

# 2014

## China Minmetals Sustainability Report



Cherishing Limited Resources  
Pursuing Sustainable Development

Cherishing Limited Resources  
Pursuing Sustainable Development





THE GLOBAL COMPACT



### Description of the Logo

The logo of China Minmetals Corporation consists of a red sun above aluminum ingots and steel rods together with MINMETALS, the abbreviated name of the Corporation in English, while the letter M is taken as a main character element in the logo. The red sun symbolizes optimism, selflessness, integrity and magnificent presence, embodying the Group's spirit of "providing quality service, striving for excellence". The aluminum ingots and steel rods imply the industry of the Group - minerals and metals; and the gray steel rods extend endlessly in a perspective view, conveying the sustainability philosophy of the Group to "Cherishing Limited Resources Pursuing 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 Group, and signifies the Group's bright future and realization of sustainable development.

## About This Report

### Reporting Period:

The Report covers the period from January 1 to December 31, 2014, and also includes additional information beyond the stated reporting period.

### Release Cycle:

Released annually, it is the 8<sup>th</sup> CSR report published successively by China Minmetals Corporation since 2007.

### Reporting Boundary:

The Report covers all relevant information of the headquarters and subsidiaries of China Minmetals Corporation. In view of the different business of the entities, there will be slight differences in the reporting boundary of specific topics which is to be stated at corresponding paragraphs.

### Reference:

In the Report, "China Minmetals Corporation" is also referred to as "CMC", "the Company", and "we".

### Report Compilation Principles

The Report is aligned with the Guiding Opinions on Performance of Social Responsibilities by Central Enterprises, the Outline of the 12<sup>th</sup> Five-Year Plan for Implementing the Strategy of Harmonious Development by Central Enterprises, the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G4), Standardization Social Responsibility Guide (ISO 26000: 2010), and the Chinese Academy of Social Sciences Writing and Compiling Guidelines of the Chinese Corporate Social Responsibility Reporting (CASS-CSR3.0).

### Data Source

All data contained herein is taken from CMC's official documents, statistics reports and financial statement of, as well as from the sustainability practices of the functional divisions and business entities which have been kept, summarized and reviewed by the sustainable development management information system of the Company. Besides, according to the statistical caliber submitted to the SASAC, our data mainly comes from domestic business and, when concerning overseas business, will be specially marked.

### Availability

The Report is available in both Chinese and English. Please contact us for a hard copy.

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

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

Official website: <http://csr.minmetals.com.cn/>

## Declaration:

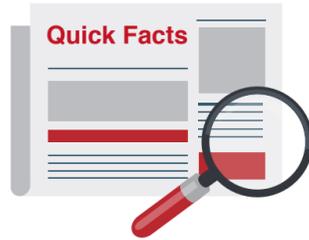
Adhering to the sustainable development ideology of "cherishing limited resources and pursuing sustainable development", CMC communicates its vision to create the greatest value for stakeholders, and showcases its actions and performance in the building of "Value-creating CMC, Safety-minded CMC, Eco-friendly CMC, Well-being CMC, Bona fide CMC and Harmony-oriented CMC" in Sustainability Report 2014. Taking stakeholders as the most important resources for sustainable development, "ideology, action and performance" as the basic logical framework, and "cherishing stakeholders and making every effort to create unlimited value for them" as the main theme, CMC strives to disclose its CSR practices and performance to stakeholders in a detailed, true and objective manner, realize to the greatest extent open, inclusive and in-depth communications with stakeholders, and enhance mutual trust and cooperation with stakeholders for shared progress and development.

This Report has been certified by the Lloyd's Register Quality Assurance (LRQA) as an independent third party. The certification statement is attached hereto as an appendix.

China Minmetals Corporation  
June 2015



Sustainability Report of China Minmetals Corporation (2007–2013)



Through the efforts of every member, we aim to leave a footprint in the global metal and mineral history.

- Chairman He Wenbo



## Actions



## Topic One Deepening Reform and Pursuing Excellence

**Overarching Goal** In the coming three to five years, we will optimize our modern enterprise system, promote the marketization and internationalization of institutional mechanisms, accumulate endogenous strength for business growth through a comprehensively deepened reform, and open a new vista on the strength of clearly defined strategies, rational industrial layout, efficient operation and institutional support.

**Basic Principle** Adhering to value thinking, problem-oriented solutions and top-down alignment.

**Three Areas** a) promoting corporate governance reform, improving our modern enterprise system, clarifying our strategic vision and orientation, and streamlining our business portfolio and layout; b) deepening the reform of our labor, personnel and distribution systems; c) furthering the development of market-oriented operating scheme, optimizing resource allocation and asset structure, and speeding up innovation of business modes.

## Topic Two Local Operation, Global Vision

■ The acquisition of Las Bambas mine, the world's largest copper project under construction with 6.9 million tons of copper and 10.5 million tons of copper resources, is the Top One overseas acquisition in China's metal and mineral history, and the winner of 2014 Global M&A Award (Peru).

■ In 2010, the project set in motion a program for livelihood restoration and community development, focusing investments on three factors that may have an influence on community reconstruction: households, economy and psychology.

■ Currently, the Las Bambas project construction is at its peak, locals account for 30% of the 18,000-odd employees (including those of building contractors) engaged in on-site construction. As the construction is in full swing, a considerable number of locals are receiving training. The proposed proportion of locals is 70%.

■ The Las Bambas mine built 441 apartments in Nueva Fuerabamba Town to resettle the locals.



## Philosophy

**Core Values:** Cherishing limited resources and pursuing sustainable development

**Spirit:** Providing quality service and striving for excellence

**Mission:** Satisfying long-term customer demand for metal and mineral products to the greatest extent and creating maximum value for stakeholders and society

**Vision:** Being a world-class metal and mineral group on the strength of its resources and trading business

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

#### Ever-growing Value Creation Capacity

■ In 2014, we registered a total commodity volume of 124 million tons and a total operating revenue of RMB 322.757 billion, and ranked No.133 in Fortune 500.

#### Innovation-driven Transformation and Upgrading

- Among the technical input of RMB 1.607 billion, RMB 1.061 billion is earmarked for R&D.
- For the first time we have won the China Grand Awards for Industry, the most prestigious industrial award of China.
- We have obtained 286 authorized patents.

#### Sharp Increase in Resource Access

- The filing of CMC as a national rare earth conglomerate paves the way for promoting the development and integration of rare earth resources.
- On behalf of China, we have applied for the development of international submarine polymetallic nodule deposits with a view to exploring international submarine mineral resources in due course.

No. **133**  
Among Fortune Global 500

**124** million tons  
Total commodity trading volume



**99%**  
Safety risk rectification rate



**RMB 464** million  
Input for safe production

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

- In 2014, no serious and major work-related accident was observed in CMC.
- In 2014, CMC's input for safe production amounted to RMB 464 million, principally for establishing mine support structure, improving power supply system, tailings storage flood prevention, and subsidence control, etc.
- In 2014, we organized 4,160 safety training sessions involving 131,170 person-times.
- We deepened screening and control over potential hazards, carried out 5,701 work safety inspections, discovered 46,472 hidden dangers and rectified 46,025 dangers, pointing to a rectification rate of 99%.
- CMC's subordinate mining enterprises suspended 12 outsourced teams, involving 2,145 workers, having basically accomplished the annual target.

### Cherishing Earth Resources and Building a Eco-friendly CMC

- CMC reduced comprehensive energy consumption by 14.2% YoY, COD emissions by 22.8% YoY and SO<sub>2</sub> emissions by 12.3% YoY.
- Among the 19 enterprises, 12 fulfilled ahead of schedule the energy-saving targets set in the 12<sup>th</sup> Five-Year Plan, and five over-fulfilled the targets. 95.79% of the overall targets have been fulfilled.
- The year 2014 saw no major influence on bio-diversity due to our production and operation.

**12**

12 enterprises fulfilling ahead of schedule the energy-saving targets set in the 12<sup>th</sup> Five-Year Plan

**5**

5 enterprises over-fulfilling energy-saving targets

**95.79%**

Fulfillment of overall energy-saving targets set in the 12<sup>th</sup> Five-Year Plan



### Cherishing the Dedication of Employees and Building a Happy CMC

- We adhere to equal employment, registering a total of 170,292 employees.
- We have intensified employees' engagement in management and promoted the disclosure of enterprise managerial affairs. The Trade Unions record a density of 100% company-wide and are joined by 100% employees.
- CMC has established a training system with extensive coverage and great pertinence. RMB 54.45 million has been put into training programs for 200,711 person-times, pointing to 76 training hours per capita.
- Share of women in positions of middle level or above is 16.67%.
- In 2013, CMC recorded a personnel selection and appointment satisfaction rate of 99.31%, ranking high among central enterprises.
- We log a 100% social insurance coverage.

**170,292**

Headcount



### Cherishing Partnership and Building a Bona Fide CMC

- "Xin Yi Lian Online Supply Chain Finance for Bulk Commodity Based on Digital Warehouse" won the "Innovative Online Supply Chain Finance Award".
- In 2014, CMC found no health or safety accidents due to unqualified products or services.
- CMC's subsidiaries chaired the formulation of 17 industrial technical standards and participated in the drawing up of 6 industrial standards, which contributed much to the standardization of the industry.
- In 2014, we clocked up a 100% contract performance rate.



**100%**  
Contract performance

### Cherishing Social Support and Creating a Harmonious CMC

- In 2014, we paid taxes of RMB 8.124 billion.
- In 2014, we donated RMB 116.496 million in total.
- In 2015, we were awarded "2014 Poverty Alleviation Star" by the China Foundation for Poverty Alleviation.
- We garnered the title of "Annual Sponsor" - the highest honorable mention of culture from the Ministry of Culture and National Heritage of Poland.
- We have 5,604 overseas employees, including 111 dispatched personnel and 5,493 local personnel, pointing to a 98.02% employment localization rate. In 2014, MMG realized 40% procurement localization.

**RMB 116.496** million  
Total donations in 2014



# CMC By Your Side



## ★ Dream Big

Our dream flies high in the sky of metal and mineral industry. The same dream has brought together over 110,000 employees on the job who put their faith in the industry and commit themselves to "cherishing limited resources and pursuing sustainable development". Valuing the support of stakeholders, we are braced for sustainability challenges and poised to share our sense of dignity and glory with all.

## 🌱 Think Green

Under the same firmament, we share the same breath and the same fate. Azure sky, serene water, crisp air is what we are fighting for. With the green ideology impregnated into every area of our production and operational ladder, we have adopted new processes, techniques and standards, implemented cleaner production with reduced emissions from the source and uplifted efficiency during the process, and supported or participated in environmental campaigns.

## 📍 Act Bold

In 2014, the new normal of Chinese economy and the drastically shrinking growth in metal and mineral demand have posed severe challenges to corporate growth. However, as the saying goes, "Grand ambition makes grand contribution; high diligence gains high achievements," we will strive to break through the current bottlenecks, unleash the dividend of State-owned asset and enterprise reform, create a broader development space and stride further towards a world-class group.

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## Message from the Chairman

*Through the efforts of every member, we aim to leave a footprint in the global metal and mineral history.*

He Wenbo  
Chairman CMC

## Mission and Dream

In the Report, I will for the first time dwell on CMC's understanding of sustainable development, our achievements and difficulties over the past year, and our unremitting endeavor to fulfill our dream. In 2014, the central government made the scientific judgment that Chinese economy has entered into a "new normal" of slower growth, so has the mining industry, which will take on a brand-new look as a result of long-term de-capacity, higher industrial concentration, and accelerated transformation and upgrading. To us, opportunities will come hand in hand with challenges. It is in such a context that I would like to share with you the mission and dream of CMC as a metal and mineral group.

**Our mission is to satisfy long-term demand for metal and mineral products to the greatest extent and create maximum economic, environmental and social value for stakeholders. Our dream is to be a highly-esteemed world-class metal and mineral group.** The same dream has brought together over 110,000 CMC employees on the job who are passionately devoted to the metal and mineral industry and put in it our ideal and faith rooted in our passion: The metal and mineral industry is a cause worth our dedication. In order to realize the dream, we will uphold the sustainable development ideology of "cherishing limited resources and pursuing sustainable development" by dint of our resources, trading business, and stakeholder communication and management, striving for maximum economic, environmental and social value. The efforts of every one of us, we hope, will leave our imprint in the history of the development of the global metal and mineral industry. 2014 witnessed another one firm step toward our dream along the set course and new progress in sustainable development.

**We have repeatedly sized up the economic situation, adjusted business strategies and constantly developed new profit-making modes.** The past year registered a total commodity volume of 124 million tons, a total operating revenue of RMB 322.757 billion, and a technical input of RMB 1.607 billion. We have aggressively spurred the evolution towards medium-to-high-end industry, new-type industrialization, proactively revamped the factor input-driven growth model, pursued efficient and

intensive development, constantly ramped up investment in technical innovation, and strived to build the brand of "CMC 2.0". Since it was officially put into commercial operation, the Xin Yi Lian E-Business Platform has frequently rewritten its record book of activity and trading volume, thus enhancing the overall competitiveness of iron and steel supply chain. Committed to "going global", we have completed the largest overseas M&A in the history of China's metal and mineral sector. By taking possession of Las Bambas, the world's biggest copper mine with copper reserves of over 10 million tons, CMC is striding its way to Asia's largest and a global top 10 copper producer.

**We have insisted on putting production safety in the first place in building mines with a strong sense of mission and responsibility.** Spreading ourselves across high-risk sectors like non-coal mines, smelting & processing, architecture construction, geological survey, warehousing & logistics, hazardous chemicals, etc. we assume a huge responsibility for safety production. By virtue of top-down design, we have deepened category-and-grade-specific safety and environmental stewardship and strengthened thorough detection of hidden dangers. We have disengaged the teams to which our mining work was outsourced, supervised and implemented the governance of major hidden dangers and up-to-standard discharge, and conducted such key tasks as the organization of State mine rescue teams. As a result, the past year has recorded zero case of large, serious and major accident.

**We have stuck to green and low-carbon development, unwaveringly following the path of reconciling corporate development with eco-civilization.** As a major contributor to the world's economic prosperity, we are duty-bound and well-placed to perform environmental responsibilities and seek solutions to environmental issues. We have constantly enhanced our environmental stewardship system and optimized relevant rules. By means of new techniques, processes and standards, we have implemented cleaner production with reduced emissions from the source and uplifted efficiency in the process. We have enhanced water resource management, striving to minimize any adverse effect of our operations on the environment. In 2014, our comprehensive energy consumption was down 14.2% YoY, and chemical oxygen demand COD fell 22.8% YoY.

**We have upheld the principle of "putting people first and giving full scope to talents" to ensure every employee an opportunity for development.** Consistently being "affectionate, modest and considerate", we have safeguarded employees' basic rights and interests, cared for employees in an all-round manner, shared our achievements with them and boosted cohesiveness through culture. We have established a full-fledged position system as an

institutional approach to expanding the career path. As per our Five-Year Plan for Employee Training, we have invested RMB 54.45 million in the undertaking and clocked up an average training duration of 76 hours per capita. As one of the founders of the Alliance of Chinese Enterprises for Executive Training and Development, we have gradually brought into shape an overseas platform for outstanding young employees.

**We have forged sound partnerships with stakeholders, thus integrating into and benefiting local communities.** It is our firm belief that a responsible enterprise should not only enjoy strong business capacity, but also assume its duties to stakeholders and sustain social development within the compass of its power. By fully unleashing our advantages in resources, services and technologies, we have pursued win-win cooperation with partners from all walks of life. We have engaged in the development of communities where our projects are based with a view to improving local livelihood. In 2014, we paid taxes of RMB 8.124 billion, invested RMB 8.9 million in targeted poverty alleviation, and donated RMB 116.496 million in total. We were honored as "Sponsor of the Year" by the Ministry of Culture and National Heritage of Poland.

**In 2015, against the backdrop of the new normal, the metal and mineral industry will bid adieu to high-speed growth and go through the throes of restructuring.** We will correctly understand and adapt to the new normal, bear our mission in mind, adhere to law-based corporate governance, and keep forging ahead in a more open, inclusive and responsible manner. We will strive to make progress while ensuring stability and take concrete measures to maintain sound operation and production. We will optimize the comprehensive risk management system and promote corporate development through risk prevention and control. We will nip waste in the bud and concentrate efforts to cut rigid costs. We will seize the opportunities brought by the "One Belt and One Road" initiative and the expansion of free trade zones to extend the reach of our business and develop new profit growth engines. We firmly believe that only by building a community of common destiny and seeking common ground with stakeholders can we get over the hump and jointly create a win-win situation.

It is our earnest hope that friends from various sectors can appreciate and support our reform and development after reading the Report. We will press ahead with responsible operation, take various tasks up a notch, respond to stakeholder concerns and expectations with sincerity, pragmatism and transparency, and combine the strength of all to develop a world-class metal and mineral corporation, contribute to building a moderately prosperous society, and fulfilling the Chinese dream.

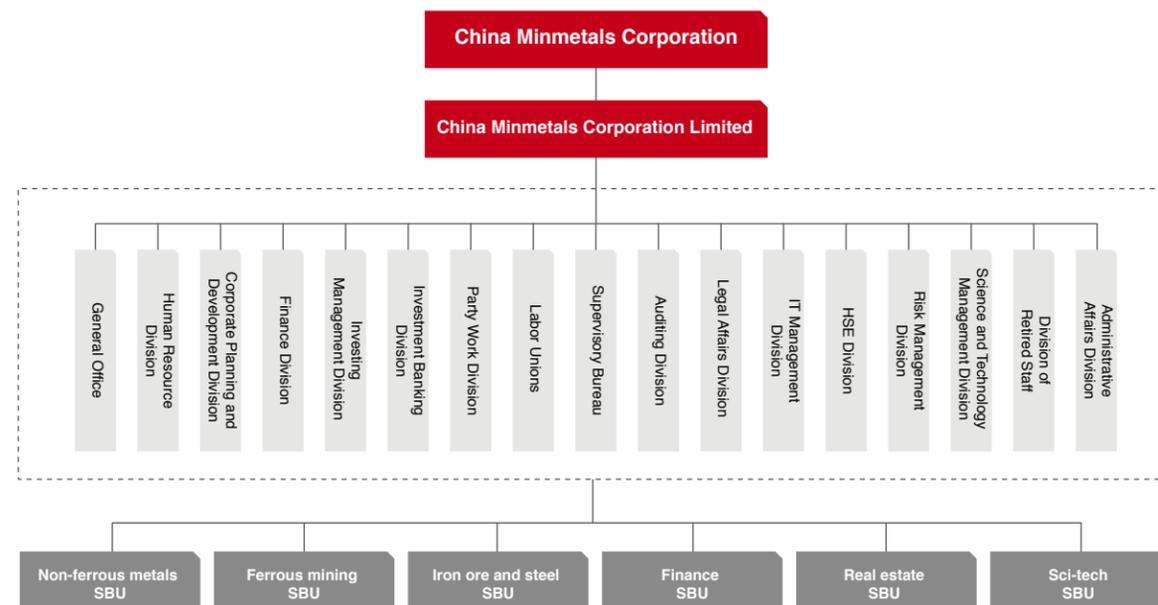
## About Us

### Profile

Founded in 1950, CMC is a time-honored multinational group specializing in exploration and development, smelting, processing, trading of metals and minerals, finance, real estate, mining and metallurgical technology. Headquartered in Beijing, it has extended its business to 36 countries and regions, registered a total of 170,292 employees, and controlled 7 listed subsidiaries at home and abroad. As one of the 53 key enterprises under the direct administration of the central government, CMC has hit A-Level results in SASAC's annual performance evaluation for eight consecutive years since 2006. In 2014, it took the 133<sup>rd</sup> place in Fortune Global 500, ranked 2<sup>nd</sup> among global metal enterprises, and bucked the sluggish trend of metal markets with a total operating revenue of RMB 322.757 billion. At present, CMC ranks first in China in tungsten concentrate output and lead-zinc smelting capacity; it is also the global leader in the production capacity of antimony oxide, cemented carbide, and separated middle and heavy rare earths, as well as in the resources of tungsten, antimony and bismuth.

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

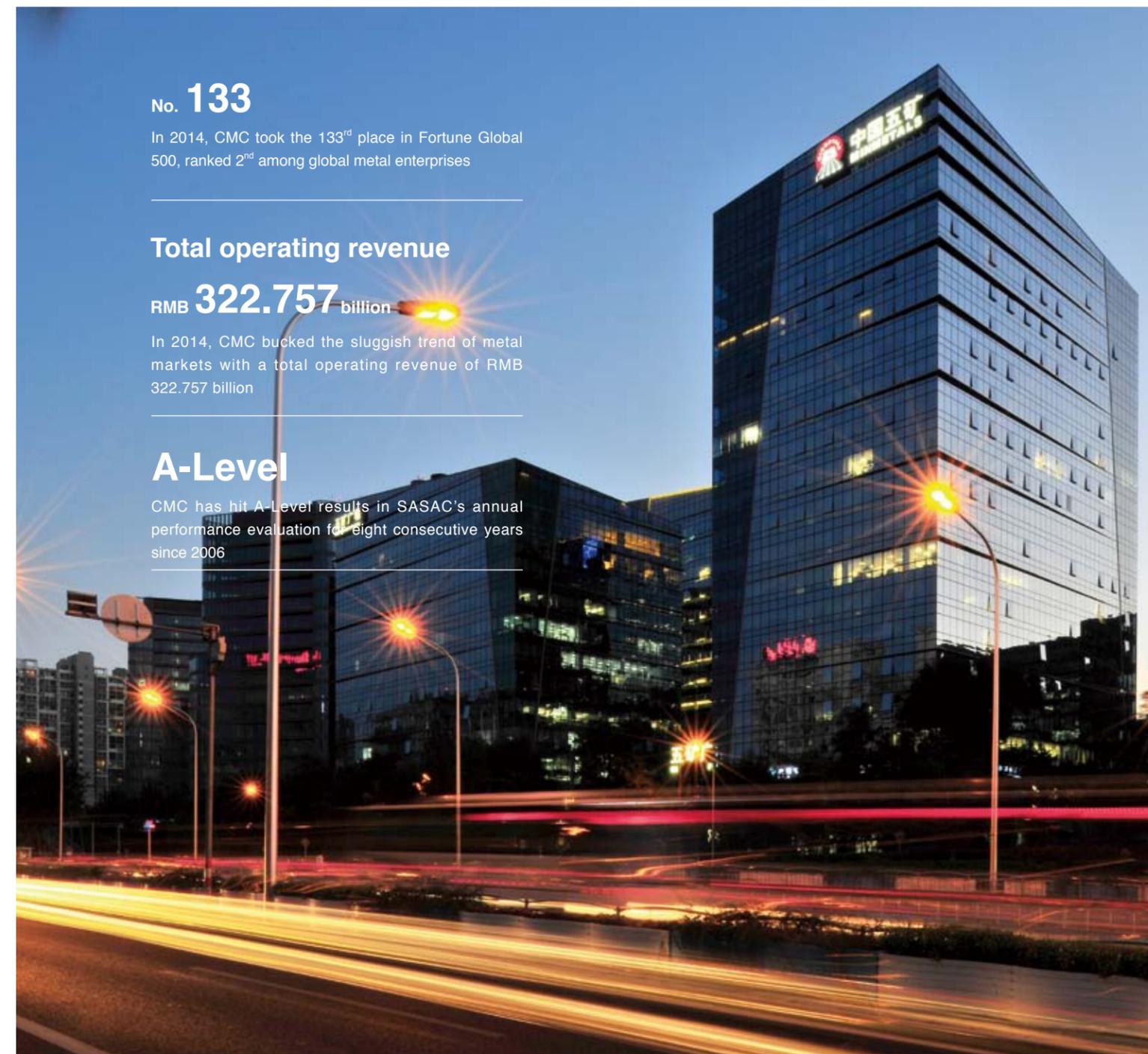
### Organization



## Governance

SASAC has assumed the investor's responsibilities on behalf of the State, and dispatched a Board of Supervisors to supervise the maintenance and increase of CMC's State-owned assets as per the Interim Regulations on the Boards of Supervisors in State-owned Enterprises. The executive compensation is pegged to business performance and individual achievements.

