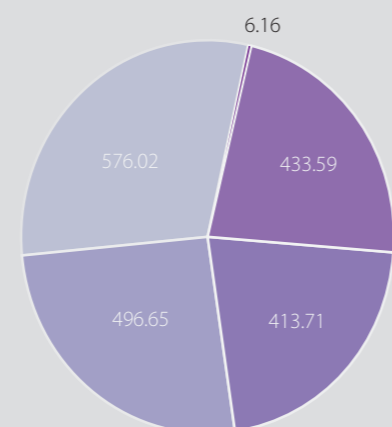


Hierarchical Training (Person-times) in 2009



- ◆ Senior Management Staff
- ◆ Mid-level Management Staff
- ◆ Lower-level Management Staff
- ◆ Professional Technology Staff
- ◆ Employees

Hierarchical Training Costs in 2009 (RMB10,000)



- ◆ Senior Management Staff
- ◆ Mid-level Management Staff
- ◆ Lower-level Management Staff
- ◆ Professional Technology Staff
- ◆ Employees



Case

The Corporation offers training to high-level operation and management personnel.

The Corporation and Tsinghua University jointly held an Advanced Further Study Class for Corporate Management. Courses in 17 modules and 13 lectures were offered over 36 days. Six examinations were held. A total of 2,163 people from the Corporation attended the training course, and 42 received the completion certificate of Enterprise Management Institute Course and Further Study Project from Tsinghua University.



Case



Thematic training on financial statement analysis and risk prevention



The Corporation holds Six Thinking Hats thinking exercises



Education improvement training to employees at Minmetals (Guizhou) Ferro-Alloys Co., Ltd.



Legal training at China National Minerals Co., Ltd. Figure 4-5



Orientation to the Corporation's new employees



Sustainable harmony — Striving for a win-win Minmetals



**Case**  
**Growing Together with Minmetals**



Ma Yumiao, Strategy & Planning Department, Minmetals Steel Co., Ltd.

Having worked in Minmetals for several decades, I know everything about it very well. We love it. It is our home.



Yu Hua, Minmetals Logistics Group Co., Ltd.

Minmetals provides me with a growth platform and gives me a great sense of social responsibility. I make my due contributions to Minmetals and forge ahead for Minmetals' glory tomorrow.



Tian Tian, Minmetals Exploration and Development Co., Ltd.

Join hands with the new Minmetals, work hard, be dedicated and grow together. Build harmony and create new work styles. Resources security helps achieve economic takeoff!



Bai Jingquan, The Financial Block, Minmetals

I do logistic services work. I believe that if I do my work well in a down-to-earth and responsible manner, my colleagues in other departments will be able to focus on their work and create value for the company. This is the biggest value of my work.



Lu Qinghua, Luzhong Metallurgy and Mining Group Corporation

Luzhong Metallurgy and Mining Group Corporation successfully merged with China Minmetals in 2009. I take pride in becoming a member of Minmetals. In the Minmetals family, I will work even harder and become a qualified Minmetals employee.

## The Corporation improves incentive and constraint mechanisms

In 2009, the Corporation vigorously strengthened performance assessment work. It took improving organizational performance and aiding in the implementation of its corporate strategy as its mission, and promoting employee advancement and putting talent to best use as its goal, striving to achieve the common progress and win-win outcomes for the Corporation and its employees. In its work, the Corporation has adhered to the principle of categorical and hierarchical management, and formed a performance assessment system. This system is based on The Performance Assessment Measures for Employees and The Integrated Assessment Measures of China Minmetals Corporation for the Executive Management and Executives of Directly-Affiliated Level-2 Companies. The Corporation has specified the division of functional responsibilities for performance management work, performance assessment workflows, employee complaint mechanisms, and confirmation, feedback and use of assessment results. Through assessment process, the Corporation has raised employee morale and effectively promoted employee growth.



**Case**

In January 2009, the Corporation carried out pilot hierarchical management work concerning job levels and pay systems at Minmetals Non-ferrous Metals Co. Ltd. Employees' abilities and qualifications were included as factors for consideration when the Corporation determined their job level and pay. The Corporation strengthened the link between performance and pay, enhanced the incentive role of pay and obtained good results.

In accordance with its characteristics, the Corporation has further divided its job categories, reserved job levels for junior management and lower posts, clearly defined career development routes for employees and expanded their channels of promotion. As of December 2009, 25 employees at the headquarters and Level-2 companies of the Corporation were assigned to posts of reserved job levels.

List of Honors Awarded to the Corporation's Model Units and Employees



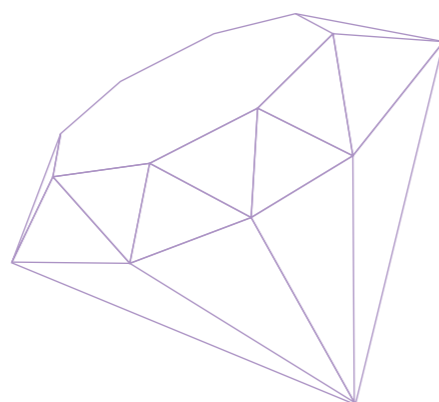
Sustainable harmony — Striving for a win-win Minmetals

List of Honors Awarded to the Corporation's Model Units and Employees		
Title of Honor	Awarded by	Award Winner
Model Workers of Central Enterprises	SASAC	Meng Xianmin, Minmetals (Guizhou) Ferro-Alloys Co., Ltd. Wang Tao, Minmetals Guangxi Huati Co., Ltd. Wang Wei Guo, Minmetals (Yingkou) Industrial Park Xiong Hongmei, Nanchang Hard Alloy Co., Ltd. Cui Xinfu, Luzhong Metallurgy & Mining Group Corporation
Model Team of Central Enterprises	SASAC	Customer Service Department, Shangri-La Hotel Beijing Power Generation Operation Area, Power Plant, Minmetals Yingkou Medium-Heavy Plate Co., Ltd.
National March 8th Red-Banner pacesetter	All-China Women's Federation	Feng Tong, China National Minerals Co., Ltd.

#### 4. Employee localization

In its overseas human resources management, the Corporation has implemented a policy of "One Goal, Two Approaches". The one goal is to make every Minmetals worker value their identity as a Minmetals employee and be proud to serve Minmetals. As for the two approaches, one is that Minmetals' overseas companies focus on localization, and the other is to let every new employee gradually become integrated into the Corporation.

The Corporation's overseas companies have also provided economic assistance to local employees. This has increased their cohesion.



#### Case Employee integration at OZ Minerals

After acquiring the core assets of OZ Minerals, the Corporation accommodated 5,500 employees from the Australian company, and achieved a smooth transition. The measure ensured local jobs. The Corporation has also provided its employees with equal growth opportunities and diversified career development platforms and enabled its local employees to experience China Minmetals' inclusive and inspiring culture.



Local Employees at MMG



#### Case



My name is Renata Pernambuco Ribeiro da Silva and I work in Minmetals Brazil since April 22nd, 1999. I've worked with 3 different presidents and with more than 10 different directors. I helped control their agendas, mail, contracts, among other secretarial responsibilities. I helped with the translation of contract, documents and meetings. I also have direct contact with clients and prospect. Nowadays I work assisting one person in China. Sometimes I help the administration department with bank activities and backing up the front desk. I hope the company increases the deals so I can use my expertise in international business again which is something I love to do.

--- Renata Pernambuco Ribeiro da Silva, employee, China Metals & Minerals (Brazil) Ltd.



## 5. The Corporation's attention to employee care

The Corporation has attached great importance to employee care and cared about employee health. It has actively solved problems for employees who have difficulties. It has persistently helped its employees to get annual physical checkups and regularly given health seminars. It has also provided special disease insurance coverage for its female employees. In 2009, the headquarters of the Corporation alone distributed RMB69,000 in allowances and consolation to help employees overcome their difficulties.

### Case Coping with H1N1A Flu

To prevent the outbreak of H1N1 Flu among its companies, the Corporation set up a leading group on H1N1 Flu prevention and control and adopted various preventive measures in 2009. These measures effectively protected the Corporation from the H1N1 Flu.

