



2011

Build Responsible Minmetals Co-create Bright Future

Address of headquarters: Tower A, Minmetals Plaza, No.3 Chao Yang Men North Avenue, Dongcheng District, Beijing, P.R. China
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You may also read the PDF version of this Report in Chinese and English under "Sustainability" on the official website of China Minmetals Corporation as well as other updates related to the social responsibility activities of the Corporation:

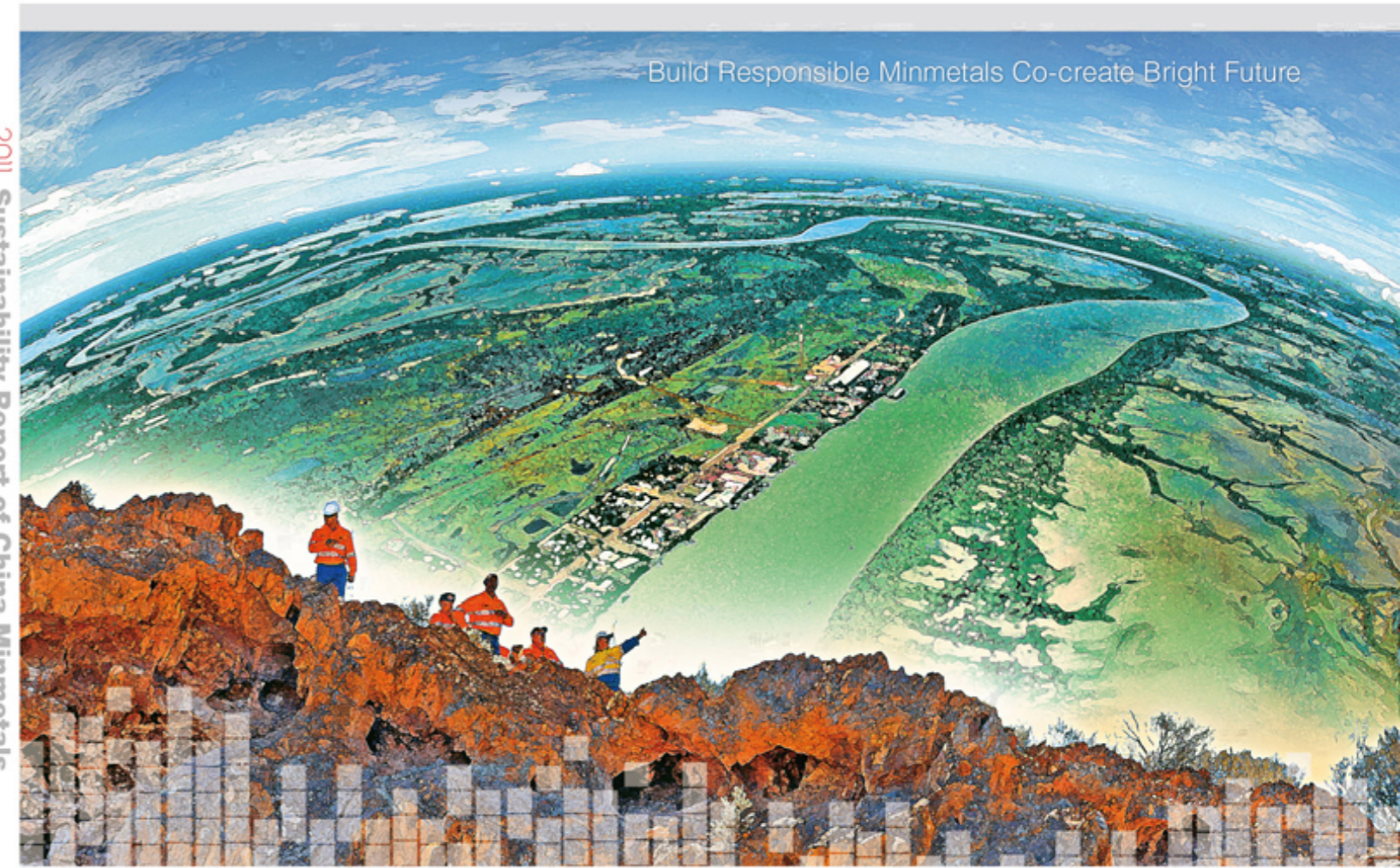
Website: <http://www.minmetals.com.cn/srm.jsp>

2011

Sustainability Report of China Minmetals

Build Responsible Minmetals Co-create Bright Future

2011 Sustainability Report of China Minmetals



Notes to This Report

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

This report has been prepared according to the Guiding Opinions on Performance of Social Responsibilities by State-Owned Enterprises under the Central Government released by the State-owned Assets Supervision and Administration Commission (SASAC) of the State Council, the Sustainability Reporting Guidelines 2006 of the Global Reporting Initiatives (GRI), GRI Mining and Metals Sector Supplement, ISO26000: Guidance on Social Responsibility of the International Organization for Standardization and actual conditions of China Minmetals.

This Report mainly covers the year of 2011, and may also retrieve data from other important years in the Group's development. This Report covers the headquarters and entities of the Corporation. This Report truthfully reflects how the Group actively performed its economic, social and environment responsibilities for realizing comprehensive, coordinated and sustainable development in the year. All data contained herein are from formal documents, statistics reports and financial reports of the Group in connection with the sustainability practices of departments and entities of the Corporation, and have been kept, summarized and reviewed by the social responsibility management system of the Corporation.

This report has been certified by Lloyd's Register Quality Assurance (LRQA) as an independent third party according to the AA1000 Assurance Standard (2008). The certification statement is attached hereto as an appendix.

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

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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, and 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 "cherish limited resources and pursue sustainable development". The entire logo depicts a road under sunshine paved by our employees with their professionalism and wisdom extending endlessly in the direction of the rising sun. It manifests the magnificent openness and vision of the Group, and signifies the Group's bright future and creation of sustainable development.

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Message from the President



President Zhou Zhongshu

2011 was the first year of the 12th Five-Year Plan for the nation and also the year for China Minmetals Corporation to improve and integrate as well as enhance modern corporate governance after completing restructuring and ownership system reform. Over the year, we worked hard to transform our development mode, adjusted and optimized industrial structure, and continuously improved the quality of development. On the basis of more than 60 years of business development, China Minmetals has realized considerable optimization and enhancement since integration, as demonstrated by a substantial increase of economic benefits, a greater enhancement of comprehensive capability and agiler systems and mechanisms. An internationalized metal and mineral group featuring the integrated development of production, trade and scientific research has begun to take shape and its progress of sustainable development has become steadier.

Due to the slow recovery of the global economy, the worsening European debt crisis and declining demand for base metals in 2011, China Minmetals faced severe challenges in its primary business of metals and minerals. In the complex and changing economic environment, we tapped the development potential, further improved corporate governance, deepened transformation of strategic business units and optimized processes and systems, thereby delivering vitality of the systems and mechanisms. On the basis of the essentially formed industry chain layout of the core primary business, we have optimized the value chain and given prominence to the innovation drive and collaborative operation and, by thoroughly implementing the strategy of transformation and upgrading, moved the growth mode of the enterprise gradually from extensive growth to intensive growth. In 2011, China Minmetals achieved record high operating performance, with RMB352.403 billion of operating revenue, up 38.6% on a yearly basis, and RMB11.068 billion of total profits, up 72.1% on a yearly basis, and RMB9.832 billion of taxes, up 68.4% on a yearly basis. China Minmetals was once again rated Class A in the annual performance assessment of the leaders of central enterprises organized by SASAC, meaning that it had won Class A rating during all the performance assessments in the 11th Five-Year Plan period.

We attach great importance to work safety and vigorously advance the construction of a safe China Minmetals. Through signing the target responsibility contracts for work safety, the responsibilities have been decomposed and delegated to each level, thus forming a system of responsibility for work safety to the maximum depth and breadth in China Minmetals. We have established a mechanism of systematic management with our own unique characteristics and raised the safety level of the enterprise by continuously pushing forward the building and operation of the HSE system, intensifying the integration of safety management in newly merged enterprises,

intensifying the supervision of major hazards, addressing hidden dangers, and improving the management of occupational health. Facing the huge pressure and challenges from the sharp increase in both quantity and scale of production enterprises, we took proactive countermeasures together and made concerted efforts within China Minmetals, thereby achieving satisfactory results in the overall endeavor and making a good start for a sustained and stable situation of work safety during the 12th Five-Year.

We have actively addressed climate change and taken multiple initiatives to enhance the level of green development. As a member of the UN Global Compact Environment Stewardship Project, we actively explore the green development mode characterized by "low consumption, low pollution, low emission" and implement the identification and monitoring of hidden environmental pollution to boost the control of key hidden dangers of environmental pollution and fully promote the clean production strategy. We persist in the concept of low-carbon and environment-protecting development, continuously improve our resources utilization rate, protect the ecological environment and strive to build a resources-conserving and environment-friendly enterprise, and won the title of "Excellent Central SOE of Energy Saving and Emission Reduction in 11th Five-Year Plan" awarded by SASAC.

We constantly uphold the philosophy that human beings are the first resource in the development of an enterprise and pay great attention to the development of employees, safeguard their rights and freedoms in conformity with law, improve the training system, expand their development space, inspire their enthusiasm and creativity, respect their diversity, protect the rights and interests of aboriginal employees and work hard to attain the common development of both the employees and the enterprise.

Adhering to the principle of "sincere cooperation, mutual benefit and win-win outcomes", we develop hand in hand with the stakeholders; enhance service capability, innovate service mode and intensify transparency of operations and value chain management, and we extend our social and environmental responsibilities to more enterprises through the supply chain. We enhance community development in Australia, Laos, Peru and Chile, etc., create job opportunities, boost local economic development, protect ecological environments and cultures, advance the development of education, consciously undertake our responsibilities as global corporate citizen and make contributions to the construction of a harmonious society while achieving our own sustainable development.

As member of UN Global Compact LEAD program, we push forward with the *Blueprint for Corporate Sustainability Leadership*, constantly improve the social responsibility management system and carry out "Scenario CSR" training in an innovative manner to integrate sustainability into strategy and operation and strengthen employees' awareness and capability for fulfillment of responsibilities. We conduct the communications and exchanges about social responsibility, release the sustainability state report in Australia and hold stakeholder engagement consultation to strengthen communication with the stakeholders in developed countries, and all these practices are "pioneers" in Chinese enterprises. We share our practical experience in social responsibility with other enterprises, support the development of the local network of Global Compact and enhance the image of responsible corporate of China Minmetals throughout the world.

In the post-financial crisis era, there will still be great uncertainty in global economy, which poses unprecedented challenges to Chinese enterprises. At the same time, the emerging economies, including China, will continue to maintain rapid growth, which will enable Chinese enterprises to merge into the world economy in a more active posture. As the largest Chinese enterprise of metals and minerals, China Minmetals will adhere to the sustainable development philosophy of "Cherishing Limited Resources, Pursuing Sustainable Development", continue deepening its transformation and upgrading, improve the quality and efficiency of development, effect a developmental change toward an endogenous, intensive, efficient, resources-conserving and environment-friendly growth, steadily achieve the strategic vision of "Two Strides", create one of the world's first-class metals and minerals enterprises and make new and greater contributions to the economic development of the world and the progress of the human society.

President Zhou Zhongshu
May 2012

Key Performance Indicators

Indicators	Unit	2007	2008	2009	2010	2011
Economic						
Revenue	RMB 100 million	1,560.56	1,853.36	1,704.74	2,542.18	3,524.03
Profits	RMB 100 million	70.01	65.10	31.43	64.32	110.68
Tax	RMB 100 million	44.05	59.95	49.70	58.38	98.32
Value Preservation & Increase Rate of State-owned Assets	%	155.3	118.2	111.2	116.6	112.2
Investment in Sci. & Tech.	RMB 100 million	2.47	2.55	9.43	9.60	11.6
Environment						
Comprehensive Energy Consumption	10,000 metric tons of standard coal	209.20	181.77	157.89	181.53	315.45
Comprehensive Energy Consumption per RMB 10,000 Output Value	metric tons of standard coal / RMB 10,000	0.97	0.78	1.121	0.707	0.37
COD Emission Load	metric tons	1,667.87	1,154.41	1,124.22	1,067.00	3,214.59
SO ₂ Emission Load	metric tons	7,010.66	3,914.91	4,583.83	4,685.36	19,993.90
Safety						
Mortality	Person		4	3	9	9
Serious Injury	Person		0	1	2	1
Input in Work Safety	RMB 10,000				34,559	42,464
Social						
Employees	Person	44,425	66,367	100,656	168,333	177,931
Female Employees	Person	10,200	15,238	11,222	27,133	28,619
Employment Contract Rate	%	100	100	100	100	100
Input in Training	RMB 10,000	900.77	1,460.57	1,926.12	2,748.4	5,748
Training Sessions	Person-time	15,670	17,608	54,871	98,184	149,737
Domestic Donation	RMB 10,000	1,167	4,896	3,094	2,413.46	3,331.99

Checklist of Sustainability Objectives

A: Objectives accomplished (≥95%); A-: Objectives basically accomplished (95%>X≥80%);
 B: Making progress as scheduled; C: Lag behind

Category	Sustainability Objectives in 2011	Accomplishment Status
Responsibility Management	Establish and optimize the internal social responsibility system throughout the Corporation to cover all functional divisions, tier-2 entities and key production enterprises, and improve the channels of communication;	A
	Participate activities of the United Nations Global Compact, play an active leadership role as a LEAD member, observe the 10 principles, periodically release sustainability reports, and accept supervision by stakeholders;	A
	Organize training and communication at various levels for social responsibility issues, and improve the awareness of social responsibility among the management and employees;	A
	Enhance publicity of law compliance, organize anti-corruption and probity training, further carry out efficacy audits, and cultivate the operation philosophy of compliance;	A
Economic Performance	Use best practices of international peers as benchmark, improve the global resource security system and the global marketing and service system, and carry out strategic transformation of the Corporation;	A
	Enhance operation and management to retain and increase the value of State-owned assets;	A
	Enhance control of advantageous resources, work hard to acquire resources, and strengthen capital operation;	A
Safety Performance	Gradually establish and optimize a work safety management and control model suitable for the strategic transformation, according to the Special Work Safety Plan of China Minmetals Corporation for the 12th Five-Year Plan Period;	A
	Advance the construction and operation of the HSE management system, give a priority to improving work safety standards, effectively manage major sources of danger, and take active measures in identifying hidden hazards;	A
	Curb the occurrence of specially serious work safety accidents, and reduce the occurrence of various accidents	A
	Enhance the safety management information system and the safety education and training system to continuously improve the safety level of the Corporation;	A
	Facilitate safety and technical upgrade for process equipment, improve emergency response equipment, enhance technical research, and realize safety management through technical innovation;	A
Employee Care	Strictly follow applicable laws and regulations to protect legal interests of employees;	A
	Provide job training and improve employee development and promotion mechanisms;	A
	Maintain and improve the occupational health and safety system for employees;	A
	Perform responsibilities to employees during the period of post financial crisis without salary reduction or lay-offs;	A
Environment Performance	Help employees get through difficult situations;	A
	According to the Special Environmental Protection and Energy Conservation Plan of China Minmetals Corporation for the 12 th Five-Year Plan Period, regulate basic management of energy saving and emission reduction, and enhance supervision, inspection and assessment of energy saving and emission reduction work, to ensure fulfillment of the objectives of energy saving and emission reduction set by the government;	A
	Increase investments in environmental protection, improve the capability of innovation in environmental protection technology, apply energy saving technology, promote comprehensive utilization of renewable resources to gain leadership in this field among domestic and foreign peer companies;	A-
Social Performance	Explore mineral resources in a scientific manner, improve comprehensive use of resources, and increase recovery of residual ore and wastes;	A
	Undertake responsibilities as a global corporate citizen, and contribute to the fulfillment of the United Nations Millennium Development Goals;	A
	Enhance the support for social undertakings, and help poor regions by various means;	A
	Support community education, enhance monitoring of health, improve infrastructure in communities, and realize harmonious development of both the Corporation and communities;	A
	Increase local procurement, engage local employees and contribute to local economic and social development;	A
	Follow business ethics and combat commercial bribery, to create just and fair market environments.	A

Focus on 2011

(I) Record High Business Performance Marking Good Start of the 12th Five-Year Plan Period

In 2011, China Minmetals made a good start of the 12th Five-Year Plan period by tapping development potentials and constantly improving the quality of development, thereby adding a splendid new chapter in its own development history. The production and operation performance of China Minmetals reached a record high once again with a dramatic increase in operating revenue, total profits and net profits.



Vice Premier Zhang Dejiang shakes hands with President Zhou Zhongshu

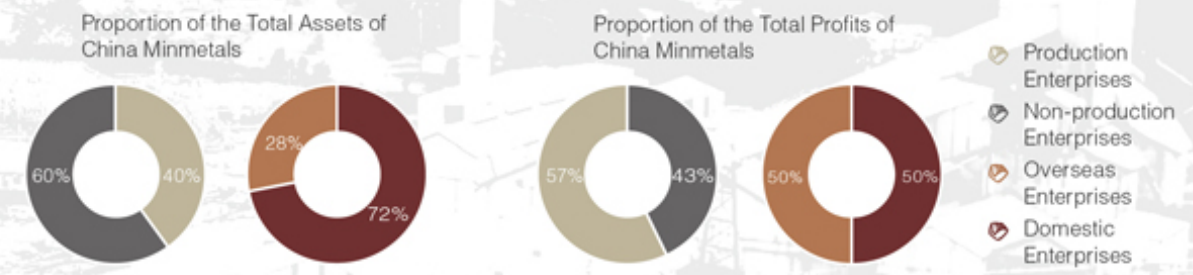
"I congratulate China Minmetals Corporation on the wonderful achievements it made in 2011 and hope that, in 2012, it can continue the implementation of the scientific outlook on development, give prominence to the transformation of development mode, adjust and optimize industrial structure to further enhance its core competitiveness and strive to become one of the world's first-class metals and minerals companies!"