In light of SASAC's guidelines on standardizing the Board of Directors of central enterprises, we have constantly promoted improvement of the system of the board of directors, optimized and adjusted our decision making process, institutional framework and rules of procedure. According to the modern enterprise system, we have made a vertical division of powers and responsibilities, optimized our authorization mechanism, safeguarded the rights and interests of contributors, and probed into our organizational structure and capacity as a modern enterprise.



### No. 133

In 2014, CMC took the 133<sup>rd</sup> place in Fortune Global 500, ranked 2<sup>nd</sup> among global metal enterprises

### Total operating revenue

RMB **322.757** billion

In 2014, CMC bucked the sluggish trend of metal markets with a total operating revenue of RMB 322.757 billion

### A-Level

CMC has hit A-Level results in SASAC's annual performance evaluation for eight consecutive years since 2006

## Subsidiaries

### China

#### North China

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

#### East China

Minmetals Luzhong Mining Co., Ltd.  
Nanchang Cemented Carbide Limited Liability  
Ganzhou Gannan Tungsten Co., Ltd.  
Minmetals Materials (Changshu) Management Co., Ltd.  
Minmetals Nanjing International Trading Co., Ltd.  
Minmetals Zhejiang International Trading Co., Ltd.  
Minmetals Shipping and Forwarding Shanghai Co., Ltd.

#### Central South China

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

#### Northeast China

Minmetals Yingkou Medium Plate Co., Ltd.  
Minmetals (Yingkou) Industrial Park Development Co., Ltd.

#### South China

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

#### Hong Kong and Macao

China Minmetals H.K. (Holdings) Limited  
Cheerglory Traders Ltd.  
Minmetals Capital (Hong Kong) Co., Ltd.  
Minmetals Resources Limited  
Minmetals Land Limited  
Album Trading Company Limited

#### Northwest China

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

#### Southwest China

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

### Others

#### Asia

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

#### Europe and Africa

Minmetals (U.K.) Ltd.  
Minmetals Germany Gmbh  
Minmetals Italy Co., Ltd.  
Minmetals Spain S.A.  
East Euro -- Asia Shipping & Trading Gmbh  
Minmetals North-Europe AB  
HP Tec GmbH  
Minmetals R.S.A. (PTY) Ltd.

#### Oceania

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

#### America

Minmetals, INC.  
China Minmetals E Minerals (Brazil) Ltd.  
Minmetals Exploration (Canada) Co., Ltd.

## Social Organizations with CMC as a Member

Name of Organization	Position of CMC
UN Global Compact	Member
World Economic Forum	Foundation Member
China Charity Alliance	Member
China Federation of Industrial Economics	Presidium Member
China Iron and Steel Association	Vice Chairman
China Nonferrous Metals Industry Association	Vice Chairman
Nonferrous Metals Society of China	Vice Chairman
China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters	Vice Chairman
Association of China Rare Earth Industry	Vice Chairman
China Chamber of International Commerce	Vice Chairman
Research Institute for Party Building, Ideological and Political Work of State-Owned Enterprises	Council Member
Chinese Young Entrepreneurs Association	Vice Chairman
China Council for International Investment Promotion	Vice Chairman
China-Chile Business Council	Co-chairman
China International Economic Cooperation Society	Member
China International Council for the Promotion of Multinational Corporations	Vice Chairman
China Center for International Economic Exchanges	Executive Council Member
German-Chinese Business Association	Vice Chairman
The Investment Association of China	Vice Chairman
China Institute of Internal Audit	Council Member
National Association of Financial Market Institutional Investors	Member
China Association of Work Safety	Vice Chairman



# Special Topics

 10 Deepening Reform and Pursuing Excellence

 14 Local Operation, Global Vision

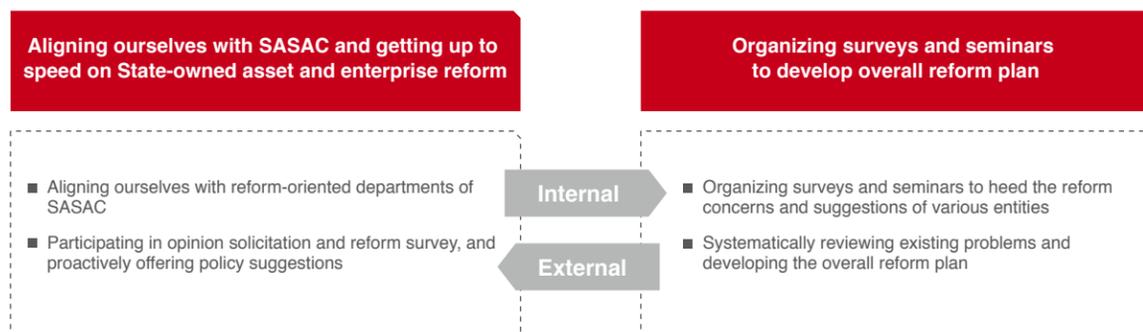


## Topic One: Deepening Reform and Pursuing Excellence

The world economy is recovering slowly, but the outlook still remains uncertain. The new normal of Chinese economy and the drastically shrinking growth in metal and mineral demand have posed severe challenges to profit making and value creation of the enterprises concerned. Such a complicated and grim external environment has spawned the full-scale restructuring of central and local state-owned assets and enterprises on the heels of the 3<sup>rd</sup> Plenum of the 18<sup>th</sup> CPC Central Committee. At the critical juncture, CMC will strive to break through the current bottlenecks, unleash the dividend of the comprehensively deepening reform, create a broader development space and stride further towards a world-class group.

### Enhancing Top-down Design for the Comprehensively Deepening Reform

CMC has enhanced top-down design for the comprehensively deepening reform, and communicated with internal and external stakeholders to synchronize various reform efforts.



Communicating with internal and external stakeholders to synchronize various reform efforts

### General Guiding Ideology

Guided by the spirit of the 18<sup>th</sup> National Congress and the 3<sup>rd</sup> Plenum of the 18<sup>th</sup> CPC Central Committee, and echoing the call for the implementation of national strategies and the restructuring of State-owned assets and enterprises, we will further emancipate our minds and productive forces, remove the institutional constraints on corporate development, unleash the dividend of reform, constantly boost our vitality, creativity and competitiveness, and promote healthy, sustainable growth.

### Clarifying the Overarching Goal of the Comprehensively Deepening Reform

In the coming three to five years, we will optimize our modern enterprise system, promote the development of marketization and internationalization of institutional mechanisms, accumulate endogenous strength for business growth, and open a new vista on the strength of clearly defined strategies, rational industrial layout, efficient operation and institutional support.



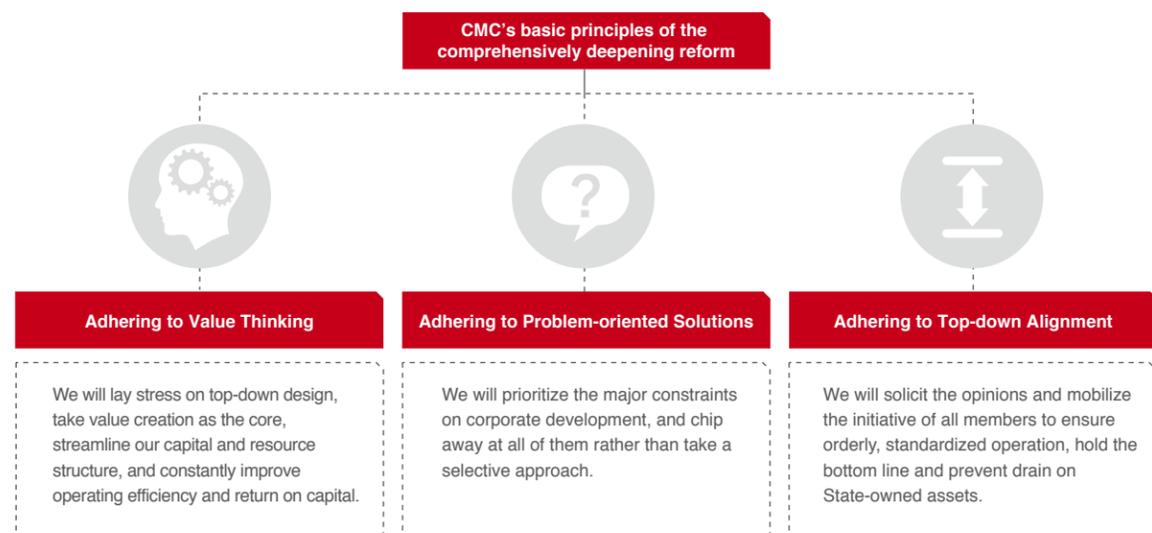
CMC's overarching goal of the comprehensively deepening reform



CMC's specialized meeting on reform

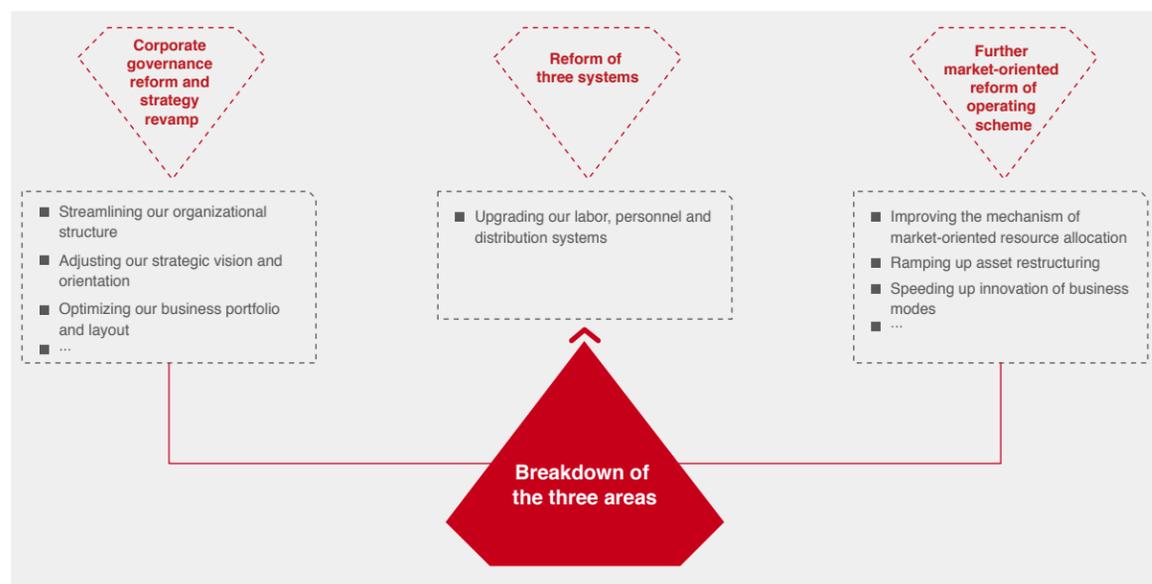
## Establishing the Basic Principles of the Comprehensively Deepening Reform

CMC will adhere to value thinking, problem-oriented solutions and top-down alignment. The three basic principles are the yardstick for measuring the comprehensively deepening reform, and no initiatives in breach of the principles will be adopted.



## Three Dimensions of the Comprehensively Deepening Reform

CMC will adapt to the new normal, focus on deep-seated problems with corporate development, promote reform in key areas by dint of legal approaches and a legal mindset, and work out a number of new initiatives in favor of activating the markets, unleashing vitality, stabilizing growth and increasing profits, thus translating the new dividend of reform into new impetus for development, enhancing core competence of the Company and efficiency of State-owned assets, and increasing our vigor, control, influence and risk resistance.



### Case: ESOP Adds Vigor to Our Business

As an integral part of the new-round restructuring of State-owned assets and enterprises, the enterprise stock ownership plan (ESOP) can boost as much creativity and vitality of employees as it builds competitiveness of enterprises. Responding to the call of the central government and the State-owned Assets Supervision and Administration Commission (SASAC), we have included ESOP in our income distribution reform. Starting from ESOP, we are working on new incentive mechanisms, optimizing the operating scheme under which employees can share the achievements and risks of the Company, and thus promoting sustainable development.

In 2014, seeing that China is eagerly promoting the mixed-ownership economy, we enhanced research and practice with respect to ESOP as an incentive for scientists in particular.

**In H1, through research and survey, we itemized the policies governing employee ownership of State-owned equity and equity incentive.**

- We communicated with competent authorities for a better understanding of the policies
- We conducted case studies on latest modes of ESOPs and prepared the Report on New Modes of Employee Stock Ownership in the Context of Mixed-ownership Economy
- We surveyed relevant entities and developed ideas of standardized ESOPs for entities under a central enterprise

**In H2, we piloted ESOP at a furnace company under the Changsha Research Institute of Mining and Metallurgy (hereinafter referred to as "Changsha Institute")**

- We engaged personnel from various specialized divisions in guiding the pilot work
- The CMC Compensation Committee and relevant divisions carried out multiple joint studies and efficiently communicated with the Changsha Institute on the amendment of implementation plans, articles of association and investment agreements
- The ESOP is to be piloted at the furnace company, a decision made by the CMC Compensation Committee and the Investment Committee and approved by the joint meeting of the Chairman and the President

**At year-end, we formulated the Guiding Opinions of CMC on Employee Stock Ownership at Subsidiaries, and proceeded with relevant tasks in an orderly manner.**



ESOP launch meeting of Furnaces Equipment Company

## Topic Two: Local Operation, Global Vision

### Sustainable Development of Las Bambas Project

Upholding the idea of “cherishing limited resources and pursuing sustainable development”, CMC has constantly sped up the pace of “go global”, improved the allocation of overseas resources, and brought into shape a preliminary multi-tiered global resource guarantee system. We have 5,604 overseas employees at 246 wholly-owned or controlled subsidiaries in 36 countries and regions including two companies listed on foreign markets. Overseas assets amount to RMB 155.844 billion, accounting for 42.57% of our total assets. In 2014, we registered an overseas operation revenue of RMB 88.846 billion and profits of RMB 3.92 billion.

#### Value Increase

On Jul. 31<sup>st</sup>, 2014, the CMC consortium made up of MMG, the Guoxin International Investment Co., Ltd. and the CITIC Metal Co., Ltd. acquired Las Bambas copper mine for USD 7 billion.

In addition to its status as the world's biggest copper mine under construction with 6.9 million tons of copper and 10.5 million tons of copper resources, Las Bambas is also a bonanza of gold, silver, molybdenum as well as other metals and minerals. It is estimated that the project will output over 2 million tons of copper concentrate (copper content) in the first five years of operation. As potentially one of the world's biggest copper projects which CMC can operate for more than 20 years, Las Bambas will figure prominently in our flagship platforms for overseas resource development, and assure us of a greater influence in international mineral markets.



The world's largest copper mine project under construction



So far, the largest overseas M & A project in China's metal and mining industry



China Minmetals will thereout rank among the world's top 10 copper producers



Aerial view of Las Bambas project

#### April 2014,

The CMC consortium and Glencore agreed on the acquisition of Las Bambas project for USD 5.85 billion



#### July 2014

The CMC consortium officially took possession of the project

#### December 2014

80% of the construction had been completed



#### 1Q 2015

Initial stripping will be started

#### 2Q 2015

Installation of main power transmission lines and community relocation will have been completed



#### 3Q 2015

Primary crushers will be put into use

#### 1Q 2016

Machinery installation will be completed, and temporary transport facilities for copper concentrates will be set in train



#### 2Q 2016

Will witness the first shipment of copper concentrates

## Community Development

Performing CSR in overseas markets, integrating into local communities and contributing to local sustainable development are the sine qua non for modern enterprises to go global. Consistently adhering to the principle of “local operation, global vision” and upholding the idea of “cherishing limited resources and pursuing sustainable development”, CMC has played a positive role in promoting local economy, infrastructure construction, education and health care in global operations.

In order to minimize its impact on 31 communities on the doorstep, in 2010, Las Bambas project set in motion a program for livelihood restoration and community development, focusing its investments on family, economic and mental aspects that affect community restoration.



### Employment Localization

Currently, locals account for 30% of the 18,000-odd employees (including those of building contractors) engaged in project construction, the proportion of which is planned to climb up to 70% in the future. While the construction is at its peak, investments in career training are in no way pared down. As of December 2014, over 1,600 locals had received training on computer, welding, carpentry, maintenance and driving.



### Environmental Protection

Focusing on water resource management, biodiversity conservation and land stewardship, the project has worked out plans for environmental protection and carbon offset, aiming to reduce the environmental impact of its operations. It has cut the intake of water from Challhuahuacho River, reduced environmental footprint through river realignment, built a dam for wastewater collection, and minimized the removal of topsoil and vegetation, thus protecting the High Andean Wetlands that is crucial to environmental quality.



### Educational Resource Program

The project organises, implements and presses ahead with educational resource program. December 2014 saw the opening of a primary school built by the project. Local students will benefit a lot from the spacious classrooms and state-of-the-art educational facilities. The improved infrastructure and the sustainable development of local culture and education enable the project to further integrate into the communities.



### Support for Local Culture

On Jul. 21<sup>st</sup>, 2014, the project engaged five teams in a dance contest in celebration of Peru’s independence, showcasing the country’s time-honored culture through vigor and enterprising spirit.



### Health and Safety

The project has adopted MMG’s safety standards, processes and systems, and enhanced control of lightning and road risks.



### Community Resettlement

The project built 441 apartments in Nueva Fuerabamba Town to resettle the locals, with whom the proposal for new communities was discussed.



Las Bambas project invests in education in local communities

## Future Outlook

As a major contributor to local economy and society, Las Bambas project will continue to cement its ties with local stakeholders. In the coming years, local communities will be entitled to:



Clean water and reliable food supplies



Health and wellbeing of locals



Sustainable economic benefits



Education as the cornerstone and long-term assets

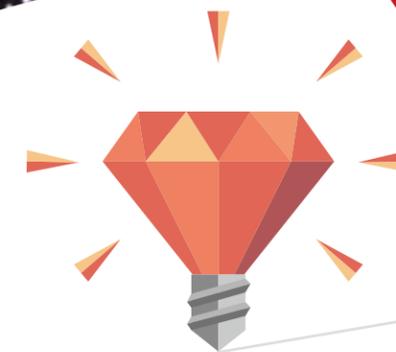
*Las Bambas project has improved local healthcare and educational conditions. The past three years gave me first-hand experience of such improvement. I am deeply grateful to the project.*

*- Licely Mayorga, Health Supervisor*



# Philosophy

-  20 Opportunities and Challenges
-  21 Philosophy, Strategy and Value
-  22 Sustainable Development
-  26 Stakeholder Management



## Opportunities and Challenges



We will resolutely follow the path of high-quality, green, innovative development, and drive the industry towards medium-to-high-end, new-type industrialization



We will constantly develop new profit-making modes and growth engines, thus setting the stage for the future



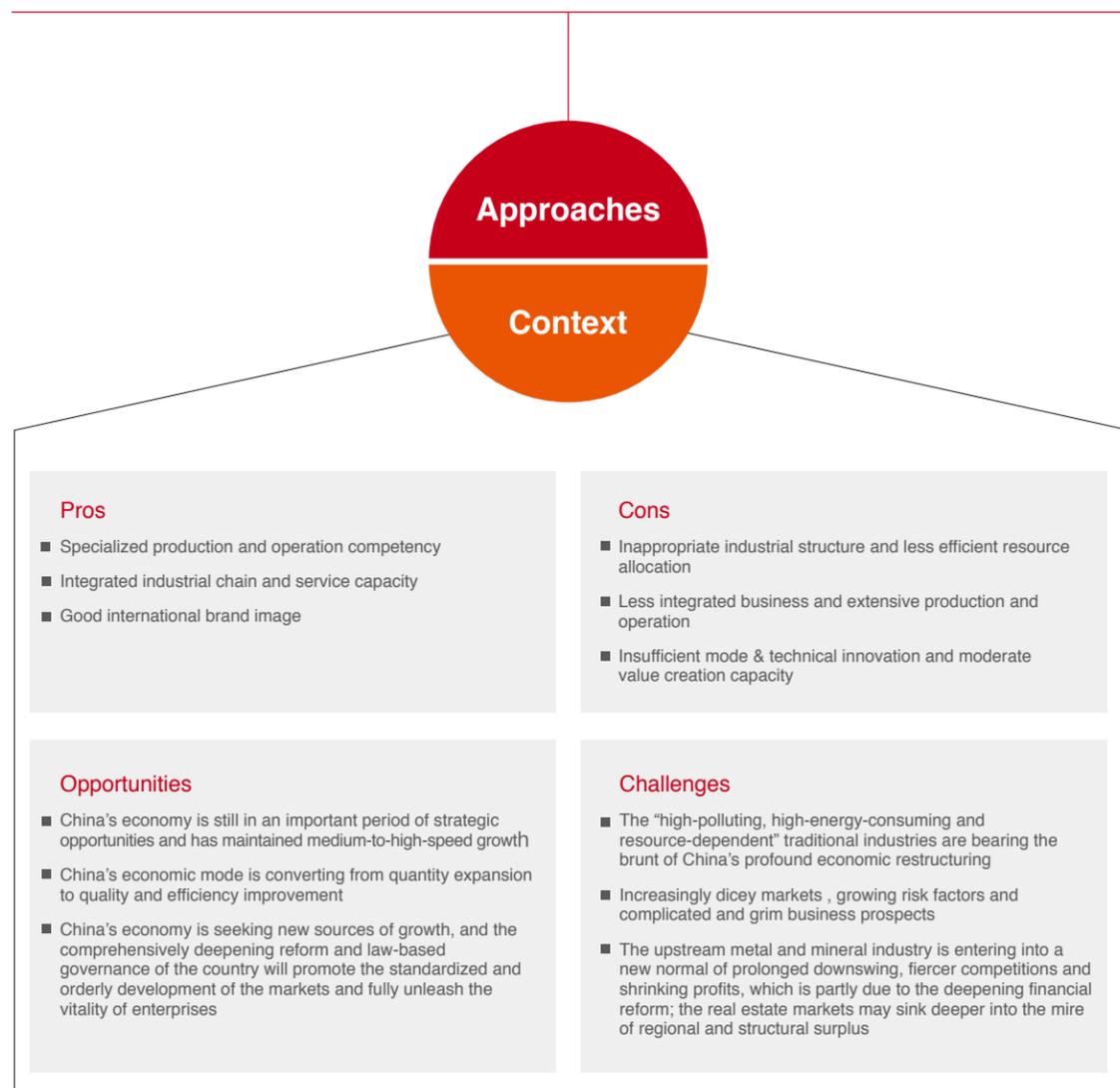
We will free ourselves from dependence on investment and the factor input-driven growth model, pursue efficient and intensive development, vigorously promote quality benefits and build the brand of "CMC 2.0".