### Case

President Zhou and the Minmetals leadership attend the Spring Get-Together for Retirees. More than 400 retired employees gathered to celebrate the Chinese New Year. On behalf of the Corporation, Vice-President Zhang Yuanrong wished the retirees a happy new year, good health and longevity



### Case

On the March 8 International Women's Day, the Corporation organizes greeting activities and holds special seminars, helping female employees to have a happy holiday.



Romantic March 8 International Women's Day

### Case Minmetals Japan insists on a "Three NOs" policy despite the financial crisis

Affected by the financial crisis, the economic situation in Japan was grave in 2009. Minmetals Japan insisted on a "Three NOs" policy: no staff cuts, no pay rise and no pay reduction" and ensured the stability of its workforce.

### Case Ershisanye executives visited needy retiree



## 6. Strengthening corporate culture building

Centering on a corporate spirit of "unity, pragmatism, efficiency and dedication", the Corporation has vigorously strengthened its corporate culture building. In 2009, it staged a series of themed activities, including the Tenth Workers' Games and "Greeting the National Day, Staging Wonderful Activities" to enrich employees' cultural life and corporate cohesion.

**Case**  
**The 10th Workers' Games**

In August 2009, China Minmetals Corporation held its 10th Workers' Games. In line with the principle of "unified scoring rules, different competition venues", the Games were held in Beijing, Handan, Changsha and North China Aluminum. Executives of the Corporation presented medals for the top three performers in each event and the corporate flag was raised at each awarding ceremony. The Games strengthened employees' sense of affiliation and pride. A total of almost 10,000 workers attended the event. In the Beijing venue alone, 30 Games records were broken by 68 person-times.



**Case**

The "My Motherland, My Minmetals" Speech Contest received close attention from all subordinate companies of the Corporation. In their speeches, contestants expressed their love for Minmetals and the motherland.



**Case**



Exhibition of Calligraphic Works and Paintings From Minmetals' Retirees to Celebrate the 60th Anniversary of the Founding of the People's Republic of China



Minmetals Steel Co., Ltd. organized a Climb-the-Great-Wall activity.



The Fourth Table Tennis Team Tournament

### (III) Mutual-benefit cooperation

The Corporation has adhered to the values of "integrity, responsibility, harmony and innovation" and has actively forged wide-ranging cooperation with stakeholders and continuously improved its ability to serve customers in line with the principle of equality and mutual benefit. The Corporation has strengthened supplier management, advocated the establishment of a new order of fairness and equity in the international mining industry and striven to achieve win-win outcomes with stakeholders.

#### 1. Strengthening customer services

In its business practices, the Corporation has carried forward a mission of "centering on services and making self-improvements", and taken trust as the bridge for close ties with customers and the cornerstone of corporate development. It has continuously strengthened its efforts to build a global marketing services network, develop value-added services, transform operational models, improve integrated services abilities and striven to provide superior quality services to customers.

As of the end of 2009, the Corporation had a total of over 8,000 customers. Most of them were stable long-term trade partners.



##### Case

##### China National Metal Products Co., Ltd. strengthens customer management.

China National Metal Products Co., Ltd. attaches great importance to customer management work. In 2009, it achieved a customer satisfaction rate of 95% and a contract performance rate of 100%.

#### 2. Being strict with supplier management

Based on many years of experience, the Corporation formulated and issued The Customer and Supplier Management Measures of China Minmetals Corporation (interim) in 2009, established a more comprehensive supplier management system and specified the principles, organization and basic workflows of related work. It also actively pushed forward supplier management work.

In 2009, the Corporation established supplier "gray-list" management mechanisms, and implemented red, yellow and blue early-warning mechanisms. These helped the company to achieve whole-process supplier management, including pre-event evaluation, in-process monitoring and post-event handling.



##### Case

##### Minmetals Steel Co., Ltd. strengthens supplier management

In August 2009, Minmetals Steel Co., Ltd. carried out supplier sorting work and optimized its supplier structure. By signing strategic cooperation agreements and strengthening communication and exchanges, it established stable procurement channels with Anshan Steel, Hebei Iron & Steel Group, Tangshan Guifeng and other medium- and large-sized steel plants. In Northwest China, it forged stable supply ties with leading regional steel plants, including Longmen Steel, Antai Steel in Jiexiu City, and Bayi Iron & Steel Co., Ltd.

#### 3. Emphasizing cooperation with governments

The Corporation attaches great importance to cooperation with the concerned government departments both at home and abroad. It has established good cooperative relationships with the governments of Chile, Peru and other countries. It has also signed strategic cooperation agreements with Hunan, Jiangxi and Qinghai provinces. All these have laid the foundation for further corporate growth.



##### Case



On October 15, 2009, Minmetals President Zhou Zhongshu accompanied Chinese Vice-President Xi Jinping on his state visit to Bulgaria. Minmetals signed a \$800 million copper purchase contract.



Minmetals President Zhou Zhongshu attended the Chairmen's Working Conference of the China-Chile Entrepreneurs Committee and met with Chile's President Michelle Bachelet.



## 4. Promoting bank-enterprise cooperation

Against a background of the financial crisis, the Corporation has seized the opportunity of State monetary policy adjustment, actively strengthened cooperation with all major banks and greatly increased its credit lines. Meanwhile, it has focused on unified credit line granting for its subordinate companies both at home and abroad and continuously attracted more credit lines (for detailed information, see the Section on "Significantly improving financing capabilities").

### Case



Minmetals President Zhou Zhongshu met with the delegation headed by Bank of America Merrill Lynch China Chairman Mr. Liu Erfei.



Minmetals President Zhou Zhongshu met with Bank of China President Xiao Gang.



Chief Accountant Shen Ling met with guests from Societe Generale.



China Minmetals Corporation and the China-Africa Development Fund Co., Ltd. signed a strategic cooperation agreement.

## 5. Advocating cooperation within the industry

The Corporation, a Fortune 500 company, has continuously deepened its strategic cooperation with enterprises in the same industry both at home and abroad and striven for mutual benefits and common development.

In 2009, the Corporation actively overcame the challenges of the financial crisis and worked with other companies to weather through a difficult time. It respectively signed strategic cooperation agreements with China Aerospace Science and Industry Corp., China State Construction Engineering Corp. Ltd. and Tianjin North China Geological Exploration Bureau respectively.

As the Chinese president of the China-Brazil Business Council and the China-Chile Business Council, the Corporation has also actively pushed forward exchanges and cooperation between Chinese enterprises and their foreign counterparts.



### Case

**Advocating for the establishment of a new structure of fairness, equity and order in the international mining industry**

In October 2009, Minmetals President Zhou Zhongshu attended the China Mining Conference 2009 and delivered a keynote speech. He pointed out that new economies as represented by China have increasingly become an important engine of world economic growth. He called for strengthened cooperation in the international mining field and joint efforts to address various major issues so that the mining industry can take an active position in the new round of economic growth and achieve higher-level growth.



## 6. Conducting responsible M&A

The Corporation has expanded the "responsible investment" concept and implemented it in the whole M&A and restructuring process. It attaches great importance and gives genuine consideration to the social and environmental aspects of the M&A and restructuring process. Through M&As and restructuring, we have upgraded our link with partners on the supply chain from a "market" one to a "capital" one, and worked closely with our partners to overcome difficulties together and build a win-win situation.



### Case



Li Lianhua, General Manager of Luzhong Metallurgy & Mining Group Corporation

In the process of joining China Minmetals Corporation, we have truly experienced the generosity and understanding of the Corporation and clearly witnessed the Minmetals people's great sense of social responsibility and tremendous enterprising spirit. We are impressed by a cultural atmosphere of passion, unity, innovation and pursuit of excellence at Minmetals. We take great pride in becoming a member of the Minmetals family. Under the strong leadership of the Corporation, Luzhong Metallurgy & Mining Group Corporation greets an important period of strategic opportunities for accelerated development. Building on the powerful support of the Corporation, we will fully learn and apply the advanced management ideas of the Corporation, establish completely new management systems and mechanisms and achieve our vision of making Luzhong Metallurgy and Mining Group Corporation bigger and more competitive in a sound and more rapid manner.




He Renchun, Board chairman, Hunan Nonferrous Metals Holding Group Co., Ltd.