— Zhang Dejiang, Politburo Member of CPC and Vice Premier of the State Council of China



"Fortune Global 500" companies for 2011	On the list of "Fortune Global 500" companies published by Fortune magazine in 2011, the Corporation ranked No. 228 . And ranked No. 6 among all the global metal companies
List of Fortune 2012 Most Admired Companies	The Corporation ranked No. 37 in the Asia-Pacific region
China's Top 500 companies for 2011	The Corporation ranked No. 24 among China's Top 500 companies
China's Top 500 Manufacturing Enterprises for 2011	The Corporation ranked No. 7 and ranked No. 1 in the comprehensive manufacturing industry for the second consecutive year
China's Top 500 Import & Export Enterprises for 2011	The Corporation ranked No. 26

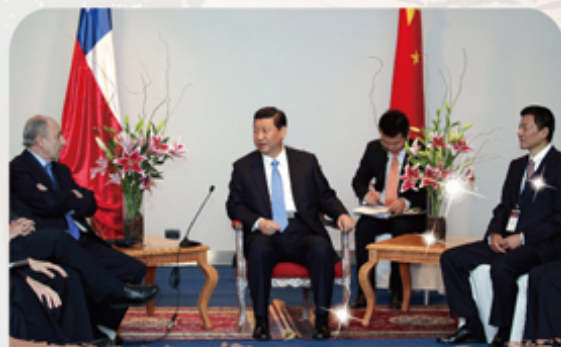
Marked performance of restructuring. The development of China Minmetals features an integration of production, trade and scientific research, with the assets and profits of production enterprises accounting for 40% and 57% respectively of those of China Minmetals. Domestic and overseas businesses have become more balanced after a sharp annual increase in the total assets and profit contribution of overseas enterprises, which account for 28% and 50% of the total respectively. The effect of fostering key "large commodities" has revealed itself intensively and a comprehensive service system of the industry that covers the front end, middle and back end of base metals has gradually revealed itself.



Higher efficiency of asset operation, as mirrored by the following figures: RMB230.691 billion of total assets, up 15.84% on a yearly basis; RMB57.725 billion of net assets, up 11.28%; a turnover rate of current assets that reaches 2.86 times, 0.16 times higher than one year ago; 17.52% return on net assets, up 1.43 percentage points from a year ago; RMB1.536 billion of EVA, amounting to an annual increase of 101.57%.

Optimized and integrated industrial layout. China Minmetals has optimized its industrial layout by strengthening integration and taking multiple initiatives to expand the reserves of resources, which have gradually sharpened its competitive edges in the market. Against the backdrop of steadily increasing results from primary businesses, the core primary business of metals and minerals synergizes with the emerging primary businesses through mutual complementation of advantages, and the situation of coordinated development has been further consolidated. The equal emphasis placed on domestic and overseas markets has led to continuously strengthened layout in key domestic areas and critical sectors of the industry. Through integrative prospecting, acquisition and restructuring, China Minmetals has optimized its resources layout and considerably strengthened its capability of controlling key resources so that it is now among the world's largest stockpilers of such metals resources as tungsten, antimony, bismuth, lead and zinc. China Minmetals works hard to advance scientific and technological innovations and invested over RMB1.1 billion in this area during the year. The persistent efforts made to optimize the industry chain of key commodities have spotlighted the key links of the value chain.

In the 12th Five-Year Plan period, China Minmetals will speed up its transformation and upgrading, become stronger and better in all respects, keep to the road of intensive and efficiency-driven growth, continuously enhance its core competence, strive to push on the "Two Strides" strategy and work continuously toward the goal of becoming one of the world's first-class metals and minerals enterprises.



On June 5, 2011, President Zhou Zhongshu let a China Minmetals delegation to Chile, as a part of Chinese Vice President Xi Jinping's visit to that country. During the visit, China Minmetals entered into a strategic cooperation agreement with Chile's national copper corporation, at the witness of Chinese Vice President Xi Jinping and Chilean President Sebastian Pinera.

"In 2011, China Minmetals forged ahead and made new achievements in production and operations. I hope that it will make persistent efforts, stay prepared for adversities in times of prosperity, accelerate transformation and upgrading, exert itself to become stronger and better, comprehensively enhance the quality of development, discharge the responsibilities of a central SOE and make new contributions to promoting economic and social development."

— Xi Jinping, Member of the Standing Committee of the Politburo of CPC and Vice President of China



Vice Premier of the State council Li Keqiang meets with President Zhou Zhongshu

"In 2011, China Minmetals made a good start of its production and operations in the 12th Five-Year Plan period. I hope that it can continue the acceleration of its transformation and upgrading to get stronger and better in all aspects and achieve even greater development in the course of better ensuring the supply of important resources and fulfilling the social responsibility of a central SOE."

— Li Keqiang, Member of the Standing Committee of the Politburo of CPC and Vice Premier of the State Council of China



(II) China Minmetals Corporation Sustainability Australian Report released in Melbourne, the first of its kind for Chinese enterprises.



Autograph of Former Australian Prime Minister Bob Hawke on the report

Message and autograph of Executive Director Georg Kell of UN Global Compact on the report



To strengthen the communications with its stakeholders in developed countries, make its operations more transparent and reflect its sustainable development performance in Australia, China Minmetals meticulously prepared and developed the 2010 China Minmetals Corporation Sustainability Australian Report and held a press conference for its release in Melbourne, Australia.

New standard adopted in report compilation

The report is the first such report in the world that has adopted the latest ISO26000 standard for social responsibility and covers core subjects like organizational governance, labor, environment, fair operation, community engagement and development, plus over 300 indicators for sustainable development, a large number of cases and stakeholders' comments. The Australian Report was developed after phases of pre-launch planning, field works and expert review, with a solid basis, and obtained assurance of Lloyd's Register Quality Assurance (LRQA), an independent third-party institution. It was a report complete in structuring, rich in content and strong in visual affinity.

Wang Yong, Chairman of SASAC, sent a message congratulating China Minmetals on the release of the Australian Report and fully acknowledged the practices of China Minmetals that seek sustainable development in Australia and its mode of achieving win-win and all-win development with the local economy and community. These practices have enhanced the sustainable development capability of China Minmetals and further promoted the friendly relations and economic cooperation between the Chinese and Australian peoples.

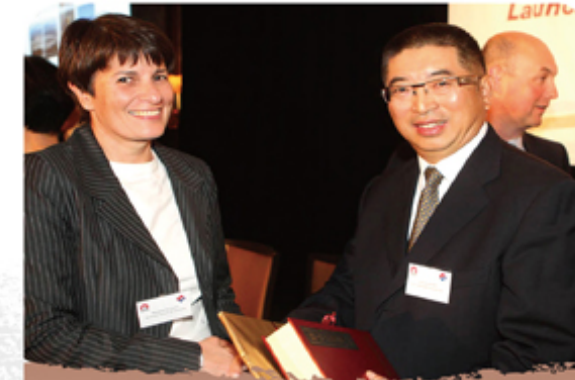
New Mode Created for East-West Partnership

On October 27, 2011, China Minmetals released its 2010 Sustainability Australian Report in Melbourne. Present at the release conference were 230 representatives of the stakeholders from the Australian government, business, banks, industry associations, communities and media, etc.. In the morning of the day, over 20 of the representatives attended a symposium hosted by China Minmetals on how to enhance sustainable development performance, increase transparency of operations and address climate change.

The release of the report initiated a brand new mode for China to carry out communications with the Western developed countries, i.e. dialogues and exchanges based on corporate social responsibility and sustainable development as the vehicle to reflect our own pursuit of interests and effectively expand our influence while observing the rules of Western market economies. Effective communications have resulted in the removal of barriers or misunderstanding and the winning of respect and trust, thus providing even more space for the overseas operations and development of China Minmetals.

"Tonight's launch of this important document underlines the company's commitment to not only the highest standard work safety practices, but also to the protection of important biodiversity systems and environmental safeguards. The practice of China Minmetals Corporation of valuing local teams is especially praise worthy."

— The Hon. Richard Alston, Former Federal Government Minister and High Commissioner to the U.K.



Senior Vice President Zhang Yuanrong on behalf of China Minmetals Presenting the Report to Guests at the Release Conference



"Alcoa's nearly 20 years of cooperation with China Minmetals Corporation fully reflects the principle of 'equality, mutual benefit, cooperation and transparency'. China Minmetals Corporation is a trustworthy partner."

— Michael Parker, Director Business Development and Marketing Alcoa Australia



Friendly discussions between the host and the guests



Venue of Press Conference on Release of Australian Report

The release of 2010 China Minmetals Corporation Sustainability Australian Report received widespread interest in the western society. *The Australian* dated October 28 stated that the report released by China Minmetals Corporation plays a pioneering role in exhibiting its new transparency of operations and is groundbreaking. The November issue of *Oriental Beijing Youth Weekly*, a local Chinese media publication, carries an article entitled "Being a responsible enterprise and making contributions to the society", which commends the Australian report released by China Minmetals Corporation. In his congratulatory letter to President Zhou Zhongshu, President Tony Hodge of the International Council for Mining & Metals deems the report an important step in the pursuit of sustainable development. The head office of UN Global Compact regards the release of the Australian report as an indication that China Minmetals Corporation values the sustainability of its overseas operations and upholds consistent economic and social standards and codes of conduct in both developed and developing countries. It also highly appreciates China Minmetals Corporation for its commitment to the development of the Australian economy and reinforced practices in environmental protection and community construction, which have set an example for the enterprises in the Global Compact LEAD.



China Minmetals representatives being interviewed by the Australian.

Minmetals pioneers a new transparency

ROWAN CHILICK
ATA PUBLICATION

China Minmetals Corporation has just launched a 100-page Sustainability Australian Report on the sustainability of its state-owned Chinese enterprise. Chinese sustainable development has produced such a... on the Australian side and... agreement when I thought it... "The report has changed... the role of transparency... international cooperation."

Andrew Michelmore, chief executive of ASX, the company's leading international... "The marketplace wouldn't be expecting a Chinese... foreign-owned enterprise to be... business fight and in commodity... investment, as it has."

The report says "China Minmetals supports the international... code of business ethics" and... economic development in... "Mr Michelmore said it might... the end of the year... takeover of major steel... "That will keep us busy," Mr Michelmore said... approved from the Foreign... investment... through rather the work."

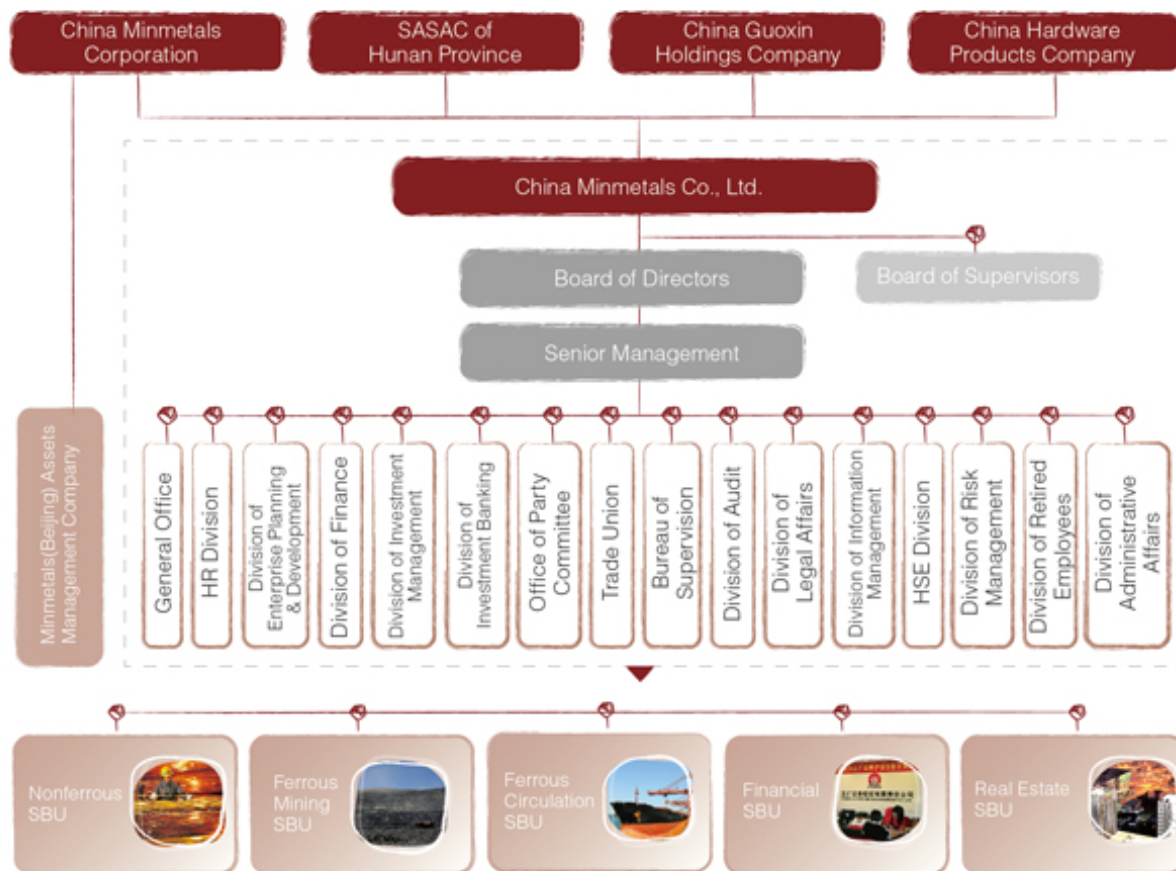
The Australian dated October 28, 2011

About Us

(I) Corporation Profile

China Minmetals Corporation, founded in 1950, has a history of more than 60 years to date. Its primary business covers ferrous metal, non-ferrous metal, finance, real estate and other sectors. With the exploration and development, refining and processing, trading and circulation for minerals and metals as its core primary business, and emerging business of financial services, real estate construction and mining and metallurgical technology, China Minmetals is a large scale multinational enterprise group for mining and minerals. As one of the 53 key enterprises under the direct control of the Central Government, China Minmetals was rated once again as a Class A enterprise in the annual performance assessments carried out by the SASAC, and was successively rated as Class A during the 11th Five Year Plan Period, and won the title of "Excellent Performing Enterprise" in assessments during the two terms of its management, 2004-2006, and 2007-2009. In 2011, it was ranked No. 228 among the Fortune Global 500, and the 6th among all metal industry companies globally. Also in 2011, China Minmetals witnessed a soaring rise in its business performance despite the slow global economy, and realized revenues of RMB352.403 billion, achieving a total profit of RMB11.068 billion, with stable operation policies, and the global rankings of many key commodities of China Minmetals remained stable and rose up slightly, successfully fulfilling the annual targets set by the SASAC.

China Minmetals is based on trading and relies on resources with intensive and diversified operations, works to develop marketing networks, continues to innovate, provides value-added services, and carries out win-win cooperation in a creditable manner. We have adhered to the Corporation's sustainability philosophy of "Cherishing Limited Resources and Pursuing Sustainable Development", in building core competitiveness and undertaking social responsibility, and worked to become a group of mineral and metal enterprises providing quality services globally.



Company name:	China Minmetals Corporation
Legal representative and president:	Zhou Zhongshu
Registered office:	No. 5, Sanlihe Road, Haidian District, Beijing, China 100044
Registered capital:	RMB10,108,928,000
Scope of primary business:	Trading and logistics, futures and related financial services regarding minerals and metals; exploration and utilization of metals and mineral products; technical R&D, engineering design and related services in connection with minerals and metals; real estate development and operation.



(II) Philosophy, Strategy and Values

Core Philosophy	Cherish limited resources and pursue sustainable development
Spirit	Provide quality service, and strive for excellence
Mission	Meet long term demand of customers for minerals and metals to the greatest extent, and create maximum value for the society and shareholders.
Vision	Based on trading operations and relying on resources, to become an internationally competitive mineral and metal group.
Values	Integrity, responsibility, innovation and harmony Integrity is the base of survival, growth and goodwill of Corporation; Responsibility is the essence of the operation of Corporation; Innovation is an inexhaustible driving force for the development of Corporation; Harmony is important for the smooth operation and sustained development of Corporation.
Strategic positioning	The most advantageous non-ferrous resources supplier in China; the largest iron ore supplier in China; and the largest iron and steel product circulation service provider in China with global impact.

(III) Corporate Governance

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

China Minmetals Co., Ltd., in accordance with the stipulations of the Company Law and the requirements of modern business management systems, sets up the Shareholders' Meeting, the Board of Directors and the Board of Supervisors. The Shareholders' Meeting is the authoritative body of the company. The Board of Directors is the decision-making organ responsible for reviewing and deciding on major operational and management issues of the company. The Chairman of China Minmetals Co., Ltd. is the legal representative of the company.

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

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

(IV) Social Appraisal

China Minmetals has been fully affirmed and recognized by the society widely for its outstanding performance in social responsibility and sustainability and won many honorable titles.

1. On the list of "Fortune Global 500" companies published by Fortune magazine in 2011, the Corporation ranked No. 228, a significant increase.
2. The 2010 Sustainability Report of China Minmetals Corporation won the Special Style Award of the UN Global Compact Model Report Award.
3. The 2010 China Minmetals Corporation Sustainability Australian Report won the Innovation Award of UN Global Compact Model Report Award.
4. The case of China Minmetals Corporation entitled "Strive for Discourse Power in Social Responsibility, Build up Soft Competitive Power" was elected into the cases of "Outstanding Social Responsibility Practices of Central SOE" of SASAC.
5. In 2011, China Minmetals Corporation was granted the title of Outstanding Central SOE in Energy Saving & Emission Reduction in the 11th Five-Year Plan by SASAC.
6. China Minmetals Corporation won the prize of "2011 Top 10 Chinese Entities Contributing to Energy Saving".
7. China Minmetals was nominated for the "China Charity Award" by the Ministry of Civil Affairs.

Sustainability Management

(I) Sustainable Development

Huang Shuhe, Vice-Chairman of State-owned Assets Supervision and Administration Commission (SASAC) of the State Council gave positive remarks on the CSR work of China Minmetals three times at the CSR Conference of Central SOEs in November, 2011. He cited Minmetals' CSR philosophy with its own characteristics as a business, its innovative responsibility communication mechanism of releasing *the China Minmetals Corporation Sustainability Australian Report*, and its participation in the UN Global Compact Environment Stewardship Project as the best practices and highlights of the CSR work of the central SOEs, which was a very inspiring experience for reference by others.