We will enhance reform and practice of the rule of law, boost our vitality and develop new growth engines through the comprehensively deepening reform and law-based governance of the Company



We will further improve our market-oriented modern enterprise system, accumulate endogenous strength for business growth, and promote transformation and upgrading in a down-to-earth manner



## Philosophy, Strategy and Value



# Sustainable Development

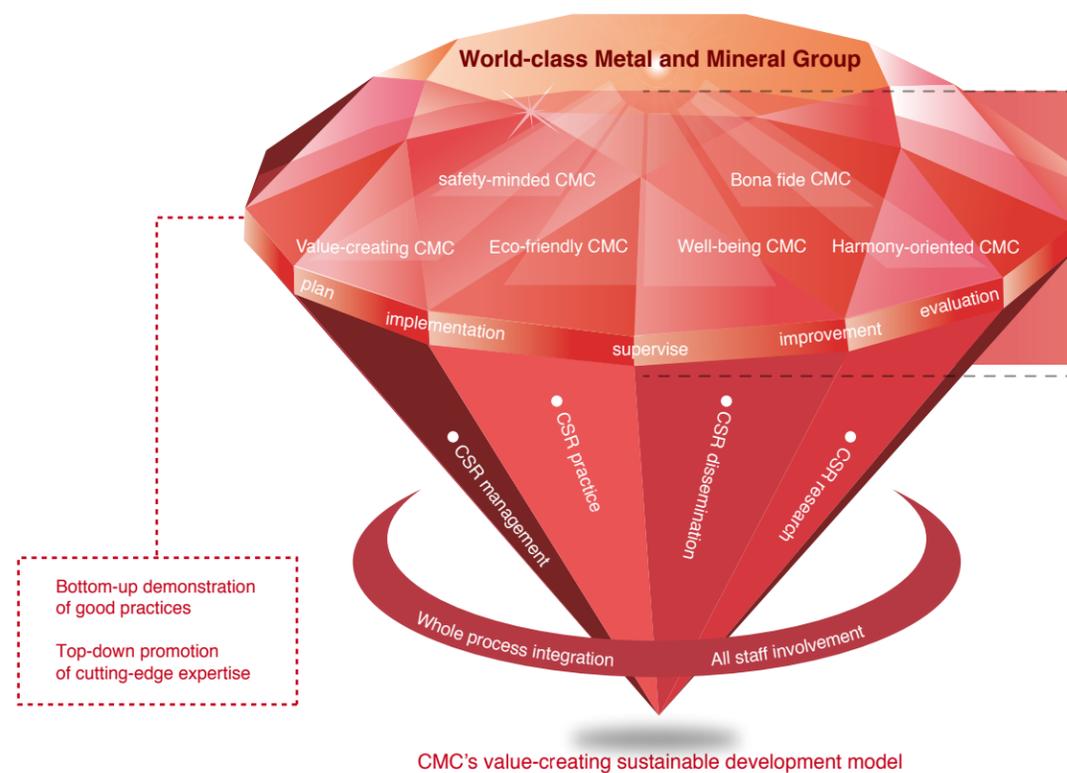
## Sustainable Development Outlook

Based on the sustainable development outlook as well as the corporate, industrial and social realities, CMC has developed the core values of “cherishing limited resources and pursuing sustainable development”, and will manage the economic, environmental and social impact of its policies and operations in an ethical and transparent manner, maximize the comprehensive value of economy, environment and society, and promote the sustainable development of itself and the stakeholders.



## Sustainable Development Diamond Model

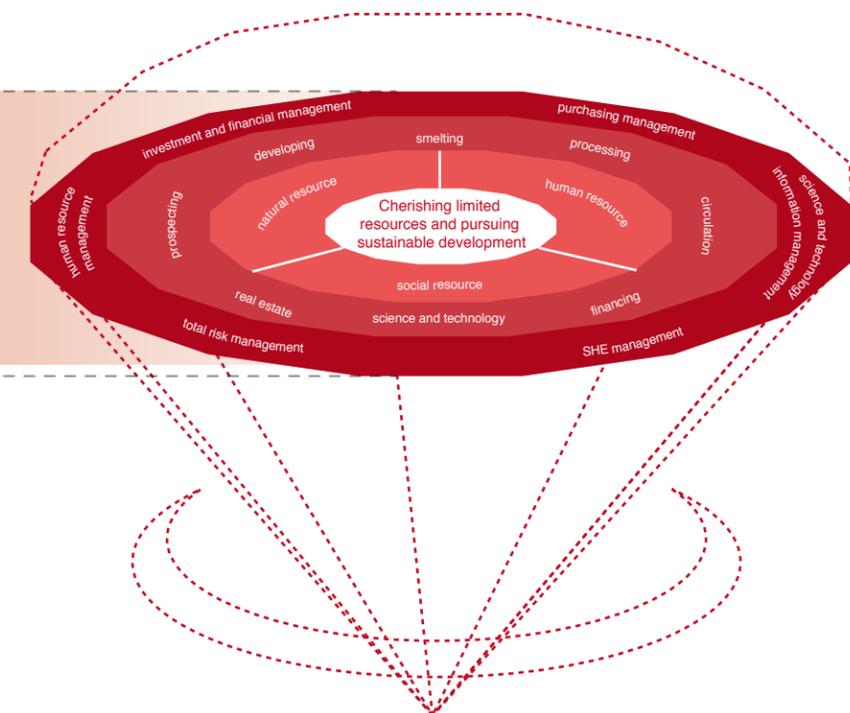
Regarding value creation as the primary goal of business development, CMC has taken value creation capacity into serious consideration in business portfolio design and strategy making, developed a value-creating sustainable development model, and put forward approaches and proposals for the full integration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



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

## the Value Creation Formula of CMC

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



## Implementation of Sustainable Development Outlook

By deepening CSR management, practice, dissemination and research, we are gradually integrating the CSR ideology into every area of our business and operational ladder, thus laying a solid foundation for sustainable development of the Company.

### Organizational Structure for Sustainable Development

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

### Management Structure for Sustainable Development

In 2014, CMC started implementation of the Three-Year CSR Work Plan of China Minmetals Corporation (2014-2016). We clarified the approaches and direction of CSR-related tasks, laid the CSR groundwork, and developed a preliminary long-term mechanism for constantly promoting the tasks.

	Objectives	Key tasks
CSR management	Improving the CSR organizational and institutional structures, developing the CSR work plan, and establishing an information management platform, thus paving the way for the deepening of CSR-related tasks	<ul style="list-style-type: none"> <li>■ Publishing the Three-Year CSR Work Plan of China Minmetals Corporation (2014-2016)</li> <li>■ Setting up the "CMC sustainability management information system", probing into the path of big data-based sustainable development, enhancing corporate sustainable development capacity as well as employees' awareness and capability of CSR performance, providing more accurate and timely support for management decision making, and ensuring the transparency and trustworthiness of information disclosure by the Sustainability Report</li> <li>■ Urging subsidiaries to carry out CSR management tasks</li> </ul>
CSR practice	Specifying the key areas of CSR practice, and establishing a work mechanism concerned	<ul style="list-style-type: none"> <li>■ Optimizing the CMC Sustainability Management Indicator System so as to include CSR-related tasks into prospecting, mining, smelting, processing, trade, finance, real estate, technical development and other areas of our business operation</li> </ul>
CSR dissemination	Developing a preliminary CSR dissemination channel based on our specialized CSR and media platforms	<ul style="list-style-type: none"> <li>■ Participating in the selection of UN Global Compact CSR Best Practices</li> <li>■ Comparing notes with persons-in-charge of the UN Global Compact LEAD and the UN Global Compact on CSR and sustainable development</li> <li>■ Organizing the "Selection of CMC 2014 Excellent CSR Practices", and publicizing the benchmark practices within the Company</li> </ul>
CSR research	Getting a better sense of CSR management and practice of industrial peers	<ul style="list-style-type: none"> <li>■ Conducting benchmarking research and preparing the Report on the Benchmarking against Domestic and International Leaders in CSR</li> <li>■ Participating in the preparation of the Guidelines for Social Responsibility in Outbound Mining Investments led by China Chamber of Commerce of Metals, Minerals &amp; Chemicals Importers &amp; Exporters</li> <li>■ Participating in the national key technology R&amp;D program on CSR management undertaken by the China Nonferrous Metals Industry Association</li> </ul>

### Case: CSR Management and Research by the Real estate SBU

In light of its business characteristics, the Real estate SBU (hereinafter referred to as the "Real estate SBU") has carried out systematic CSR management and research, tailor-made a strategic framework, worked out explicit plans, and clearly defined the direction and areas of CSR practice. Based on existing cases, it has developed the Report of the Real estate SBU on CSR Practice, the CSR Handbook of the Real estate SBU, the CSR Planning of the Real estate SBU, and the CSR Indicator System of the Real estate SBU. Such documents are conducive to comprehensively promoting CSR-related tasks of the Real estate SBU, improving its brand, image and business, and building employees' awareness and capability of CSR performance.



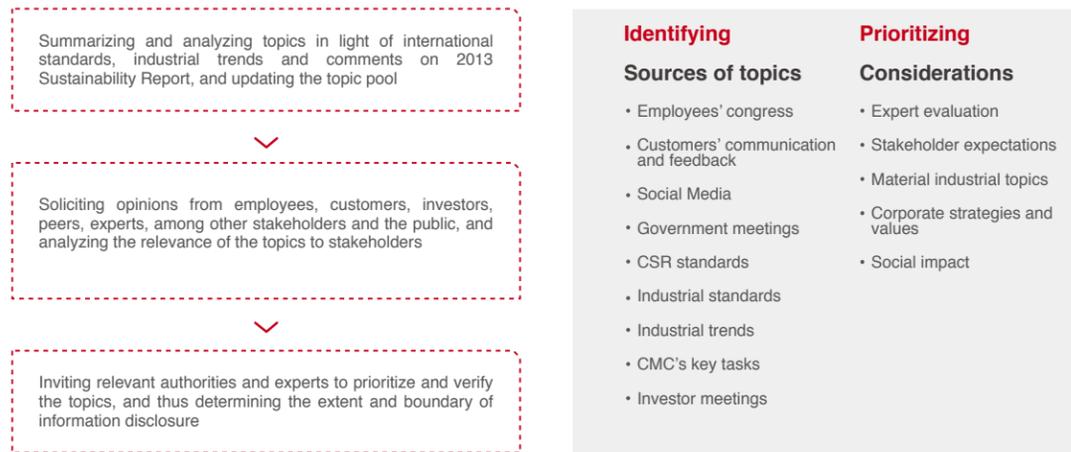
## Honors

- 🏆 CMC was ranked 9<sup>th</sup> on the metal industry list of the "World's Most Admired Companies 2015" by Fortune.
- 🏆 CMC's case of "Tying up a Loose End for Clean Development" was honored as the "Best Practice Focusing on Climate and Environmental Protection" among 2014 Global Compact China Best Practices, and listed in the Global Compact China Network Yearbook.
- 🏆 China Minmetals Corporation 2013 Sustainability Report was granted "Golden Bee 2014 Excellent CSR Reports · Leading Enterprise Award".
- 🏆 CMC was one of the Top 10 of State-owned enterprises and the leader of metal enterprises in the "CSR Development Index of Top 300 Chinese Enterprises (2014)"; it was also one of the "outstanding enterprises" with five-star rankings.
- 🏆 CMC was named a "five-star domestic industrial enterprise in CSR performance in 2014".
- 🏆 MMG has been included in the Hang Seng Corporate Sustainability Benchmark (HSSUB) Index for three consecutive years, and holds a leading position among HK-listed enterprises in CSR performance.
- 🏆 MMG took the third place in Channel News Asia (CNA) Sustainability Ranking, and the 41st place among the 100 leading businesses in 10 Asian countries.

# Stakeholder Management

## Identifying Topics on Sustainable Development

In 2014, we identified topics on sustainable development in accordance with the requirements of the Sustainability Reporting Guidelines (G4), and prioritized the same by their relevance to corporate development and stakeholder concerns for the sake of full and accurate disclosure of information on operation and management.



◆ Sign of material topics The sign of material topics will be found at corresponding chapters/sections of the Report

## Responding to Stakeholders' Expectations and Requirements

Stakeholders	Expectations and Requirements	Ways of communication	Responses	Practices
<b>SASAC and shareholders</b> 	Compliance Maintenance and increase of assets Work safety Environmental protection	Special reports Submission of information Routine meetings General Meeting of Shareholders Company announcements	Law-based operation Improving profitability Strengthening work safety management Protecting the ecological environment	Regularly submitting statistical statements, participating in special meetings, and facilitating survey and examination as per the requirements of SASAC, National Audit Office, China Institute of Internal Audit, and other external regulators
<b>Host government</b> 	Employment growth Law-based tax payment Local economic development	High-profile meetings Exchanges Submission of information Routine meetings	Providing job opportunities Paying tax voluntarily Stimulating local industries concerned Improving local infrastructures	In September 2014, Chairman He Wenbo (then President) compared notes in Changsha with Huang Lanxiang, Vice Governor of Hunan Province, on the deepening of cooperation
<b>Employees</b> 	Occupational health Shared growth Compensation & benefits Humanistic care	Employees' congress Petition letters and visits Enterprise affair disclosure Company newspaper Complaint mailbox	Safety equipment Career development platform Education and training Competitive wages and welfare benefits Employee care	In 2014, CMC established a multi-path, multi-step position system featuring an expert panel and a talent pool, channels for promotion and mechanisms for removal thus expanding the career development platform through institutional approaches
<b>Customers</b> 	Trustworthiness Affordable and reliable offerings Unimpeded communications	Business communications Service hotline Exchange of visits	Contract compliance Quality products and services Customer satisfaction surveys	In August 2014, Zhuzhou Smelter (Group) Co., Ltd. (hereinafter referred to as Zhuzhou Smelter) concluded with ten forwarding agents the Responsibility Contracts for Quality of Freight En Route to ensure the quality of freight en route
<b>Suppliers/Contractors</b> 	Fairness and openness Business integrity Confidentiality	Supplier conferences Open bidding information Strategic cooperation Cooperation agreements	Consultation on an equal footing Contract compliance Procurement information disclosure Procurement in accordance with regulations	In March 2014, Minmetals Land Limited (hereinafter referred to as Minmetals Land) held its first supplier conference themed "trustworthy, win-win cooperation" in Huizhou, Guangdong Province, in an effort to enhance communication with suppliers
<b>Partners</b> 	Routine communications Long-term stable relationship	High-profile visits Strategic cooperation	Compliance and trustworthiness Win-win	In December 2014, Minmetals Development Co., Ltd. (hereinafter referred to as Minmetals Development) and Huawei started cooperation on mineral products and African market expansion. Minmetals Development would take advantage of Huawei's presence in overseas markets to procure chromium minerals in Africa.
<b>Peers</b> 	Fair competition Industrial development and progress	Frequent peer exchanges Forums and meetings Study tours and exchange of visits	Maintaining healthy development of the industry Participating in industrial standard development Sharing achievements	June 2014 saw the publishing of "Grades of Cemented Carbide (Part II): Grades of Cemented Carbide for Geological and Mining Tools", a national standard jointly drafted by the Zhuzhou Cemented Carbide (Group) Co., Ltd., (hereinafter referred to as Zhuying Group) the Nanchang Cemented Carbide Co., Ltd. and Zigong Cemented Carbide Co., Ltd.
<b>Communities, NGOs and the general public</b> 	Improving community environment Respecting community culture Supporting public welfare	Community publicity Community exchanges Seminars	Community development Indigenous culture preservation Public welfare campaigns	MMG teamed up with public welfare organizations to constantly engage in women's and children's advocacy, thus sharing its achievements with communities
<b>Media</b> 	Information disclosure and transparency	Website Company announcements Interviews	Spokesperson appointment Information disclosure	In December 2014, in an interview with the China Business Update, a programme of the China National Radio, the executives of CMC touched on a series of hot issues.



# Actions

-  30 Cherishing the Wealth of Shareholders and Growing a Value-creating CMC
-  40 Cherishing the Value of Life and Creating a Safety-minded CMC
-  48 Cherishing Earth Resources and Building a Eco-friendly CMC
-  58 Cherishing the Dedication of Employees and Building a Happy CMC
-  68 Cherishing Partnership and Building the Brand of Bona Fide CMC
-  78 Cherishing Social Support and Creating a Harmonious CMC





**Our Goals**

As a central enterprise and a metal and mineral group with international influence, we have taken the responsibility for a steady supply of mining resources for national economic development. Given the new normal of metal and mineral industry, we are duty-bound to ensure the maintenance and increase of State-owned assets and create more value for shareholders.

**Our Actions**

Committed to an innovation-driven enterprise and stronger resource support, we have improved corporate governance, integrated business and technical innovation, enhanced value creation capacity, and constantly promoted the sustainable growth of corporate wealth and shareholder return.

**Our Performance**

**124** million tons  
Commodity trading volume of 2014

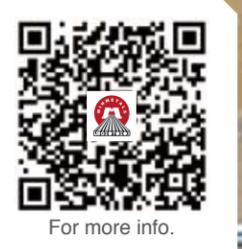
RMB **322.757** billion  
Total operating revenue of 2014

No. **133**  
Among Fortune Global 500

**Our Honors**

- ▶ The Las Bambas copper mine deal was granted 2014 Global M&A Deal Award (Peru).
- ▶ The Minmetals E-Commerce Co., Ltd. received the E-Business Integrated Innovation Award from the China E-Business Innovation Promotion Alliance.

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

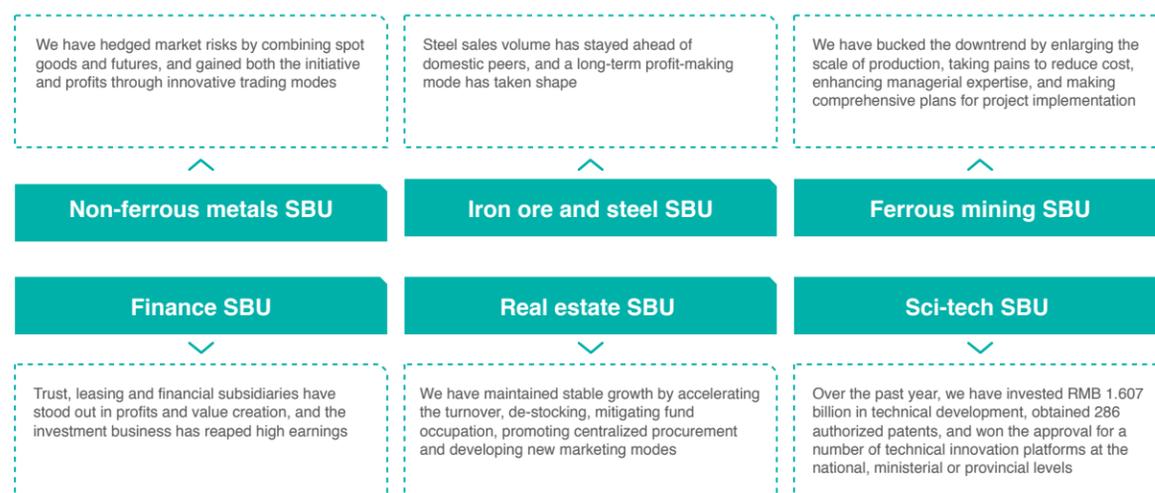


## Enhancing Value Creation Capacity

In 2014, the prolonged and profound readjustment of metal and mineral markets exerted great pressure on business operation. However, CMC realized stable development by constantly enhancing our value creation capacity and managerial expertise, maintaining steady operation and expanding our business. In 2014, we registered a total commodity volume of 124 million tons and a total operating revenue of RMB 322.757 billion.

### Steady Operation

We have restructured our six major business units, kept risks under strict control, enhanced our adaptability to market complexity, expanded our accesses to resources, developed a wide array of business, spurred transformation and upgrading through innovation, and realized stable growth.



### Capital Operation

Value management is boosted by our master plan for asset and capital operation. In 2014, we made comprehensive use of the capital markets and listed platforms. Cases in point are the M&A of Guangzhou Jianfeng Rare Earth Co., Ltd., the privatization of Hunan Nonferrous Metals Holding (Group) Co., Ltd., the private placement of Kingray New Materials Science & Technology Co., Ltd., and the asset securitization of Minmetals Development. We have promoted asset restructuring, further disposed of under-performing or non-performing assets, rationalized the asset-liability ratio, expanded financing channels and developed new financing modes, raising RMB 69.7 billion via super-short-term commercial papers, medium-term notes, overseas RMB bonds and syndicated loans.

#### Case: Accounts Receivable Securitization by Minmetals Development

Over the past few years, Minmetals Development has been expanding its project supply business, snowballing the accounts receivable balance to a record high of RMB 10 billion. In 2014, to accelerate cash flow-back and capital turnover, the company piloted the securitization of accounts receivable. By December 2014, it had issued securitized accounts receivable worth nearly RMB 3 billion, putting existing assets to good use and improving asset structure and balance sheet.

As one of the earliest pioneers after asset securitization filing, Minmetals Development has blazed a new trail of asset operation and will become a pacesetter in project process revamp, trading structure and information disclosure. Its accounts receivable support plan turns out to be the first trade receivables securitization product, and was awarded "Top Ten deal of the year" at the 1<sup>st</sup> Annual Conference of China Asset Securitization Forum.

## Quality and Efficiency Improvement

In 2014, focused on efficiency and quality improvement, CMC enhanced the production and operating capacity of industrial subsidiaries, strengthened resource operation, and increased profits through managerial approaches.



#### Case: Chairman He Wenbo ( then President ) offered guidance on quality and efficiency improvement at Hanxing Mining

On Nov. 2<sup>nd</sup>-3<sup>rd</sup>, 2014, a delegation led by Chairman He Wenbo conducted a survey of the China Minmetals Hanxing Mining Co., Ltd. (hereinafter referred to as Hanxing Mining), and offered guidance on how to address market challenges, enhance management, reduce costs and increase profits. As He put it, cost improvement hinges on a holistic and inclusive approach with the executives at various levels as exemplars. The following steps are required:

**Mobilization:** What should we do? Why must we do it? How well should we do it? Team members should be notified of the answers and praised or blamed as per explicit principles.

**Guidance:** The means of cost improvement should be based on proven experience and successful practices of our team and beyond. Any feasible measure developed in practice should be promptly summarized and promoted. Everyone should try to learn by themselves and especially from their subordinates, and to improve themselves through in-depth survey.

**Appraisal:** A rational objective system should be set up, and the financial performance of every operational activity should be quantified.



Chairman He Wenbo at the Hanxing Mining

## Innovation-driven Transformation and Upgrading

Vigorously promoting technical innovation and enhancing core competence are not only the basic prerequisite for high-quality, green, innovative development, but also the fundamental approach to establishing CMC as a world-class metal and mineral group. Seeing technical innovation as a major driver of both traditional and emerging industries, we have constantly revamped every link of the industrial chain, providing sustained impetus for the building of CMC 2.0. In 2014, we won the China Grand Awards for Industry for the first time, a milestone for our innovation-driven, high-quality development.

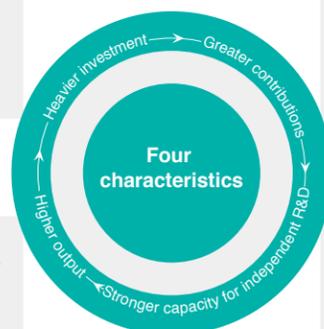
Committed to an optimized technology management system, CMC has developed a featured technical innovation mechanism, built R&D platforms, cultivated specialized talents, strived for the internal integration of industry and research, promoted technical progress and created a favorable environment for technical innovation. Heavier investments have translated into higher output, greater contributions and stronger capacity for independent R&D.

### Tips:

The China Grand Awards for Industry, renowned as the "Oscar" of Chinese Industry, the most influential and prestigious industrial award approved by the State Council, has been granted thrice since 2004, yet only 19 enterprises and five projects were honored to be the winners.