Minmetals Corporation and Hunan Nonferrous Metals Holding Group Co., Ltd. have hammered out strategic restructuring between them. This is a major event that will affect the outlook of the Chinese and even world nonferrous industry in a favorable way. It is of epoch-making significance in the history of China's nonferrous metals industry and will produce an important and profound impact on the world nonferrous metals industry.



When we acquired the core assets of OZ Minerals, the 3rd largest mining firm in Australia, we gave full consideration to the demands of its employees, the Australian government, local communities and residents, winning high praise from stakeholders. We have not only successfully acquired its core assets but also won the recognition and membership of almost all of OZ Minerals' employees including its core management team.

 Third party comments

Australian Finance Minister Wayne Swan said that acquisition of OZ Minerals by China Minmetals Corporation had abided by applicable laws and protected around 2,000 Australian jobs and ensure consistency with Australia's national interest principles.

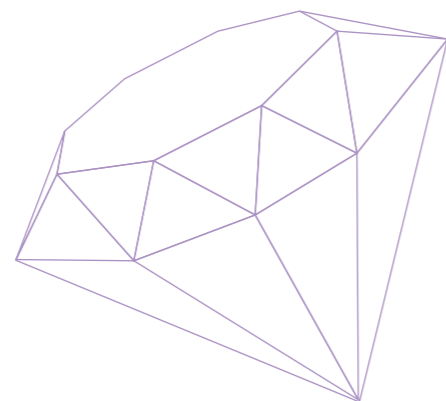
## (IV) Compliance with laws and regulations

The Corporation has strictly demanded that its subordinate companies operate their businesses in compliance with laws and regulations, strengthened anti-corruption and clean governance education, stepped up audit and supervision efforts and ensured smooth production and operations.

### 1. Operating businesses in accordance with law

The Corporation has established legal work mechanisms, which take unified and concentrated management as the principle, authorized management as the supplement, with prevention playing a dominant role and after-the-fact remedies playing an assisting role, and attaches equal importance to management and services. It has improved its basic legal systems and provided a powerful legal guarantee for the development of various businesses.

In 2009, the Corporation issued its contract management regulations, and drafted, arranged and revised 247 contract templates. It also dispatched personnel to publicize the new contract templates to its subordinate companies by more than 30 person-times. The Corporation also opened an online contract management system, and achieved an overall contract examination and verification rate of 100%.



 Case



In August 2009, the Group held a reporting meeting on examination and verification of contract templates.

Standardizing case reporting work and establishing linked case reporting and filing mechanisms, the Corporation avoided and recovered direct economic losses of RMB259.04 million in 2009.

Strengthening compliance examination and verification of investment projects, in the 2008-2009 period, the Corporation examined and verified almost 600 regulations, contracts, powers of attorney and other daily management documents, and provided legal review services for almost 300 investment projects.

Actively staging legal publicity activities, and increasing the legal awareness of management personnel and employees in general, the Corporation organized 31 legal publicity activities, attracting participation of 356 person-times in 2009.

 Case



September 2009, the corporation organized legal staff to study new laws and regulations

## 2. Strengthening internal audit and control

Taking strengthening internal control audit as the focus and pushing forward audit result implementation as the purpose, the Corporation has promoted its subordinate companies to improve management, prevent risks, seek healthy development and leverage the supervisory and service roles of internal audit, improving its internal control system and mechanisms.

The Corporation has conducted an in-depth analysis of the experience and lessons of the global financial crisis and strengthened risk-oriented internal control audit. It named 2009 as the inspecting year of audit implementation. The group adopted systematic and standardized measures to inspect the establishment and execution of rules, regulations and business workflows and the fulfillment of management responsibilities at its subordinate companies, in a bid to fill up management loopholes and improve business workflows. It also organized thematic training, publicized the key points of internal control audit and related cases, forming a benign interaction between internal audit and risk prevention.

In 2009, the Corporation strengthened economic accountability audit and carried out mid-term and term-end audit, and carried out financial budget audit of its overseas companies and annual performance examination and verification of its concerned companies. For the whole year, 51 audit items (including overseas budget) were conducted, and 180 audit suggestions were submitted, involving assets totaling RMB39.5 billion.

In 2009, the Corporation stepped up audit implementation work and gradually extended audit functions to management consultancy. During on-site audit, it actively publicized advanced management ideas and practices and promoted subordinate companies to actively improve management, forming a situation where audit, implementation and improvement go hand in hand. After audit, the Corporation urged and supervised its companies to earnestly rectify problems. For the whole year, it issued seven audit implementation briefings, involving 18 audited companies.

In addition, the Corporation also strengthened coordination between the audit department and other concerned departments to leverage management synergy. It expanded the scope of joint audit, formed a joint management force and shared audit results.

## 3. Combating corruption and business bribery

The Corporation adheres to a policy of "Seeking both temporary and permanent solutions, aiming at comprehensive control, taking both punitive and preventive measures, and focusing on prevention", and has energetically strengthened anti-corruption and anti-business-bribery work, providing a sound guarantee for its reforms and development.

In 2009, the Corporation organized its managerial staff at all levels to earnestly learn three major regulations, including Certain Provisions on Business Ethics for Executives of State-owned Enterprises. It released business ethics publicity and education information through the information platform of its prevention and punishment system, A Window on Anti-Corruption and Clean Governance and China Minmetals News, and brought the clean culture home to all its employees.

### Case



At the 2009 Discipline Inspection and Supervision Working Conference, Minmetals President Zhou Zhongshu signs a 2009 Party Work Style and Clean Governance Responsibility Agreement with heads of various functional departments and Level-2 companies.

Centering on the three work areas of "Three Major Decisions and Use of One Major Fund", "cost management" and "implementation", the Corporation conducted performance supervision over 70 subordinate companies. It carried out almost 150 performance supervision projects, made 131 supervision suggestions, revised 53 regulations and rules and saved fund of over RMB51 million. This helped the Corporation improve management and economic performance and create a favorable growth environment.

The Corporation stepped up supervision work, held seminars with 30 supervised enterprises in South China and the Bohai Sea Rim Region and completed 85 supervision reports and briefings, proving a sound basis for corporate executives to make scientific decisions. The Corporation pays high attention to letters and visits from its employees. In 2009, it received a total of 49 in person and

correspondence complaints and settled all of them. It designated 2009 as the "Year of Resolution of Outstanding In-person and Correspondence Complaints" and organized corresponding activities, clearing off 10 in person and correspondence complaints left from previous years. Two of these were thoroughly resolved, while the problems reported in the other eight cases were effectively eased.

Statistics on Anti-Corruption and Clean Governance Work at China Minmetals Corporation

Indicator	Unit	2005	2006	2007	2008	2009
Number of in-person and correspondence complaints received	Number	58	53	80	74	49
Number of training times for anti-corruption and clean governance supervision personnel	Time	3	3	2	3	3
Number of training person-times for anti-corruption and clean governance supervision personnel	Person-times	200	200	140	200	354



### Case Signing integrity agreement



In its business cooperation with Indian companies, China Minmetals Corporation's representative office in India insists on signing an integrity agreement with the Indian counterparts, undertaking to observe good business ethics in its business activities and committing no business bribery or other acts that may affect fair competition.



Sustainable harmony — Striving for a win-win Minmetals

# 5 Sustainable Community --- Creating a Global Corporation

- Community Development Goals 114
- Promotion of MDGs 114
- Contributing to Community Development 121



The sustainable development of communities is an important aspect of efforts to create a harmonious society and a harmonious world. It is also an important representation of an enterprise's assumption of its global responsibilities. In its global operations, China Minmetals has always upheld the concept of sustainable development, fulfilled its responsibilities as a global corporate citizen, supported the development of communities in which it maintains a presence, committed itself to promoting the attainment of the Millennium Development Goals ("MDGs") of the United Nations and striven to become a global corporate citizen receiving widespread respect.

## (I) Community Development Goals

In its global operations, the Corporation aims at "promoting social progress and world harmony" as the ultimate drive and final objective for assumption of its social responsibilities and actively helps communities achieve sustainable development.