1. Philosophy of Sustainable Development

Cherish Limited Resources and Pursue Sustainable Development

2. Vision of Sustainable Development

Building a responsible China Minmetals and co-creating a bright future

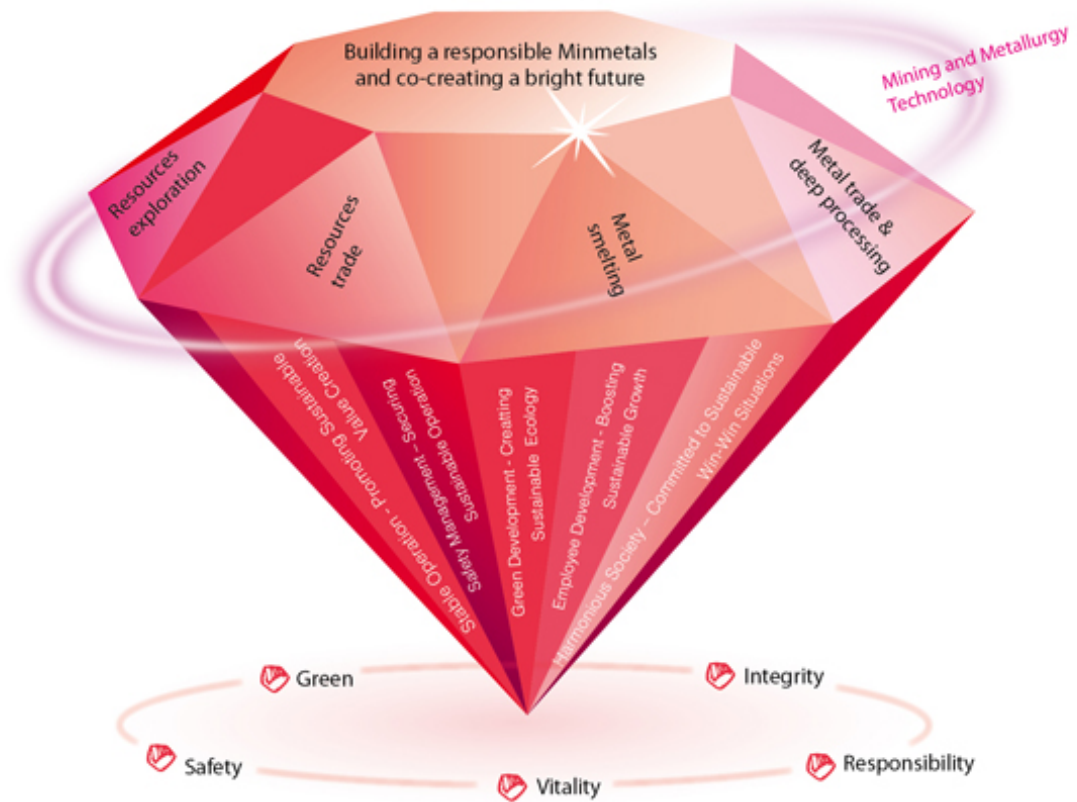
3. Connotations of Sustainable Development

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

To better meet the expectations of its stakeholders, China Minmetals has been performing its social responsibility in every aspect of its global operation. We attach great importance to ecological environment protection, cherish and use limited resources in a reasonable way, dedicating ourselves to the career of becoming a leading mineral resource supplier in China, a responsible global enterprise with optimized mineral resource allocation. Through Stable Operation – Promoting Sustainable Value Creation, Safety Management – Securing Sustainable Operation, Green Development – Creating Sustainable Ecology, Employee Development – Boosting Sustainable Growth, Harmonious Society – Committed to Sustainable Win-Win Results, we work shoulder to shoulder with stakeholders for the realization of the sustainable development vision of Building a Responsible China Minmetals and Co-creating a Bright Future.



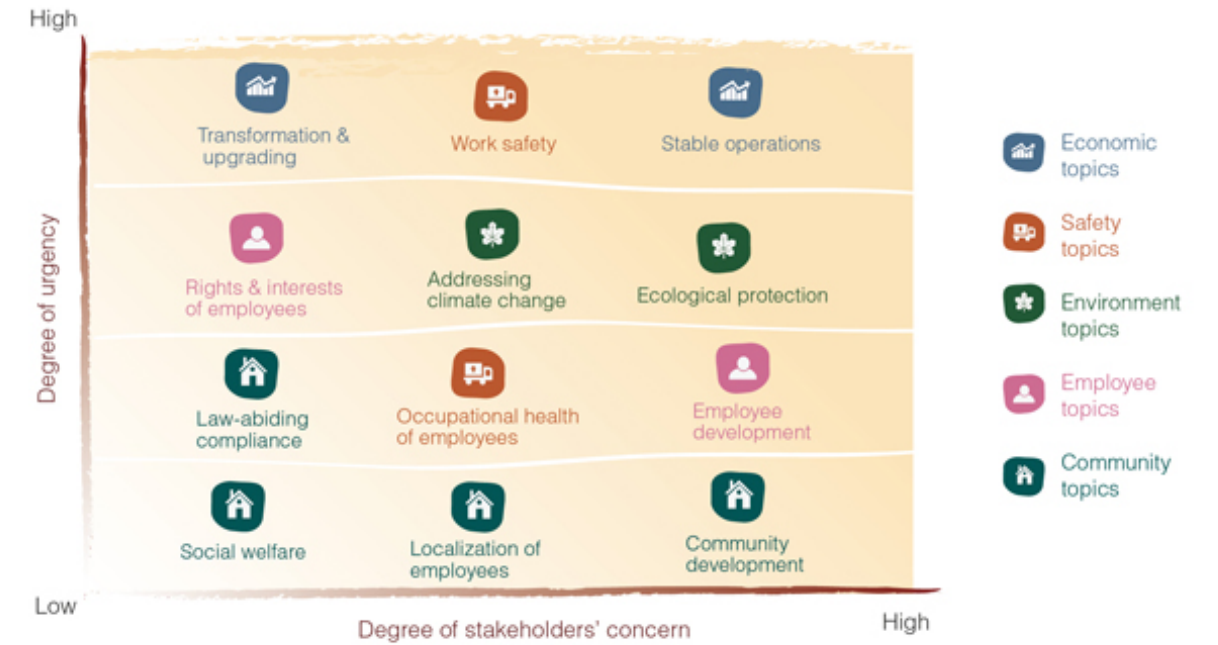
(II) Model of Sustainable Development



<p>Stable Operation — Promoting Sustainable Value Creation</p> <p>We have dedicated ourselves to strengthening our capability for resource security and providing mineral products and services to meet the increasing demand for mineral resources for social economic development. While guaranteeing and increasing the value of State-owned assets, we are also trying our best to create greater comprehensive value for stakeholders.</p>	<p>Safety Management — Securing Sustainable Operation</p> <p>We have dedicated ourselves to the promotion of work safety. Holding the belief that life is to be valued highly above all other values, we incorporate the sense of safety into every procedure of production and operation. We continue strengthening our management system and rules for work safety and occupational health and safety. We have established a long-term work safety mechanism for effectively enhancing the level of safety.</p>	<p>Green Development — Creating Sustainable Ecology</p> <p>We have dedicated ourselves to environmental protection. We cherish the limited environmental resources and reduce the impact on the environment to the minimum. We carry out protective development and integrated use of natural resources, enhance the ability of the natural environment to provide sustainable support and supplies for social economic development, and create a bigger green space for the sustainable development of human beings.</p>	<p>Employee Development — Boosting Sustainable Growth</p> <p>We have dedicated ourselves to the common growth of both the enterprise and employees. We maintain the legitimate rights of the employees, provide equal job opportunities and reasonable remuneration, improve the training system, broaden the development space of employees, respect their diversity, and protects the rights and interests of aboriginal employees so as to lay a foundation for the sustainable growth of the enterprise.</p>	<p>Harmonious Society — Committed to Sustainable Win-Win Results</p> <p>We have dedicated ourselves to the establishment of harmonious cooperation with stakeholders. We communicate actively with stakeholders, perform our responsibilities to our clients, governments, communities and other stakeholders, strengthen responsibility management of the value chain, promote the economic and social development in the local communities, and seek mutual benefit and win-win results with all stakeholders.</p>
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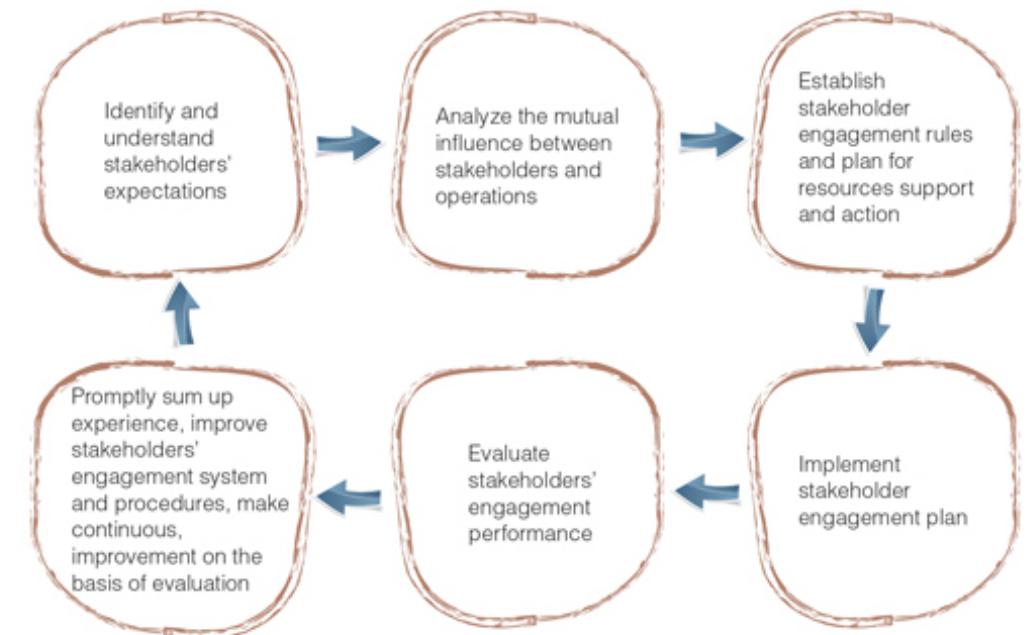
(III) Identification of Major Topics of Sustainable Development

Reflecting its high attention to the management of the major issues related to sustainable development, China Minmetals has defined the priority of the countermeasures for the major issues of sustainable development on the basis of its strategy, the status quo of enterprise management and complete understanding of the demands of stakeholders by creating a matrix of the major issues of sustainable development to provide a basis for improving the management of sustainable development.



(IV) Stakeholders Communication and Engagement

1. Mechanism for Engagement of Stakeholders



2. Stakeholders Communication and Feedback

Stakeholders	Expectations & Requirements for China Minmetals	Mode of Engagement
 Government	Actively implement State macro regulation, carry out industrial integration according to State plans for revitalizing steel and non-ferrous metal industries; make a success of value preservation and increase of State-owned assets, pay taxes according to law, create job opportunities, strengthen supervision of work safety and protect the environment;	Formulate laws, regulations and policies, participate in meetings, make special reports, submit statistical statements and pay visits
 SASAC	Improve corporate governance structure, focus on primary businesses, improve international competitiveness of the enterprise and actively implement State policies on energy saving and emission reduction to achieve green operations and reach the annual operating targets;	Formulate rules, regulations, examination criteria and work reports; submit statistical statements; propose and fulfill work objectives
 Employees	Protect the rights and interests of the employees, provide stable job opportunities and reasonable and fair remuneration, improve the channels for their career development and provide a safe and healthy work environment;	Establish trade unions at various levels, hold the Employees' Congress regularly, establish sound internal communication channels
 Customers	Keep promises, provide high-quality and cost-effective products and services, and realize equal and mutual-benefit cooperation;	Communicate closely with customers, strictly perform contracts, and provide abundant information for products and services
 Business Partners	Abide by business ethics, laws and regulations, establish long-term cooperation, and achieve mutual benefit;	Strategic cooperation negotiation, executive meetings, tendering and bidding activities, daily communications, regular visits
 Investors and Creditors	Keep increasing the value of China Minmetals, lower risks, operate on a stable basis, make debt service per schedule, and pay dividends;	Make accurate and timely disclosure of information, pay regular visits, submit annual reports, hold shareholders' meetings
 Community and the Public	Promote the capability of sustainable development of community economy, support public welfare programs, protect community environment, and strive for common development;	Sign joint construction agreement, participate in construction of community projects, regular communication, and hold get-together activities
 Media	Secure transparent and open information, accept public supervision in a pro-active manner, and respond to public concerns;	Host press conference, take media interviews and release corporate information in a timely manner
 NGOs and Associations	Support social organizations, abide by the charters of the organizations, strengthen disclosure of operational information and support environmental protection and other public welfare programs.	Actively participate in relevant meetings, support continuous improvement, and propose suggestions and advice

By regularly releasing sustainability reports and organizing communication events with stakeholders, China Minmetals conducts sincere communications with stakeholders and responds to their concerns to achieve transparency of operations.



Subject: China Minmetals Holding the First Overseas Stakeholders' Engagement Consultancy of Chinese Enterprises in Melbourne

In October 2011, China Minmetals held the first overseas stakeholder engagement consultancy in Melbourne, Australia, the first of its kind by a Chinese enterprise. This is an effective attempt at communications with the stakeholders in developed Western countries. More than 20 stakeholder representatives from communities, industry associations, peer companies, academic institutions and NGOs held discussions on the sustainable development matters of China Minmetals and offered helpful recommendations on how to enhance the performance of sustainable development, improve communications with stakeholders, increase transparency of operations and take concerted action to address the difficulties brought by climate change and globalization.

Christine Meyer, an analyst with Banara, considers such a stakeholder engagement consultancy a great opportunity that enables all parties to communicate adequately, listen to suggestions extensively and make greater progress in future endeavors on this basis. The attendees feel that the Sustainability Australian Report is impressive in many aspects and features vivid employee comments, plentiful photos and beautiful design. The speech of President Zhou Zhongshu is especially sincere and frank. The communications between China Minmetals and stakeholders as reflected in the report were adequate and detailed.



1- Managing Director Richard Boele of Banara Presiding over the Meeting

2- Christine Meyer, an analyst with Banara, making suggestions on the sustainable development issues of China Minmetals

Case

Communications with Investors

As a listed enterprise, Minmetals Development Co., Ltd. communicates with stakeholders in a variety of ways, e.g. shareholders' meeting, road show, investor meetings and investor exchange platforms.

On April 26, 2011, at the 2010 shareholders' meeting of the company, Vice Board Chairman Feng Guiquan and General Manager Yao Ziping compared notes with the representatives of shareholders and institutional investors on topics of common concern, e.g. the strategic restructuring, business integration and development vision of the company. Additionally, the company made public a special phone number for investor exchanges and set up a platform on its website to make it easy for all investors to communicate and consult with the company. In 2011, the company answered some 100 phone calls from external investors concerning issues of common interest, e.g. the business performance and strategy of the company.



The company earnestly responded to every message and question posted by investors on the online exchange platform as part of the efforts made to establish good relations and interaction with investors.

4. China Minmetals Memberships with Major Social Organizations

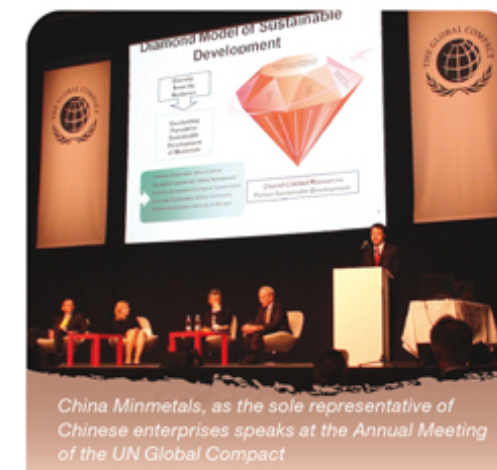
Name	Position
UN Global Compact	Member
World Economic Forum	Foundation member
China Iron and Steel Association	Permanent Standing Director
China Nonferrous Metals Industry Association	Vice President
Chinese Association of Mineral Resources Appraisers	Permanent Standing Director
China International Freight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

(V) Deep Involvement in UN Sustainable Development Issues

As a member of the UN Global Compact LEAD program, China Minmetals works in accordance with the relevant key points of the Blueprint for Corporate Sustainability Leadership, persists in integrating the principles of the Global Compact into corporate business management, takes an active part in the activities organized by the UN Global Compact, shares its broader experience in the Global Compact organization and makes efforts to display its leadership both at global and at local levels.

Participated in the Annual Meeting Organized by UN Global Compact

From May 16 to 20, 2011, the UN Global Compact held its annual meeting in Copenhagen, Denmark, which was attended by more than 520 representatives from the governments, business circles, academic circles, the United Nations and other relevant international organizations of 76 countries and regions. At the invitation of the UN Global Compact, China Minmetals sent its representative to the meeting, who delivered a speech at the meeting as the sole Chinese enterprise invited to describe how China Minmetals integrates the philosophy and methodology of sustainable development into its strategy and operations, the remarkable achievements made in the strategic transformation in recent years, the core concept and diamond model of sustainable development, basic practices of social responsibility management. In addition, at the third working session of the UN Caring for Climate Initiative held in the period, the representative of China Minmetals was also invited to speak about environmental protection, energy efficiency and the policies, measures and performance of China Minmetals. The above speeches were well received at the meeting.



China Minmetals, as the sole representative of Chinese enterprises speaks at the Annual Meeting of the UN Global Compact

Attended the Luncheon of UN Secretary General Ban Ki-moon



Present at the Luncheon of UN Secretary General Ban Ki-moon

On January 27, 2012, UN Secretary General Ban Ki-moon, who was attending the World Economic Forum in Davos, Switzerland, held a luncheon to welcome the board chairmen, CEOs and other senior executives of the member enterprises of UN Global Compact LEAD program. As arranged by China Minmetals President Zhou Zhongshu, Andrew Michelmores, CEO of Australian MMG, a subsidiary of China Minmetals, attended the luncheon on behalf of China Minmetals and President Zhou.