We have allocated special funds for technical innovation

We have promoted the application of advanced, mature technical products for seamless industry-research integration and achievement sharing

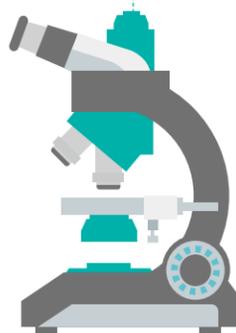


The application of technical products is conducive to efficiency and safety, cost reduction and environmental protection

On the strength of innovation platforms, we have cultivated creative talents and constantly enhanced our capacity for independent R&D

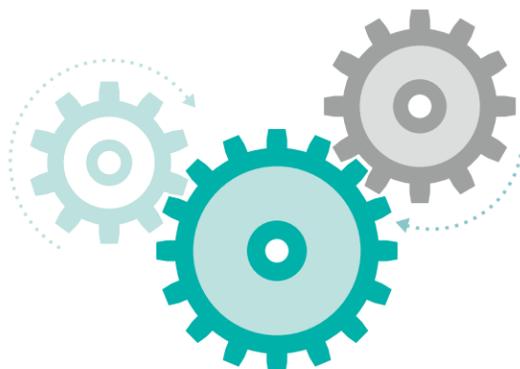
### Heavier Investment

- In 2014, we launched 23 key technical programs, namely, 3 national technology R&D programs, 5 innovation capacity building programs, and 15 technical collaboration programs. Among the technical input of RMB 1.607 billion, RMB 1.061 billion is earmarked for R&D
- We have optimized our technical incentive proposal, with RMB 670,000 awarded by the headquarters to outstanding employees and entities



### Higher Output

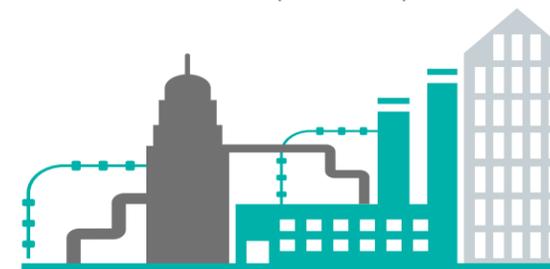
- We have applied for 438 patents and obtained 286 ones, including 94 for inventions
- We have received 29 technology awards at the provincial, ministerial or higher levels, including 3 second prizes of National Science & Technology Progress Awards
- We have undertaken 52 research programs at the national, provincial levels, including 35 with CMC as the first undertaker
- We have led or participated in the development of 23 national or industrial standards



A CRIMM scientist is conducting process mineralogical assessment with MLA

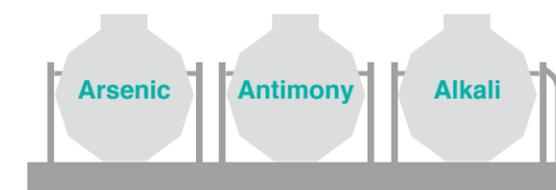
### Greater Contributions

- We have logged RMB 7.412 billion in new product sales revenue
- The project of Research and Application of New Technology of Effective-Comprehensive Utilization of Arsenic Alkali Residue from Antimony Smelting undertaken by Tin Mine Company under the China Minmetals was granted First Prize for Scientific & Technological Progress of China Nonferrous Metals Industry. Thanks to the new technology, a nationwide disposal of 200,000-ton arsenic alkali residue from antimony smelting can lead to the recycle of 14,400-ton antimony, 6,000-ton arsenic and 64,000-ton alkali, the removal of environmental risks of the slag and expected revenue of over RMB 800 million
- The new anode materials for MH/Ni batteries used by hybrid electric vehicles, anode materials for MH/Ni batteries used by hybrid electric vehicles, and NCA as anode materials for high-capacity lithium-ion batteries have been either used for production or put on trial



### Stronger Capacity for Independent R&D

- We have 3 national key laboratories, 3 national engineering research centers, 4 State-accredited enterprise technology centers, 8 national-level analysis and inspection centers, 2 industrial product quality control and technical assessment laboratories, and nearly 30 R&D platforms at the provincial or ministerial levels
- We have 2 academicians, 4 employees shortlisted by the National New Century Millions of Talents Program, and 40 involved in local talent programs
- Our expert panel features 109 external and 65 internal specialists in 12 fields including geological prospecting, mining, mineral dressing, smelting, material processing and machinery and equipment
- We have undertaken the national key technology R&D program of "research of key technology for low-grade, refractory metallic mineral dressing and smelting" and "research and demonstration of key technology for comprehensive and efficient use of polymetallic mineral resources"



**Case: The Minmetals Exploration committed to geological prospecting**

As CMC's core platform for resource access, the Minmetals Exploration & Development Co., Ltd. (hereinafter referred to as "Minmetals Exploration") has followed the minerogenetic law, prospecting models and exploration technology to minimize geological risks and find hidden and complex minerals in the best way.

**Technical Innovation based on Institutional Framework:** The Minmetals Exploration has gradually developed a featured and standardized technical innovation management system with nearly 10 rules to promote the systematization and standardization of the management of technical innovation.

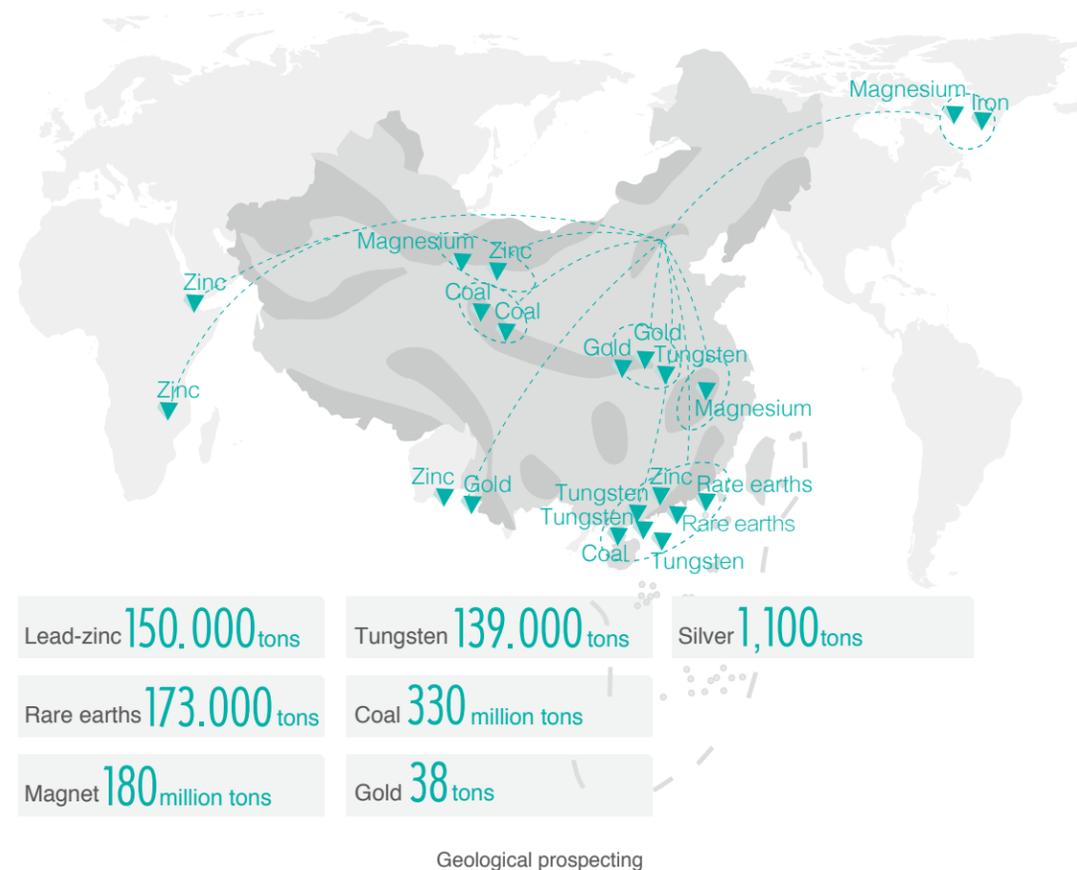
**Technical R&D Platform for exploration & prospecting:** In Heyuan, the company has invested in the construction of the Minmetals New Technology-based Mineral Analysis and R&D Center, a national laboratory which has passed the China Metrology Accreditation (CMA).

**Featured Resource Evaluation System:** The company has established a unique resource evaluation system with such functions as collection, publishing, display, management and statistical analysis of diversified information. As an efficiency booster for project appraisal, the system is conducive to identifying targets, reducing prospecting risks and directly guiding subsequent geological prospecting.

**Virtuous Cycle of Research and Prospecting:** At Minmetals Exploration, technical innovation, geological prospecting and research programs are complementary to one another.

**Technical Exchange and Collaboration:** The company has cooperated with colleges and universities, institutes and geological prospecting entities at home and abroad to meet the technical demand of relevant projects.

The company has set much store by and reaped outstanding achievements in technical input and innovation system building. As of the end of 2014, it had discovered and acquired 139,000 tons of tungsten, 150,000 tons of lead-zinc, 330 million tons of coal, 1,100 tons of silver, 180 million tons of magnet, 38 tons of gold and 173,000 tons of rare earths.



**Sharp Increase in Resource Access**

In 2014, considering the ever-growing needs of domestic economy for mineral resources and the ongoing change of global supply and demand structure, we deepened our resource strategy, optimized our resource layout and enriched our resource pool, laying a solid foundation for mineral resource base and further strengthening strategic guarantee capability.

**Internationally**

- We have acquired Las Bambas copper mine
- The output of Anvil copper mine in the DRC has exceeded the designed capacity
- We have systematically promoted Dugald River lead-zinc mine in Australia and Townlands chromium mine in South Africa

**Domestically**

- We have constantly engaged in resource development, with iron output hitting record high
- The Sanchachong tungsten mine in Guangxi and the Dajinshan tungsten mine in Guangdong discovered and acquired tungsten of 65,000 tons and 56,000 tons respectively
- The filing of CMC as a national rare earth conglomerate paves the way for promoting the development and integration of rare earth resources
- We have made substantial breakthroughs in accessing the right to explore the Bachi rare earth mine in Guangdong and extending the right to explore the Jianghua rare earth mine in Hunan.
- We have smoothly operated Shuikoushan gold-copper mine and support projects
- We have promoted Yiliping Salt Lake project in an orderly manner
- On behalf of China, we have applied for the development of international submarine polymetallic nodule deposits with a view to exploring submarine mineral resources in due course

**Case: Offshore Prospecting**

The lack of onshore metal and mineral resources has resulted in the stubbornly high dependence of China on foreign supply, with 70% of copper, 90% of cobalt, 74% of nickel and 50% of manganese coming from abroad. However, the international offshore reserve of the four minerals is 1.5, 60, 17 and 13 times as much as the onshore reserve. The submarine mineral resources, if effectively developed, will greatly enhance the resource reserve of our country.

CMC boasts strong capacity for deep-sea mineral R&D, well-equipped experimental bases, and the only national key laboratory for deep-sea mining. We have taken the lead in developing a technical plan integrating offshore mineral collection via the automatic tracked collector, slurry pump hydraulic pipe lift system, and mining ship operations.

In a bid to support China's marine strategy and establish a multi-dimensional global resource pool, we have, thanks to careful planning and external assistance, for the first time applied for the development of international submarine polymetallic nodule deposits in the name of an enterprise. The new resource access will greatly enhance our influence in the province of international submarine mineral resource development.

**Tips: Why Is Offshore Prospecting Necessary?**

The seabed abounds in various types of minerals. The offshore reserve of gold, silver, cobalt and other precious metals and strategic resources eclipses the onshore reserve. Over the past years, deep-sea prospecting mainly focuses on massive sulfide deposits below the territorial seas of Papua New Guinea, New Zealand, Australia, and west of Japan.

Although China enjoys a maritime area of 4.73 million km<sup>2</sup> which is almost half the size of its land area, its marine resources are yet to be effectively developed. China needs to align its new marine strategies with the constant socioeconomic development and the mounting demand for minerals.

## Transparent and Trustworthy Operation

Regarding transparency and trustworthiness as the premise of long-term business success, we will, and urge all employees and partners to, comply with the international laws, regulations and internal guidelines and those of various countries. We are constantly improving our market-oriented modern enterprise system, stimulating the vitality, accumulating endogenous strength for business growth, and promoting transformation and upgrading in a down-to-earth manner for the purpose of efficient, stable and sustained development.

### Compliance

Compliance with laws and regulations is a basic precondition for social order and healthy business growth. Committed to a law-abiding enterprise, we will comply with relevant laws and regulations in market competitions, safeguard our rights and interests, prevent legal risks and increase our profits.

Reinforcing our general counsel system	<ul style="list-style-type: none"> <li>■ We have urged subsidiaries to increase the proportion and capacity of full-time general counsels so as to further improve and enforce the legal system</li> </ul>
Enhancing legal support	<ul style="list-style-type: none"> <li>■ In 2014, we not only ensured that 100% of our internal by-laws, economic contracts and major business decisions had gone through legal evaluation, but also provided value-added legal services for key projects, helping front-line enterprises enhance their resistance to legal risks</li> </ul>
Promoting the cultivation of legal talents	<ul style="list-style-type: none"> <li>■ Our legal personnel have conducted special research on mining rights to improve their professional skills</li> <li>■ We have cooperated with big-time international law firms to broaden the horizons and improve the professional skills of our legal personnel</li> </ul>
Evaluating legal tasks	<ul style="list-style-type: none"> <li>■ By evaluating legal tasks of subsidiaries and signing with them the Target Responsibility Documents for three-year objectives and assignments, we have helped promote the implementation of the third three-year plan for legal tasks. In 2014, we got an A ranking in the rating of new three-year plans organized by SASAC</li> </ul>

### Risk Prevention and Control

In 2014, given the protracted downturn of domestic economy and sustained adjustment of bulk metal commodity markets, we geared ourselves to the volatile industry, business conditions, and internal and external environment, and stayed alert to keep risks under strict control. By flexibly hedging or transferring major industrial risks, we have contributed to the healthy, sustained development of the Company.

By means of an optimized risk management system, we have monitored and controlled risks from operation and management, environment, media and society. We have constantly improved our risk warning, monitoring, report and inspection mechanisms, expanded for the first time the coverage of credit risk monitoring to non-trading business, and conducted rigorous ex-ante, ongoing and ex-post management of market risks, credit risks, warehousing risks and financial derivative business risks, ensuring that our risk control covers all major undertakings.

## Internal Audit and Internal Control Supervision and Evaluation

CMC is consistently exploring and implementing new ideology of risk-oriented internal audit, and promoting the innovation and transformation of related tasks. The audit system has been expanded to covers benefits, engineering projects, economic responsibilities, internal control and special items, and is setting eyes on the information system. In 2014, we organized 764 audit projects where 1,786 pieces of advice were proposed, with increased revenue and reduced costs amounting to RMB 56.1257 million. In October 2014, the Economic Responsibility Audit Office of Audit Division was honored by the China Institute of Internal

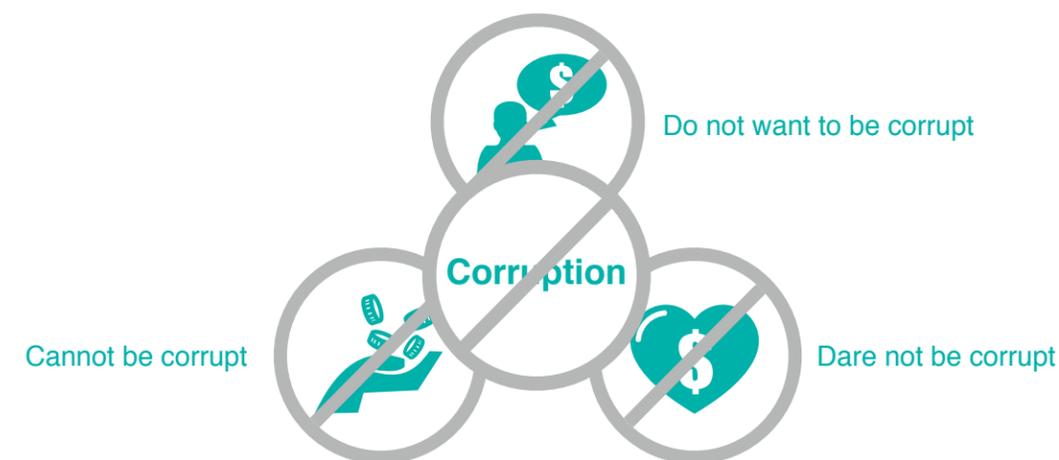
Audit as an “outstanding entity in internal audit in China (2011-2013)”.

Meanwhile, focused on key subsidiaries, major business items and high-risk areas, we have gradually improved the long-term mechanism where internal control audit and internal control supervision & evaluation can complement and promote each other's work so as to give better play to the role of internal control supervision & evaluation in basing our reform and development on the results of evaluation and constantly enhancing our management and control.

### Anti-corruption

In 2014, CMC constantly enhanced integrity culture education, improved the supervision scheme, implemented the accountability system, strengthened investigations and sanctions, and established a long-term anti-corruption mechanism so that officials “dare not, cannot and do not want to be corrupt”.

Enhancing ideological education and deepening integrity culture building	<ul style="list-style-type: none"> <li>■ Anti-corruption publicity and Education Month</li> <li>■ A special webpage dedicated to anti-corruption policies, requirements, typical cases and proven practices</li> <li>■ Anti-corruption education for the newly promoted and recruited</li> </ul>
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<b>Implementing the anti-corruption accountability system</b> <ul style="list-style-type: none"> <li>■ Implementing anti-corruption responsibilities based on amended responsibility documents</li> <li>■ Evaluating the segmented tasks of various entities and pegging the performance to salaries</li> <li>■ Carrying out the system under which the head of the company is to report his efforts to perform his duties honestly, and the Party Committee to report the implementation of the anti-corruption accountability system</li> </ul>	<b>Strengthening disciplinary sanctions and facilitating investigations</b> <ul style="list-style-type: none"> <li>■ Examination on expenses of 13 entities during the New Year and the Spring Festival holidays</li> <li>■ Efficiency supervision based on the “Three Importances &amp; One Large” decision making system</li> <li>■ Centralized management over the clues of corruption cases based on standardized institutional procedures</li> <li>■ Standardized handling of cold cases (totaling 37 since 2003)</li> </ul>
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**Our Goals**

Engaging in a wide spectrum of high-risk businesses involving from non-coal mine, metallurgical processing, architecture construction, geological exploration, logistics & warehousing to hazardous chemical substances, CMC has to assume considerable responsibilities for work safety. The year 2014 marked the enactment and implementation of the amended Production Safe Law which further reinforced the primary responsibilities of production and operation entities. CSR performance would be a meaningless term without safe production.

**Our Actions**

With a high sense of responsibility and mission, CMC has fostered a mind of "being people oriented and taking safety first" for daily operation, and enhanced the awareness of "putting work safety first". We have also made solid progresses in ensuring all production entities up to work safety standards, and strengthened the establishment and operational management of "six major systems" for avoiding underground mining risks. Meanwhile, CMC has carried out thorough screening of hidden dangers, enhanced the implementation of safety responsibilities, realized management according to grades and categories, and identified focuses and priorities in safety management. Great wisdoms have also been displayed in solving the difficulties in safety management of outsourced contractors.

**Our Performance**



**Our Honors**

- ▶ The Hsikwangshan Twinkling Star Co., Ltd. won the title of "An Exemplary Enterprise in the 2014 National Safety Production Month".
- ▶ The Zigong Cemented Carbide Co., Ltd. had won the title of "Excellent Enterprise" for 12 straight years in the National Ankang Cup Competition, which was organized by the All-China Federation of Trade Unions and the State Administration of Work Safety.
- ▶ The Changsha Wanjing Caizhi Center and the Qinghai Qilian Tianjing Hotel undertaken by MCC 23 won the award of "2014 National AAA Construction Site in Safety, Civilization and Standardization".
- ▶ MCC 23 won the title of "2014 Exemplary Enterprise for Safe Production" in Hunan Province.

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



## Consolidating Safety Management

CMC has intensified the efforts in establishing the organizational and institutional systems for safety management, enriched and improved safety management platform, and increased inputs for safe production. The Company has also refined responsibilities for achieving work safety targets, carried out management according to specific grades and categories over key links with decisive impacts on mining safety, and implemented across-the-board on-site safety confirmation for underground mining operations. In 2014, CMC's input for safe production amounted to RMB 464 million, principally for establishing mine support structure, improving power supply system, tailings storage flood prevention, subsidence control, etc. Zero case of large, serious and major accident was recorded over the year.\*



### Case: MMG's Creating Safe Work Program

MMG's creating safe work program provides simple and practical tools to improve and maintain safety performance. The program was piloted and embedded at Rosebery Mine in Australia in late 2014 and will be available to other sites in 2015.

We achieve Safe Work by planning the work, removing hazards, confirming the plan, and then working to the plan. Two core elements of the program are competency and communication. We expect our leaders to be responsible and passionate champions for safety, be accountable for the safety of their teams and set expectations through their behavior. MMG's Operating Accountabilities process outlines 45 items of core competency that are mandatory for MMG superintendents to ensure that our leaders have the right skills to perform their work. We also conduct monthly

activities to enhance communication skills and offer a sound platform for experience sharing.

Field task observations (FTO) are developed to bring employee behavior up to standard and reinforce the accountabilities for creating safe work. We use FTOs to:

- Reinforce the responsibilities of the supervisor through review of task planning, task assignment and task monitoring
- Reinforce the responsibilities of individuals through review of their behaviors
- Simplify task planning through review of operational environment
- Assess efficiency, work instructions, task hazards and control plans

Note: Large, serious and major accident refers to an accident that has caused the deaths of at least 3 but less than 10 persons, or serious injuries to at least 10 but less than 50 persons, or direct economic losses of at least RMB 10 million but less than RMB 50 million.

## Improving Qualities for Work Safety

CMC has attached great importance to work safety, blazed new trails in Group-wide safety publicity and training, constantly enriched training contents, and uplifted employees' awareness and competence. The "Work Safety Month" campaign themed "enhancing danger awareness and promoting safe development" sounded a loud call for safety management. In 2014, we organized 4,160 safety training sessions involving 131,170 person-times. Altogether 13 CMC employees were selected into the 5<sup>th</sup> National Group of Emergency Management Experts, and another 3 named "100 Safety Management Exemplars in China".

### Case: Skill Competition for Better Safety Management at Zhengjiapo Iron Mining

To uplift the proficiency of safety management personnel, Changyi Zhengjiapo Iron Mining Co., Ltd. (hereinafter referred to as "Zhengjiapo Iron Mining") has organized a business skill competition themed "displaying strengths through competition, and striving to promote proficiency and development". The event which combines theory and practice has picked out outstanding safety management personnel, offered business training to over 90 person-times, detected 132 potential hazards, and boosted professional skills and learning enthusiasm.

### Case: "Safety Officer Rotation" at Minmetals (Hunan) Ferroalloys

Minmetals (Hunan) Ferroalloys Co., Ltd. implements safety officer rotation among material proportioning teams and groups of large-scale electric furnace plants so as to unleash the enthusiasm of employees in daily safety management and strengthen their safety consciousness and independent management capacity.

The related teams and groups put up monthly notices about rotation. The "safety officers" assist the group leaders in checking protective wear, stop insecure conducts during production and operation, check production facilities and tools, bring forth advice on safety management, remove hidden dangers, and urge relevant staff to rectify the problems.



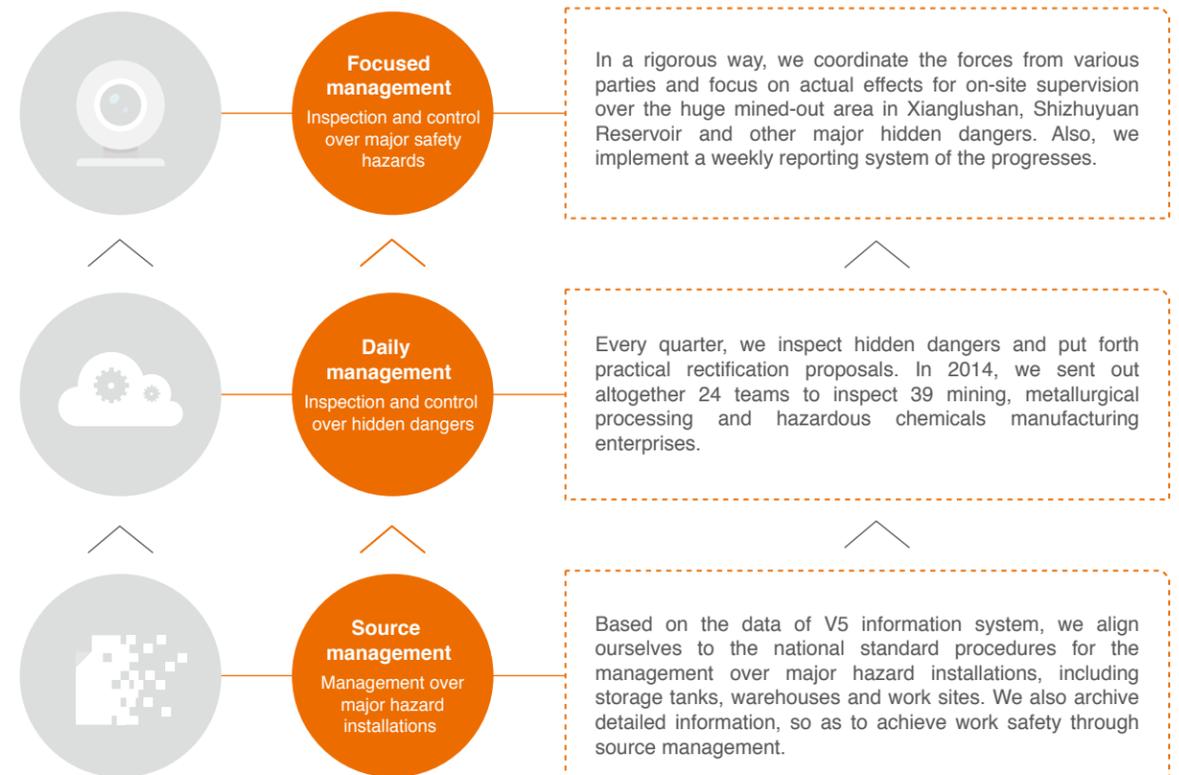
Work safety publicity education to the staff of the Nanchang Cemented Carbide Limited Liability Company



Sepon mine safety training

## Hidden Danger Control

In the principle of “full coverage, zero tolerance, strict management and practical effects”, CMC has carried out regular inspection and control over hidden dangers. We have also intensified management over major hazard sources, set up safety inspection responsibility system, rigidly followed the principle of “whoever conducts inspection assumes the responsibilities” and made hidden danger inspection and rectification a regular routine of CMC. In 2014, the Company deepened screening and control over potential hazards, carried out 5,701 work safety inspections, discovered 46,472 hidden dangers and rectified 46,025 dangers, pointing to a rectification rate of 99%.