### Stakeholder Q&A

- ◆ Q: Why does the Corporation so value the building of sustainable communities?
- ◆ A: In global operations, an enterprise relies on the development of the communities where it is located for its survival and development, attesting to an inseparable relationship between the two. Therefore, in its global operations, the Corporation attaches great importance to the employment of local community residents, strengthens environmental protection and work safety, helps the communities construct and improve infrastructure, and carries forward the progress of local industries to improve the life of local residents and enable the common growth of itself and the communities.

## (II) Promotion of MDGs

MDGs are an action initiative launched by the United Nations in 2000 to halve the global population living in poverty by 2015 (benchmarked against the level in 1990). These are the most systematic and most specific development goals ever set in human history for the solution of poverty and other related problems. Adequate participation from all walks of life is the foundation for the attainment of these goals. As an important part of the society, enterprises have the responsibility, obligation and capability of promoting the attainment of these goals.

China commits itself to poverty reduction by working at the three levels of government, international aid and enterprises and has so far reduced by 67% the number of people living in poverty worldwide. In the process, enterprises have played a very important role. The Corporation always pays attention to the development of poverty-stricken regions, regards poverty alleviation as an important task, enthusiastically supports social welfare undertakings and actively boosts the achievement of UN MDGs.

In China and other countries, the Corporation has drawn up community development plans and works with local governments and related organizations to strengthen the "blood creating" functions of local communities themselves through development-based poverty alleviation, improvement of community infrastructure and introduction of development projects, such as construction of power plants and development of mineral resources. It also helps disenfranchised children regain educational opportunities, provides medical aid for local residents (especially women and children), strengthens environmental protection of the areas in which it operates, improves the living conditions of local residents, helps in lifting depressed areas out of poverty and strives to realize mutual benefit and win-win outcomes for the enterprise and the local communities.

### Note

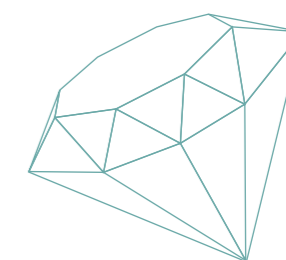
UN MDGs cover eight goals: to eradicate extreme poverty and hunger; achieve universal primary education; promote gender equality and empower women; reduce child mortality; improve maternal health; combat HIV/AIDS, malaria and other diseases; ensure environmental sustainability; and develop a global partnership for development.

## 1. Poverty Alleviation

The Corporation pursues poverty alleviation as a long-term effort. Upholding the idea of "show loving care, repay the society", it continues to aid the three poverty-stricken partner counties of Yiliang, Zhenxiang and Weixin in Yunnan. In 2009, it pushed on the construction of key projects and helped these counties attract investment according to the strategic guideline of driving poverty alleviation through development, achieving positive market results.

List of Poverty Alleviation Projects in 2009

1	Worked with local governments undertaken to jointly invest RMB1.6 billion in building two secondary highways with a total length of 79km.
2	Donated RMB2.1 million to build one township health center for each of the three counties.
3	Assisted Shuitian Village, Shuitian Township, Weixin County in the transformation of livestock pens, purchased yellow cattle of fine breed and breeding information materials for villagers and invited agricultural technicians to train the villagers in the breeding.
4	Introducing Kunming Iron and Steel Group, a large State-owned enterprise, to the county, where it plans to invest as much as RMB1.1 billion in building one cement plant, one pyrite mine and one coal mine.
5	Spent RMB1 million building three township family planning stations in Yiliang County.
6	Spent RMB1.5 million building five township cultural stations.
7	Secured RMB15 million of soft loans and RMB1.1 million of poverty-alleviation funds for Weixin County.





Case



Leaders of the Corporation on an inspection tour in a poverty-stricken partner county

In its global operations, the Corporation actively offers help to less fortunate local residents.



Case

Northern Peru Lumina Company helping single mothers

Discovering that there were many single mothers having a hard time in the local area, Northern Peru Lumina Company had its community dining hall staffed exclusively with single mothers.



## 2. Medical Assistance

The Corporation provides the residents in poverty-stricken areas with medical assistance to improve their medical conditions.



Case

Medical Assistance Provided by Northern Peru Lumina Company

The Galeno Project of Northern Peru Lumina Company has 20 surrounding villages, where there are neither hospitals nor highways, and there are 50km of valley road away from the nearest city. Most of the residents in the communities want basic medical support. The company set up a clinic in the mine, which is staffed by doctors and nurses and maintains a supply of medicines for first aid and treatment to facilitate the visit of the residents from nearby villages.



Statistics of Targeted Poverty Alleviation Efforts of the Corporation in 2005-2009

Item	2005	2006	2007	2008	2009
Number of Resident Cadres Dispatched (persons)	3	3	3	3	3
Inspection tours to designated poverty-stricken counties (times)	5	5	8	4	4
Direct investment by the Group (RMB10,000)	20	73.8	100	130	210
Funds attracted with assistance of the Group (RMB10,000)	3000	20	0	0	8556
Projects established with assistance of the Group	4	0	4	0	8
Impoverished students supported by the Group (people)	28	105	105	105	110
Labor transfer organized by the Group (person - time)	18000	30000	28000	30000	10000



### 3. Donations for Education

The Corporation takes an active part in making donations to help disenfranchised children return to schooling.



**Case**

Bursary Fund of the financial arm of China Minmetals

On November 6, 2009, the financial block of the Corporation held an assembly marking the creation of "Bursary Fund of the financial arm of China Minmetals" and issued the donation proposal entitled "Every bit you contribute will change their lives" to subsidize poor students faced with having to drop out.



**Case**

Making Donations for Education by Xindia Steels Limited, India

In 2009, Xindia Steels Limited(India) organized the activity of distributing Xindia School Care Kit , provided more than 1200 School Care Kit including high quality school bags, notebooks and pencils to the pupils of the five primary schools around the factory.



### 4. Comprehensive Cases

In the Sepon Mine project in Laos, the Corporation supports local economic development, takes part in the construction of the local Vilabouli community and devotes itself to attaining the MDGs and strives to become a responsible corporate citizen.

This is one of the 47 poorest districts in the Lao PDR and one of the areas listed as an MDG priority area. The operation of the project has contributed considerable financial revenues to the local government and brought business opportunities to local enterprises.



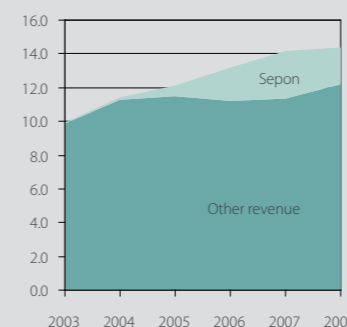
**Case**

Business Opportunities Brought to Local Area

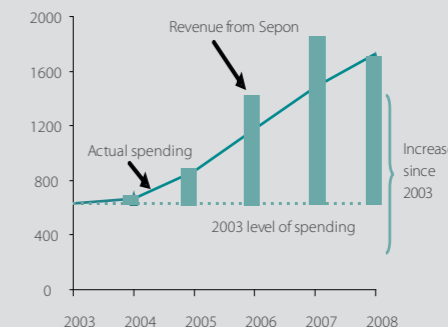
The operation of the project has contributed 8% of Laos' GDP and about 20% of the government budget. This year, it will contribute over \$500 million of financial revenues to the government so that the government will have more funds to invest in education and medical care.

During the project, the Corporation promotes local business opportunities from supplying the mine with food and uniforms to major contracts such as transportation, air services and energy and drives local economic development. As a result, the annual income of local residents has increased from \$60 in 2001 to the present level of about \$500.

Share of GDP (%)



Expenditure on education and health (billions of kip)



Data source: IMF, LXML, CIE calculations



Sustainable Community — Creating a Global Corporation

To meet its commitment to reaching the MDGs before 2015, the Corporation contributed over US\$3 million to launch a Community Trust Fund that supports local development under the joint management of the Corporation, the local government and community leaders.

**Case**  
Community Trust Fund

The fund mainly focuses on the field of infrastructure, health, education, agriculture and micro-finance. To improve the outcomes, the Corporation partners with NGOs such as the Burnet Institute, World Conservation Society and UN Habitat to deliver these projects..



While supporting the development of local communities, the Corporation also attaches importance to the protection of the local environment.