Present at the Global Business Summit of "Business Perspective on Sustainable Growth preparing for Rio+20"

From February 14 to 16, 2012, Mr. Liu Daojing, Assistant President of China Minmetals and General Representative of the American region, attended the global business summit in New York, which was launched jointly by the UN Global Compact, UN Environmental Program and KPMG. At the summit, UN Secretary General Ban Ki-moon called on the enterprise leaders of all countries to join the UN Global Compact and take part in its actions so as to make contributions to global sustainable development. Liu talked about the business ideas of China Minmetals, including "cherishing limited resources, pursuing sustainable development", "resources-products - renewal of resources" and "exploiting gold and silver mountains while maintaining clear rivers and green mountains", with focus on domestic and international cases of promoting harmonious development.



Joined China-Japan-South Korea Network Meeting of UN Global Compact

From November 24 to 25, 2011, Mr. Peng Bugang, Assistant President of China Minmetals and President of China Minmetals Japan, attended the 3rd China-Japan-South Korea round-table conference in Tokyo, Japan and shared China Minmetals' philosophy, best practices and experience in fulfillment of corporate social responsibility under the title "Assume corporate citizen responsibility, promote harmonious win-win cooperation" and with an attentive audience.



Took Annual Survey of UN Global Compact

In 2011, China Minmetals took part in the annual questionnaire survey of UN Global Compact, which is designed to find out about the actions taken by the enterprise members in treating the 10 Principles and enhancing the practices of responsible enterprises. The findings list the progress made, identify priorities and point out challenges that need to be addressed by the enterprises.



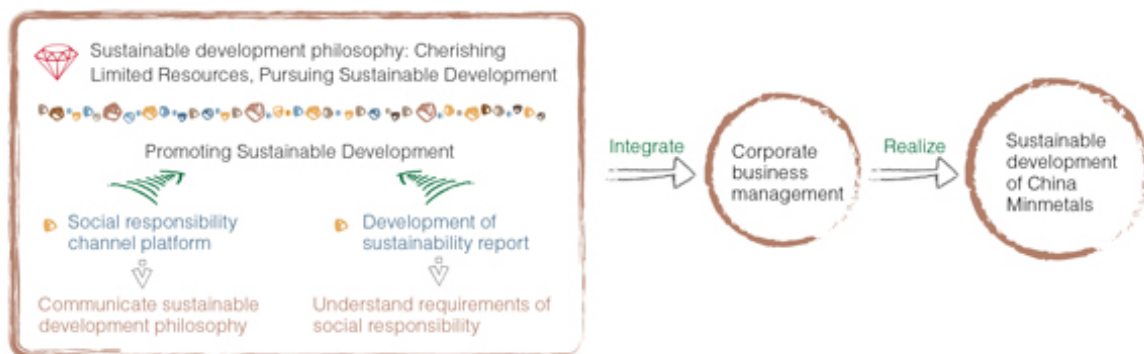
Supported the Activities of the China Network of UN Global Compact

On April 20, 2011, China Minmetals attended the meeting to welcome "multinational companies joining Global Compact China Network". On August 29, China Minmetals dispatched a representative to give a lecture in the training held in the China Network Center of UN Global Compact to share its ideas, understanding and experience in respect of social responsibility. On November 22, China Minmetals attended the "First Annual Meeting on Sustainable Development and Corporate Competitiveness" organized by the China Network Center of UN Global Compact.

(VI) Promote the Integration of Sustainability into Business Management and Operations

The integration of sustainability into corporate management and operations is the only way for China Minmetals to realize sustainable development. China Minmetals conducts idea orientation among its employees through multiple channels to help integrate the social responsibility concept with corporate business management.

Using the social responsibility channel of its portal website as a platform, China Minmetals popularizes the sustainable development concept among its employees, exhibits the practices of sustainable corporate development and updates the latest progress of social responsibility in a real-time manner to make it easy for all employees to gain a full picture of the development trend and dynamics of its social responsibility efforts. The compilation and release of China Minmetals sustainability reports have become an important part of its standing social responsibility efforts. The collection and disclosure of the information on the indicators of sustainable development help the related departments better understand the requirements for social responsibility efforts, change the development mode and jointly push forward the sustainable development of China Minmetals.



Subject: "Scenario CSR" Training

To better integrate the sustainability and social responsibility into management and operations, China Minmetals successfully launched the first "Scenario CSR" training in China in 2011. The training team carefully designed a series of cases that are closely associated with working practices and involve the functional departments and business units. Over 100 leaders and daily contacts in charge of social responsibility selected the cases according to their own business fields to play different roles against the background of the cases.

The training triggered great interest among the trainees, who were divided into groups for deep-going analyses and debates in the light of their own working practices and the background of the cases. The trainees are all experts in their own business fields and can expatiate professionally on the duties conferred by the roles. At the same time, under the guide of trainers, they introduced the idea of social responsibility fully into the cases and, through performance, enabled more trainees to deeply understand how the concept of social responsibility should find its way into management and operations in all fields of daily work.



China Minmetals Senior Vice President Zhang Yuanrong delivering a speech to the trainees



Director-General Peng Huagang of SASAC Research Bureau as a trainer at a training session



Venue of China Minmetals 2011 Scenario CSR Training



Training venue sees outbursts of laughter in its interactive atmosphere



Case Performance Scene



Case Performance Scene

Stable Operation Promoting Sustainable Value Creation



1

- ◆ Record Results Building up New Foundation for Sustainable Development
- ◆ Integrate and Optimize to Enhance Sustainable Development
- ◆ Transformation and Upgrading to Promote Sustainability
- ◆ Optimizing Management to Increase Sustainability Potential



Stable Operation — Promoting Sustainable Value Creation

The steady enhancement of value-creating capability is the ultimate guarantee for the enterprise to achieve sustainable development and fulfill its social responsibility. In 2011, faced with the lasting downturn of the global economy, China Minmetals tapped its development potentials, according to the "1-3-5" development strategy of the 12th Five-Year Plan, focused on the change of development mode, adjusted and optimized industrial structure and continuously improved the quality of development. As a result, it has achieved high business performance historically, marked results in restructuring and a solid rise of position within the industry. China Minmetals has formed an industrial layout with integrated development of production, trade and scientific research and strengthened its value creating capability.

(I) Record Results Building up New Foundation for Sustainable Development

The year 2011 witnessed spreading European debt crisis, stringent domestic credit and a slowdown in the demand of relevant industries. Faced with the austere and complicated economic situation, China Minmetals has deepened its transformation and upgrading, solidly promoted the strategy of the "three new suppliers" (i.e. building China's most advantageous nonferrous metal resources supplier, China's largest iron ore resources supplier and China's largest iron and steel products circulation service supplier), accelerated the adjustment of industrial structure and worked actively to change the development mode, thereby achieving high business performance, a notable rise in the market position of key commodities, continuous optimization of resources layout, remarkable improvement of capital operation efficiency and steady elevation of its position within the industry.



Case

Nonferrous Strategic Business Unit Experiencing Marked Rise of Position in the Industry

After a series of mergers, acquisitions and integration initiatives, the Nonferrous SBU now occupies a leading position in the domestic industry. In 2011, the operating revenue historically topped RMB100 billion to reach RMB120 billion, while the total profits reached above RMB8 billion. China Minmetals was among the top 3 of the domestic nonferrous industry in terms of sales revenues and ranked among the best in terms of profits, continuing to remain in the ranks of the enterprises with the best economic benefits, most rapid development and highest competitive advantage in the domestic nonferrous industry.

1. New Record High in Operation Performance

In 2011, China Minmetals overcame difficulties, made progress while ensuring stability and achieved the best results in recent years in spite of a more uncertain recovery of the world economy and the slowdown of domestic economic growth in the post-financial crisis era, as represented by RMB352.403 billion of operating revenue, up 38.6% on a yearly basis, RMB11.068 billion of total profits, up 72.1%, RMB9.832 billion of tax payment, up 68.4%, plus continued optimization of resources layout and enhanced capability to command key resources. China Minmetals successfully fulfilled the annual performance tasks assigned by SASAC, reached a 112.2% value preservation and increase rate of State-owned assets and was rated Class A consecutively in the annual performance assessment of central SOEs.



2. Higher Market Presence of Commodities

In 2011, China Minmetals focused on fostering key "large commodities", further consolidated the foundation for industrial development and realized obvious elevation of the market position of key commodities. The 17 key commodities of China Minmetals in total witnessed an annual growth of 9.1% and 30.3% in sales and operation income. Specifically, sales of steel products continued to lead the domestic industry; the sales volume of iron ore and the production output of iron ore concentrates both reached a record high; the separation capacity of antimony oxide, hard alloys and medium-heavy ion rare earth ranked No. 1 in the world; the export volume of cokes, fluors, carborundums, antimony oxide and tungsten products and the import volume of chromium ores and manganese ore took the first place on customs rankings; the capacity of zinc ores was among the largest of the world; the smelting capacity of lead and zinc remained No. 1 in China; tungsten, antimony and medium-heavy rare earth commodities made an influence on the global market.



3. Robust Development of Primary Business

2011 was the first year when China Minmetals operated by relying on strategic business units after restructuring. While working hard on development, the SBUs achieved a sharp rise in scale and marked reinforcement of comprehensive strength by focusing on their own optimization and integration, making constant innovations in operation mode, deepening the strategic transformation, controlling key resources in the upstream and building marketing and sales in the downstream.



The Nonferrous SBU played an active role in the integration of domestic and foreign nonferrous metal resources and worked hard to build China's most advantageous nonferrous metal resources provider through the exploitation, smelting, processing and trade of nonferrous metal resources. Within the country, the industrial layout of nonferrous metal resources owned by the SBU, including tungsten, antimony, bismuth, lead and zinc, covers the whole value chain from mineral prospecting to the production and trade of metal products, establishing a complete industry chain for the advantageous resources of China, e.g. tungsten and rare earth. Overseas, the SBU emphasizes lead, zinc, aluminum oxide, electrolytic copper and copper concentrates to maintain long-term and stable supply capability. In 2011, the Nonferrous SBU carried out effective market operations for the deepening of collaboration and integration so that commodity business developed comprehensively, production efficiency was enhanced noticeably, a steady progress was made in resources acquisition and the asset portfolio became more rational.

total iron ore resources increased by **800** million tons

The Ferrous Mining SBU is a core business sector pioneered by China Minmetals to implement strategic restructuring and enhance the capability of developing and securing ferrous mineral resources. In 2011, the SBU increased its total iron ore resources by 800 million tons and in the same year achieved high revenue and profits by steadily pushing forward resource-securing, focusing on mine construction and developing key projects.

Case

Hanxing Mining Co., Ltd. built an iron ore mining and dressing project of 7.5 million ton per year in Anhui in a period of 3.5 years and completed the construction of the auxiliary production system 1.5 years ahead of schedule, establishing a mining and dressing capacity of 4.6 million tons/year in the same year and setting a new record in the construction of underground mines in China.



a sales volume of over **25** million tons for steel

In light of the austere and complicated business environment, the Ferrous Circulation SBU enlarged business scale and achieved higher profit by broadening the channels of resources in the upstream, expanding marketing in the downstream and intensifying comprehensive services at the middle links of logistics and processing. It now leads the industry in terms of the overall operation quality and the business scale of key commodities, with a sales volume of over 25 million tons for steel and over 45 million tons for iron ore. The major indicators of the SBU such as revenue and profit are all higher than the average of other major central SOEs engaged in the circulation of iron and steel.



Framework Agreement for Strategic Cooperation between China Minmetals and XCMG in Beijing

a sales volume of over **45** million tons for iron ore

The Financial SBU has worked hard to expand financial franchise business and now holds all the financial licenses excluding that for commercial bank, establishing the basic structure of financial business. With the increase of license-generated proceeds, the revenue from the investment in securities has fallen from above 75% before 2009 to 9.5% in 2011, resulting in more rational sources of profits, income structure and portfolios and showing a positive tendency of diversified development and mutual-complementation.



Case

Minmetals International Trust Co., Ltd. expands its primary business of trust asset management and provides comprehensive financial services such as investment, financing, asset management, leasing and guaranty by relying on a complete risk control system and management mode.

Faced with the continuous macro-control and overall decline of the domestic real estate market, the Real Estate SBU has actively responded to market regulation & controlling, strengthened integration with the concept of "physical platform, intensive management, specialized labor division and regionalized operations", experimented with urban companies, sped up regionalized operations and management, pursued high turnover as principle for reasonable pricing and marketing innovations, leading to enhanced business performance and an increase of land reserves from 45% a year ago to 55% in cities without restrictions on purchase.



Hunan Building constructed in 2011 by Ershisanye Construction Group Co., Ltd. (as the general contractor) subordinate to the Real Estate SBU

Technological innovation is a new force of growth that China Minmetals builds up strongly to accelerate the creation of an enterprise driven by technological innovations and intensify the supporting capability of science and technology. China Minmetals now owns two large scientific research institutes: Changsha Research Institute of Mining and Metallurgy Co., Ltd. and Changsha Institute of Mining Research. In 2011, China Minmetals invested RMB1.16 billion in science and technology and RMB810 million in R&D. In China Minmetals, there are 8 national-level R&D institutions, with over 10,000 people involved in science and technology activities, including nearly 5,000 in R&D. China Minmetals has undertaken over 70 national-level scientific research projects, with an accumulated number of 750 valid patents granted, won 4 national awards for science and technology and achieved a total sales revenue of RMB14.5 billion from new products.

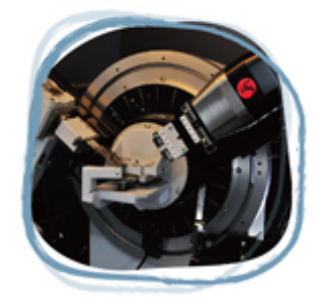
invested RMB **1.16** billion in science and technology



Changsha Research Institute of Mining and Metallurgy Co., Ltd. Won the 2011 Award for Best Technological Innovation of International Cooperation of China's Mining Industry with its "Engineering and Technological Research on Dressing of Poor Iron Ores of Fine Particles"



Teachers and students of Changsha Research Institute of Mining and Metallurgy Co., Ltd. are exploring research topics.



Ray diffraction equipment of Changsha Research Institute of Mining and Metallurgy Co., Ltd.

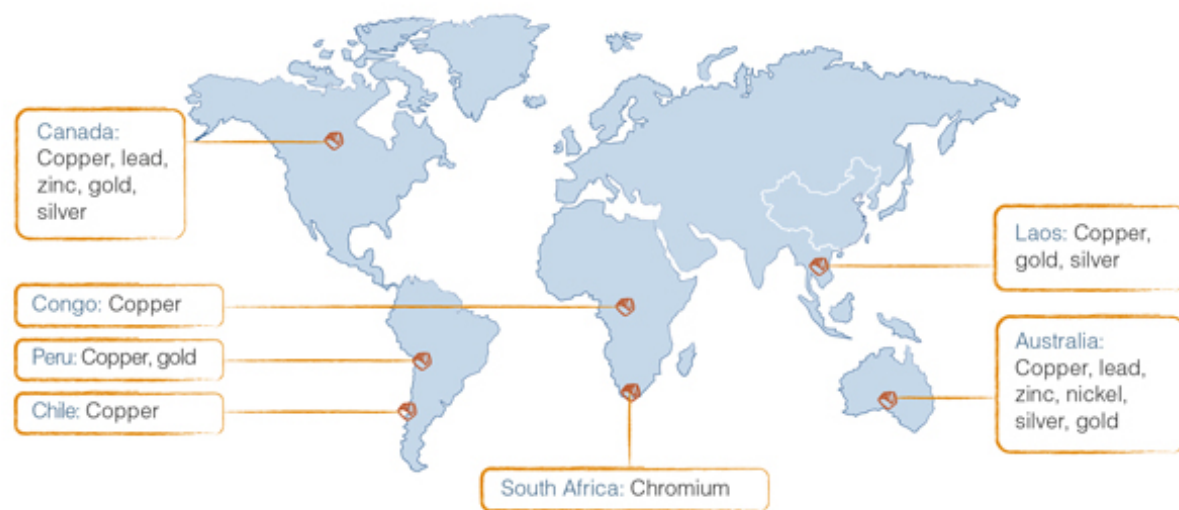
4. Continued Optimization of Resources Layout

Optimizing resources layout and enhancing the capability of securing key resources through multiple channels constitute the external requirement for China Minmetals to secure the safety of State mineral resources and the interior drive for a resources enterprise to achieve sustainable development. China Minmetals focuses on integrating advantageous domestic resources and is active in obtaining rare overseas resources. Through purchase of capacity, merger & acquisition, risk prospecting, execution of long-term agreements and alliance with strategic partners, it has obtained multiple key resources and continuously optimized the resources layout, thereby further consolidating the foundation for sustainable development.

Distribution of Domestic Resources of China Minmetals



Distribution of Overseas Resources of China Minmetals



In 2011, China Minmetals developed its resources prospecting and development plan, which defined the basic principles and objectives for resources prospecting and development, identified the priority resources and regions at the corporate level and provided guidance to the resources development activities of each entity. Also in the year, China Minmetals obtained the right to prospect the rare earth mines in northeast Guangdong Province and extract rare earth in Yongzhou, Hunan Province through integrated prospecting and merger & acquisition, making a breakthrough in the field of rare earth resources. The "Nihe Mode" and "integrated prospecting" launched in prospecting business enjoy a good reputation in the industry and have blazed a distinctive trail, leading the development of the whole industry. China Minmetals actively carries out the circulation of mature projects, uses best efforts to promote internal synergy and continuously turns the cutting-edge developments in resources into advantages in industry and economy.

Case



In order to transform the prospected resources into advantages in production capacity, China Minmetals pushed forward the operation of Nihe Iron Mine project in 2011 and decided on the plan for the overall construction of the project, which will be completed in two phases by focusing on the mining of magnetic iron ores and newly increased sulfurous iron ores. The "Nihe Mode" initiated by Nihe Iron Mine project is a beneficial attempt at the reform of China's geological prospecting cause.