## Practicing Safety Measures

CMC has injected vigorous efforts in practicing safety measures; safeguarding employees' occupational health; intensifying the application of safety technologies and inspection of hidden dangers; strengthening contingency management; carrying out standardized contractor management; and uplifting safety assurance ability.

### Occupational Health Management

CMC has intensified routine monitoring and regular inspection over occupational hazards. According to pertinent national laws and regulations, CMC has made it a compulsory task for all SBUs and companies to entrust a qualified third-party health service institute to carry out regular occupational hazards detection, and report the results to employees and local safety authorities. CMC has also required all companies to press ahead with “three simultaneities on occupational health” in strict compliance with national laws and regulations.

#### Case: MMG's Focus on Lead-Exposure Reduction

At Century, Australia and Sepon, Laos, medical surveillance in 2014 recorded an elevated exposure of dam workers to lead. A number of exposure reduction controls were identified and implemented, including:

- Installation of a personal decontamination unit
- An improved cleaning system
- Dust control on stockpiles
- And reinforcement of mandatory use of appropriately selected personal protective equipment, and improved safety awareness

Procedural documentation for the contractors undertaking this work was updated. The effectiveness of the exposure management controls are verified through routine safe work observations and ongoing medical

surveillance. Baseline monitoring of all lead-risk areas at Century was undertaken to facilitate a more holistic management of lead exposures across the site. In 2014, there was also a focus on improved blood lead data handling, recording and interrogation to ensure that a complete, validated data set is available for use in evaluating similar exposure group results and exposure control requirements.



Removing hazardous lead dust from vehicles

#### Case: MMG's common procedures to support Isolation and Permit to Work

During 2014 a set of common procedures to support the new Isolation and Permit to Work performance requirements outlined in the Fatal Risk Standard were developed and published, specifying three procedures of isolation Management; Clearance to Work Management; and Working on Live Equipment. Ongoing assurance regarding compliance against this element of the Fatal Risk Standard, and the common procedures will be provided by the Integrated Audit program.

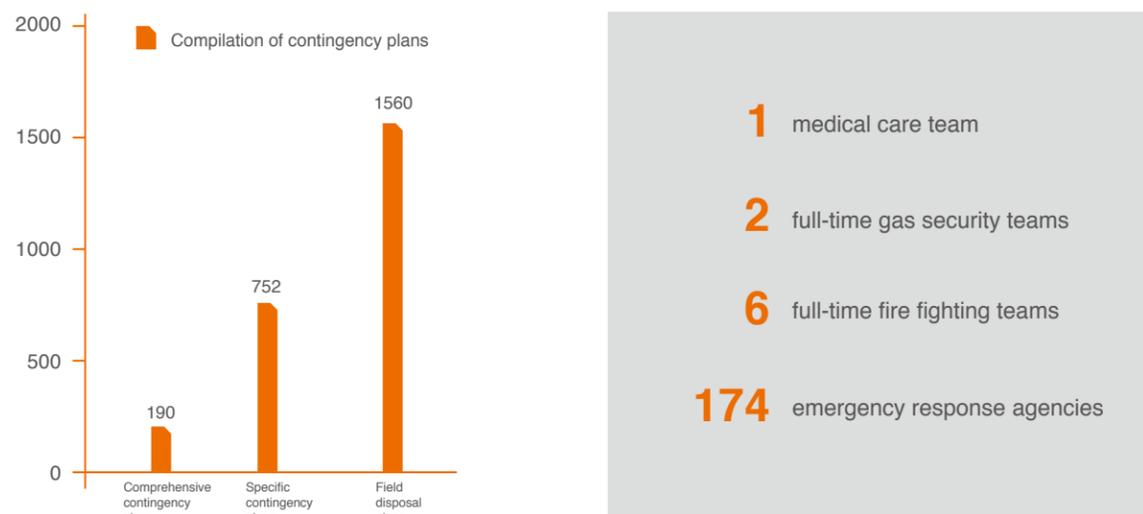
Each of the sites conducted a gap assessment against the 3 Procedures and developed corresponding measures. All actions have been entered into our central action tracking system, and progress is being monitored by the Operation Leadership Team.



Employees at Rosebery in Australia discussing potential hazards before commencing work

## Emergency Management

CMC has revised the Scheme of China Minmetals Corporation for Improving Emergency Plans to improve comprehensive emergency rescue planning over production safety accidents, and promoted the building of emergency management and rescue teams, with 1,089 full-time contingency management officers. In 2014, the Company organized emergency and rescue trainings for 19,358 person-times, and carried out 472 emergency drills which involved 18,913 person-times from manufacturing entities to further enhance contingency management competence.



Affiliated with the Iron ore & steel SBU, Minmetals Yingkou Medium-Heavy Plate Co. Ltd., Minmetals (Hunan) Ferroalloys Co. Ltd., and Minmetals (Guizhou) Ferro-Alloys Co. Ltd. carried out emergency rescue drills against gas leakage, material slipping and fire blowing accidents. Affiliated with the Non-ferrous metals SBU, the companies engaged in rare-earth business carried out emergency rescue drills against sulphuric acid spills; and Jiangxi Xiushui Ganbei Tungsten Industry Co., Ltd. against liquid ammonia leakage. Affiliated with the Real estate SBU, MCC 23 carried out emergency rescue drills against staging collapse and building fire accidents. Besides, the headquarters of CMC, the Changsha Institute, Minmetals Materials (Changshu) Management Co., Ltd., Suzhou Huameida Aluminum Co., Ltd., Minmetals Logistics (Fujian) Co., Ltd., and many other companies carried out firefighting and rescue drills.



A hydrochloric acid leakage & fire drill by the Dingnan Dahua New Material Resource Co., Ltd., the CMC Non-ferrous metals SBU



Safe cleaning equipment at Sepon mine

## Enhancing Safety through Technologies

CMC has made continuous efforts in improving “six systems” to avoid risks in mines. The Company is joining hands with the design center of the Changsha Institute to conduct diagnosis and research over “six systems”, and plans to form a casebook about the operation and maintenance issues of the systems by mining enterprises. CMC will also offer professional skill training to ensure the “six systems” can actually play the role of safety forecasting, pre-warning and uplift the inherent safety competence of subordinate enterprises. In line with this, CMC has completed field construction of part of the “Four First-Batch”, namely, the Mined-out Area Surrounding Rock Deformation Supporting Structure Risk Monitoring & Early Warning Pilot project.



## Managing Work Safety of Contractors

Outsourced teams have always been a priority and difficulty of CMC in safety management. After thorough investigation and holistic consideration, CMC has recognized the strategic significance of outsourced team management, and issued the Guiding Opinions on Suspending All Outsourced Mining Contractors within Three Years with specific goals and timeframes, so as to offer overall guidance about building mining workforce and realizing internal collaboration. In 2014, CMC’s subordinate mining enterprises returned 12 outsourced teams involving 2,145 workers, having basically accomplished the annual target.

### Tips:

The Six Systems include monitoring system, staff positioning system, emergency rescue system, compressed air self-rescue system, water supply rescue system and communication system.



**Cherishing Earth Resources and Building a Eco-friendly CMC**



For more info.



### Our Goals

The on-going severe spells of smog and the pollution of land and water are blights on people's quality of life and a trouble that weighs on people's hearts. It tests our thinking to balance economic development with environmental protection. As an important player in promoting global economic prosperity, CMC has the duty and ability to fulfill corporate environmental responsibilities and find out the way to solve environmental problems. The promulgation of the amended Environmental Protection Law has further strengthened the confidence and determination of CMC and the society in jointly addressing environmental problems.



### Our Actions

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



### Our Performance

**14.2% ↓**  
Year-on-year decline in comprehensive energy consumption

**22.8% ↓**  
Year-on-year decline in COD emissions

**12.3% ↓**  
Year-on-year decline in SO<sub>2</sub> emissions



### Our Honors

- ▶ The "Industrial Upgrading and Technological Transformation for Gold-Copper Comprehensive Recovery" implemented by the Minmetals Copper (Hunan) Co., Ltd. and "Efficient Tungsten Concentrate Extraction in the Tungsten Ore Deposit in North Xintianling, Hunan" were approved "2014 National Exemplary Programs on Cleaner Industrial Production".
- ▶ The "Research and Industrial Application of Key Technologies for Comprehensive Resource Recovery and Energy Saving & Emission Reduction at the Dressing Plant of the Minmetals Luzhong Mining" won the first prize of "2014 Science and Technology Award for Metallurgical Mines".

## Building a Green Management Platform

To answer the requirements of the amended Environmental Protection Law, CMC has improved the environmental management system, reinforced energy-saving and emission-reduction performance evaluation, and forged a green management platform. The Company has also set up respective files and carried out specific environmental performance inspection for 34 pilot enterprises.

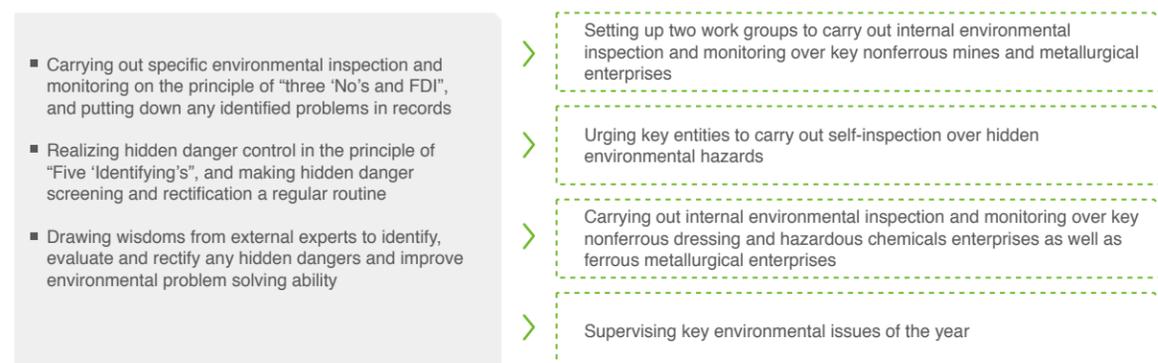
### Strengthening Environmental Performance Evaluation

CMC has specified annual assessment indexes for energy saving and emission reduction performance, enhanced comprehensive performance evaluation, improved IT-aided data monitoring in joint efforts with the information management department, uplifted indicator monitoring and pre-warning ability and spared no efforts in achieving annual energy-saving and emission-reduction tasks.

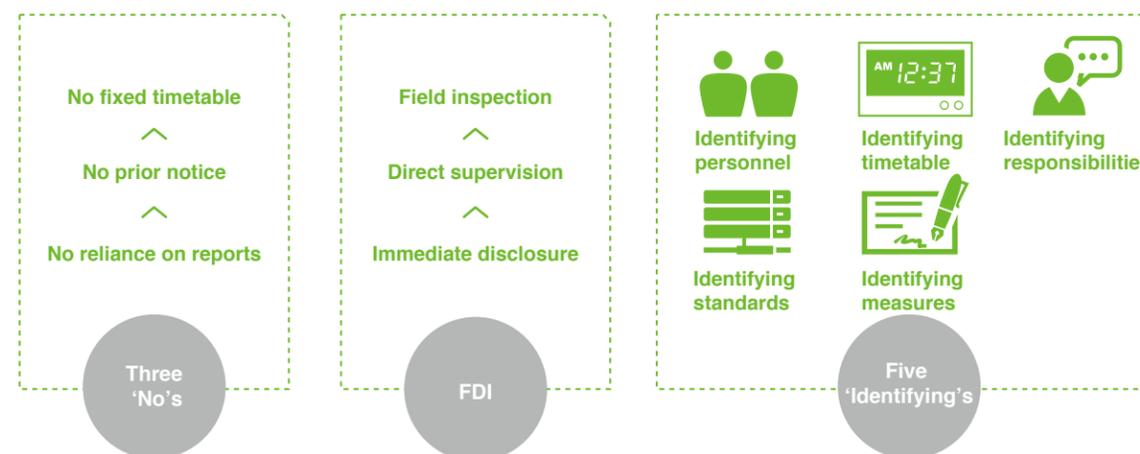


### Environmental Risk Management

CMC has never compromised the principle of "up-to-standard waste discharge", organized specific environmental inspection and monitoring activities, made hidden danger screening and rectification a regular routine, and strived to eliminate environmental risks of grass-roots enterprises.



Establishing and Improving the Governance Mechanism for Hidden Environmental Danger Screening and Rectification



### Case: Iron ore and steel SBU worked on unsettled hidden dangers

Located at "Two-Oriented Society" demonstration zone in Chang-Zhu-Tan city cluster, the Human Ferroalloys Group Co., Ltd. (now "Minmetals (Hunan) Ferroalloys Co. Ltd.") used to pile up chromium wastes generated during production in open air, and formed a 65,000-ton chromium-containing dump. Deadly poisonous and dangerous, chromium wastes may pose great environmental and safety threats to surrounding soils, underground water and eco-environment. Since its founding, the Iron ore and steel SBU has performed social responsibilities and set up a work group for hazards control over the dump left over by the former Human Ferroalloys Group. After nearly two years of vigorous efforts, the company has realized great progresses, resulting in zero incident of chromium-containing heavy metal pollutions. The company has won wide recognitions from the society for its CSR performance.



### Environmental Emergency Management

We have formulated the "Comprehensive Contingency Plans of China Minmetals Corporation on Environmental Pollution Events" to set up the contingency system; specify information reporting timeframe & procedures and treatment measures for any sudden incidents of environmental pollutions; guide all manufacturers in working out environmental contingency plans, assessing environmental risks, and review and record the contingency plans; organize publicity activities in diverse forms; and enhance environmental emergency management capacities. In 2014, CMC held 67 environmental emergency drills.

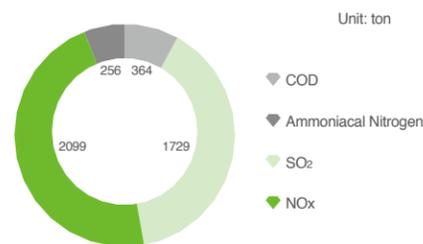


## Addressing Climate Change

CMC has vigorously performed the duty as a global corporate citizen, deepened energy conservation, emission reduction and water management, and joined hands with stakeholders to address the global challenge of climate change.

### Energy Conservation and Emission Reduction

CMC has taken concrete steps in promoting the "energy saving and low carbon initiatives" among its enterprises, reinforced on-site supervision over key enterprises in terms of outdated capacity elimination and energy management, realized elimination assessment, and pushed forward elimination in an all-round manner. The Company has also made continuous efforts in cleaner production to spur green development. In 2014, CMC accomplished the annual target for outdated capacity elimination, and reduced energy consumption by 36,000 tons of standard coal equivalent.



Energy saving and emission reduction of CMC in 2014

#### Case: MMG Boosting Power Consumption Efficiency in DRC

Due to the instability of the local electricity in DRC network, Kinsevere in DRC utilizes power from a number of sources to meet production requirements of 24 megawatts. Diesel consumption, therefore, is significantly high.

Therefore, MMG entered into an agreement with a neighboring power provider, to import up to 15 megawatts of power. This helped enormously reduce MMG's reliance on the consumption of diesel resources. Fortunately, there has been a concurrent improvement in current efficiency of the electro-winning process of 6% within the last 6 months resulting in a further reduction of power consumption per tonne of copper produced.

A new energy management team is in the pipeline to take care of all energy consumptions of MMG and assist local authorities in solving related problems. This will lead to fortified ties and mutual benefits between MMG and the local government.

**19 enterprises**  
from "10,000 Companies"

## 12 Enterprises

Fulfilling ahead of schedule the energy-saving targets set in the 12<sup>th</sup> Five-Year Plan

## 5 Enterprises

Over-fulfilling energy-saving targets

**95.79%**

Fulfillment of overall energy-saving targets set in the "12<sup>th</sup> Five-Year" Plan

Energy-saving and Emission-reduction Performance of the enterprises from "10,000 Companies"

#### Tips:

In an effort to implement the Outline of the 12<sup>th</sup> Five-Year Plan and help major energy-consuming companies conserve energy, NDRC, SASAC, the Ministry of Industry and Information Technology, the National Energy Administration, and other eight ministries and commissions jointly worked out the Action Plan for Energy Saving and Low-carbon ("10,000 Companies"), pursuant to the provisions of the Notice of the State Council on Issuing the Comprehensive Work Plan for Energy Conservation and Emission Reduction during the 12<sup>th</sup> Five-Year Plan Period. "10,000 Companies" refers to enterprises or companies participating in this action.

#### Case: Dewatering team champions reduced energy use at Sepon

A Lao dewatering team at MMG LXML Sepon has engineered a homemade solution to speed up water flow, to complete in less than fifteen minutes the dewatering task that used to take seven hours in the past. This innovation has significantly reduced the time and energy involved in dewatering at Sepon, and could save up to 400L per year of petrol consumption.



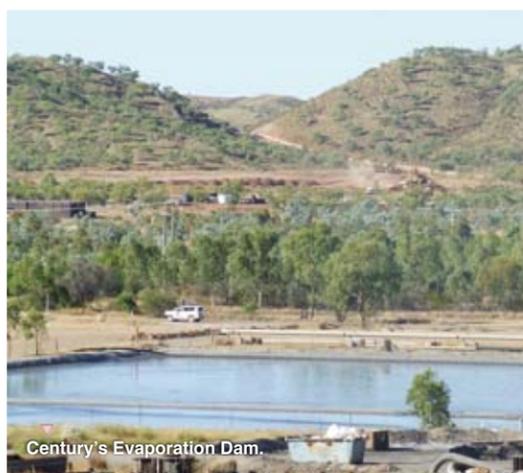
The Sepon team standing in front of the custom-made Medusa pump system

## Water Resource Management

We have introduced the state-of-the-art sewage treatment techniques and forged a sustainable development model featuring water recycling, sewage utilization and uplifted economic benefits, so as to discharge and reuse sewage according to the related standard. The year 2014 saw a zero incident of major influences on water sources during water intake.

### Case: The challenges of managing to zero water discharge in Australia

Century's Lawn Hill mining operation is a zero water discharge site. A one in 150 year wet season in 2010/2011 caused dam water levels to increase significantly and place pressure on the local groundwater system. To this end, Century has installed infrastructure to recycle dam water to the concentrator and divert water from 14km<sup>2</sup> of clean catchment around the dam. Both of these actions, and annual evaporation, have resulted in a reduction in the dam water inventory, reducing environmental risk. Water recycling has also reduced reliance on extraction of groundwater from borefields to meet operational needs.



Century's Evaporation Dam.

In 2014, surface indication of seepage/groundwater discharge was identified. Options for the Evaporation Dam over the life of the site have also been evaluated. Modeling of dam water level scenarios for these options has helped identify methods to manage the water level over the longer term.

### Case: Water saving campaign in the Zhangjiawa Iron Mines

In order to save water, the Zhangjiawa Iron Mine affiliated with the Minmetals Luzhong Mining Co., Ltd. (hereinafter referred to as "Zhangjiawa Iron Mine") introduced medium/long-hole mining trolleys to boost engineering speed and drilling efficiency. However, the considerable difference between the water pressure actually used for underground engineering and the designed upper limit of the trolley water pressure led to huge wasting of trolley water use. The Zhangjiawa Iron Mine, therefore, brainstormed to tackle key problems in water saving, analyzed the performance and model of the water-saving fixture, adjusted the fixture's specifications based on actual pressure parameters, and installed pressure reducing valve and pressure gauge to set the most suitable water pressure.

Through these actions, the Mine can save up to 14 to 18 tons of water per shift, translating to 50,000 tons of water and RMB 150,000 every year.

## Building Green Mines

CMC has uplifted management and control capacity, pressed ahead with cleaner production, enhanced tailings management, and strived for technological breakthroughs to improve comprehensive utilization of waste residues and reduce disturbance to the environment. The Company has also conducted all-round governance over the eco-environment of mines, and endeavored to build green mines. As of the end of 2014, altogether 12 CMC mines were selected as "national pilot green mines" upon approval of the Ministry of Land and Resources.

### Efficient Mining

CMC has adhered to the path of green development, and adopted advanced techniques to reclaim residues and turn wastes into treasures. We have also used advanced apparatus to boost resource recovery rate and quality, realizing social, economical and environmental benefits.

### Case: CMC Non-ferrous metals SBU Shuikoushan Group carries out green practices

By realizing technical breakthroughs and revamping dressing facilities, the Hunan Shuikoushan Nonferrous Metals Group Co., Ltd. (hereinafter referred to as Shuikoushan Group) has registered an 86.82% of comprehensive mineral resources utilization rate. Through liquid Pb direct reduction process, the company has uplifted lead bullion production capacity by 30%, recorded 96% SO<sub>2</sub> recovery, reduced SO<sub>2</sub> emissions by 6.757 million tons/year, discharged sewage up to standard, and realized a recycling and reutilization rate of 97.7%. The company has also gone through production restructuring, and recycled waste materials to realize RMB 0.2 billion worth of efficiency increment.

### Cleaner Production

CMC has put forth great efforts in cleaner production review and exemplary model building among key industries and enterprises, and held cleaner production training sessions in the UN Clean Production Center for grass-roots practitioners. We have also screened production enterprises for high-risk pollutants, investigated two key enterprises with lead pollutants, and worked out plans to cut down high-risk lead pollutants.

### Case: Considerable progress in promoting cleaner production in Minmetals (Hunan) Ferroalloys

Since 2009, the Minmetals (Hunan) Ferroalloys has injected over RMB 300 million in promoting cleaner production auditing, accomplished 62 cleaner production programs, processed 200,000 tons of chromium residues and 88,000 tons of chromium-containing wastes and transformed them into resources, and realized an average annual reduction of chromium discharge by 1.86 tons. In 2013, the company recovered 3,747 tons of heavy-metal-containing dusts and 55,353 tons of standard coal equivalent, contributing not only to greater economic benefits, but also environmental protection.

## Tailings Management

CMC has enhanced its competence of monitoring and control over environmental risks posed by tailings, and avoided any sudden incidents of environmental pollutions caused by tailings storage.

### Case: Non-ferrous metals SBU Dangping Tungsten standardizes tailings quality control

The Jiangxi Dangping Tungsten Industry Co., Ltd. (hereinafter referred to as "Dangping Tungsten ") enhances management through assessment. The company assesses the performance of tailings grade control of grass-roots production enterprises in accordance with the tailings sampling & sample preparation assessment measures, so as to help uplift ore dressing recovery percentage. Through monthly random checks, the company has seen great progress in tailings grade control; all workshops have met the company's planned control requirements.

## Comprehensive Utilization of Residues

Waste residues contain heavy metals and other pollutants which, if not placed under proper control, will jeopardize the eco-environment and lead to declined biodiversity and other problems. CMC has strived for technological breakthroughs to improve comprehensive utilization of waste residues, and realize raises in environmental and economical benefits.

### Case: Lime residue recycling and reusing in the Huayin Aluminum Alumina Plant, CMC Non-ferrous metals SBU

The lime residues generated during the production of lime cream in the turning gray machine are composed mainly of under-burnt or over-burnt limes which cannot be dissolved into lime cream there. The Guangxi Huayin Aluminum Co., Ltd. Alumina Plant made technical breakthroughs, succeeded in its research subject on recycling and reusing of the lime residues and realized residue recycling at a low cost on the basis of technical reform. Every year, the company saves 18,000 tons of lime to effectively extend the service life of the residue dam, and saves relevant costs of over RMB 4 million.