**Case**  
Environmental Protection in Communities

The business of the Corporation in Laos has become ISO14001 certified and the biodiversity program it formulated has protected endangered local wildlife species.



Water Quality Monitoring



Protection of local rare birds



Siamese Crocodile, one of the endangered local wildlife species

For more information on environmental protection, please read the relevant content of the report "Sustainable Ecology --- Promoting a Green Minmetals".

### (III) Contributing to the Development of Communities

In its global operations, the Corporation pays close attention to building harmonious community relations and works hard to achieve mutual development with local communities.

#### 1. Creating Harmonious Communities

In 2009, the Corporation supported the construction of the communities at the location of projects, improved the living environment of the residents surrounding the projects and repaid local residents and governments with tangible acts.



**Case**  
Guanlv Thermal Power Co., Ltd. fully Ensured Urban Supply of Heat

Guanlv Thermal Power Co., Ltd. in Yuncheng, Shanxi, started to supply heat to the residents of the city in 2008, with a heating area of up to some 10 million square meters. To ensure a stable heat supply, the company has made early arrangements, increased coal reserves, intensified equipment overhaul and maintenance, completed some 260 overhaul tasks, resolved about 20 safety loopholes and trained about 200 employees, ensuring the economical and effective running of the heat supply equipment.



**Case**  
Northern Peru Lumina Company helped local residents plant potatoes

Potato is one of the essential staple foods of the residents at the location of Lumina. The potatoes planted by local residents can barely meet their own needs. In 2009, the company launched a crop improvement scheme, provided local residents with quality seeds and invited agricultural experts to guide planting, thus contributing to the local economy.



Experts offering professional guidance on potato planting



A ceremony held by Lumina to mark the delivery of potato seeds to Santa Rosa de Millpoc Village



**Case**  
Northern Peru Lumina Company providing water facilities for poverty-stricken regions

Attaching great importance to the use and protection of water, Northern Peru Lumina Company provided technical support for exploration of drinking water resources and construction of healthcare facilities, reservoirs and irrigation systems in the villages around the project.



**Case**  
MMG's Contribution to Communities

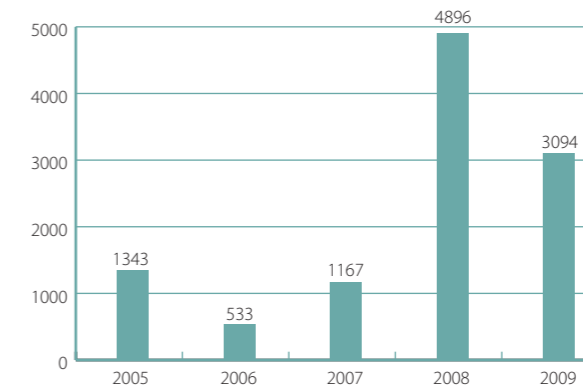
MMG actively employed indigenous employees and at our Century mine in Queensland indigenous employees make up around 23% of our workforce. We have pre-employment training and education programs in place to encourage Indigenous employment at the mines and improve their development ability after the mining life.

## 2. Zealous in Social Welfare

### Donations

The Corporation implements the idea of "fulfilling social responsibilities, pursuing social harmony" to support social welfare undertakings. In 2009, it donated a total of RMB30.94 million.

Total Donations of China Minmetals



**Case**  
Donations of Minmetals Development Co., Ltd

On the eve of the 60th anniversary of the founding of the People's Republic of China, Minmetals Development Co., Ltd. launched the "your love, their hope" donation program. The employees donated 123,000 Yuan of cash and stationery, clothes and books. On September 28, 2009, the donations were delivered to Sullivan Rehabilitation Center in Haidian District, Beijing, with which the company signed a Cooperation Agreement to bear one year of treatment expenses for five children from families in extreme poverty.



**Case**  
"Show Your Love" Activity of Minmetals Nonferrous Metal Co., Ltd.

In 2009, Minmetals Nonferrous Metal Co., Ltd. launched the activity "Show Your Love, Help Disadvantaged Children in Sunny Village" and donated cash, clothes, books and children's toys.



## Combating Natural Disaster

Showing its advocacy of the concept "when disaster strikes, help comes from all sides", the Corporation provided assistance for regions hit by natural disasters, such as typhoon and flood.

**Case**  
The Corporation Making Donations to Taiwan Hit by Morakot Typhoon.

In August 2009, Taiwan was hit by a rare violent typhoon, which caused heavy loss of life and property. The Corporation responded immediately by donating RMB10 million to the adversely affected Taiwan compatriots in a show of care for them.

**Case**  
Jiangxi Tungsten Industrial Group Co., Ltd. Fighting Flood & Providing Disaster Relief

On July 3, 2009, an extraordinary storm hit southern Jiangxi Province, flooding four mines in the territory of Dayu County. Some roads, bridges, houses and facilities collapsed and traffic in the mines was cut off. After the disaster occurred, the company set up a disaster relief leading group, rushed to transport materials and raised RMB155,300 of fund for the disaster-stricken areas.



## Volunteers in Action

The Corporation actively organized employees to take part in volunteer actions, serve the public and repay the society.



**Case**  
Employees of the Corporation Taking Part in Blood Donation

13 employees of the Corporation took part in the 2009 Red Summer large-scale public welfare activity launched by the Capital Association of Blood Donation Volunteers.



**Case**  
Free Medical Consultation Organized by Northern Peru Lumina Company

In 2009, Northern Peru Lumina Company held three free dentist consultation activities for the primary school in a nearby community, providing dental checks and treatment for nearly 400 children. It also held two hospital consultation activities for the residents of the community, which benefited nearly 300 people.



## 3. Driving the Development of Local Enterprises

While carrying out its own business activities, the Corporation drives the development of local enterprises and promotes the prosperity of the local economy.



**Case**  
Northern Peru Lumina Company Spurring Development of Community Enterprises

Northern Peru Lumina Company encourages the community where it is located to develop services in non-mining fields and pushes on the development of community enterprises. In 2009, it helped 96 local community companies get registered and trained their employees, enabling 80% of them to double their income. This approach boosted the development of community companies and reduced the likelihood of conflict between the Company and the community.



## 4. Promoting Local Employment

In its global operations, the Corporation serves local communities and provides free training to enhance the occupational skills of local residents and help them find jobs.



**Case**  
Northern Peru Lumina Company Providing Local Residents with Skills Training

Northern Peru Lumina Company drew up a special skills training plan to enhance the labor skills of local residents. In 2009, it launched three training projects to train local residents in masonry, electrical works, catering, construction, veterinary medicine and environmental monitoring, benefiting 250 local residents.



Sustainable Community — Creating a Global Corporation

# Perspective for 2010

2010 is an important year in which the Corporation will change its development mode and also a crucial year in which it will promote sustainable development. The Corporation upholds the sustainable development concept of "cherishing limited resources and pursuing sustainable development" and the corporate spirit of "providing quality service and striving for excellence". It will as always fulfill its social responsibilities in an all-round manner, strengthen the capability of sustainable development and team up with the stakeholders to "Build responsible Minmetals and co-create bright future".

We will actively rise up to the challenges of complicated economic situations, develop by revolving around the primary business, strengthen business management and improve the quality and benefits of development; vigorously open up markets and optimize business modes; step up independent innovations and promote industrial upgrading; focus on tapping internal potentials and persist in decreasing cost and increasing effect; deepen the reform of systems and mechanisms to strengthen development vigor and power; increase capital operations, promote management integration and boost the "great-leap-forward" development process.

We will vigorously strengthen work safety, eliminate major accidents involving safety and environment; intensify the building of the HSE system, increase investment in work safety, integrate planning, highlight the key points, improve the work safety environment of mines and level up the occupational health and safety of employees.