Case



In July 2011, State leaders Li Keqiang and Zhou Yongkang respectively visited the "Foundation First—Exhibition of National Resources Survey and Evaluation Results" held in the National Museum. Using the "Rising Force of Commercial Geological Prospecting" as theme, China Minmetals exhibited the results achieved in recent years in the prospecting and development of mineral resources, especially the results obtained through participation in building a new method of geological prospecting and the initiation of "Nihe Mode", "Songshan Mode", "overall prospecting" and "integrated prospecting". The exhibition drew widespread attention from the government, media and all social sectors and displayed the major achievements made by China Minmetals in the field of geological prospecting and development. It was praised by the Party and State leaders and stimulated a warm response in the society.



5. Abundant Accomplishments of Investment Banking

Faced with the stringent monetary policy implemented by the Central Government and the situation of rigid control over the credit scale of commercial banks, China Minmetals has adopted multiple means to broaden financing channels, secure sufficient funds for business operations and strengthen professional capital operation, and thus has made abundant accomplishments.

increased its comprehensive credit line by **27.6%**

In 2011, through innovated credit mode, consolidated and expanded credit scale, China Minmetals increased its comprehensive credit line by 27.6% over the previous year. It conducted the experiments of innovative financing varieties in an active and prudent manner and successfully issued RMB3 billion of non-directional debt financing instruments as one of the first group of domestic issuers, at an interest rate 1.34% lower than the prime interest rate for loans of the same term. By making full use of its good corporate image on the bond market, China Minmetals successfully issued RMB5 billion of short-term financing bills and RMB6 billion of medium-term notes, at the lowest interest rate among instruments of the same term. While pushing forward the new overseas syndicated loans, China Minmetals received a 5-year syndicated loan of RMB560 million in HKD at the lowest interest rate for similar loans of the same term. Through the successful placement of 760 million new shares, Minmetals Resources Co. Ltd. successfully raised 500 million US dollars on the Hong Kong capital market, the largest equity financing of China Minmetals on the capital market so far.

Comments:

Minmetals' decision to step back projected a company operating to conventional commercial imperatives. That was instructive: the arms of China Inc would not pay any price just to get metal.

— The Australian

Case

In 2011, China Minmetals launched the Equinox strategic overseas resources M&A project. Although China Minmetals gave up by itself due to a competitive bidding that exceeded its evaluation, satisfactory economic benefits were achieved with RMB1 billion of operating proceeds obtained. Its rational business conduct and mature market operations also received extensive praise both at home and abroad. The project expanded the influence of China Minmetals on developed mining markets of the West and created a new image of Chinese companies in the world.

Case

Market Placement of Minmetals Resources Co. Ltd.

In January 2011, China Minmetals Resources kicked off its market placement project. Despite the adverse impact on the market environment caused by a lowered US sovereign credit rating and the European debt crisis that worsened again, China Minmetals Resources successfully raised 500 million US dollars in April 2011, the largest equity financing of China Minmetals on the capital market so far. The project was another major capital operation after China Minmetals injected the primary assets of MMG into China Minmetals Resources in 2010. Its successful implementation has not only given the company an internationalized, institutionalized and professionalized shareholder structure, but also markedly enhanced the influence of China Minmetals on the overseas capital market.



(II) Integrate and Optimize to Enhance Sustainable Development

2011 was the year of integration and enhancement for China Minmetals. Aiming to "transform the development mode and build up core capability", China Minmetals made further adjustment and improvement to its structures and mechanisms, deepened the integration of the strategic business units, optimized its processes and procedures, and improved corporate governance, which, as a result, has achieved optimization and enhancement after the integration and significantly reinforced its capability of sustainable development.

1. Adjusting and Improving Structures and Mechanisms

Following its largest ownership system reform and business restructuring in ten years in 2010, China Minmetals established China Minmetals Co., Ltd. and formed its new business structure of strategic business units as the mainstay. To further streamline its equity structure and the management mechanism, China Minmetals continued its efforts in 2011 in that it adjusted and improved its ownership system and mechanism, further sorted out its internal business relationship, consolidated its foundation for growth, tapped the potentials for sustainable development and strengthened its specialized position as a listed company.

On December 15, 2011, China Minmetals brought to a successful end its ownership system reform by completing the integration of its Hunan Nonferrous business into China Minmetals Co., Ltd.. By the end of 2011, 97% of China Minmetals assets were injected into China Minmetals Co., Ltd., laying a solid foundation for future listing in due time. The specialized streamlining process of the assets of the Ferrous Circulation Strategic Business Unit and the Ferrous Mining Strategic Business Unit was completed, the non-mineral aluminum assets of Minmetals Resources were successfully split away, Minmetals Materials was restructured into the Ferrous Circulation Strategic Business Unit, and the equity relationship of the financial business was fully aligned.



2. Deepening the Integration of Strategic Business Units

In 2011, China Minmetals deepened the internal organizational reform of the strategic business units, solidly pushed forward the entity operations of the strategic business units and made positive progress in integrated operations and integration process.

Nonferrous

The Nonferrous Strategic Business Unit completed the adjustment of the equity of Hunan Nonferrous, built a platform for the unified operation of China Minmetals Nonferrous Holdings and laid a good foundation for subsequent integration. Meanwhile, the integration experiments made in the business sectors of tungsten, rare earth and antimony achieved satisfactory results.

Deepened Integration in Nonferrous Strategic Business Unit

Established Minmetals Rare Earth Company

Ferrous mining

The Ferrous Mining Strategic Business Unit completed its integration process, streamlined its business structure, improved its organizational systems and entered the stage of integrated operations.

Integration Implementation in Ferrous Mining

Minmetals Mining Holdings

Ferrous circulation

The Ferrous Circulation Strategic Business Unit pushed forward its overseas business integration, upstream and downstream business integration, integration of service platforms and adjustment of its business organizations and unified management process, and witnessed significant improvement in its industry chain operation and domestic and overseas integrated operations.

Deepened Integration by Ferrous Circulation Strategic Business Unit

The Unit centralized and unified its logistic business

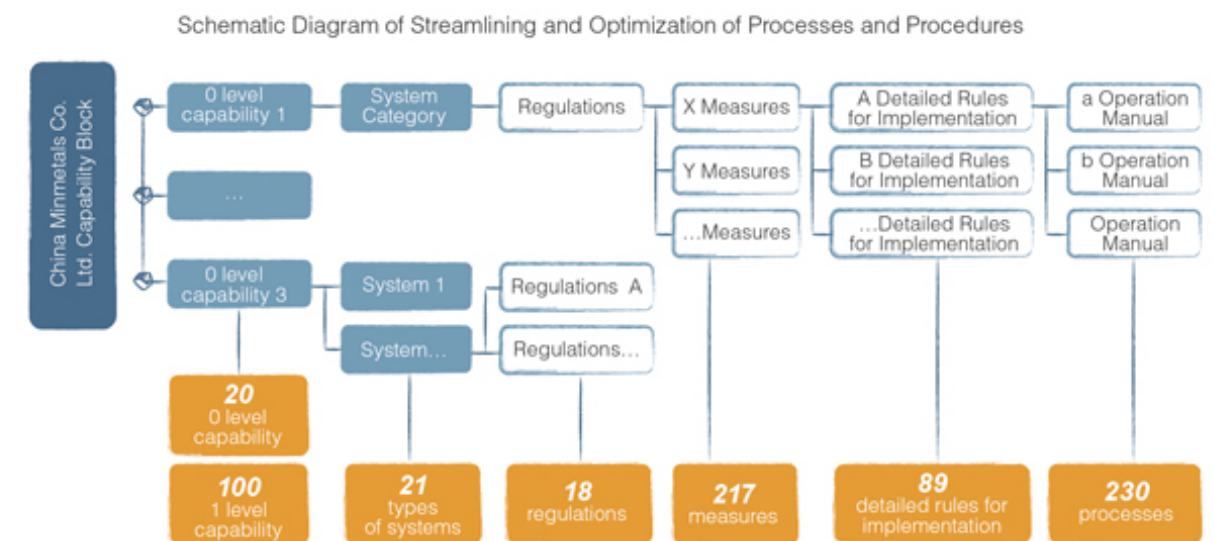
3. Clear Up Inefficient Assets and Improve Asset Quality

China Minmetals launched its specialized campaign of inefficient assets clean-up for the systematic rationalization and assessment of its assets from the two perspectives of strategic significance and financial value in a bid to fully deploy the establishment of a working mechanism for the disposal of non-performing, inefficient, non-primary and unsustainable assets. The special campaign aimed to further enhance the quality and efficiency of China Minmetals asset management on the one hand, and more importantly on the other, to build a long-term working mechanism on the basis of summarizing experience and modes for preventing the generation and accumulation of inefficient assets, and further consolidate the foundation for the sustainable development of China Minmetals.

4. Optimized Processes and Procedures

To adapt to the new situation and new demands following the adjusted business structure and to enable corporate management to better align with the business structure and corporate governance, China Minmetals made efforts to optimize its processes and streamline its system to map out a clearer picture of the management structure between the headquarters and the strategic business units, which as a result has promoted the regulated, standard and systematic process of corporate management.

To improve the system of processes and procedures, China Minmetals set up a block diagram reflecting the capability of China Minmetals Co., Ltd. which breaks down the capability of the headquarters to a 3-level process for classified and hierarchical management, thus realizing the systemized and standardized management structure to avoid overlapping and conflict of the structure. Over the course of the year, China Minmetals revised and newly established 261 rules, which has created a system of structure with clear categories and hierarchy to fully apply the management rules of the headquarters to the governance and control model of China Minmetals Co., Ltd. Further definition of the vertical management interfaces between the headquarters and the strategic business units taking China Minmetals' control model and capability block diagram of the headquarters as the basis, clarified the responsibility interface of major control areas between the headquarters and the strategic business units, thus promoted the streamlining and efficiency of China Minmetals control and management.



(III) Transformation and Upgrading to Promote Sustainability

In 2011, China Minmetals deepened its transformation and upgrading centering around the change of development mode and focusing on higher development quality and efficiency, to realize the transformation from focus on growth speed to development quality, from building a complete industry chain to optimizing the value chain, and from commodity marketing to comprehensive product service, highlighting value chain management, innovation-driven approach and synergy. As a result, positive progress has been made in the transformation and upgrading.

Case

In 2011, the consolidated financial statements of China Minmetals did not see any new large M&A projects. The excellent business performance was mainly derived from the enterprise itself and the intensive development that relies on the core and emerging primary businesses. The operation performance of China Minmetals has been gradually transforming from extensive growth primarily during the 11th Five-Year Plan period to intensive growth.

1. Optimizing the Value Chain to Enhance Competitiveness

After years of strategic transformation, mergers, acquisitions and reorganization, China Minmetals has built up an integrated industry chain that extends from prospecting, mining, smelting, processing and sales to logistics. During the strategic enhancement period of the 12th Five-Year Plan, one of the critical initiatives taken by China Minmetals to realize transformation and upgrading would be the transformation from building a complete industry chain to optimizing the value chain, explore crucial links with higher value and greater advantages and create core competitiveness. In 2011, China Minmetals gave full play to the overall advantages of the industry chain, explored the effective operation mode of key large commodities, continuously optimized the industry chain of key commodities and turned scale advantages gradually into efficiency advantages through the thorough tapping of the tungsten, rare earth, antimony and other industries, thus giving prominence to the crucial links of the value chain.

China Minmetals has strengthened the layout in the high-tech enterprises in the application field of rare earth separation and smoothly achieved the extension from products of downstream application to the development of upstream resources. By establishing the Minmetals Rare Earth Co., Ltd., China Minmetals has pushed the integration of rare earth commodities into a new stage and gradually increased its discourse power for the medium-heavy rare earth products in the south. By consolidating its R&D advantages for antimony products, China Minmetals has put under its control the key enterprises on the industry chain and unblocked the channels for upstream-downstream business synergy to become a leader of the global antimony industry.

Case



China Minmetals has completed overall arrangements for the development strategy of tungsten commodities, integrated the production and trade channels of tungsten concentrates and hard alloy, set up a flat control system that addresses the three major links of mines, smelting and hard alloy to expand production and sales within the sector and obtain efficiency from scale operations.

2. Innovated Operation Mode to Increase Impetus

China Minmetals has made innovations in its production and operation mode, and the momentum of sustainable development has been increased. The Nonferrous Strategic Business Unit has grafted traditional trade advantages onto production enterprises to control operation rhythm through market fluctuation, bring channel advantages into play and enhance production and marketing efficiency, thus doubling operating income through the integrated development of trade and production. The Ferrous Circulation Strategic Business Unit targets the market segments and improves marketing strategy according to customers' needs, thus achieving a rapid business growth in the distribution to projects and processing. The Financial Strategic Business Unit undertakes constant exploration on trust and leasing business modes, thus quickly find new business areas for potential growth.



Case



The Ferrous Circulation Strategic Business Unit targets the market segments and improves marketing strategy according to customers' needs.

In each of the regions with high demand for steel products, convenient traffic and wide coverage, China Minmetals has set up 1-2 central warehouses that serve a radius of 500km and support the establishment of comprehensive markets. Around each of the central warehouses, 2-3 satellite warehouses were set up in keeping with the layout of the distribution companies to extend the range of coverage. In the satellite warehouses of key regions, steel processing centers have been set up for the market segments to provide better services for customers under a new mode of operation.

3. Strengthening Development Synergy via Close Coordination

China Minmetals consistently upholds the synergistic concept of "One Minmetals and One Company" and injects vitality into intensive business development by leveraging internal and external resources.

In 2011, China Minmetals continued to expand the scope of business synergy, tapped the potentials for synergy, improved the system for synergistic management and promoted synergy through examinations, and thus achieved considerable comprehensive effect. The core primary business of metals and minerals and the emerging primary business complement each other with advantages, thereby further consolidating the situation of close synergy. The effect is revealing itself more and more in the synergistic operation of the domestic and overseas markets to jointly explore the global market. In 2011, the business entities under China Minmetals carried out 38 projects of internal business synergy involving the sharing of channels, sharing of customer resources and cooperation in internal business, which strongly support the business development of China Minmetals.

Case



Financial Leasing Project of Anyang Steel Blast Furnace—Sharing of Customer Resources

Minmetals Development Co., Ltd. ("Minlist") is engaged in the circulation of steel and metallurgic raw materials, while China Foreign Trade Financial Leasing Co., Ltd. ("CFT") under China Minmetals pursues financial leasing business. In prolonged business operations, Minlist has established a long-term and stable relationship of business cooperation with Anyang Iron & Steel Group Co., Ltd. ("Anyang"). After learning that Anyang has needs for financing and meets the requirements of CFT for eligible subjects of financial leasing business, Minlist finally facilitated the execution of a RMB597 million financial leasing contract between CFT and Anyang by leveraging its strong partnership with Anyang. The transaction enabled CFT to obtain a high-quality customer, expand contract value and secure profits. Meanwhile, China Minmetals has better maintained its relations with customers by providing them with all-round services and enhanced its brand value and competitive edge.



4. Improving the System of Comprehensive Product Services

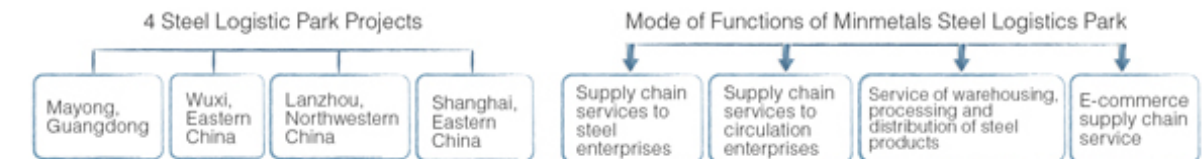
China Minmetals has continuously improved and gradually clarified the structure of comprehensive services that covers the whole process of base metals, further strengthening the overall competitive edge of the enterprise.

Case



Steel Logistic Park, a comprehensive service platform created by Ferrous Circulation Strategic Business Unit

A comprehensive logistic park for metallurgic raw materials, iron and steel is now an operation mode of multiple functions and a comprehensive nature in the iron and steel circulation industry. With intensified services targeting end users, China Minmetals established the 4 logistic park projects in Shanghai, Lanzhou, Wuxi and Dongguan, and provided customers and distributors with "one-stop" comprehensive services, including logistics, tendering, financing and insurance. In 2011, the Ferrous Circulation Strategic Business Unit built an iron ore mixing center in Yantai, which was a helpful exploration undertaken in order for the Unit to create a logistic park for metallurgic raw materials. The center enhanced the capability of providing services for customers and has begun to realize economic benefits.



5. Industrial Upgrading through Scientific and Technological Innovations

Scientific and technological innovations constitute an important means of China Minmetals to strongly pushing forward its transformation and upgrading strategy and promoting the transformation from extensive growth to intensive growth. In 2011, China Minmetals continuously strengthened its capability for independent innovations by formulating the plan for scientific and technological development, improving the system of scientific and technological innovations, increasing investment in science and technology, building up the platform for scientific and technological innovations and implementing key scientific and technological projects, thus providing solid scientific and technological support for China Minmetals to complete its transformation from resources-driven to innovation-driven growth, from low to high added value and from scale-based to quality-based competition.

In 2011, China Minmetals promulgated and implemented the Plan of China Minmetals Corporation for Scientific and Technological Development in the 12th Five-Year Plan Period as well as 7 scientific and technological management regulations, set out the considerations, key objectives, key fields, crucial technologies, direction of efforts, allocation of resources, organizational buildup, platform creation, personnel training and other measures to insure China Minmetals' scientific and technological development in the 12th Five-Year Plan period.

China Minmetals has been making persistent efforts to build the platform for technological innovations. The state key laboratory of the technologies for development and utilization of deep sea mineral resources went into formal operations. The State key laboratories of the technologies for hard alloy and metal mine safety were included into the plan for construction of the second batch of State key laboratories of enterprises. China Minmetals took the lead in establishing the alliances of production, teaching and research for the two fields of metals and minerals resources and deep sea minerals, and took part in establishing the strategic alliance of the industrial technological innovations for the comprehensive utilization of vanadium and titanium resources. In 2011, China Minmetals became a member of the electric vehicle alliance of the central SOEs under SASAC. The "Strategic Alliance of Technological Innovations for Industries of Nonferrous Metals, Tungsten and Hard Alloy" was given the preferential support of the State scientific and technological support plan projects in the 12th Five-Year Plan period as one of the first batch of pilot alliances of the Ministry of Science and Technology.