## Land Management

CMC has stressed prevention while combining with control, and paid the utmost attention to backfilling which causes no eco-damage or subsidence. We have also earthed up and planted grasses to cover the tailings dam, filled mudflats with tailings, and transformed them into fertile lands, green areas and woods.

### Case: MMG Progresses Century's Closure Plan - Rehabilitation in Australia

At Century, completion of open cut zinc production is planned in 2015. The site has worked out scientific rehabilitation plans to minimize any adverse impact on the local environment.

Century's rehabilitation program aims to return the area to its pre-mining use – low intensity cattle grazing and native habitat – over a period of approximately 40 years. Century has spent US\$19.8 million on rehabilitation activities in the last two years. Key activities aimed at reducing the long term environmental liability at Century have included: Consolidating the management of chemical reactive wastes that represent potential sources of acid and metalliferous drainage (AMD); tailings dam cover trials; and AMD management for waste rock landforms. Ecological monitoring is ongoing to assess rehabilitation success and progress has been made on finalising stakeholder-socialised closure criteria.

In late 2014, as a result of this demonstrated commitment to rehabilitation, the Department of Environment and Heritage Protection (DEHP) reduced the amount of financial assurance required for the closure of the Century mine.



The tailings storage facility after rehabilitation



Tailings dam cover trial sites

## Biodiversity

CMC has attached great importance to biodiversity protection, and teamed up with specialized institutions to enhance the protection performance. The year 2014 saw no major influences on bio-diversity due to our production and operation.

### Case: MMG Carrying out Snake Knowledge Training

Africa abounds with all kinds of snakes. To reduce the influence of our operations on snakes, MMG Tanzania invited experts from South Africa to give lively lectures on the knowledge of Black Mamba, pythons and other snakes. The trainees were taught about the habits of poisonous snakes, the way to deal with such snakes at the operation sites, and the way to conduct first aids over snake bites. Both MMG employees and local residents took part in the training to gain an in-depth knowledge about snakes, and avoid any unnecessary killing or injuries of the snakes. The training effectively reduced disturbance to snakes, played a vigorous role in protecting biodiversity, and equipped the employees and local residents with greater self-protection abilities.

## Carrying out Green Actions

CMC has pressed ahead with green office practices. The actions include promoting paperless office, holding video conferences whenever possible and reducing the necessity of business travel. The Company has also publicized low-carbon and environment-protection concepts on TV, the Internet, newspapers and internal magazines, encouraging the employees to take active parts in environmental-protection and low-carbon campaigns.

### Case: "World Environment Day" Publicity Campaigns

To publicize the amended Environmental Protection Law and popularize environmental knowledge, the CMC HSE Division carried out a series of publicity campaigns on June 5, the World Environment Day, to introduce the idea of environmental protection via LEDs, banners, display boards and many other ways. Meanwhile, CMC has interpreted on Wechat the efforts and performance of all subordinate companies in energy saving and emission reduction, cleaner production, mine greening, energy and resources saving and bio-diversity protection.



"Stop the haze" campaign by Finance SBU



### Our Goals

We aim to unleash the potential of talents, promote employee growth and build a diversified and multi-level team with great sense of service and pioneering spirit, so as to set the powerful stage for CMC 2.0.



### Our Actions

Upholding the principle of "putting people first and giving full scope to talents", CMC has fostered a competitive, orderly, vigorous, efficient, pragmatic, harmonious and win-win environment for talent training and development, and formed a community of shared interests and benefits with employees. With a mindset of "showing care, remaining modest and staying attentive", CMC has safeguarded the basic rights and interests of employees, improved the cursus honorum, manifested care in all aspects, enhanced cohesion through corporate culture and shared the achievements with employees.



### Our Performance

RMB **54.45** million  
Total training input

**76**  
Training hours per capita

**100** %  
Contract-based formal employees



### Our Honors

- ▶ In 2013, CMC recorded a score of 99.31% for personnel selection and appointment satisfaction, coming out favourably among central enterprises which participated in the evaluation.
- ▶ In 2014, Minmetals Land affiliated with the Real estate SBU was renowned as the "Innovative Chinese Real Estate Enterprise" by the Real Estate Chamber of Commerce of the All-China Federation of Industry and Commerce.
- ▶ In 2014, the Finance SBU won the title of "Role Model in Spiritual and Cultural Progress in Beijing".

**Cherishing the Dedication of Employees and Building a Happy CMC**



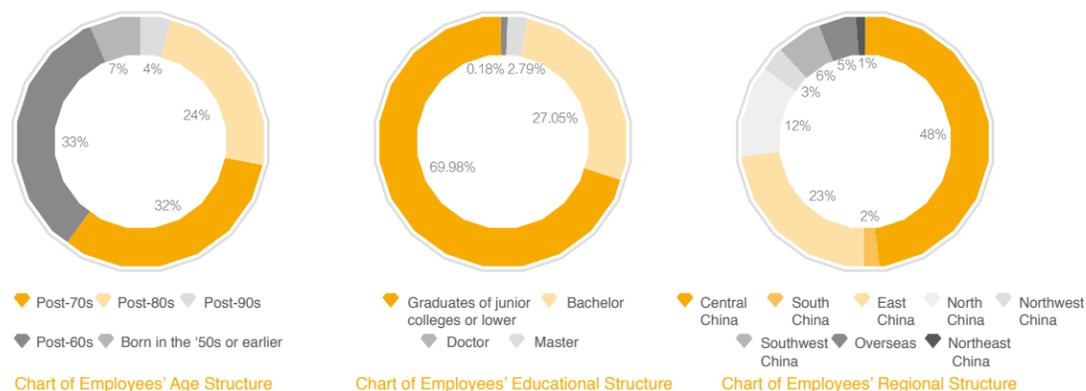
For more info.

## Protecting the Rights and Interests of Employees

CMC has always put itself in the shoes of its staff, striving to build an "open, good-faith, pragmatic, collaborative and harmonious" working environment to enhance a sense of identity among employees.

### Employment Management

CMC has strictly observed national and international labor laws and regulations, adhered to equal employment, prohibited all forms of discrimination in employment, laid a ban on child labor and forced labor and clearly defined the minimum notice period regarding significant changes related to employee interests. We have also fostered a "highly efficient and professional" recruitment culture, set up an open and fair platform and diversified recruitment channels. In addition, we have worked out the "CMC Administrative Policy on Experienced Hire", so as to lay a more solid institutional foundation for standard intake of talents. Also, we have issued the first "White Paper on Talents" to continuously optimize our team. In 2014, out of the whole of 170,292 employees. The male-to-female ratio recorded 2.77:1. 100 % of the employees returned to work after the maternity or paternity leave. Female members accounted for 16.67% of the senior and medium-level management and the staff turnover rate pointed to 0.85%.



<b>Top 100</b> CMC won the title of "2014 Top 100 Best Employers for Graduates in China" by the China Higher-Education Student Information and Career Center (CHESICC).	<b>30</b> CMC was listed in the Universum Top 100 Most Attractive Employers for students of science, engineering and business and, in particular, ranked the 30th among employers for engineering students.	<b>Best</b> CMC won the titles of "2014 Best HRM Company" and "2014 Best HR Management Team" awarded by 51 job.com.	<b>Top 10</b> CMC won the title of "12th Top 50 Best Employers for Chinese Graduates" and "2014 China's Best Employer in Energy and Chemical Industries" by ChinaHR.	<b>Top 100</b> CMC was listed among "China's Top 100 Best Employers of the Year" by Zhaopin.com.
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## Remuneration and Benefits

CMC has intensified gross compensation management, and strived to establish a medium and long-term incentive mechanism to improve staff satisfaction. We have also built up a platform for V5 IV-Phase Project for unified compensation and IT-based management over human resources. The headquarters has also extended the supplementary medical supports to diagnosis, treatment and medicines not covered by the social insurance program. We have explored the flexible medical insurance system which offers multiple packages of medical schemes for employees to choose based on individual needs. With varying amounts and coverage, such schemes can also make up for the geographical differences of the social insurance.

## Employees' Engagement in Management

CMC has intensified employees' engagement in management, promoted the disclosure of enterprise managerial affairs, continuously broadened the communication channels, and evoked the initiative out of the employees. We have held joint general conferences of workers. The Trade Union has communicated with all departments; implemented 32 motion proposals received at the second session of the second general conference of workers; and sent timely feedbacks to worker representatives. As of the end of 2014, by collecting motion proposals from worker representatives as advices and suggestions for the development and reform of CMC, the Trade Union received 11 specific proposals. In 2014, the Trade Unions recorded a density of 100% Company-wide and were joined by 100% employees.

### Case: CMC Non-ferrous metals SBU Zhuzhou Smelter encouraged reasonable proposals

To arouse the enthusiasm of employees for corporate management, the Zhuzhou Smelter has launched activities to collect reasonable proposals and recognized employees with valuable advices. In 2014, 13 entities at the grassroots level submitted 94 proposals in which 52 won the awards, including 4 winners of the award for best creative ideas, 17 for excellent ideas, 30 for good ideas and 18 for commemorative awards.



## Stimulating Employees' Vitality

CMC has furthered the strategy of revitalizing enterprises on the basis of talents, broadened occupational growth channels, improved and optimized the training system, diversified incentive methods and fostered a greater sense of pride and achievements among employees.

### Career Development

Aiming to build a team needed by top-rank mining groups, CMC has established and improved a vigorous and vital management system over occupational development, and built up a stage for talents to grow and a multi-path, multi-step position system featuring an expert panel and a talent pool, channels for promotion and mechanisms for withdrawal, thus expanding the career development platform through institutional approaches.

New System	New Platform	New Model
<ul style="list-style-type: none"> <li>Through the MPOC sequence (M: management, P: professional, O: operational, C: consultant), we have enabled occupational development through management, professional and operational channels, and identified consultant as the mechanisms for withdrawal</li> </ul>	<ul style="list-style-type: none"> <li>Help employees make career development plans</li> <li>Enable employees to fulfill their values</li> <li>Promote managerial and cultural integration among all companies</li> </ul>	<ul style="list-style-type: none"> <li>Gradually divert occupational development from unguided path to designed routes with proper guidance and training</li> <li>Add more colors to the employees' career path</li> <li>Give full play to employees' values</li> <li>Realize common progress of the Company and the individuals</li> </ul>

At CMC: You don't have to cling obstinately to one course.



At CMC: You tackle hard issues together with top brains



At CMC: There is certainly career path suitable for you.



At CMC: Your future is as bright and far as you can imagine.



At CMC: You will be taken care of as a new comer.



At CMC: You can always unleash your potentials.



Broad Occupation Development Channels

### Staff Training

CMC has strived to establish a training system with extensive coverage and great pertinence, so as to foster diversified employees with modern management mindset and competence. The Company has also worked out a "five-year education and training program" with specific plans for different stages and categories. As one of the co-founders of the China Senior Executive Training Union, CMC has facilitated the sharing of advantageous resources and aimed to build up a platform for outstanding CMC youths to grow through overseas pilot programs. In 2014, RMB 54.45 million was put into training programs for 200,711 person-times, pointing to 76 training hours per capita.

#### Case: Sepon Supervisor and Superintendent Development programs in Laos

On January 21, 2015, 54 employees from Sepon, Laos graduated from MMG's Supervisor and Superintendent Development programs. The 12-month programs were designed to increase leadership skills for Lao employees to assume higher responsibilities in their respective work areas upon finishing the programs. The courses' content and structure were carefully designed in consultation with an Australian education institute to suit Laos socio-economic context and the employees' circumstances. The courses were delivered by Lao instructors. Sepon now has approximately 200 Lao employees who are managers, superintendents or supervisors, and this number is set to increase in 2015 and beyond.

*I found my course very useful because I learned and gained essential knowledge and skills required for being a good leader in the diverse working environment. The skills that I have obtained can be effectively applied to different working settings, and benefit the whole company.*

- Ms Keomanivone Phommachanh,  
Supervisor UXO Resource Delivery



Sepon Supervisor and Superintendent Development programs

#### Case: VPSHR training at MMG Kinsevere, DRC

In 2014, one hundred security personnel supporting Kinsevere graduated from a four-week program to upgrade their knowledge and skills and ensure compliance with the VPSHR (Voluntary Principles on Society and Human Rights). This included 20 contracted security guards and 80 members of the Mine Police. The Mine Police are a specialised branch of the DRC national police which enforce the DRC Mining Code and provide public security services on mine sites. Kinsevere will hold refresher training sessions to ensure ongoing compliance with the VPSHR.



Julien Numbi, security training and development coordinator, graduated from the program at Kinsevere

## Caring for Employees

CMC has pressed ahead with "employee assistance" program, offering caring help based on the employees' diverse needs, so as to create a harmonious and home-like environment and enhance the sense of belonging among all employees.

### Caring about young employees

**Organizing recreational and sports activities:** including Youth Culture Year campaign themed "CMC Young Employees, Five-star Qualities" which was participated by nearly 40,000 young employees; eight sessions of "Staff Lectures" participated by over 2,000 person-times; and football games for all CMC subordinate companies in Beijing.

**Displaying the glamour of the youth:** developing the CMC youth website to showcase micro films, papers and photographic works for the "Youth Culture Festival"; organizing the 2<sup>nd</sup> DV Competition, where out of the whole of 63 works, 16 works won the award; and issuing "Young CMC" periodicals.

**Holding Youth Exchange activities:** carrying out "Mom, please love me again" activity jointly with the Beijing Chunmiao Children's Aid Foundation to show loving cares for orphaned and disabled children and develop friendship among young and single employees; and organizing two activities with enterprises along the East 2<sup>nd</sup> Ring road (Beijing) to develop friendship among young and single employees.

### Caring about female employees

**Protecting rights and interests:** giving specific lectures on women's rights and interests.

**Offering medical care:** covering female employees currently in service in Beijing with special illness insurance.

**Sending festival greetings:** sending "baby's gift packages" including daily necessities and useful presents to 230 employees in Beijing who have become moms or dads within the recent two years.

### Caring about retired employees

**Caring about daily lives:** visiting and sending greetings to retired employees.

**Enriching lives:** organizing all kinds of salutary activities to ensure the retired are looked after properly and lead a happy life; providing related counseling services.

**Ensuring healthy life:** arranging medical check to ensure sound physical conditions.



### Case: Employee-friendly Dining Halls

CMC has improved food and service quality at the dining halls. In 2014, over 130,000 person-times took breakfasts and over 280,000 took lunches at the headquarters' dining hall, up 11% and 13% YoY respectively.

**Guarantee food safety.** In April 2014, we opened "food safety inspection rooms" at the dining halls, assigning specialized personnel to supervise and inspect the whole process of food procurement, processing and cooking in line with corresponding national standards. In 2014, we inspected over 1,000 samples to make sure all employees could enjoy safe and healthy food.

**Improve service level.** We held the 4<sup>th</sup> Food Festival and the 1<sup>st</sup> Cooking Skill Competition of Dining Halls. Through the competition, we enhanced communication between chefs at CMC Square and Erligou Dining Hall and made proper changes to the chief cooks, so as to ensure the same cooking quality at the two dining halls. We also intensified training on the code of conduct and service etiquette among the attendants. In 2014, both dining halls registered a satisfaction rate of over 99%.

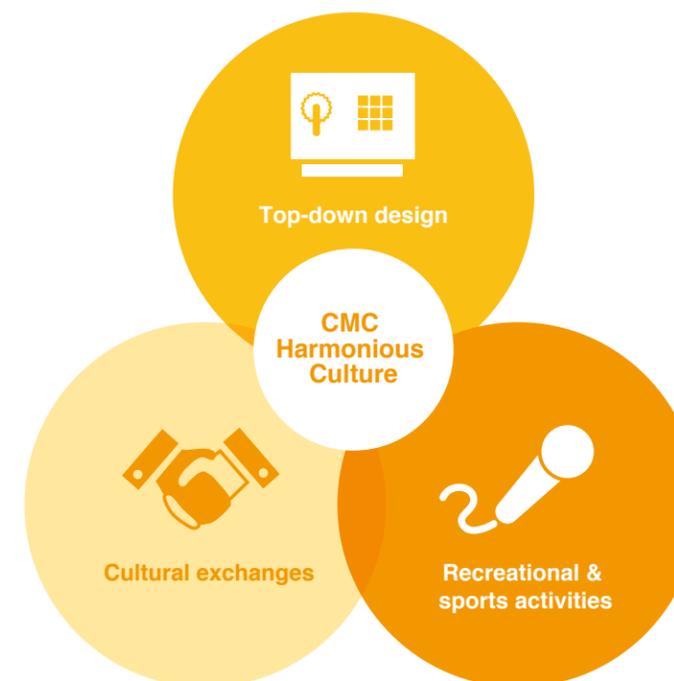


"Plank" competition at the headquarters, which nearly 200 players from 15 teams participated

## Building a Harmonious Culture

CMC has united all employees under an excellent corporate culture of "progressiveness, pragmatism, innovation and harmony", and strived to turn itself into a culture-based brand through all kinds of activities, so as to enhance the employees' attachment to the Company. For example, MMG has formed the Diversity and Inclusion Council, making sure that all employees from any gender, culture, language and religion backgrounds are treated with respect and can give the reins to their capabilities during work.

- Conducting research and investigation to identify the way of Embrace CMC culture
- Developing sub-cultures in pilot companies, and identifying a parent-subsidiary culture system
- Planning to issue the guiding opinions on developing corporate cultures with clearly defined directions and principles



- Summing up the experience of cultural activities, and stimulating all employees to make contributions under an inspirational corporate culture
- Holding the experience exchange meeting of CMC cultural activities in Hunan Shuikoushan Group, which were engaged by nearly 70 persons

- Offering supports for grass-roots trade unions and recreational & sports associations to carry out independent activities
- Forming CMC basketball team and paying for the team uniforms



**Hua Rupeng**  
a nurse in the internal medicine department of the Luzhong Mining Hospital

Hua Rupeng was honored as "an angel in white uniform" by patients and their families. She said: "I'm just a little bit more patient and careful. To solace patients is my greatest pleasure."



**Liu Xiangguo**  
deputy leader of No.3 and 4 sections of the Zhuzhou Smelter

Liu Xiangguo developed "Liu Xiangguo Operational Procedures" which helped the Zhuzhou Smelter increase zinc output by 4,200-plus tons, save 8.4 million kwh of electricity, and create RMB 76.151040 million worth of economic benefit on an annual basis.



**Zhang Wuping**  
an outstanding grass-roots safety officer of No. 4 section in the Xiaoguanzhuang Iron Mine, Lu Zhong Mining

Zhang Wuping safeguards work safety with a great sense of responsibility and considerable persistence. Conscientious, meticulous and faithful in work, he has built up an image of "Safety Guard".



**Xie Yongzhang**  
a project technologist in Minmetals Exploration and Development Co., Ltd.

Xie Yongzhang has long been parted from his family in order to search for gold ores. In this mine hill that he has held out for five years, nearly 30 tons of gold ores worth of nearly RMB 10 billion have been detected.



CMC has organized the activity of "finding the most dedicated frontline employees", and reported their stories on CMC Newspaper and official Wechat account, to spread the positive energy of hard work and contribution.

## The most dedicated frontline employees

—The most dedicated frontline employees



Li Chongyan was called the "the beautician of communities". Regardless of the weather, he takes rest only on the Lunar New Year's Day throughout the year. Over the past 13 years, he has driven as far as 280,000 kilometers without any accidents, a distance equivalent to seven loops around the Equator.

**Li Chongyan**  
a driver of the rubbish disposal vehicle in the Community Department of Luzhong Mining



Li Yiqing never forgets about his work. Even during his stay in hospital, he made several phone calls about work every day. He was thus given the name "workaholic".

**Li Yiqing**  
leader of the inspection & repair section at the dressing workshop in the Xishimen Iron Mine



Li Guangzhen was appraised by one of his leaders that, "he is a task implementer through and through, and also a leader who can effectively organize and coordinate all forces."

**Li Guangzhen**  
departmental chief of the electro-mechanics department in Zhangjiawa Iron Mine, Lu Zhong Mining



Some customers asked him: "Why are you working so hard? You are only an employee." And he always answered "At CMC, there are many people like me."

**Fu Ruzhong**  
the manager of the Hefei Branch of the Minmetals Steel Shanghai Co., Ltd..





**Cherishing Partnership  
and Building the Brand  
of Bona Fide CMC**



For more info.

**Our Goals**

As the largest steel trader and integrated supplier of raw materials for the metallurgical industry, CMC is one of the backbone enterprises owned by the State and is obliged to take care of the interests of customers, partners, industrial peers and other stakeholders. The long-term development is underpinned only by mutual trusts, cooperation and benefits for all parties.

**Our Actions**

CMC has been committed to bringing into full play the core competence in resources, services, talents, technology and service, and joined force with partners in all trades and professions for mutual benefits. We have also attached great importance to uplifting the value of our products and services to cater for the diverse needs of our customers. Meanwhile, we have strived to drive the development of the whole industry while realizing self development, and to build a sound environment for the mining sector.

**Our Performance**

**996**  
RMB million  
Value of "Diamond" brand

**17**  
National or industrial technical standards of which CMC led the development

**6**  
National or industrial technical standards of which CMC participated in the development

**Our Honors**

- ▶ "Xin Yi Lian Online Supply Chain Finance for Bulk Commodity Based on Digital Warehouse" won the "Innovative Online Supply Chain Finance Award".
- ▶ Produced by Zigong Cemented Carbide, the "Great Wall" cemented carbides and tungsten-molybdenum products, and Credit Pharma reclaimed mixed materials for cemented carbides won the title of "Famous Brands of Sichuan Province".

## Creating Win-win Values through Cooperation

The transformation and development of CMC has been greatly underpinned by win-win cooperation and value sharing. Through cross-boundary collaboration with various stakeholders, CMC can turn into better account its core competitiveness in resource development, scientific and technical innovation, product marketing and talent training, and gain more vigor and vitality to seek common progresses with our stakeholders.

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朋友圈

### Partnership with Governments



Our presence in local construction offers not only a catalyst for local economic growth, but also new business potentials for ourselves.




**Minmetals Wanjing Shui'an Urban Complex in Tai'an**

Undertaken by MCC 23, the Minmetals Wanjing Shui'an Complex will offer an impetus to the development of the Tai'an Hi-tech Industrial Development Zone. With an overall investment of about RMB 10 billion, the Complex will take up an area of around 1,085 mu to encompass S&T incubation, commercial office and green low-carbon residence. Once completed, the Complex is expected to gain a business income of about RMB 21 billion, contribute RMB 2.5 billion tax, and offer about 20,000 jobs.

♥ Hunan, Zhejiang, Gansu, Qinghai, Tianjin, Shandong, Guangdong, Liaoning, Hebei, Chongqing, Beijing

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朋友圈

### Partnership with Enterprises



CMC has carried out powerful win-win cooperation with enterprises of other sectors, so as to promote the development of traditional industries while marching forward to emerging markets. Together, we can usher in a broader future.




**Finance SBU Minmetals Securities engaging in internet-based business**

In September 2014, the Minmetals Securities Co., Ltd. (hereinafter referred to as "Minmetals Securities") signed a strategic cooperation agreement with www.cnfol.com and Tianxin Investment, and initiated the "private equity incubation program" which marked the Minmetals Securities' official move into the domain of internet-based finance. The program is designed to set up an incubation platform for China's small and medium PE institutions to realize fast and standard growth. The three parties agree to give full scope to respective advantageous resources, and carry out multi-level and all-round collaboration in securities accounts business, investment consulting business and flow-based businesses. Together, they will exploit the financial capital market, develop innovative business models and spur common progresses.

♥ Wuhan Iron and Steel (Group) Corp., Henan Bureau of Geo-Exploration and Mineral Development, Yukuang Group, Alibaba.com, Huawei Technologies Co., Ltd., Sino-Ocean Land Holdings Limited, Sinohydro Group Ltd., LG Chem, China Machinery International Engineering Design & Research Institute Co., Ltd., Shengli Oil Field Freet Petroleum Equipment Co., Ltd., Sichuan Development Holding Co., Ltd., AGCO Changzhou, Anshan Iron and Steel Group Corporation, China Energy Conservation and Environmental Protection Group, China Resources (Holdings) Company Limited, China Communications Construction Co., Ltd., Sino-trans & CSC Holdings Co., Ltd., China Railway Construction Corporation Limited, and China Reform Holdings Corporation Ltd., etc.