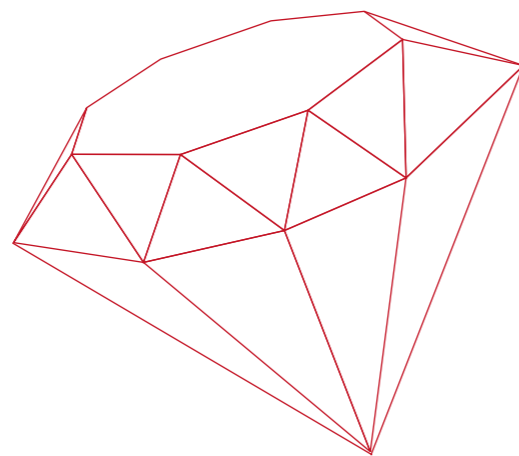
We will promote low-carbon green development, conduct innovations in environmental protection technologies, strengthen the building of the energy saving and emission reduction systems, assign responsibilities for energy saving and emission reduction, accelerate the application of new technologies, new processes and new equipment, and build resource-saving and environmentally-friendly enterprises.

We will strengthen the building of a talented workforce, intensify personnel training, enhance the quality of employees and improve the structure of talents; give a play to the incentive and restraint role of remuneration management, improve income distribution and boost democratic corporate governance; and we will continuously substantiate corporate culture to inherit and enhance the culture of the Corporation.

We will strengthen the exchanges and cooperation with all stakeholders, constantly enhance customer service capability and performance, boost the mutually-benefiting cooperation with the government and counterpart enterprises, create a good environment for enterprise development and achieve a win-win result for all.

We will continue to support the development of community enterprises by revolving around UN MDGs to increase the employment of community residents, improve community infrastructure, raise the medical service, education and living standards of communities, and achieve the common progress of both the enterprises and the communities.

We will move forward jointly with stakeholders to further improve the working mechanism of social responsibilities, push on the practices of corporate social responsibility, completely fulfill corporate citizenship responsibilities and become an outstanding global corporate citizen.



# Appendices

Comparison Sheet of the 10 Principles of UN Global Compact	
10 Principles	Performance
<p><b>Human Rights</b></p> <p>1. Support and respect the protection of internationally proclaimed human rights 2. Never take part in human rights abuses</p>	<p>The Corporation has observed the international treaties and international practices signed or recognized by the Chinese Government; respected conventions and proclamations such as the Universal Declaration of Human Rights, the International Convention of Civil Rights and Political Rights and the International Covenant on Economic, Social and Cultural Rights; and abided by the laws and regulations of the host countries; It has never been complicit in any disrespect of human rights, safeguard the dignity, rights and interests of employees.</p>
<p><b>Labor</b></p> <p>3. Uphold the freedom of association and the effective recognition of the right to collective bargaining; 4. Eliminate all forms of forced and compulsory labor; 5. Abolish child labor; 6. Eliminate discrimination in respect of employment and occupation</p>	<p>The Corporation has established the system of Employees' Congress and disclosure of factory affairs, and strengthened dialogues and exchanges with employees. In 2009, two sessions of the Employees' Congress were held, during which 16 resolutions were received, 100% of them were dealt with, and rationalization proposals were received.</p> <p>The Corporation has set up trade union organizations at all levels, persisted in consultations based on equal footing, and strengthened the democratic management and supervision of employees;</p> <p>It has eliminated forced labor and use of child labor;</p> <p>It has established a selection and appointment mechanism that is open, equal, competitive and selective, and opposed any form of discrimination;</p> <p>The Corporation has established a remuneration system that pegs payment to performance and can effectively stimulate the long-term development of employees; and established a remuneration management system that features unified concepts and suits the characteristics of the Corporation through the two routes of payroll management and income level management;</p> <p>Strengthen the occupational safety and health management of employees and improve working environments.</p>
<p><b>Environment</b></p> <p>7. Support a precautionary approach to environmental challenges; 8. Undertake initiatives to promote greater environmental responsibility; 9. Encourage the development and diffusion of environmentally friendly technologies.</p>	<p>While improving the construction of the "three systems" for energy saving and emission reduction, the Corporation has leveraged technological innovation to continuously level up energy saving and emission reduction. In 2009, the total amount of funds invested in key energy saving works and recycling economy projects exceeded RMB300 million; we further substantiated our database of technologies for energy saving and emission reduction, which included 28 technologies in five categories by the end of 2009;</p> <p>As a member of the expert panel, the Corporation joined the UN Global Compact Environment Stewardship consisting of only 20 pioneer enterprises worldwide to discuss and study major environmental protection issues, including climate change, and collaborate in developing the most advanced research results;</p> <p>The Corporation has firmly established the idea of green management, pays close attention to the development of environmental protection projects, improves ecological efficiency, has reduced risks to mankind and environment, strengthens the comprehensive utilization of resources and clean production, vigorously develops recycling economy, energy saving and environmental protection industries, and technologies for recycling of wastes.</p>
<p><b>Anti-corruption</b></p> <p>10. Work against corruption in all its forms, including extortion and bribery.</p>	<p>The Corporation organized the leaders at all levels to study three laws and regulations, including the "Certain Provisions on Business Ethics for Executives of State-owned Enterprises", held three training sessions for anti-corruption supervisors that involved 354 trainees;</p> <p>The president of the Corporation signed the 2009 Contract for improving the Party's Work Style and Building a Clean Organization with the heads of the functional departments and secondary units;</p> <p>The Corporation conducted 150 efficiency supervisions, put forth 131 supervisory suggestions and revised 53 rules, leading to the saving of over RMB51 million of funds;</p> <p>The Corporation held a supervisory symposium involving 30 enterprises in South China and regions surrounding Bohai Sea and completed 85 supervisory reports and information sharing;</p> <p>The Corporation accepted complaint cases, all of which have been settled, and carried out the activity of "Year of Solving Accumulated Complaint Cases", clearing up 10 such cases, including solution of two and effective mitigation of the other eight cases.</p>

## DNV Assurance Statement

### ASSURANCE STATEMENT



#### Introduction

Det Norske Veritas AS (DNV) has been commissioned by China Minmetals Corporation (Minmetals Group) to carry out verification on China Minmetals Group Sustainability Report 2009 (the Report) against the AA1000 Assurance Standard (2008) (AA1000AS 2008).

Minmetals Group is responsible for the collection, analysis, aggregation and presentation of information within the Report, while our responsibility is to perform this work completely in accordance with agreed terms of reference. The stakeholders of Minmetals Group are the intended users of this statement. The verification is carried out based on the assumption that the data and information provided to us is complete and true.

#### Scope of Assurance and Limitations

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

- The social, environmental and economic data presented in the Report, covering social responsibility performance from January to December 2009;
- On-site verification on the Report content which covers Minmetals Group headquarters;
- No interviews with external stakeholders;
- Evaluation of Accountability Principles and specified sustainability performance information (Type 2) with a moderate level of assurance, according to AA1000AS 2008;
- We did not verify the financial data presented in the Report (already verified by another third party);
- DNV has not observed significant factors to limit our assurance activities;
- Verification was completed by DNV during June 2010.

#### Verification Methodology

Our verification was planned and carried out in accordance with the DNV Protocol for Verification of Sustainability Reporting.<sup>1</sup>

The Report has been evaluated against the following criteria:

- Adherence to the principles of Inclusivity, Materiality and Responsiveness, as well as Reliability of specified sustainability performance information, as set out in the AA1000AS 2008;
- Adherence to additional principles of Completeness and Neutrality, as set out in DNV's Protocol.

As part of the verification, DNV has challenged the statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls. For example, we have:

- Examined and reviewed documents, data and other information made available to DNV by Minmetals Group;
- Visited the headquarter of Minmetals Group;
- Conducted interviews with 30 representatives from Minmetals, including senior management and relevant employees;
- Performed sample-based reviews of the mechanisms for implementing Minmetals' 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 included in the Report.

#### Conclusions

In DNV's opinion, Minmetals Group's Sustainability Report 2009 provides a credible and objective presentation of Minmetals Group's overall sustainability performance and application of the AA1000 Accountability Principles.

#### AA1000 Principles

**Inclusivity:** Acceptable. Minmetals has established an Identification Procedure on Sustainability Issues to systematically identify and prioritize the concerns of stakeholders as well as maintain an action plan and monitoring plan aligned with the sustainability objectives. Minmetals engages with a range of stakeholders such as government, employees, customers, business partners and NGOs through multiple channels, such as contracting processes, regular meetings and seminars, questionnaires, and performance conferences, in order to address their concerns.