National Award for Scientific & Technological Progress and Technological Inventions Won by China Minmetals in 2011

Award	Project	Participating Entities
Prize of National Award for Scientific & Technological Progress First	Critical technology for deep development and application of hard-to-smelt tungsten resources	Zhuzhou Hard Alloy Group Co., Ltd.; Zigong Hard Alloy Co., Ltd.; Xiamen Tungsten Co., Ltd. (shareholding)
Prize of National Award for Scientific & Technological Progress Second	Systematic research and practices for extraction of iron and reduction of silicon (impurities) in domestic iron ore concentrates Research and application of crucial technology for safe and efficient mining of complicated and hard-to-mine deep copper deposits	Changsha Research Institute of Mining and Metallurgy Co., Ltd. Changsha Institute of Mining Research
Prize of National Award for Technological Inventions Second	New technology for deep purification of heavy metal wastewater based on microbial specificities	Zhuzhou Smelter Group Co., Ltd.

Case



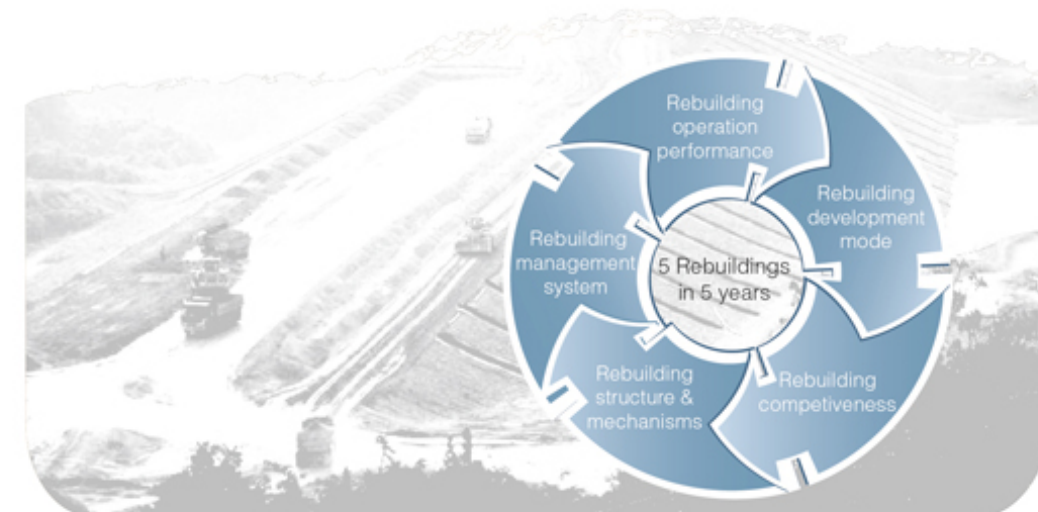
The "systematic research and practices for the extraction of iron and reduction of silicon (impurities) in domestic iron ore concentrates", which was undertaken by Changsha Research Institute of Mining and Metallurgy Co., Ltd. as the primary entity and party to complete the research, won the 2011 National Award for Scientific and Technological Progress Second Prize. The iron ore concentrates in China are low in quality and high in silicon dioxide content and iron smelting cost. To address the situation, Academician Yu Yongfu creatively came up with the theoretical idea of "extracting iron and lowering silicon (impurities)" in 2000. After about a decade of research innovations, dissemination and application, iron quality has been raised by over 5% and the content of silicon dioxide has been lowered by over 4%. The implementation of the project has greatly increased the economic benefits of the iron mines and the steel industry of China. According to statistics, the increase of profits and taxes in 2008 ~ 2010 reached 4.72 billion, making outstanding contributions to the development of the steel industry of China.



In 2011, Guangxi Huati Technology Co., Ltd. and Guangxi University jointly designed and developed the automation system for antimony oxide, securing independent intellectual property rights. The system has enhanced labor productivity by increasing the daily team packaging load from 15 tons to 25 tons and lowered product wastage to raise the direct recovery rate from 1.5 to 1.6.

(IV) Optimizing Management to Increase Sustainability Potential

Promoting the "five rebuildings" is an important part of the "1-3-5" development strategy formulated by China Minmetals under the 12th Five-Year Plan. Of the "five rebuildings", the first and foremost is the rebuilding of the management system. In 2011, China Minmetals fully optimized its management process and procedures, strengthened the control capability of the headquarters, intensified efforts on management innovations, pushed forward management upgrading and further solidated the foundation for sustainable development.



1. 3-year Rolling Plan Developed to Advance the Effective Implementation of the Strategy

To effectively secure the decomposing and implementation of the 12th Five-Year Plan, China Minmetals Corporation developed a 3-year rolling plan in 2011 for both the Corporation and the 5 strategic business units, taking care to align the aims and timing of the Five-Year Plan and the 3-year plan, realize the close connection of the two in budget, investment and examination, form a working system oriented toward the implementation of the plans and provided a better foundation and platform for the rebuilding of the strategic management system of China Minmetals.



2. Enhancing Strategic Human Resources Management

Following its ownership system reform and the change of control model, China Minmetals has been faced with many new challenges in human resources management. In response, with its efforts focusing on the building of a system for human resources management and the talent pool and by seizing the opportunity for the full-scale implementation of hierarchical management, China Minmetals enhanced its capability for the strategic human resources management on an overall basis.

In 2011, guided by its strategy, China Minmetals made innovations in the mechanism for talent disposition, arranged human resources on a rational basis, assigned high-caliber talent to the key positions of strategic development and completed the selection of personnel for the top management of the 4 strategic business units of Ferrous Mining, Ferrous Circulation, Financial and Real Estate, and for key positions, providing strong human resources support for the development of its core primary business. To enhance the efficiency of performance management, especially the rationality of the comprehensive review system for key positions, China Minmetals created a "system of performance examination indicators for the key positions that are based on competence, which displays the characteristics of China Minmetals and can effectively support the achievement of its strategic goals and talent vision".

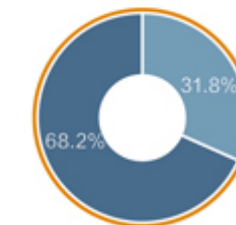


3. Adjusting and Optimizing Investment Decision-Making Management

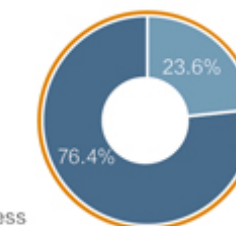
Closely following the guidance of the 12th Five-Year Plan for the country, China Minmetals issued its guidelines on investment to integrate investment development with the growth of regional economy, industrial restructuring with upgrading, and technological transformation with scientific and technological innovations.

Given the continued growth of overall investment scale throughout the year, investment resources further focused on the core primary business. For the two core primary businesses of nonferrous and ferrous businesses, the approved investment accounted for 76.4% of the total investment approved by China Minmetals in the whole year. The direction of investment inclined more toward the front end of the industry chain. For these two core primary businesses of nonferrous and ferrous businesses, investment in the geological prospecting and resources development accounted for 74.6%. A number of key strategic projects were launched in rapid succession. Investment in major strategic projects accounted for 63.8% of the total investment made in the two core primary businesses.

Composition of Investment in 2006-2010



Composition of Investment in 2011



Others Core Primary Business

4. Further Optimizing Comprehensive Budget Management

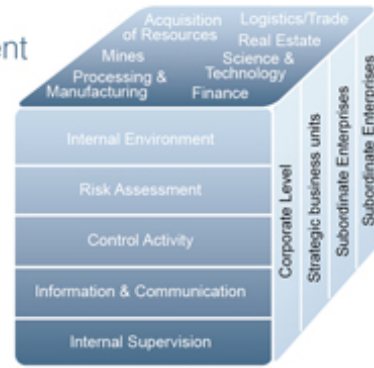
To adapt to the rapid growth of corporate scale and meet the challenges posed by the drastic changes in the external environment in recent years, China Minmetals has promptly optimized its financial control model and, on the basis of years of experience, formed a complete system of comprehensive budget management to strengthen the management of overall budget and major financial indicators, which realized the dynamic and efficient allocation of funds and played an important role in realizing the development strategy of China Minmetals.



The financial control system of China Minmetals takes the corporate strategy as theme, the "3D balance" as principle, fund budget management as core, risk control as goal, centralized management as foundation and concept popularization as precondition. Through effective allocation of financial resources and management of financial indicators, the system ensures that China Minmetals can guide business development well in the light of the changes in the macro environment and the environment of the industry. It will support development and control risks when the macro situation is favorable or ensure the safety of funds when the macro situation is unfavorable so as to turn crisis into opportunity, avoid excessive fluctuation in operations and provide a solid financial shield for the sustainable development of China Minmetals.

5. Enhancing the Building of Internal Control System to Promote All-round Risk Management

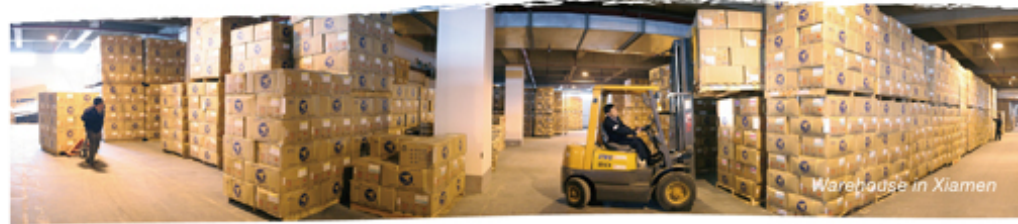
To suit the new strategic control model of China Minmetals and push the all-round risk management system into deep-going development, China Minmetals has carried out the survey and diagnosis of internal control, created a blueprint for building the China Minmetals internal control system, issued the measures, standard, assessment methods and other relevant rules for internal control management and established the internal control system that meets the reality of China Minmetals, thus providing strong support for all-round enhancement of corporate control capability, ensuring the safety of assets and improving operation efficiency.



China Minmetals Framework of Internal Control System

China Minmetals continuously improved the risk management flow and enhances the refinement of risk management; unfolded the R&D of the market risk model for key commodities and strengthens market prediction capability to prevent market risks; actively promoted credit rating, studied the management of credit risk aggregate and consolidates the foundation for the management of credit risks; optimized the management mechanism of financial derivatives business by standardizing the risk management flow of the business; developed the quantitative model of warehousing logistics to enhance its monitoring and analysis; carried out the risk evaluation and study of major investment projects and integrated risk management theories into the specialized management process and procedures.

China Minmetals gradually improved its all-round risk management system so that no serious risk incident in excess of its tolerance occurred in 2011.



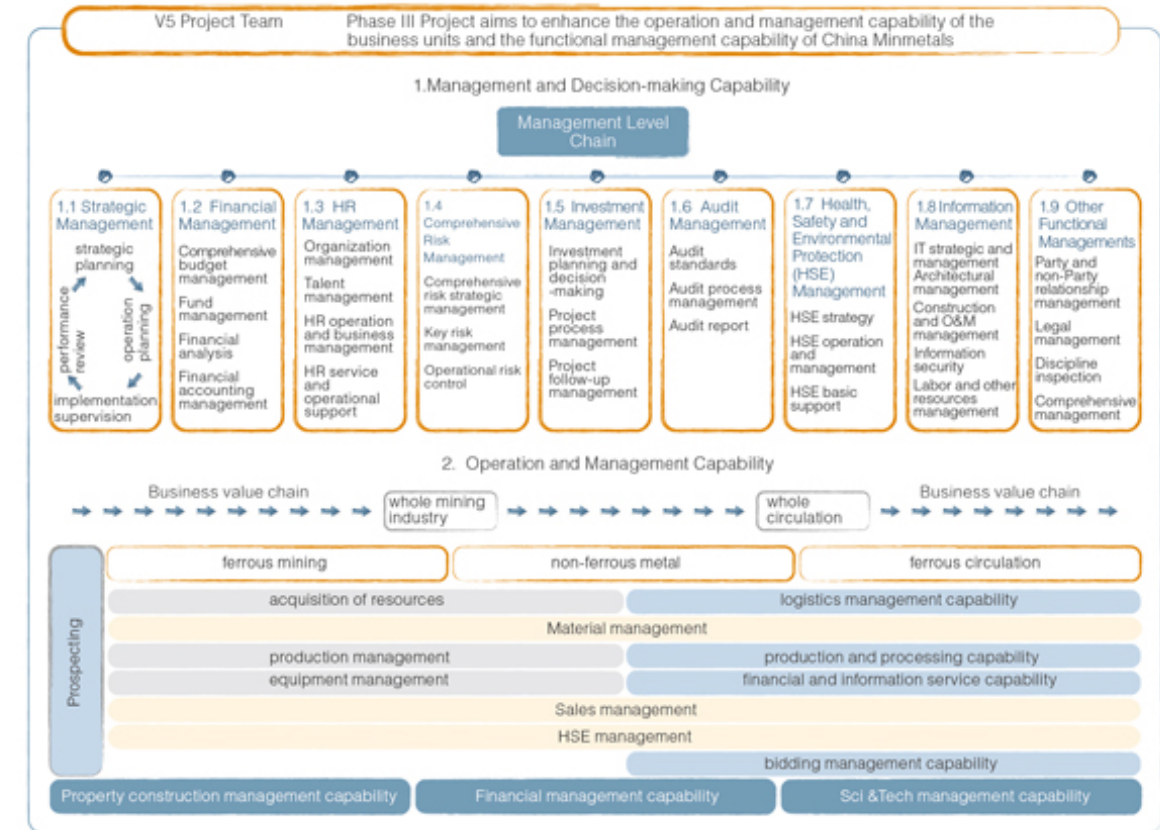
Case

Using quantitative model to explore market risk management

China Minmetals has set up a basic framework for market risk management, made clear the basic flow and elements of market risk management, developed the risk measuring model, experimented with the market risk management flow and model in the business of metal products and made attempts in both theory and practice; achieved some results in studying the quantitative indicators of market risks in commodity trade; made preliminarily efforts to measure the risk exposure, floating profit/loss and VaR of commodities; used advanced quantitative analysis methods, e.g. Monte Carlo simulation, sensitivity analysis and pressure testing, to provide a basis for business decisions.

6. Upgrading Business Platform and Promoting IT Management in Modern Enterprise

In 2011, China Minmetals vigorously promoted IT construction according to the requirements and deployment of the 12th Five-Year Plan to integrate IT process with production & operation, scientific decision-making and management improvement and fully upgrade the business platform. China Minmetals launched the V5 phase-3 project to further strengthen information security and provide information services. The informationization efforts have effectively supported and improved management, enhanced business operation capability and pushed the enterprise to develop toward an internationally competitive metals and minerals group.



China Minmetals management and operation capability enhanced by V5 Phase-3 Project

Through the construction of V5 phase-1 and phase-2 projects, China Minmetals successfully built up the ERP system for the core primary businesses, realized the consolidation and optimization of business flows and the high level of integration of financial business information and fully enhanced its risk resistance capability and the decision-making capability. The V5 phase-3 project aims at "promoting the management transformation of production enterprises and boosting the management innovations of China Minmetals", experimentally constructs the ERP system of production enterprises, creates a preliminary platform for unified management of human resources, all-round risk management and financial management, deepens the optimization of the management and decision-making system and further enhances the overall control of China Minmetals.



Inscriptions written by President Zhou Zhongshu for V5 Project.

In October 2011, the financial information submission platform of the V5 phase-3 project went online for use successfully, further intensifying the centralized financial control; in November, the successful collection of information on China Minmetals human resources marked the establishment of a global platform for human resources information; in December, the commissioning of the China Minmetals paperless office system for official documents and the internal portal system provided a supporting platform for the informationization of China Minmetals; also in December, the Hanxing Mining pilot project went online successfully, laying a solid foundation for China Minmetals to enhance mining management in all respects and accelerate digital mine construction. The implementation of the V5 phase-3 project will further increase the support given by IT to the business transformation, upgrading and control capability of China Minmetals and marks a new step taken by China Minmetals in its IT efforts represented by the V5 project.

In 2011, China Minmetals was once again rated Class A and ranked 13th among all central SOEs in the annual IT assessment conducted by SASAC.



Safety Management Securing Sustainable Operation

2

- ◆ Objectives and Performance
- ◆ Improving the HSE System and Tamping the Management Foundation
- ◆ Strengthening Safety Guarantee Capability by Addressing Both Symptoms and Root Causes
- ◆ People-oriented Reinforcement of Occupational Health Protection
- ◆ Fostering Safety Culture and Strengthening Safety Awareness



Safety Management— Securing Sustainable Operation

Work safety management is the precondition and foundation for sustainable development. Robust work safety management is an important guarantee and the core competitiveness for the sustainable operation of China Minmetals. The production enterprises of China Minmetals cover 7 industries of primary supervision on work safety, including mining, smelting and processing, dangerous chemicals, construction, logistics and so on, which present great challenges to work safety. China Minmetals attaches great importance to work safety, sticks to the people-oriented concept, intensifies the fulfillment of responsibilities for work safety, optimizes the HSE system, enhances work safety management and forms a cultural atmosphere of "safety for everyone" to increase the intrinsic safety of the enterprise and strongly promote the establishment of a safe China Minmetals.

(I) Objectives and Performance

1. Work Safety Objectives

- ❖ To achieve essential enhancement of safety control capability in China Minmetals;
- ❖ To fully implement the responsibility system for work safety at the enterprise level;
- ❖ To accomplish overall enhancement in the management of occupational health and the prevention and control of occupational hazards;
- ❖ To effectively implement HSE system and gradually transform the safety management mode of China Minmetals from institutionalized management to systemized management.