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朋友圈

### Partnership with Foreign Players



As a key player in the global metallic market, CMC has engaged extensively in global cooperation and exchanged international experiences to optimize and integrate the resources of the global mineral industry and spur the development of international relationships.




**CMC's high-level technical collaboration with the Nimrod Resources Limited**

In August 2014, based on the sound collaboration with Australian companies in the metal and mineral resources sector, CMC established an exploration technical committee with the Australia Nimrod Resources Limited. This marked the transformation from traditional investment cooperation to high-level technical cooperation. The committee will pool together diverse strengths and collective wisdoms, carry out in-depth exchanges and research on exploration technology, further expand the areas of higher-level cooperation and foster long-term win-win partnership, so as to jointly promote the sustainable development of the mining industry in China and Australia.

♥ Germany, Peru, Australia, Cuba, Chile, Poland, the United States, Ukraine, Sweden, Russia and Canada, etc.

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朋友圈

### Partnership with Institutes



Through in-depth partnership with research academies and higher-education institutions, CMC has ushered in scientific and technological breakthroughs and cultivated a considerable amount of talents, and achieved significant benefits.




**A framework agreement signed between the Changsha Institute and the Sanya Institute of Deep-sea Science and Engineering of the CAS**

In November 2014, the Changsha Institute signed a framework agreement with the Sanya Institute of Deep-sea Science and Engineering of the CAS to jointly promote the progress of China's deep-sea mining technology and engineering.

Deep-sea mineral resources exploration and development is an important strategic field in China's deep-sea scientific and technological development and industrialization, for there is a great strategic significance in the maintenance of maritime rights and interests and the exploration of the deep-sea frontier. According to the agreement, both sides will deepen cooperation in deep-sea high-tech equipment sharing, deep-sea mineral resources development, resource exploration and development technology system, undertaking deep-sea mineral resources exploration and development projects, talent exchange and training, and so on to gradually form a long-term partnership and provide a technical support for deep-sea mining.

♥ Jiangsu University, Dalian University of Technology, CAS Sanya Institute of Deep-sea Science and Engineering, Jiangxi University of Science and Technology, Hunan City University, Central South University, Peking University, Tsinghua University, Renmin University of China, Chinese Academy of Geological Sciences, China University of Geosciences (Beijing), China University of Mining & Technology, University of Science & Technology Beijing and North China University of Technology, etc.

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### Partnership with Banks



In the principle of "sincerity, good faith, equality, mutual benefits and common development", CMC has joined force with banks to guarantee powerful financial supports for the stable and robust development of the Company.




**Cooperation with banks to offer financial guarantee for CMC to go global**

The business negotiation and financing over Las Bambas copper mine saw robust supports from non-commercial and State-controlled banks. On July 14, 2014, the Bank of China (BOC), the China Development Bank (CDB) and other two banks arranged two syndicated facilities on highly competitive terms for seven-year M&A financing agreement of up to US 0.969 billion and an 18-year Project financing agreement of up to US 5.988 billion.

In spite of a complex deal structure, a huge financing scale, a tight schedule and the whole rigmarole for getting government approval, various banks have offered powerful supports for Las Bambas acquisition, in virtue of outstanding organization and holistic planning competence, pragmatic and truth-seeking work style and high-standard professional services.

♥ JPMorgan, ANZ Bank, Banco Bilbao Vizcaya Argentaria, Bank of Tokyo-Mitsubishi UFJ, Commonwealth Bank of Australia, Société Générale, Westpac Banking Corporation, Bank of America Merrill Lynch, Commerzbank, Hang Seng Bank, ING Bank, National Bank of Abu Dhabi, Royal Bank of Scotland Group, China CITIC Bank, Citibank, Bank of Mianyang, Bank of China, Industrial and Commercial Bank of China, Agricultural Bank of China, China Construction Bank, China Development Bank, China Merchants Bank, Bank of Communications and Wing Lung Bank, etc.



Gelan Town developed by Minmetals Land

## Uplifting Customer Values

CMC has been committed to providing quality products and services based on customer needs, in an effort to uplift customer values through enhanced quality management and services.

### Enhancing Quality Management

CMC has made continuous efforts in improving the multi-level and all-dimensional quality management system with relevant quality standards, institutional systems and supervision measures, and intensifying the awareness about quality among all employees through enhanced training and education, so as to provide high-quality products for customers. In 2014, CMC found no health or safety accidents due to unqualified products or services.

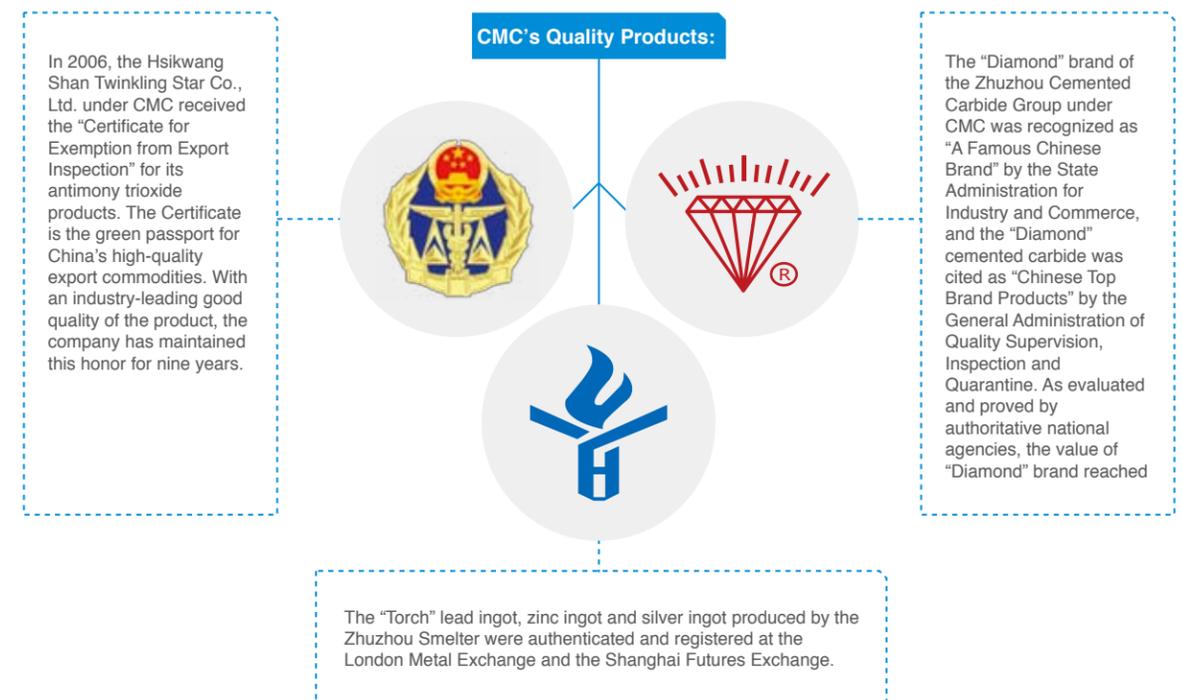
- In 2014, developed by the Minmetals Land affiliated with the Real estate SBU, Nanjing “CMC · Jiuxitai” Project was cited as “The Best Residential Program in East China and Central China in 2013”. The Minmetals Condo (Shanghai) Construction Co., Ltd. took part in the construction of “The West Peninsula”, “CEIBS” and “New Jiangwan City”, all of which won “2013 Shanghai Magnolia Construction Award”

#### Case: Ensured quality through actual tests and measurements at Minmetals Land

To improve the product quality, Minmetals Land has implemented risk prevention over key links of projects, and carried out strict simulated acceptance check before the delivery of products. It has also engaged with third-party agencies for actual tests and measurements, so as to manage and monitor the performance of all constructors right from the source and ensure the quality of sub-divisional works.

#### Case: CMC Non-ferrous metals SBU Zigong Cemented Carbide upgrading blade product anti-counterfeit technology

In 2014, the Zigong Cemented Carbide upgraded its “Great Wall” blade product anti-counterfeit technology. By using indentation “ZGC” anti-counterfeit technology, they solved the problem that 255 models of cemented carbide blades were prone to counterfeit, produced the upgraded counterfeit-proof indentation “ZGC” anti-counterfeit mark by drawing on the advanced anti-counterfeit idea for industrial products, making creative and unique improvement on the original basis to effectively crack down on fake and shoddy products and maintain clients’ rights and interests.



## Uplifting Service Quality

We have adapted our service contents and measures to customer needs, innovated service models to uplift our service quality, and won extensive recognitions and acclaims from our customers for satisfactory services.

### Case: A systematic service system set up by MCC 23

In 2014, MCC 23 worked out the customer management regulations based on its megamarketing system, designed V5SDJ customer service system process, and set up a systematic service system covering from customer filing, lead management, account management, customer relationship management (customer allocation, visits planning and CRM records) and customer evaluation management to satisfaction survey.

### Case: Finance SBU Minmetals Futures held a non-ferrous metals futures-cash summit

In May 2014, the Minmetals Futures Co., LTD. (hereinafter referred to as "Minmetals Futures"), along with Minmetals Non-ferrous Metal Co., LTD. and the Shanghai Futures Exchange, hosted a non-ferrous metals futures-cash summit in Huizhou, Guangdong under the theme of "feeling the pulse of the market for efficient risk management" in the new situation, attracting more than 40 non-ferrous metals companies and nearly 100 clients.

The summit, focusing on customer service to help them use more effectively futures tools to fend off price risks, conducted in-depth discussions on "whether future options will replace futures as the primary risk management tools of industry chain customers", "whether futures are to create profits or lock in profits for customers", among other topics.

The Minmetals Futures launched the leading innovative risk management system --- "taobaoying" to continue to provide customers with effective and quality risk management services.



Minmetals Futures held a non-ferrous metals futures-cash summit

### Case: Wide acclaim from the customers of the Zhuzhou Smelter

In August 2014, the Zhuzhou Smelter Group signed Cargo Transportation Quality Pledges with ten freight forwarders to achieve better protection of products. The company also set up mobile checkpoints within the plant, and assigned specific persons to collect photographic evidences and give earnest admonition about the protective measures for product transportation. Every month, good practices are identified from hundreds of photos taken by the checkpoints, and placarded for other forwarders to model on. Any inappropriate measures, as shown in the photos, are dealt with according to the duty pledges. This has enabled the forwarders to better discipline themselves in observing the preventive rules. In 2014, the Zhuzhou Smelter received no complaints about product protection and saw zero rate of related accidents.

## Forging Responsible Supply Chains

No enterprise exists alone but serves as a link in a chain of supply and procurement. They rely on each other in production and management. So, a general consensus among them holds that they must strengthen supply chain corporate responsibility management, promote open dialogues and cooperation among stakeholders and make joint efforts to achieve sustainable development of environment and society.

CMC has strengthened communications and exchanges with suppliers by holding supplier seminars, symposiums, business meetings, etc., heightening suppliers' responsibility consciousness and capacity, working with partners to create sustainable supply chains, enhancing its capacity to serve upstream and downstream customers and establishing a harmonious and cooperative relationship with all suppliers. In 2014, MMG compiled the MMG Supply Standards and included it in the Procurement-Payment Process Framework. In this Standards, CMC's procurement contracts and contractor management rules were formulated to make it clear that suppliers must comply with the requirements of the UN Declaration of Human Rights for responsible procurement.

### Case: The first Supplier Conference by Minmetals Land under the Real estate SBU

The first Supplier Conference on the theme of "bona fide cooperation for win-win benefit" was held in March 2014 in Huizhou, Guangdong by Minmetals Land, a subsidiary of the Real estate SBU, with more than 200 people participating, including some heads from Minmetals Land and supplier representatives. Thanks to this conference, suppliers had a better understanding of the strategic planning, supplier management system, business features and performance of Minmetals Land. Some suppliers were granted the Best Cooperative Supplier, Best Quality Supplier of the Year and Excellent Supplier of the Year during the conference. Minmetals Land also signed agreements for strategic cooperation with 29 companies involving engineering, materials, marketing, design, among many other fields, covering the supply chain in the overall process of real estate development.



The first Supplier Conference on the theme of "bona fide cooperation for win-win benefit"

### Case: Rolling out "Sunshine Procurement" by the Zhuzhou Smelter

In 2014, the Zhuzhou Smelter's website A-level column "sunshine procurement" was officially launched, involving bidding invitation and participation, complaints, among other models. It made fuel, auxiliary materials, equipment, spare parts, among 4000 kinds of purchasing information public on the website. The commission staff for inspection of the Company exercises a whole-process supervision of suppliers' public bidding, tender opening, bid announcement and bid evaluation through this column to ensure fair, open and impartial procurement in an all-round manner.

Besides, the Company is proactive in bringing forth new ideas about purchasing prices, purchasing channels and purchasing patterns of fuel, auxiliary materials, spare parts, etc., and conducts the "sunshine procurement" in an all-round way based on website platforms. At present, it is making an across-the-board arrangement of the sunshine procurement project, drawing up detailed lists and making information public regularly, and will further collect the information about marketing channels, commodity prices, supply and demand trend, suppliers, improve supplier appraisal system, select suppliers from the society with an ultimate purpose of normalizing purchasing behaviors, reducing purchasing prices and improving procurement commodity quality.

## Pushing the Development of the Industry

Orderly competition and a bright future are of great significance for enterprises of the industry. As an international mining company, CMC is pushing its constant development and progress by virtue of its influence in the industry.

### Enhancing Communication

Mutual complementation and common progress through communication is one of the important channels to rapid development. CMC takes the initiative in communicating with enterprises within the industry to share experience and ideas with them.

#### Case: High-level talks between CMC and Shougang Group

In December 2014 on the invitation of Shougang Group, He Wenbo, Chairman of CMC (then President of CMC), shared ideas with Shougang leaders and special training class students, totaling more than 240 people. He made a keynote speech entitled Enterprise Innovation and Transformation, covering CMC's overall situation and fruits of its transformation, the world and the trend of iron & steel industry in China and the world, iron & steel enterprises' strategic planning and corporate governance, the role of scientific and technological innovation in iron & steel enterprises and the relationship between upstream and downstream enterprises in iron & steel industry, hoping that CMC and Shougang Group will further strengthen dialogue and exchanges, and actively explore cooperation in upstream resources development, downstream steel & iron circulation, etc. At the same time, he also made an in-depth exchange of ideas with the special training class students about "go global" strategy, diversified-industry development, combination of industry and finance, human resources management, and other topics.



CMC was invited to attend the 2014 World Investment Forum--Global Leaders Investment Summit (phase II) at the Palace of Nations in Geneva in October 2014 on the occasion of the 50<sup>th</sup> anniversary of the founding of the United Nations Conference on Trade and Development.



In October 2014, CMC was invited to attend the 3<sup>rd</sup> China International Mining Investment Summit on the theme of "Sustainable Development of International Mining Investment" to share its CSR practices in foreign investment.



The Changsha Institute attended the 27<sup>th</sup> International Mineral Processing Congress as the only research institute in China.

## Jointly Establishing Fair Market Order

With the support of industrial associations, CMC has helped set up industrial standards and observe market order to create a favorable external environment for industrial development, speed up commercial operation of "Xin Yi Lian", strengthen online and offline business integration, and enhance the market visibility of our e-commerce business. In 2014, CMC's subsidiaries chaired the formulation of 17 national and industrial technical standards and participated in the drafting of 6 national and industrial standards. Guangzhou Jianfeng Minmetals Rare Earth and the Association of China Rare Earth Industry signed the "Self-Discipline Protocol of Maintaining Production and Operation Order in Rare Earth Industry" to standardize the order of rare earth production and operation and promote sustained, healthy development of rare earth industry.

#### Case: China Minmetals' New Progress in Setting up Rare Earth Group

China Minmetals will organize a national large-scale rare earth group with Minmetals Rare Earth Group Co., Ltd. as the mainstay to integrate resource development, production and processing, high-end application, technical R&D as well as domestic and foreign trade. The group aims to realize an overall coordinated development through synergic operation and supply chain management among links in rare earth industry, and contribute to the healthy development and international competitiveness of China's rare earth industry.

#### Case: Relying on Industrial Associations to Promote Industrial Development

Industrial associations can work with enterprises, serve the government and play a leading and managing role in the industry against the backdrop of government function transformation. Minmetals Development participates in activities organized by industrial associations and plays important roles in more than one association.

- **Establish industry communication platform.** By 2014, Minmetals Development, as an executive of China National Association of Metal Material Trade, had developed local chambers as members in 20-odd provinces and regions and organised over 10 meetings and forums
- **Build industry standard.** Minmetals Development participated in the formulation of 5 industrial standards for healthy development of the steel-trading industry and iron & steel supply chain. Among them, the Rating and Appraisal of Operation and Management of Steel-trading Enterprises is listed as the standard for domestic trade industry
- **Guide industry development.** Minmetals Development strives to propel the establishment of industrial system, guide and promote standardized and bona fide management of steel-trading enterprises. Through the platform of industrial associations, it carries significant weight in standardizing the management of steel-trading industry, promoting technical progress and management upgrade, strengthening the self-discipline of the industry and enterprises, developing a bona fide mechanism, improving the concentration ratio and healthy development of China's steel-trading enterprises, and has received high appraisal from the government and the industry. In November 2014, CMC was elected to the first batch of key enterprises of the Commercial Logistics Standardization Specific Action Plan issued by MOFCOM

#### Case: E-commerce Platform ushering Iron & Steel Circulation into New Era

In 2014, China's economy entered into the new normal, but a cold winter closed in on the steel-trading industry, forcing the enterprises to seek transformation. Against this background, China Minmetals set up the iron & steel e-commerce platform, "Xin Yi Lian", to improve concentration ratio of the industry and comprehensive resource utilization rate, and thus promote the transformation and upgrading of the industry.

"Xin Yi Lian", as a third-party e-commerce platform, following the pattern of pooling resources and serving the whole industry chain, has rapidly attracted an immense number of steel mills, traders, end users, banks and supporting service providers to join, thus meeting the requirements of all parties, forming the highland of value and ultimately realizing all partners' benefits and development with the aid of Minmetals Development's powerful distribution networks, logistics capability and five professional sub-platforms.

By the end of 2014, the platform had accumulated a trading volume of 2.74 million tons, totaling more than RMB 8.6 billion, marking that "Xin Yi Lian" has formally put itself on the main platform of the industry to shift our ferrous metal circulation business from being transaction-oriented to service-oriented, thus serving as a major engine of innovation and transformation and providing staunch support for "high-end, green development".



**Cherishing Social Support, Creating a Harmonious CMC**



For more info.



### Our Goals

A strong driving force behind the CMC is the support and understanding of the community, which enables us to establish a global corporate citizenship. We are committed to creating a favorable atmosphere for development, boosting economic, social and environmental development, growing together with the community, to create shared value and contribute to building a harmonious society.



### Our Action

CMC strengthens its ties with communities, non-government organizations and other social forces to step up poverty alleviation through industrial development and technical assistance, promote the development of culture, education, health care, among other community undertakings, work harder to localize our business, and carry out our program of targeted poverty alleviation and public benefit-oriented activities on a regular basis.



### Our Performance

**RMB 8.124 billion**  
Total tax paid by CMC

**RMB 8.9 million**  
Input for targeted poverty alleviation

**RMB 116.4960 million**  
Total donations



### Our Honors

- ▶ Minmetals International Trust won the honorary title of the "Large Taxpayer in Qinghai Province" for the year of 2013 awarded by the Finance Department of Qinghai Province in 2014.
- ▶ CMC was awarded "2014 Poverty Alleviation Star" in 2015 by the China Foundation for Poverty Alleviation.
- ▶ CMC won the title of "Patron of the Year---the highest honorable mention of culture by the Ministry of Culture and National Heritage of Poland."

## Driving the Development of Local Community

CMC strives to benefit local communities while running our business. Through industrial parks and featured support, we have endeavored to boost regional industries & economy, local science and technology, education, culture, health and infrastructure, cling to localized operation and perform the responsibility of a global corporate citizen.

### Case: Shared Progress of Xianglushan Tungsten with Local Communities

Jiangxi Xiushui Xianglushan Tungsten Co., Ltd. (hereinafter referred to as "Xianglushan Tungsten") includes joint construction of the company and local communities into its development planning, maintains initiative in supporting local economy and public-service programs and carries out poverty alleviation activities in a multi-channel, multi-dimensional manner.

- Industry development.** Xianglushan Tungsten, by means of recycling products and providing managerial and technical guidance, helps local villagers start small businesses such as foundries, water glass works and lime plants; together with the local government, the company also helps them enlarge farming and breeding scale, develops a multitude of farming and breeding households, and ensures that the canteens give top priority in purchasing agricultural and sideline products from local farmers. So far, Xianglushan Tungsten has forged cooperation with over 100 farming and livestock-raising households, creating an annual output of over RMB 70 million
- Infrastructure building.** Since 2010, Xianglushan Tungsten has been investing RMB 4 million every year as special funds in the construction of infrastructures such as roads, bridges, irrigation and drainage works of surrounding villages and towns, and in the improvement of educational and medical conditions of local schools, health centers and nursing homes. In 2011, Xianglushan Tungsten was honored as "Top 100 Donor Enterprises for New Rural Construction in Jiangxi Province". By the end of 2014, it had contributed a total of about RMB 44 million to local construction
- Localized employment.** On equal conditions, priority is given to local villagers to contract for small-sum projects, and for bidding projects, the construction party is required to employ rural labors around the mining area to the greatest extent. During its development, Xianglushan Tungsten and investors have created nearly 1,000 jobs for locals, leading more than 1,000 households to cast off poverty and get rich
- Ecological environment improvement.** Since 2006, 1,000-plus mu of trees have been planted in the mining area, including 66,000-odd fast-growing alders

## Propelling the Development of Regional Economy

CMC focuses on bringing into full play the advantages of capital, technology, talents, among others to propel the formation of industrial clusters and activate local economy.

### Case: Building a multifunctional, high-quality modern and industrial new town in the Yingkou Industrial Park

In response to the national strategy for "Rejuvenation of the Old Industrial Base of Northeast China", CMC signed strategic cooperation agreements with Liaoning Province and Yingkou City, joining in the development and construction of the "Five Point and One Line" Coastal Economic Zone in Liaoning.

By initiating the pattern of "green industrial new town", namely taking the integration of industry and city as a path and the scientific industrial cluster as a driving force, forming the sustainable development pattern by a ratio of rational land use, and taking the organic link of production, life and eco-environment as a link, the Yingkou Industrial Park has built a new town with an environment favorable for innovative development, life and work, opening up a new frontier of a city with momentum, vitality and charm.

The industrial park focuses on correlating industrial chain, supply chain and value chain to a greater extent, and optimizing resources allocation to develop it into a professional park and industrial clusters; with the leading enterprise as the sources, the park speeds up the formation of highly concentrated, associated, competitive

pillar industries, realizes the two-wheel drive of industry promotion and urban construction, increases the value of the industrial park, the city and the region, gives impetus to regional transformation and upgrading, and opens up a path of constructing a new industrial town. By the end of 2014, the industrial park had formally signed agreements with 27 enterprises for investment totaling RMB 27.4 billion. In 2013, Yingkou Industrial Park won the title of "Most Influential Industrial Park Brand in Industrial Real Estate 2003-2012".

*The construction of the CMC Yingkou Industrial Park represents a milestone in the history of China Minmetals, and also a chance for Yingkou City and Liaoning Province in promoting the Five Point and One Line coastal economic zone development.*

*- Xu Weiguo, Deputy-Secretary of the CPC Liaoning Provincial Committee*

*The CMC Yingkou Industrial Park marks CMC has taken a substantial step in the extension of its industrial chain.*

*- Beijing News*



Australian experts were invited by MMG Laos Sepon mine to impart citrus-planting techniques to the farmers of Nahoy Village, Vilabouly



Conducting an aid-the-farmer project in MMG Kinsevere Mine in DRC: Dispatching seeds and fertilizers to farmers

## Infrastructure Improvement

CMC shows great concern for people's livelihood, vigorously raising the infrastructure level in terms of transportation, domestic water, education, medical health, etc. to enhance the development capacity of local communities.