<sup>1</sup> [www.dnv.com/services/assessment/corporate\\_responsibility/services\\_solutions/sustainabilityreporting/index.asp](http://www.dnv.com/services/assessment/corporate_responsibility/services_solutions/sustainabilityreporting/index.asp)

<sup>1</sup>  
In case of discrepancy between the English and Chinese language text, the English text shall prevail

### ASSURANCE STATEMENT



**Materiality:** Acceptable. Based on the Identification Procedure on Sustainability Issues, Minmetals has identified at the outset these key sustainability issues which are disclosed in the Report along with relative performance.

**Responsiveness:** Acceptable. The Report discloses Minmetals' sustainability performance information for 2009, as a response to main stakeholders' concerns, especially on the policy, approach and performance on global climate change risks, as well as the action plan and performance against the UN Global Compact Principles and the Millennium Development Goals.

**Reliability:** Acceptable. The specified data and information collection system in the Report appears reliable. During the verification, Minmetals Groups adequately described its information management system to DNV. No systematic errors were detected during verification.

#### Additional Principles

**Completeness:** Acceptable. Within the reporting scope and boundary defined by Minmetals, we do not believe that the Report omits significant, relevant information that could 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 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 Minmetals Group. 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 performance indicators according to the requirements of Global Reporting Initiative's Sustainability Reporting Guidelines (GRI G3) and GRI Mining and Metals Sector Supplement, especially the indicators related to environmental issues.
- It is suggested to improve communications with stakeholders and encourage meetings, which is better for learning about the focus of stakeholders' concerns, such as environmental problems and risk controls faced by the company during a period of rapid growth.

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

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

For Det Norske Veritas AS

Signed by:

Leader of Verification: WU, Di  
Beijing, China, June 8, 2010

Signed by:

Approved by: Wang Xuezu  
CR Services Manager, DNV China



<sup>2</sup>  
In case of discrepancy between the English and Chinese language text, the English text shall prevail

## 挪威船级社 (DNV) 审验申明

### DNV 审验声明



#### 介绍

挪威船级社 (以下简称“DNV”) 应中国五矿集团公司 (以下简称“五矿集团”) 的委托执行对《中国五矿集团公司2009可持续发展报告》(以下简称《报告》) 的审验工作。该审验基于 AA1000审验标准2008(以下简称“AA1000AS2008”)的要求进行。

五矿集团负责《报告》中数据的收集、分析、汇总及信息披露。我们在执行此项工作时, 按照双方商定的条款执行全部审验工作。五矿集团的各利益相关方是本声明的预期使用者。本次审验过程是建立在假设五矿集团提供给我们数据和信息是完整和可信的。

#### 审验范围及限制

经与五矿集团协商, 此次审验的工作范围包括如下内容:

- 在《报告》中披露的社会、环境及经济数据; 覆盖了五矿集团 2009 年 1 月至 12 月的企业社会责任绩效;
- 现场审验了《报告》的内容覆盖的五矿集团总部;
- 未访谈外部利益相关方;
- 本次审验进行了 AA1000AS2008 的原则遵循和绩效信息审验(类型 2), 审验深度为中度审验;
- 没有对《报告》中涉及的业已经其它第三方审计的财务数据进行审验;
- DNV 没有发现影响审验活动的重要因素;
- 审验工作由 DNV 在 2010 年 6 月完成。

#### 审验方法

我们的审验过程是按照《DNV 可持续发展报告验证规章》进行策划及执行的。我们按照以下原则对该《报告》进行评估:

- 遵循 AA1000AS2008 中所规定的包容性、实质性及回应性的原则, 以及特定的可持续发展绩效信息的可靠性原则;
  - 按照《DNV 可持续发展报告验证规章》的要求, 附加了完整性及中立性的原则;
- 作为审验工作的一部分, DNV 对除了《报告》中披露的内容进行核实以外, 同时也对其基础数据管理体系、信息收集过程及控制情况进行了评估, 例如:
- 检验和评审了五矿集团提供给 DNV 的文件、数据和其它信息;
  - 访问了五矿集团总部;
  - 与约 30 多名五矿集团代表进行了访谈, 包括部门经理及相关员工;
  - 对报告中描述的公司社会责任政策的落实机制进行抽样评估;
  - 对报告中披露的定性及定量数据的产生、收集和管理过程进行抽样核实。

#### 结论

DNV 认为, 《中国五矿集团公司 2009 年可持续发展报告》对其总体可持续发展绩效的描述是可信及客观的, 并符合 AA1000 的原则。

#### AA1000 原则

**包容性:** 良好。五矿集团已建立了“可持续发展议题选择流程”, 系统地对关键利益相关方及其关心的问题识别及筛选。五矿集团通过合同订单、定期会议、问卷调查表、绩效汇报等

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当声明的中文和英文版本有冲突时, 以英文为准。

### DNV 审验声明



多种途径, 识别了包括政府、雇员、客户、商业伙伴及非政府组织等利益相关方所关心的问题, 并据此制定行动计划, 监测行动计划并改善。

**实质性:** 良好。五矿集团根据“可持续发展议题选择流程”, 初步辨识了利益相关方关心的关键问题, 并在《报告》中披露了所选定的关键的可持续发展指标及相应的绩效数据。

**回应性:** 良好。《报告》较为客观地披露了五矿集团在 2009 年度内的可持续发展绩效信息, 回应了主要利益相关方期望的核心议题, 特别是披露了应对气候变化问题的政策、方法和绩效, 并披露了应对全球契约千年目标的初步行动计划和绩效。

**可靠性:** 良好。报告中披露的特定数据和信息的搜集系统是可靠的, 在审验期间五矿集团向 DNV 论证了其信息化管理系统, 审验过程中没有发现系统性的错误。

#### 附加原则

**完整性:** 良好。在五矿集团的《报告》范围及《报告》边界中, 我们认为该《报告》没有遗漏足以影响利益相关方决定的信息或报告期内企业社会责任的重大问题。

**中立性:** 良好。我们认为, 《报告》的整体基调基本保持中立和信息披露平衡, 对报告中披露各种不同议题的重点与其实质性基本上是成正比的。

#### 改进机会



下列建议和改进机会摘自 DNV 向五矿集团管理层提交的审验报告中。但是, 这并不影响我们对该报告的结论, 以下建议事项是与五矿集团现有的管理目标一致的。

- 在报告中更完整的按照 GRI《可持续发展报告指南 G3》和《GRI 矿业补充指标》的要求披露相关的绩效指标: 宜持续完善可持续发展指标, 尤其是环境类指标的披露;
- 继续完善有效的相关方沟通及参与机制, 动态地了解相关方关注的焦点, 并在报告中进一步回应利益相关方关心的问题, 如企业快速发展过程中所面临环境问题、风险控制等问题。

#### DNV 的独立性声明:

DNV 是一个全球性的可持续发展服务提供方, 在超过 100 多个国家中都有合格的环保及社会责任方面的审验专家。除了本审验声明以外, DNV 没有参与准备该报告中的任何内容及数据。DNV 在审验过程中, 通过验证大量的有关五矿集团的正面及负面公开信息, 以保持完全中立。DNV 明确表示对任何个人或实体根据此报告审验声明作出任何决策不负有责任或义务。

#### 挪威船级社 (DNV)

签名:  审验组长: 吴迪	签名:  批准: 王学柱 挪威船级社中国区企业社会责任服务经理
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中国北京, 2010 年 06 月 08 日