Main work safety objectives under the 12th Five-Year Plan:

- ❖ The overall safety situation of China Minmetals takes a decisive turn for the better; no exceptional production accident occurs from 2011 to 2013; no serious production accident occurs in 2014; no major production accident occurs in 2015; by 2015, the death rate per 100,000 workers falls by more than 20% and the death rate per RMB100 million output value falls by 36% or more from 2010;
- ❖ Systemized management of work safety is to be realized across China Minmetals by 2015;
- ❖ By 2015, the new incidence of occupational diseases per 100,000 workers falls markedly from 2010 and the detection rate of the hazards leading to occupational diseases in workplaces reaches 70% or more.

2. Work Safety Performance

In 2011, despite a substantial increase in the number and scale of production enterprises, only 8 fatal accidents took place in the production enterprises of China Minmetals, registering a drop of 20% annually and involving a death toll of 9, which was equal to 2010. No major equipment accident occurred and the situation of work safety was stable on the whole. The contractors of China Minmetals saw a total of 12 fatal accidents, registering a drop of 20% annually and involving a death toll of 12, down 33%.

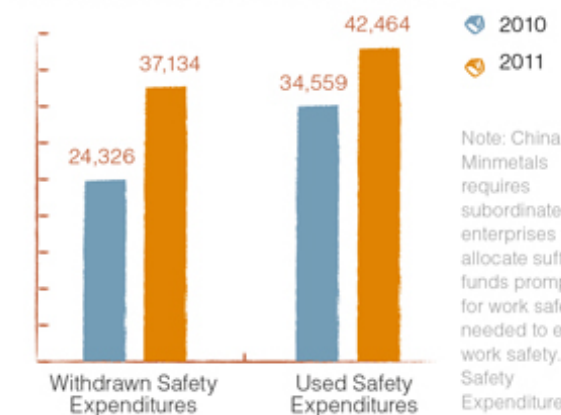
In 2011, China Minmetals increased its investment in work safety. The subordinate production enterprises altogether invested RMB424.64 million in work safety, up 22.9% compared with the previous year. The investment was used for safety and technological transformation of processes and equipment, elimination of hidden dangers, monitoring of major sources of danger and improvement of emergency devices, and achieved satisfactory results.

invested RMB
424.64
million
in work safety

China Minmetals Work Safety Performance Table

Year	Fatality (Person)	Serious Injury (Person)
2008	4	0
2009	3	1
2010	9	2
2011	9	1

Year-on-Year Increase of China Minmetals Work Safety Investment in 2011 (RMB10,000)



(II) Improving the HSE System and Tamping the Management Foundation

To meet the requirements of the emerging internal and external situation, China Minmetals further improved its HSE system by adding and revising HSE management rules to substantiate and enhance the standard for the HSE system, thus providing the guarantee of safety for the leapfrog development of China Minmetals.



HSE management is a system, a language and a set of standards. In 2011, China Minmetals modified and improved the standards for the HSE system, and developed a standard system composed of 1 core *Standard for the HSE System, Implementation Guidelines* for 6 key industries and 1 *Standard for Acceptance and Rating*. The systematic HSE management is a further step for China Minmetals to be a world first-class mineral and mining company.

In 2011, the work focus of China Minmetals in safety management shifted from guiding to spurring on the strategic business units to discharge their safety duties. China Minmetals completed all-round modification and improvement of the HSE system, strengthened the key processes of management, supplemented important management rules, for example, the *Provisional Management Measures for Leaders Taking Teams Underground Mine* and the *Provisional Management Measures for Work safety of Overseas Enterprises*, and revised the *Collection of Management Rules for Work Safety*.

Enhancement in 4 Aspects Exhibited by the New Standard for the HSE System of China Minmetals:

- China Minmetals explicitly set forth its HSE-related guideline, cultural concept and 8 commitments;
- China Minmetals substantiated and strengthened the requirements for occupational health, energy management and clean production according to relevant state laws and regulations;
- For the 6 major industries of mining, smelting and processing, construction, geological prospecting, logistics and dangerous chemicals, China Minmetals formulated the Guide to Implementation, which provides constructive guidance for the system building by the enterprises in the industries;
- China Minmetals formulated a unified Standard for Acceptance and Rating to facilitate review, acceptance and continuous improvement.



In 2011, China Minmetals carried out survey and communication of work safety in Australian MMG to explore the supervision of safety in overseas enterprises.

(III) Strengthening Safety Guarantee Capability by Addressing Both Symptoms and Root Causes

17 mining enterprises passed the review for grade-3

29 of the production enterprises passed the ISO14001 certification and the OHSAS18001 certification

In production and operation, China Minmetals constantly improved its safety securing capability, implemented the system of responsibility for work safety, intensified efforts to identify hidden dangers, identified and logged sources of major hazards, enhanced emergency rescue, promoted safety through science and technology, and addressed both symptoms and root causes to improve safety management. In 2011, China Minmetals developed the special plan for work safety under the 12th Five-Year Plan, set out 11 major tasks and 5 key projects and established a long-term mechanism for safe development.

By the end of 2011, two of the mining enterprises in China Minmetals passed the standardized review of safety for grade-4 mines and 17 passed the review for grade-3, while the remaining enterprises completed the compilation of system documents; 29 of the production enterprises passed the ISO14001 certification for environmental management systems and the OHSAS18001 certification for occupational health and safety management systems.

1. Implementing Corporate Responsibility System

In 2011, China Minmetals President Zhou Zhongshu signed the responsibility contract for objectives of work safety with the top leaders of 9 entities, including the 5 strategic business units, 3 entities directly under China Minmetals and Changsha Research Institute of Mining and Metallurgy Co., Ltd. The strategic business units then signed the responsibility contract for work safety with their own subordinate production enterprises, which in turn signed the contract with the workshops, teams and employees to break down the work safety responsibility to the grassroots, and therefore achieved the maximum depth and breadth in the safety management of China Minmetals.



2. Intensifying Efforts to Identify Hidden Dangers

China Minmetals has formed an institutionalized and normalized working mechanism for the investigation and control of hidden dangers. In 2011, China Minmetals organized 5 safety inspections, set up 18 inspection teams, invited 42 internal and external experts, inspected 49 key subordinate enterprises of mining, smelting, processing, geological prospecting and construction. The SBUs and their subordinate enterprises of Minmetals discovered 22,204 hidden dangers and addressed 22,109 of them, reaching a rectification rate of 99.6%.

reaching a rectification rate of **99.6%**

Case

While working in the mine together with a work team on October 10, 2011, the executives of Zhangjiawa Iron Mine of Luzhong Mining Co., Ltd. found large-area sinking on the No. 6 transverse drift roof at -200m horizon of Ganglimining area, showing signs of potential large-area caving. They promptly had the zone blocked off. Five days later, large-area caving did occur here, but causing no casualty.

China Minmetals Nonferrous Metal Holdings Co., Ltd. intensified the treatment of major hidden safety dangers. In 2011, the gesso hill storage yard of subordinate Xiangfu Company was listed as a major hidden safety hazard. Xiangfu Company invested nearly RMB3 million in making stepped-down slope-reducing treatment, achieving an obvious effect. Safety experts were invited to inspect the site and developed a report on the current state of safety.



Excavator in slope-reducing operation on top of the slope

3. Improving Emergency Management

Emergency management is the last line of defense for work safety. China Minmetals further urged its subordinate enterprises to improve their emergency plans and organize emergency response drills to promote the continuous enhancement of the emergency rescue capability of the enterprise. In 2011, the production enterprises organized 1,043 drills of all types, involving nearly 10,000 participants.

Case

China Minmetals (Guizhou) Ferrous Alloy Co., Ltd. carrying out an emergency drill in a materials sinking accident scenario



On June 28, 2011, China Minmetals leaders viewed the "gas leak accident emergency drill" held by the Ferrous Circulation Strategic Business Unit in Hunan.



4. Promoting Safety through Science and Technology

China Minmetals constantly strengthens the ability to apply science and technology in work safety to enhance intrinsic safety, propel the building of the "6+1" system in an orderly manner, use advanced and applicable technical equipment and build a solid technical support system for work safety. The "6+1" system refers to the 6 systems of the monitoring system of mining enterprises, underground staff positioning system, underground emergency haven system, compressed air self-rescue system, water supply rescue system and communication system, plus online tailings monitoring system.



Case

China Minmetals launched studies into subjects like prevention of falling loose rocks and poisoning from blasting fumes by setting up a project team composed of its own environmental protection management people, experts from the China Academy of Safety Science and Technology and the technicians of subordinate mining enterprises to study and analyze the causes of such accidents in these enterprises, recommend technical and managerial countermeasures, draw up operation rules and offer guiding opinions for the enterprises to effectively reduce and prevent such accidents.

5. Supervision and Management of Contractors

In 2011, China Minmetals continued to strengthen the safety supervision of its contractors and incorporated them into the responsibility contract for work safety, requiring coverage of all contractors in the supervision. At the stage of bid invitation, the bidders were strictly screened in respect of their qualifications, safety performance over the years, qualifications of operators and safety attainment of employees to raise the threshold for the operation teams of the contractors. The production enterprises are required to incorporate contractors into the realm of safety management for intensified and unified management.



Staff of the Department of Work Safety Equipment correcting the violation of safety regulations of a contractor

Case

North China Aluminum imposes specific regulations on its contractors in respect of onsite wearing of safety gear, open flame operations, licensing of special operation personnel, safety training and safety equipment, requires them to provide work sites with fire extinguishers and other emergency equipment and supervises them to spend deposit money on work safety. In 2011, the company signed the *Agreement for Work Safety* with 15 external construction entities, carried out 50 safety inspections, addressed 68 rule violations and safety loopholes, thus effectively strengthening the safety supervision of the entities.

(IV) People-oriented Reinforcement of Occupational Health Protection

China Minmetals ensures the occupational safety and health of its employees on a people-oriented basis. In 2011, China Minmetals improved its occupational health management system and promulgated the *Regulations on Supervision and Management of Occupational Health* to incorporate occupational health management into the HSE system. It established the occupational health statement system and sounded-out opinion and conducted a key-point survey throughout the organization to find out about the occupational health of the employees.



Publicity Newsletter on Prevention and Treatment of Occupational Diseases in Zhuzhou Hard Alloy Group

Case

- In August, 2011, China Minmetals conducted a key-point survey of its mining, smelting and processing enterprises that involved the detection, prevention and control of worksite hazards, allocation of personal safety gear, examination of occupational health of employees and basic management of occupational health.
- In 2011, Hanxing Mining invested RMB10.6063 million in the protection of occupational health and redoubled such efforts in workplaces. It has established and improved the *System of Responsibility for Prevention and Treatment of Occupational Hazards, System of Occupational Hazard Notification and Occupational Health Publicity, Education and Training System*; set up the occupational health monitoring files; conducts regular occupational health examination of those in contact with occupational hazards and notifies the employees of the results to safeguard their health rights and interests.



Hanxing Mining Providing Physical Examination for Employees Exposed to Occupational Hazards

Case

Luzhong Mining Co., Ltd. pays much attention to the protection of occupational health. In 2011, it increased investment in this regard and spent RMB 3.2 million purchasing two 590DA3 air compressors, thus effectively reducing aerodynamic noise during equipment operation. It organized regular occupational disease examination for 1,880 employees in contact with dust and poison.

(V) Fostering Safety Culture and Strengthening Safety Awareness

China Minmetals constantly improves safety publicity and education to foster the cultural concept of "Safety for Everyone", strengthens training in work safety and enhances the safety awareness and skills of its employees, and stresses surveys and exchange to fully upgrade the work safety of its subordinate enterprises.



Publicity Slogan of "Safety for Everyone"



Work Safety Publicity Slogans at Xianglu Mountain



1. Work Safety Publicity

China Minmetals vigorously promotes safety publicity in important newspapers, magazines and online media, for example, the *National Briefing on Work Safety* and Xinhuanet, among others, to build up a positive public image. In 2011, China Minmetals launched a "work safety month" campaign entitled "implementation is all that counts for safety responsibility". It made efforts to create safety teams, enhance grassroots execution of work safety, build up a contingent of safety with keen awareness for safety, well-developed safety skills and good safety quality to realize "no hidden dangers on worksites, no personal rule violation, no team accidents" and promote the healthy and steady development of the corporation.

Case

- China Minmetals received the prize for winning units at the knowledge contest "Fulfilling Corporate Responsibilities for Work Safety" held jointly by the State Administration of Work Safety and the All-China Federation of Trade Unions.



- China Minmetals won once again the title of "Advanced Organizing Unit" of national work safety month awarded jointly by 7 ministries and commissions, including the Publicity Department of CPC Central Committee, after it was given the title last year. A representative of China Minmetals gave a presentation of its special experience upon invitation at the national conclusion and exchange conference.



Case

China Minmetals Commending Outstanding Persons in HSE

Gao Lili is a senior engineer of environmental protection in the HSE Department of Luzhong Mining Co., Ltd. In her work, in line with her working philosophy she endeavors to spend more time inspecting safety in grassroots units and talking about environmental protection in mining areas. In recognition of the wisdom and talent she has contributed to the safety and environmental protection efforts of the company, she was repeatedly elected "Outstanding Worker", "Outstanding Individual" and one of the "Top 10 Female Masters" by upper departments and the company.



Beiminghe Iron Mine of China Minmetals Hanxing Mining Company carried out the activity of "underground safety trip of miners' wives" to enable the employees to experience the warmth of family and be reminded of their wives' anticipation of their safe return.

"Underground safety trip of miners' wives" activity of Beiminghe Iron Mine

2. Work Safety Training

carried out **7,890** safety training
involved more than **200,000** trainees
100% of special operation personnel hold licenses required for their posts.

The training in work safety is an important approach to enhancement of the work safety of China Minmetals. In 2011, China Minmetals adapted itself to the requirements of the HSE management system via systematic training in the HSE system. It sent the employees of subordinate production enterprises to take part in the safety qualifications preliminary training and refreshment training held by the State Administration of Work Safety for the work safety managers of central enterprises and sent experts to production sites for field training that addresses specific issues and needs. In the whole year, China Minmetals carried out 7,890 safety training sessions of all types that involved more than 200,000 trainees. In the enterprises in China Minmetals, the employee training rate is 100% and 100% of special operation personnel hold licenses required for their posts. The efforts have promoted the popularization of safety knowledge and enhancement of skills among the employees.



Minmetals Prospecting HSE System Training

3. Strengthening Surveys and Exchanges

In 2011, China Minmetals strengthened the domestic and overseas surveys and exchanges related to work safety, including the trips made to MMG for communications about work safety and to China Minmetals International Engineering Company for work safety inspection of a Russian steel girder transformation project to make initial explorations into the safety supervision of overseas enterprises.

Case

From August to September 2011, China Minmetals Vice President Sun Xiaomin led a delegation to Australia for survey and work exchanges with MMG about work safety.



Vice President Sun Xiaomin Exchanging with MMG Employees



Survey Team Going to Century Strip Mine for a Safety Inspection

In 2011, China Minmetals carried out inspection of overseas work safety at the turnkey project undertaken in Russia by the China Minmetals Engineering Technology Company of Ferrous Mining Strategic Business Unit to vigorously enhance overseas work safety management and accelerate the building up of a professional contingent of safety supervision to an international level.



Safety Management Personnel Going to Russia for Safety Inspections

Green Development for Creating Sustainable Ecology



3

- ◆ Environmental Protection Policy and Performance
- ◆ Improving System and Enhancing Control Capability
- ◆ Low-carbon Development to Address Global Climate Challenges
- ◆ Taking Multiple Measures to Enhance the Stamina of Green Development
- ◆ Strengthening Management to Protect Natural Ecological Environment



Green Development— Creating Sustainable Ecology

The harmony between economic/social development and ecological environment is the foundation whereby the human society achieves sustainable development. Persisting in green development is the inevitable choice made by China Minmetals for sustainable development. China Minmetals responds actively to the challenges of global climate change, fulfills the responsibility for energy saving and emission reduction, explores the green development mode of low energy consumption, low pollution and low emission, improves the efficiency of resources utilization, strengthens the protection of ecological environment and works hard to build a resources-conserving and environment-friendly enterprise and promote the sustainability of the ecological environment.

(I) Environmental Protection Policy and Performance

1. Environmental Protection Policy

- ④ Deepen the building of the 3 Major Systems for energy saving and emission reduction and enhance control;
- ④ Strengthen comprehensive treatment and use technical progress to promote energy saving emission reduction;
- ④ Actively develop recycling economy to improve the efficiency of resources utilization;
- ④ Strengthen the education and publicity of energy saving and emission reduction to raise awareness of environmental protection.



Basic ideas about energy saving and environmental protection under the 12th Five-Year Plan:

- ④ Uphold the tenet of resources saving and environmental protection to ultimately change the extensive growth mode of high energy consumption and high pollution;
- ④ Rely on restructuring, technological progress and intensified management to enhance energy saving and environmental protection;
- ④ Persist in the combination of source control with utilization of stocks; law-based management with policy incentives;
- ④ Face up to the long-lasting nature of environmental pollution and intensify process supervision.

2. Environment Protection Performance

In 2011, China Minmetals remained committed to green operation, earnestly carried out energy saving and emission reduction, and vigorously strengthened ecological protection, achieving good environmental protection performance. In 2011, the comprehensive energy consumption, emission load of sulfur dioxide and chemical oxygen demand (COD) for every RMB10,000 of operating revenue fell from the base period (2009) by 65.5%, 23.8% and 24.3% respectively, reaching the target values for 2011.