### Case: MMG Kinsevere Mine enhances community infrastructure level

DRC Kinsevere Mine helps local community ease the lack of healthy drinking water, medical health infrastructure and other urgent problems for the wellbeing of the community.

- **Drinking water safety.** DRC Kinsevere Mine participates in the healthy-drinking-water campaign initiated by the government by digging 9 wells in 4 villages and 4 districts in the 2<sup>nd</sup> largest mine in Kolwezi to provide drinking water and improve the condition of local drinking water safety
- **Medical service.** DRC Kinsevere Mine invested US \$ 65,000 in erecting the Kilongo Health Center and providing medical devices and drugs. Equipped with 20 beds, the center could offer high-quality medical services for 2000 residents in 12 villages nearby. Since its establishment in December, 2012, 480 patients have been treated

## Localized Operation

We vigorously implement the "go global" strategy, push a shift from "go out" to "go into" and then "go up", further localized operation, make efforts to create jobs for the local people, enhance their employability and help develop industries with local characteristics. By the end of 2014, CMC had had 5,604 overseas employees, including 111 dispatched personnel and 5,493 local personnel, with a localized employment rate of 98.02 %.

### Case: MMG insisting on localized operation to establish global corporate citizenship

Taking the global corporate citizenship as an objective, MMG further boosts localized operation, realizing 40% of procurement localization, organizes a team to communicate with the community so as to associate closely its development with the progress of the community and create a good atmosphere for its development while offering job opportunities and supporting local suppliers.

- **Employment localization.** MMC has been bending its attention to creating more job opportunities for the residents of the community to improve their quality of life and living standard. As a result, there were 94% local employees in Sepon, Laos, 94% in Kinsevere, DRC, 96% in Las Bambas, Peru, and 90% of geological prospecting teams are local employees
- **Procurement localization.** Without a steady supply of quality food, the region surrounding the Sepon Mine in Laos could only meet 15% of MMG's vegetable and fruit procurement in 2010. But, at present, thanks to the efforts of the MMG community-related team by helping a local household erect a greenhouse and providing materials and hydroponic expert's training, two greenhouses have been set up to meet 100% needs of MMG for 60 kilograms of high-quality green-leaf lettuce per week

## Supporting Culture and Education

To promote cultural integration and education, CMC shows respect to different cultures, carries out cultural exchanges, boosts cultural heritage, helps needy students as far as our capacity allows, educates them with love, and lets more people receive equal education.

### Case: CMC Promotes Culture in Poland

CMC gives great impetus to friendly cooperation and cultural exchange between China and Poland by co-financing the rebuilding of "China Road", building "China Garden" and holding the Chinese Color Lantern Culture Festival in the Lazienki Park together with KGHM, a mining & metallurgical company in Poland. In 2014, CMC was prized the highest cultural honorary title, "Patron of the Year", by the Ministry of Culture and National Heritage of the Republic of Poland in recognition of our contributions to Lazienki Park's cultural undertaking and Poland's cultural development.



Bogdan Zdrojewski, Minister of Culture and National Heritage of Poland sang the praises of what CMC and Chinese enterprises have done to the cultural development of Poland.

The "Patron of the Year" is to award entities or individuals that have contributed much to the development of the cause of culture in Poland, and it is the highest honor given by the Ministry in the realm of culture.

### Case: Giving donations and Concerns to Poverty-stricken College Students

The Party branch of the company's Finance Division partakes in "New Great Wall – Poverty-Stricken College Students Self-Improvement Project" sponsored by the China Foundation for Poverty Alleviation to subsidize poverty-stricken students in 4 years in a row and help them realize their dreams.

- **Rendering love.** CMC pays to the account of the China Foundation for Poverty Alleviation RMB 24,000 (including all the bonuses for Tai Chi competition champions and staff's donations)
- **Giving care.** CMC sends the donations immediately to three poverty-stricken freshmen from Zhenxiang County and continues to give attention to their study, life and growth through contacts by telephone and letter

### Case: Century, Australia - "Work Ready, Job Ready" Program

Providing employment training opportunities is one of Century's key commitments under the Gulf Communities Agreement. Thirty-six indigenous people were given paid places in Century's "Work Ready, Job Ready" pre-employment program in 2014. The training program, which has taken many forms over 17 years, was further updated in 2014 to better suit trainees' ambitions and adapt to the closure of mining at Century. Most traineeships and apprenticeships in past programs are mining-related. Today, apprenticeships and traineeships include civil construction, business administration in a local library, diesel fitting and childcare. Century is seeing higher retention rates among trainees since these young people are employed in a familiar environment and surrounded by families and friends. Twenty-four placements are planned for 2015. Future opportunities identified for trainees and apprentices include highly technical trades like electrical engineering, nursing, auto electricity and land management.



Students of "Work ready, job ready" program engaged in other fields after graduation



Kinsevere mine sent Christmas gifts to local orphanages



Children enjoying the "Super Kid" nutrition packages

## Being Active in Public Welfare

Following the idea of "rewarding the society through bona fide operation and dedication of love", CMC has persisted in the principle of targeted poverty alleviation and counterpart assistance to promote public interest undertaking and harmonious society building.

### Active Involvement in Public Service Activities

CMC endeavors to carry out public service activities on a regular basis, set up platforms, engage in public welfare and charities along with employees, non-government organizations (NGO) and other social forces to accelerate the progress of public service undertaking.

#### Case: Improvement of children's health in Laos

From 2013 to 2015, MMG invested US \$ 1.38 million in the "1000-Day Project" jointly launched in the south of Laos with the UNICEF and the Lao Ministry of Health to address the problem of postnatal malnutrition among the babies within 1000 days after birth. The project entered the stage of distribution of nutrition packages in June, 2014.

At present, one-third children have health problems caused by malnutrition around the world and the prevalence rate in Laos has been up to over 40% among children less than five years old. Deficiency of micronutrients can lead to anemia and then cognitive and physical damage, which can result in an adverse and life-long effect on children. To improve health and diminish malnutrition rate within babies' postnatal 1,000 days, MMG and its partners distribute among 180,000 children in Laos 4 million of "Super Kid" nutrition packages, each of which contains vitamins, iron, zinc and other trace elements that can prevent malnutrition, anemia, among other diseases. Meanwhile, education and training in terms of health, nutrition, feeding pattern at the appropriate age, etc. has also been offered in local communities.



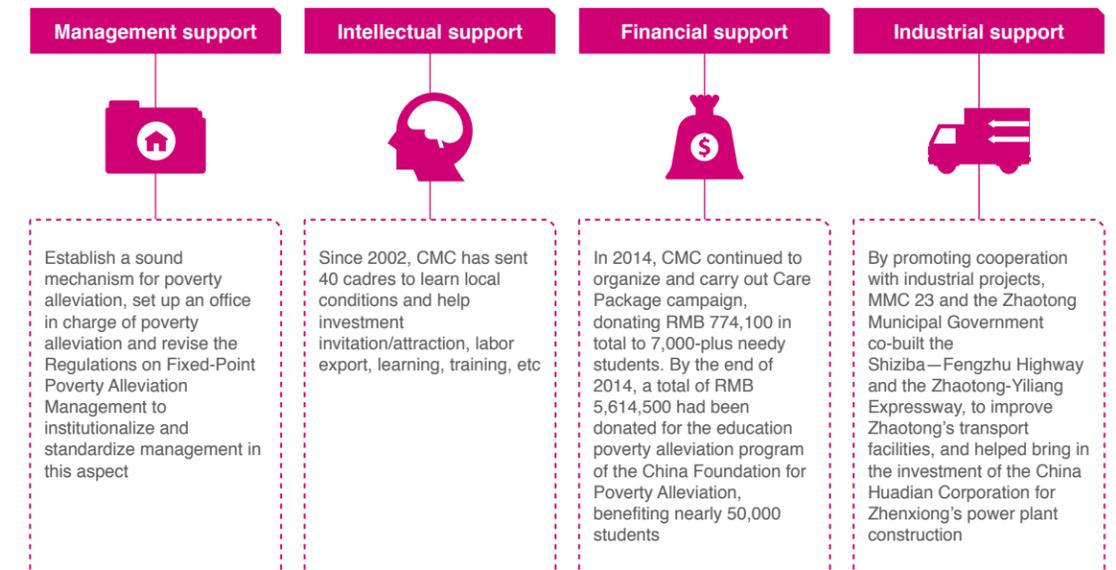
"Super Kid" Subsidized children

## Carrying out poverty-alleviating campaign

Responding to the call of SASAC, CMC has improved the targeted poverty alleviation and counterpart assistance mechanism and kept shifting from blood-transfusion poverty alleviation to blood-making poverty alleviation, continually strengthening intellectual, financial support, etc. to increase the capacity of local development.

#### Case: CMC'S ten-year poverty alleviation

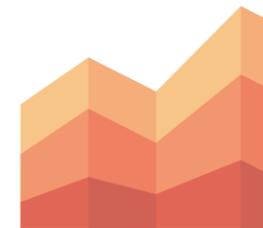
The past decade has seen CMC's counterpart support of Xizang and Qinghai and targeted assistance in Yunnan, among other regions. The decade has created a more powerful CMC and at the same time put forth the blossom of the local economy, society and environment. CMC, as one of the two targeted central enterprises, was granted the title of "Outstanding Collective in Poverty Alleviation since the release of the 12<sup>th</sup> Five-Year Plan" by the Zhaotong Municipal Party Committee and Municipal Government in Yunnan Province in 2014.





# Performance

-  88 Economic Performance
-  88 Safety Performance
-  89 Environmental Performance
-  89 Staff Performance
-  89 Partner Performance
-  89 Social Performance



## Economic Performance

Indicators	2012	2013	2014
Total operating revenue (in RMB 100 million)	3,268.64	4,146.50	3,227.57*
Maintenance and Increase of State-owned assets (%)	113.80	104.60	--
R&D input (in RMB 100 million)	5.70	8.58	10.61
New patents	233	212	286

Note: Maintenance and increase rate of State-owned assets in 2014 is to be released in July, 2015.

\* Data covering the overseas companies

## Environmental Performance

Indicators	2012	2013	2014
Comprehensive energy consumption (in 10,000 TCE)	287.97	284.53	244.14
COD emissions (t)	1,754.98	1,594.00	1,230.00
SO <sub>2</sub> emissions (t)	17,459.46	14,075.00	12,347.00
Environmental protection training sessions	10	15	16
Trainees (person-time)	1,224	1,266	1,405

## Staff Performance

Indicators	2012	2013	2014
Headcount	177,469	171,829	170,292*
Female headcount	29,428	31,061	35,236 on the job
Permanent employees with labor contracts (%)	100	100	100
Share of women in positions of middle level or above (%)	16	14	16.67
New hires over the year	3,947	2,208	1,796
Total input for employee training (in RMB 10,000)	5,252.61	4,999.23	5,445.00
Trainees (person-time)	191,874	156,665	200,711
Social insurance coverage (%)	100	99	100
Trade Union members as a share of employees (%)	100	100	100

\* Data covering the overseas companies

## Partner Performance

Indicators	2012	2013	2014
Corporate credit rating	AAA	AAA	AAA
Contract performance (%)	100	100	100
Major complaints from partners	0	0	0

Note: CMC contract management follows the principle of level-to-level administration and keeps the group-level rate of contract performance.

## Social Performance

Indicators	2012	2013	2014
Total tax payment (in RMB 100 million)	88.01	80.04	81.24*
Total donations (in RMB 10,000)	15,138.60	15,776.57	11,649.60*
Major irregularities	0	0	0

\* Data covering the overseas companies

## Safety Performance

Indicators	2012	2013	2014
Input for safe production (in RMB 10,000)	93,500	42,471	46,400
Safety training sessions	3,921	4,105	4,160
Trainees (person-time)	67,032	113,688	131,170
Certified special operations personnel (%)	100	100	100
Number of seriously injured employee(s)	8	2	4
Death toll of employee(s)	2	5	4*

\* Data covering the overseas companies



## Outlook for 2015

Review of 2014



**Value-creating CMC**

Commitment of 2015

- Total operating revenue of RMB 322.757 billion
- Xin Yi Lian E-commerce Platform formally put into commercial operation, frequently rewriting its record book of activity and trading volume
- Sharp increase in resource access, obtaining the world's largest copper project under construction --Las Bambas
- Strengthening integration of non-ferrous metals business, completing adjustment of organizational management structure, consolidating "strategy + operation" management & control system, promoting industrial integration and collaborative capacity efficiently

- Prudent operation to ensure maintenance and increase of State-owned assets
- Optimizing the framework of corporate governance in accordance with the modern enterprise legal person system
- Speeding up reform in an all-round manner to facilitate readjustment and optimization of production and operation.
- Managing the enterprise in accordance with the law to give strong institutional support for production, management, reform and development.
- Furthering integration and collaboration of all businesses to give play to their advantages as a whole and produce incremental revenues.
- Developing constantly new profit-making modes by innovation and cultivating new growth drivers

Review of 2014



**Safety-minded CMC**

Commitment of 2015

- Implementing across-the-board on-site safety confirmation system
- Issuing the Guiding Opinions on Suspending All Outsourced Mining Contractors within Three Years
- Rolling out a campaign of setting up the safety management standardization team
- Investing a total of RMB 464 million in work safety, organizing 4,160 safety training sessions involving 131,170 person-times and 5,701 safety checks, detecting 46,472 spots with hidden dangers, and achieving 99% of rectification rate

- Fulfilling the requirements of the new law on safety in production to intensify category- and grade-specific management and highlight safety management in major industries and enterprises
- Inspecting and rectifying hidden dangers and practicing site safety confirmation system
- Applying a tight check on outsourced team management, and continuing to boost mining enterprises to suspend outsourced teams
- Continuing to standardize safety teams to improve post risk rating and risk control

Review of 2014



**Eco-friendly CMC**

Commitment of 2015

- Standardizing and refining the assessment criteria for energy conservation and emission reduction target responsibility documents
- Conducting environmental risk supervision and setting up and improving the environmental risk inspection and rectification system
- Organizing major enterprises to be engaged in pollution control
- Addressing the issue of environmental compliance
- Setting up respective files in 34 pilot enterprises
- Selecting 11 enterprises of the Iron ore and steel SBU for environmental risk inspection

- Strengthening energy conservation and emission reduction data statistics and management
- Improving tailings storage environment risk assessment, risk check and rectification
- Strengthening the examination of environmental compliance and deepening the rectification of issues about compliance
- Intensifying energy supervision in companies from "10,000 companies"
- Intensifying basic framework for energy management and building demonstration bases

Review of 2014



**Well-being CMC**

Commitment of 2015

- Issuing the first "White Paper on Talents" to continually optimize our team
- Building the unified management platform for V5 IV-phase human resources compensation project
- Optimizing the Supplement Medical Insurance System and providing individualized medical insurance package
- Building "a multi-path, multi-step position system featuring an expert panel and a talent pool, channels for promotion and mechanisms for removal"
- Creating a culture brand

- Perfecting the position system and carrying out the position system in secondary units
- Holding the 13<sup>th</sup> employee sports meeting
- Promoting Employee Care project by protecting female staff's legal rights and interests and helping the staff in financial straits out of their plight
- Defining clearly the overall objective, principles and procedure of corporate culture, establishing a values system, identifying the characteristics of the mother culture, and building and improving the sub-culture system

Review of 2014



**Bona fide CMC**

Commitment of 2015

- Signing strategic cooperation frame agreements with the government of Hunan, Zhejiang, Gansu, Qinghai, etc. respectively in the aspects of metal and mineral trade, industrial real estate, science and technology, financial services, etc
- Strict enforcement of open, fair and impartial procurement; guarantee of suppliers' basic rights and interests; realization of 100% contract performance rate
- In 2014, CMC's subordinate enterprises presided over the formulation of 17 national and industrial technical standards, and participated in establishing 6 national and industrial standards. Among them, the Rating and Appraisal of the operation and management of Steel-trading Enterprises was listed as the domestic trade industrial standard
- Initiating the establishment of the Chenzhou Bismuth Industry Association to enhance cohesive force of the industry and lead to foundation of the Zhuzhou Cemented Carbide Industry Association

- Deepening cooperation with the government, financial institutions, colleges and universities, among other partners to realize mutual benefit
- Continuing to strengthen quality management and raising the service level to provide customers with quality products and services
- Further forming responsible supply chains
- Actively participating in and promoting industry development planning and standards setting to promote the healthy development of the industry

Review of 2014



**Harmony-oriented CMC**

Commitment of 2015

- Enhancing the level of infrastructure community
- Propelling operation localization
- Promoting cultural exchange, integration and development
- Being devoted to targeted poverty alleviation over a decade
- Pushing the normalization and institutionalization of public service activities

- Accelerating regional economic development
- Listening to the advice of the community, improving the community environment
- Furthering the cause of culture and education
- Putting into action the plans of targeted poverty alleviation and counterpart assistance
- Intensifying strategic public service campaign

## Report Assurance



### LRQA Assurance Statement

Relating to China Minmetals Corporation's Sustainable Development Report 2014 for the financial year ending 31<sup>st</sup> December 2014

This Assurance Statement has been prepared for China Minmetals Corporation in accordance with our contract but is intended for the readers of this Report.

#### Terms of engagement

Lloyd's Register Quality Assurance Ltd. (LRQA) was commissioned by China Minmetals Corporation (CMC) to provide independent assurance on its 'Sustainable Development Report 2014' ("the Report", Chinese version) against the assurance criteria below to a limited level of assurance and at a materiality level of the professional judgement of the verifier using LRQA's verification approach. LRQA's verification approach is based on current best practise and uses the principles of AA1000AS (2008) - inclusivity, materiality, responsiveness and reliability of performance data and processes defined in ISAE3000.

Our assurance engagement covered CMC's operations and activities and including its holding subsidiaries, which part of economic performance, safety performance, environmental performance, employee performance, partner performance and social performance data and information is verified according to the range of CMC reporting to CASAC (China State-owned Assets Supervision and Administration Commission) as requirements (refer to the Data Explanation Section on Page 1 of the Report), and specifically the following requirements:

- Evaluating the accuracy and reliability of specified sustainability performance data and information
- Confirming that the Report is in accordance with GRI G4's Reporting Guidelines and core option.

Our assurance engagement excluded the data and information of CMC's suppliers, contractors, overseas entities and any third-parties mentioned in the Report.

LRQA's responsibility is only to CMC. LRQA disclaims any liability or responsibility to others as explained in the end footnote. CMC's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of CMC.

#### LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that CMC has not:

- Met the requirements above
- Disclosed accurate and reliable performance data and information as no errors or omissions were detected
- Covered all the issues that are important to the stakeholders and readers of this Report.

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

**Note:** The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites.

#### LRQA's approach

LRQA's assurance engagements are carried out in accordance with our verification approach. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Assessing CMC's approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this through document review of associated records.
- Reviewing CMC's process for identifying and determining material issues to confirm that the right issues were included in their Report. We did this by benchmarking reports written by CMC and its peers to ensure that sector specific issues were included for comparability. We also checked CMC's criteria and process for risk assessment of its material issues.
- Auditing CMC's data management systems to confirm that there were no significant errors, omissions or mis-statements in the Report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the Report.
- Reviewing supporting evidence made available by CMC at their head office at Minmetals Plaza, No.3 Chaoyangmen North Avenue, Dongcheng District, Beijing, P.R. China in accordance with our contract.
- Interviewing key business and management departments of CMC and the people responsible for the issues related with the Report.

This document is subject to the provision on page 2



- Note 1: Economic performance data was taken directly from the audited financial accounts.
- Checking that the GRI index allows stakeholders to access sustainability performance indicators.

#### Observations

Further observations and findings, made during the assurance engagement, are:

- **Stakeholder Inclusivity:**  
CMC has defined processes for stakeholder engagement, and at group level have identified stakeholders' views, expectations and material issues. CMC has set vision, target and concept for addressing sustainability development. We are not aware of any key stakeholder groups that have been excluded from CMC's stakeholder engagement process.
- **Materiality:**  
We are not aware of any material issues concerning CMC's sustainability performance that have been excluded from the Report. It should be noted that CMC has established extensive criteria for determining which issue/aspect is material and that these criteria are not biased to the company's management. However, we believe that future reports should focus on fully disclosing CMC's performance associated with its material issues, for example disclosing occupational health and safety performance of its contractors.
- **Responsiveness:**  
CMC and its subsidiary companies have processes in place to respond to government authorities, employees, customers, communities, business partners, investors and NGO etc. in a variety of ways. We believe that these communication processes are effective in explaining CMC's aim in contributing towards sustainable development as we found nothing that would cause us to contradict this conclusion.
- **Reliability:**  
Data management systems are considered to be properly defined. We are not aware of any data and information disclosed in the Report that is not reliable. It is recommended that CMC could further improve its internal data management collection and the internal verification process to ensure the data and information disclosed is complete. Future reports would also benefit in covering CMC's performance data and information of its overseas entities completely.

#### LRQA's competence and independence

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

The verification assessments are the only work undertaken by LRQA for CMC and as such does not compromise our independence or impartiality.

Signed

Dated: 22<sup>nd</sup> May 2015

Yan Xianxin  
LRQA Lead Verifier  
On behalf of Lloyd's Register Quality Assurance, Shanghai  
19<sup>th</sup> Floor, Ocean Towers, No. 550 Yan An Dong Road, Shanghai, People's Republic of China

LRQA Reference: QAC6013442

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## CMC's Implementation of Global Compact's 10 Principles in 2014

The 10 Principles		CMC's Implementation in 2014
<b>Human rights</b>	To support and respect the protection of internationally proclaimed human rights	Formulating codes and standards for supporting and respecting the protection of internationally proclaimed human rights within our sphere of influence, and fully integrating respect for human rights and labor practices into corporate strategies and daily operation to facilitate the staff's all-round development
	To make sure that businesses are not complicit in human rights abuses	Establishing a democratic environment, labor unions, democratic management system and enterprise affair disclosure system in the form of employee representative meetings; expanding the channels and scope of democratic involvement; and fully maintaining employees' rights to information, participation, expression and supervision in corporate management
<b>Labor</b>	To uphold the freedom of association and the effective recognition of the right to collective bargaining	Strictly observing the relevant laws, regulations and policies of the States and the places where the operations are based, as well as the international conventions on human rights and labor
	To uphold the elimination of all forms of forced and compulsory labor	Resolutely prohibiting child labor and compulsory labor
	To uphold the effective abolition of child labor	
	To uphold the elimination of discrimination in respect of employment and occupation	Sticking to fair and standardized employment, ensuring that all tasks are fulfilled by lawfully recruited personnel, and prohibiting all forms of discrimination in respect of employment
<b>Environment</b>	To support a precautionary approach to environmental challenges	Concerned with global climate changes; regarding energy conservation and emission reduction as an important tool to tackle climate changes; aiming at low energy consumption, low emission and high efficiency; being committed to low-carbon development via management and technology; striving to serve as a green pioneer
	To undertake initiatives to promote greater environmental responsibility	Attaching importance to the role of science and technology in environmental protection, increasing the input in energy conservation and emission reduction technology improvement, enhancing the introduction and application of new equipment, processes and technologies, and minimizing the environmental impact of production & operation
	To encourage the development and diffusion of environmentally friendly technology	
<b>Anti-corruption</b>	To work against corruption in all its forms, including extortion and bribery	Adhering to the principle of "treating both the symptom and the cause for corruption, conducting governance in an all-round manner, laying stress on prevention and integrating it with punishment", advancing solidly and effectively the construction of corruption prevention and punishment system, and continually raising the scientific level of combatting corruption and building a clean company

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# Feedback Sheet

Dear reader,

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

## You may contact us at:

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

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

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

Email: csr@minmetals.com

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

### 1. Your overall impression of the report:

Very good     Good     Fair     To be improved

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

Very good     Good     Fair     To be improved

### 3. The structure of the report:

Very good     Good     Fair     To be improved

### 4. The layout of the report:

Very good     Good     Fair     To be improved

## Open-ended question:

What is your suggestion about the report for Year 2014?

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Cherishing Limited Resources  
Pursuing Sustainable Development

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

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