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当声明的中文和英文版本有冲突时, 以英文为准。

## Comparison Sheet of GRI Indicators

Irrelevant  Partially adopted  Fully adopted  Not Applicable

	Sequence of Indicator	Content of Indicator	Disclosure Location	Adoption
1. Strategy and Analysis	1.1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy.	P2	●
	1.2	Description of key impacts, risks, and opportunities.	P2/11-12	●
2. Organizational Profile	2.1	Name of the organization.	inside front cover /P13	●
	2.2	Primary brands, products, and/or services.	P13-14	●
	2.3	Operational structure of the organization	P13	●
	2.4	Location of organization's headquarters.	P14	●
	2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	P44	●
	2.6	Nature of ownership and legal form	P13-14	●
	2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	P13/42/44	●
	2.8	Scale of reporting organization (including number of employees, net sales, ratio of liabilities and net assets to total assets, quantity of products and services provided)	P6	●
	2.9	Significant changes during the reporting period regarding size, structure, or ownership	P13-14	●
	2.10	Awards received in the reporting period	P15/P24-25/P33/P38/P63/P92/P98	●
3. Report Parameters	3.1	Reporting period (e.g., fiscal/calendar year) for information provided	inside front cover/P22	●
	3.2	Date of most recent previous report	inside front cover/P22	●
	3.3	Reporting cycle	inside front cover/P22	●
	3.4	Contact person for questions regarding the report or its contents	inside front cover	●
	3.5	Process for defining report content	inside front cover	●
	3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	inside front cover	●
	3.7	State any specific limitations on the scope or boundary of the report.	inside front cover	●
	3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	inside front cover	●
	3.9	Data measurement techniques and the bases of calculations	inside front cover	●
	3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	inside front cover	●
	3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	inside front cover	●
	3.12	Table identifying the location of the Standard Disclosures in the report	inside front cover	●
	3.13	Policy and current practice with regard to seeking external assurance for the report.	inside front cover	●
4. Governance, Commitments, and Engagement	4.1	Governance structure of the organization	P15	●
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement)	P15	●

	Sequence of Indicator	Content of Indicator	Disclosure Location	Adoption	
4. Governance, Commitments, and Engagement	4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.		⊗	
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	P15	●	
	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	P15	●	
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	P15	●	
	4.7	Process for determining the qualifications and expertise of the members of the highest governance body	P13/P15	●	
	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	P14	●	
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	P15/P21	●	
	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	P15	●	
	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	P11-12	●	
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives which the organization subscribes to or endorses.	inside front cover/P10/P81/P107	●	
	4.13	Memberships in associations and/or national/international advocacy organizations which the organization holds.	P20	●	
	4.14	List of stakeholder groups engaged by the organization.	P18	●	
	4.15	Basis for identification and selection of stakeholders with whom to engage.	P18	●	
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	P18	●	
	4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	P18-19	●	
	5. Economic Performance Indicators	EC1	Direct economic value generated and distributed (including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments)	P6	●
		EC2	Financial implications and other risks and opportunities for the organization's activities due to changes in the macroeconomic environment.	P11-12	●
EC3		Coverage of the organization's defined benefit plan obligations.	P91	●	
EC4		Significant financial assistance received from government.		⊗	
EC5		Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	P90	●	
EC6		Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	P104	●	
EC7		Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	P94	●	
EC8		Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	P114-127	●	
EC9		Understanding and describing significant indirect economic impacts, including the extent of impacts (e.g. driving local economic development)	P114-127	●	
6. Environmental Indicators	EN1	Materials used by weight or volume.	P78	●	
	EN2	Percentage of materials used that are recycled input materials.	P80-83	●	

	Sequence of Indicator	Content of Indicator	Disclosure Location	Adoption
6 Environmental Performance Indicators	EN3	Direct energy consumption by primary energy source.	P78	●
	EN4	Indirect energy consumption by primary source.	P78	●
	EN5	Energy saved due to conservation and efficiency improvements.	P80-83	●
	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	P80-83	●
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	P80-83	●
	EN8	Total water drawn by source.		○
	EN9	Water sources significantly affected by draw of water.		○
	EN10	Percentage and total volume of water recycled and reused.	P80-83	●
	EN11	Location and size of land owned, leased, or managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		⊗
	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.		⊗
	EN13	Habitats protected or restored.		⊗
	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	P19/P119	●
	EN15	Number of International Union for Conservation of Nature (IUCN) Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.		⊗
	EN16	Total direct and indirect greenhouse gas emissions by weight.	P84	●
	EN17	Other relevant indirect greenhouse gas emissions by weight.	P84	●
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	P19/P84	●
	EN19	Emissions of ozone-depleting substances by weight.		○
	EN20	Nitric oxide (NO), sulfur oxide (SO), and other significant air emissions by type and weight.	P84	●
	EN21	Total water discharge by quality and destination.	P89	●
	EN22	Total weight of waste by type and disposal method.	P89	●
	EN23	Total number and volume of significant spills.	P89	●
	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annexes I, II, III, and VIII, and percentage of transported waste shipped internationally.		⊗
	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	P88-90	●
	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	P87	●
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category.		⊗
	EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	P87	●
	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	P87	●
	EN30	Total environmental protection expenditures and investments by type.	P86	●

	Sequence of Indicator	Content of Indicator	Disclosure Location	Adoption
7 Labor Practices and Decent Work Performance Indicators	LA1	Total workforce by employment type, employment contract, and region.	P93	●
	LA2	Total number and rate of employee turnover by age group, gender, and region.	P93	●
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	P93	●
	LA4	Percentage of employees covered by collective bargaining agreements.		○
	LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	P93	●
	LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	P94	●
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region.	P94	●
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	P124	●
	LA9	Health and safety topics covered in formal agreements with trade unions.	P94	●
	LA10	Average hours of training per year per employee by employee category.	P96	●
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career outcomes.	P96-100	●
	LA12	Percentage of employees receiving regular performance and career development reviews.	P100-101	●
	LA13	Composition of governance bodies and breakdown of employees by category according to gender, age group and other indicators of diversity.	P93	●
	LA14	Ratio of basic salary of men to women by job category.	P94	●
8 Human Rights Performance Indicators	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	P94	●
	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	P94	●
	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	P96	●
	HR4	Total number of incidents of discrimination and actions taken.	P94	●
	HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	P94	●
	HR6	Operations identified as having significant risk for incidents of child labor, and (core) measures taken to contribute to the elimination of child labor.	P94	●
	HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and (core) measures to contribute to the elimination of forced or compulsory labor.	P94	●
	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	P94	●
	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	P110	●

	Sequence of Indicator	Content of Indicator	Disclosure Location	Adoption
9. Society Performance Indicators	SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including their entry, operation and exit.	P120-121	●
	SO2	Percentage and total number of business units analyzed for risks related to corruption.	P113	●
	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	P113	●
	SO4	Actions taken in response to incidents of corruption.	P112-113	●
	SO5	Public policy positions and participation in public policy development and lobbying.	P107-108	◐
	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.		⊗
	SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	P111	●
	SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	P111-112	●
10. Product /Service Responsibility Performance Indicators	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.		⊗
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.		⊗
	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	P106-107	◐
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.		◐
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	P107	●
	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	P111	●
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.		◐
	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.		◐
	PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.		◐

## Form of Feedback on Report

Respected readers,

Thank you for reading this report. To improve our efforts relating to corporate social responsibility and enhance our fulfillment thereof, we hope very much that you could spare some time from your busy schedule to comment on this report and make suggestions to help us improve it.

You can submit your feedback in any of the following ways:

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 Tel: 0086-10 – 68495086  
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 Email: csr@minmetals.com

Form of Feedback on China Minmetals Corporation Sustainability Report 2009

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You can submit your feedback in any of the following ways:

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 Yes  Neutral  No
2. Do you think this report is a complete reflection of the economic responsibilities undertaken by the Corporation?  
 Yes  Neutral  No
3. Do you think this report is a complete reflection of the environmental responsibilities undertaken by the Corporation?  
 Yes  Neutral  No
4. Do you think this report is a complete reflection of the social responsibilities undertaken by the Corporation?  
 Yes  Neutral  No
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 Yes  Neutral  No
6. Do you think it is necessary for the Corporation to expand the scope of the report to its secondary enterprises?  
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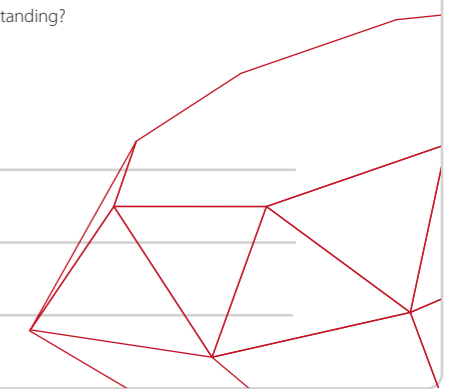
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2009

# Sustainability Report of Minmetals

Build Responsible Minmetals Co-create Bright Future





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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:

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