Table of Environmental Protection Performance in 2011 (Leading Industrial Enterprises)

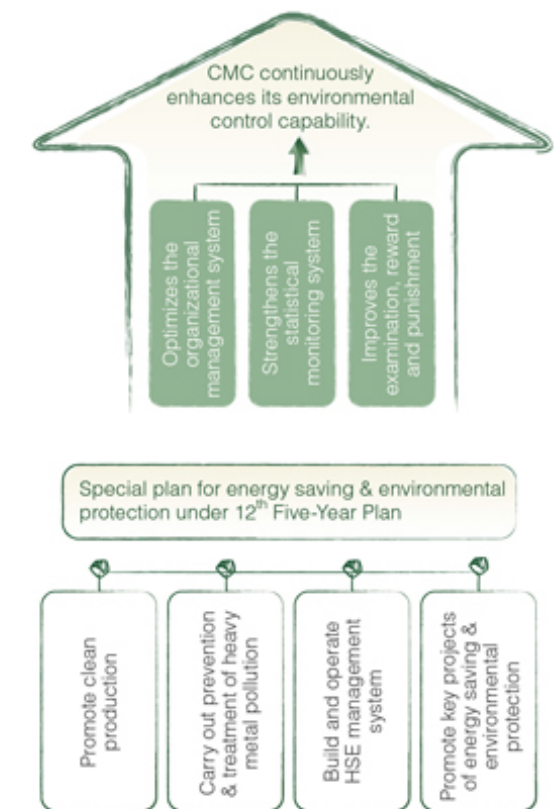
Indicator	Unit	2009	2010	2011
Comprehensive Energy Consumption	10,000-ton Standard Coal	157.89	181.53	315.45
Comprehensive Energy Consumption for RMB10000 of Output Value	Ton Standard Coal/RMB10,000	1.121	0.707	0.37
Emission of SO ₂	Ton	4,583.83	4,685.36	19,993.90
Emission of COD	Ton	1,124.22	1,067.00	3,214.59

Note: The increase of the indicators in 2011 is due to China Minmetals' incorporation of many newly-merged or acquired enterprises into the statistics. Meanwhile, the substantial rise of output led to the substantial rise of comprehensive energy consumption and the emission load of sulfur dioxide and COD. Nevertheless, the comprehensive energy consumption for every RMB10,000 of output value fell considerably year-on-year.

(II) Improving System and Enhancing Control Capability

China Minmetals pays close attention to environmental protection, uses the continuous improvement of the 3 Major Systems for energy saving and emission reduction as a base, provides full-time environmental management personnel and optimizes the organizational management system. China Minmetals has developed a new version of the *Statistical Manual for Information on Energy Saving and Emission Reduction*, strengthened the statistical monitoring system, quantified the indicators, broken down the objectives for fulfillment of the responsibilities for energy saving and emission reduction, improved the examination, reward and punishment system and enhanced the control capability for environmental protection.

In 2011, China Minmetals released its *Special Plan for Energy Saving and Environmental Protection under the 12th Five-Year Plan (2011-2015)*, studied and clarified the critical issues that draw the attention of stakeholders and have overall importance and strategic significance as well as the countermeasures, identified the 4 key tasks in the 12th Five-Year Plan period and established the long-term mechanism of China Minmetals for energy saving and environmental protection:



(III) Low-carbon Development to Address Global Climate Challenges

China Minmetals actively addresses the challenges posed by global climate change, seizes opportunities to strengthen the management of energy saving and emission reduction, makes scientific and technological innovations to promote low-carbon development and strives to be a leading green enterprise. It maintains "low consumption, low emission and high efficiency" as its goal, cherishes limited resources and creates unlimited value.

1. Strengthening the Management of Energy Saving and Emission Reduction

Energy saving and emission reduction are the important strategic measures taken by China Minmetals to speed up its restructuring and upgrading. By continuously enhancing the management of energy saving and emission reduction, China Minmetals achieved all the objectives of energy saving and emission reduction in the 11th Five-Year Plan period and was elected by SASAC as an outstanding enterprise in energy saving and emission reduction in the 11th Five-Year Plan period (ranking 7th among central SOEs).

China Minmetals developed a new version of the *Statistical Manual for Information on Energy Saving and Emission Reduction*, including 17 types of statements and more than 120 statistical indicators that cover all the indicators for pollutant discharge and energy consumption, intensifying the statistical monitoring of the environment. China Minmetals actively conducts training in the statistical system of energy saving and emission reduction to strengthen the foundation of grassroots enterprises for energy saving and emission reduction.

Case

In March 2011, China Minmetals launched a training in the statistical system of energy saving and emission reduction in Changsha Research Institute of Mining and Metallurgy Co., Ltd., which was comprised of three parts: SASAC regulations for energy saving and emission reduction, the statistical system and statistical indicators.

17 types of statements more than 120 statistical indicators

2. Green Development and Scientific and Technological Innovations

China Minmetals values the key role of scientific and technological innovations in environmental protection, applies advanced science and technology to promote low-carbon environmental protection development and enhances the level and quality of the environmental protection of the enterprise through scientific and technological innovations. In 2011, China Minmetals added 6 external experts to its expert database, which now has over 200 internal experts and over 50 external experts, and added 9 technologies to its technology database for energy saving and environmental protection, enhancing its capability for green scientific and technological innovations.

added 9 technologies



Workshop of Zhuzhou Smelter Group for Membrane Treatment of Wastewater Containing Heavy Metals

Case

The technology of "membrane treatment of wastewater containing heavy metals" of Zhuzhou Smelter Group reaches an advanced level domestically. After deep purification, the wastewater is better than industrial tap water in terms of major quality indicators and can replace new water, thus reaching the target of water saving and discharge reduction. For lead and zinc products, the consumption of new water per unit is less than 9.15 tons, reaching an advanced level in the domestic lead and zinc smelting industry.

- Changsha Institute of Mining Research made an innovative breakthrough in "mining technology without rock refuse" and secured independent intellectual property rights, providing solid technical support for the "green mine" development of China Minmetals.
- China Minmetals Environmental Protection Company and Environmental Technology Company jointly developed the 3rd-generation fuel gas desulfurization technology, the multi-level efficient wet spray method, which has a desulfurization effect of up to 99.9%, plus an energy consumption that is only 10% of that of similar technologies around the world. The technology will strongly enhance the sustainable development capability of the nonferrous business of China Minmetals.

3. Striving to Be a Green Pioneer

In 2011, as one of the members of the UN Global Compact (UNGC) Stewardship Project consisting of only 20 global enterprises, China Minmetals actively promoted low-carbon development and extended the green industry chain to become a green pioneer.

Case

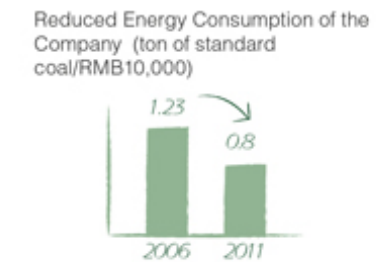
Participating in the Task Group of UN Global Compact

In July 2011, China Minmetals became a member of the Sustainable Energy for All task force of UN Global Compact, which discusses relevant issues and makes recommendations. Sponsored by UN Secretary General Ban Ki-moon, the task force is designed to promote governments, enterprises and societies to achieve three major targets by 2030:

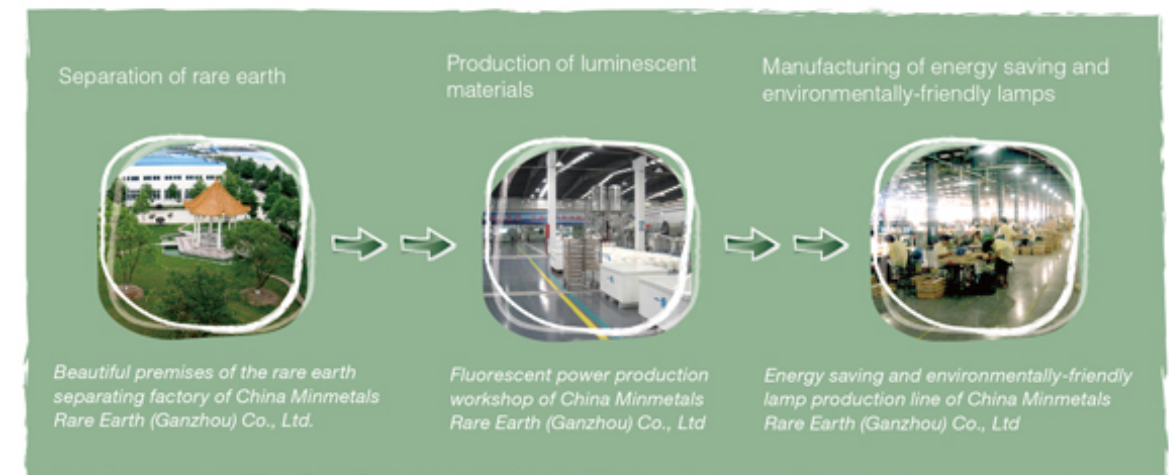
- (1) Ensuring universal access to modern energy services;
- (2) Reducing global energy intensity by 40%;
- (3) Increasing the global proportion of energy generated from renewable sources by 30%.

- Hsikwang Shan Twinkling Star Co., Ltd., an enterprise under China Minmetals, uses technological innovations as a means to pursue low-carbon development. Its antimony smelter took the lead in the national antimony industry in achieving the comprehensive utilization of all waste residues, zero-to-standard discharge of waste water and waste gas. Each year, it makes comprehensive utilization of 100,000 tons of waste residues, reduces the discharge of wastewater by 1.2 million tons and reduces the emission of sulfur dioxide by 10,000 tons. Its energy consumption fell from 1.23 tons of standard coal/RMB10,000 in 2006 to 0.8 tons of standard coal/RMB10,000 in 2011.

Annual Comprehensive Utilization of Waste Residues (10,000 tons)	10
Annual Reduction of Discharged Wastewater (10,000 tons)	120
Annual Reduction of Emitted Sulfur Dioxide (10,000 tons)	1



- China Minmetals Rare Earth works in accordance with the regulations of the State Council and the Ministry of Environmental Protection on the rare earth industry to continuously enhance green development. Since its establishment, it has invested RMB85 million in environmental protection and technical reform in a bid to forge a green rare earth industry chain.



(IV) Taking Multiple Measures to Enhance the Stamina of Green Development

China Minmetals actively changes the development mode and constantly pursues development quality. It carries out all-round checks for latent pollution, conducts inspections of internal environmental protection and takes multiple measures to promote the clean production strategy and expand the space for the green development of the enterprise.

1. All-round Checks for Latent Pollution

China Minmetals conducted all-round checks for environmental pollution sources and latent pollution to ensure green development. By entering the results into the environment pollution database for recordation and tracking, China Minmetals ensures the effective implementation of remedial efforts and has enhanced the management of environmental protection.



Case In 2011, China Minmetals completed the formulation of two important standards: *Standard for Early Warning of Latent Environment Pollution and Emergency Management* and *Standard for Building the System for Monitoring Heavy Metal Pollutants*, thus further enhancing the pollution prevention and treatment of subordinate enterprises.

2. Inspection of Internal Environmental Protection

The inspection of internal environmental protection has improved the foundation for green development. In the light of the environmental protection status quo, China Minmetals launched the inspection of internal environmental protection in 12 provinces and developed 28 volumes of reports, including the master report of inspection, the reports on the existing problems and recommended remedies, and the province-specific reports, amounting to more than 550,000 words. The initiative met the latest requirement of the Ministry of Environmental Protection for compilation of technical reports on inspection of environmental protection of listed companies. Meanwhile, to address the risks that may be brought by the investment projects to energy saving and environmental protection as well as the pressure on the follow-up actions, China Minmetals has standardized and improved the system for the environmental protection examination of the projects and strengthened early risk control to prevent introduction of major hidden dangers and risks in energy saving and environmental protection, thereby lowering environmental risks and laying a solid foundation for its green development.



Case In 2011, the Ministry of Environmental Protection released a list of the first batch of rare earth enterprises that meet the requirements for environmental protection. Of more than 300 rare earth enterprises across the country, 15 met the requirements, including Ganzhou Hongjin Rare Earth Co., Ltd. and Dingnan Dahua New Materials Co., Ltd. under China Minmetals Rare Earth (Ganzhou) Co., Ltd., and Jiangxi Nanfang Rare Earth Hi-Tech Co., Ltd. under Jiangxi Tungsten Group Corporation Limited, all being included into the first batch.

3. Promoting Clean Production Strategy

Clean production is the key to green development, an environmental strategy characterized by "reduction from source, process control and continuous improvement" and an important measure taken by China Minmetals to develop recycling economy and build a resources-saving and environment-friendly enterprise.

Tips
Clean production is an environmental strategy that consecutively applies comprehensive prevention measures in products and services to improve overall efficiency and reduces the risks to human health and the environment. (Source: UNEP)

Case In 2011, Luzhong Mining Co., Ltd. strongly promoted the inspection of clean production and passed the clean production inspection and acceptance of the authority of environmental protection, creating satisfactory economic, environmental and social benefits.

Performance Indicators	Zero/Low Charge Plans	Medium/High Charge Plans	Amount of Investment (RMB10,000)	Economic Benefits (RMB10,000)	Reduced Emission of Sulfur Dioxide (Ton)	Reduced Emission of Soot (Ton)	Reduced Emission of COD (Ton)
2011	140	3	1,534.97	3,138.7	178.24	1,643.4	94.95

(V) Strengthening Management to Protect Natural Ecological Environment

China Minmetals actively protects the natural ecological environment at the location of operations, attaches great importance to the management of tailings impoundments, protection of biodiversity, land reclamation and the protection of water resources and carries out a wide range of environmental protection publicity activities to promote the harmonious development between man and nature.

1. Strengthening Tailings Pond Management

China Minmetals pays close attention to the management of tailings impoundments and carries out comprehensive treatment and utilization of the tailings impoundments of subordinate enterprises according to the Technical Rules for Tailing Pond Safety and the Regulations on the Supervision and Management of Tailing Pond Safety to minimize environmental impact and create value by turning waste into resources.

Case Hunan Nonferrous Company recycles the concomitant fluorites of the tailing pond at Shizhuyuan, Chenzhou to turn waste into resources, creating an industry chain of fluorites that generates RMB10 million of profits.

Performance Indicators	Fluorite Reserves (10,000 tons)	Proportion Taken up in National Reserves of Concomitant Fluorites (%)	Potential Value (RMB100 MM)	Output of Fluorite Powder (10,000 tons)	Cumulative Sales Income (RMB 100 MM)	Cumulative Profits (RMB 100 MM)
By June 2011	4,600	70	500	9.7	7,000	2,600

Guizhou Branch of Changsha Research Institute of Mining and Metallurgy Co., Ltd. reclamation and greened its Leigongwantailing pond to improve the surrounding environment.



Xishimen Iron Mine of Hanxing Mining has intensified the comprehensive treatment of subsidence area, waste dumps and tailings impoundments by carrying out land reclamation and revegetation according to local conditions to intensify the improvement of the geological environment of the mining area.



2. Protecting Biodiversity

Wherever its operations are located, China Minmetals follows natural laws, strives to maintain ecological balance, protects biodiversity and safeguards the harmony between man and nature.



MMG seeks to protect plants and biodiversity where it operates.



MMG seeks to protect animals and biodiversity where it operates.

3. Implementing Land Reclamation in Mines

China Minmetals values the land reclamation in mines and takes effective measures to restore ecology and create green mines.



Afforestation for Restoration of Hsikwang Shan Green Ecology

Case

- Hsikwang Shan Twinkling Star Co., Ltd. has made remarkable achievements in reclamation so that the green coverage rate reaches 85% of the area that can be greened in the mining area. Its southern mine and mining-dressing plant were granted the titles of "Mine with Beautiful Environment" and "Plant with Beautiful Environment". The industrial tourism at Hsikwang Shan will feature a marriage between mine and landscape to integrate industrial culture, tourist culture and human environment.

- To create a green mine, Beiminghe Iron Mine of Hanxing Mining has built a tailing dam and planted more than 12,000 saplings, including Robinia, dry land willows and poplars, and more than 70,000 shrubs, e.g. sea backthorns. So far, it has transformed 42 mu into arable land through earthing up, restored local ecological environment and boosted local sustainable development.



Reclamation of Tailing Area in Beiminghe Iron Mine

4. Protecting Water Resources

China Minmetals values the protection of water resources and has strengthened the water recycle construction and sewage treatment in mining enterprises and smelting enterprises.



MMG's aim is to be a leader in environmental best practise in Lao PDR

Case

Wherever it operates, MMG pays close attention to the protection of water resources. Sepon mine collects and tests up to 800 water samples per month.

Case

- Anhui Development Mining Co., Ltd. completed a wastewater recycling project, which was designed and undertaken by China Minmetals Environmental Protection Technology Co., Ltd. Covering 500m² of land, the project uses mine water more than 600m underground as source water, treats 3,000 tons of water each day and involves a total investment of RMB5.58 million. After treatment, the water contains SS<50mg/L, COD<100 mg/L and PH 6 ~ 9 and reaches the standard for recycled water, eradicating the water shortage of the productive enterprise.

- The mine wastewater treatment project (phase 1) of Jiangxi XiushuiXianglushan Tungsten Co., Ltd. was designed and undertaken by China Minmetals Environmental Protection Technology Co., Ltd. to treat the ore dressing wastewater of the dressing plant. Covering a land area of 400 m², it treats 4,000 tons of water each day and involves a total investment of RMB3 million. After treatment, the wastewater contains SS<100mg/L, COD<100 mg/L and PH 6 ~ 9 and reaches the standard for discharge, thus meeting the needs of the enterprise for sewage treatment and promoting its sustainable development.



Water Purification Project of Anhui Development Mining



Xianglushan Sewage Treatment Station

5. Carrying Out Environmental Protection Publicity and Education

China Minmetals has used a variety of methods to strengthen environmental protection publicity and education in order to increase awareness of environmental protection in all its employees. Reflecting the outstanding achievements made in environmental protection publicity, China Minmetals obtained the "Award for 10 Top Chinese Entities Contributing to Energy Saving", and the "Outstanding Technical Demonstration Unit of China for Energy Saving" and "Outstanding Project Demonstration Unit of China for Energy Saving" awards in the second Chinese energy saving publicity and commendation activity of 2011. The award ceremony was held in the Great Hall of the People.

Case

In 2011, taking advantage of the opportunity of the "6·5" World Environment Day, Luzhong Mining Co., Ltd. carried out publicity education activities to create an atmosphere of public support for environmental protection. Through an exhibition board, newspapers, magazines and publicity pamphlets, it exhibited the outstanding contributions it made in energy saving and emission reduction and the corporate image of assuming social responsibility.



Children's Painting Activity on World Environment Day



Publicity Boards of Luzhong Mining Co., Ltd. about Environmental Protection



Spring Tree Planting Exhibition Board of Financial Strategic Business Unit



Employee Development Boosting Sustainable Growth

4

- ◆ Employee Development Policy and Performance
- ◆ Safeguarding Employees' Rights & Interests and Establishing Harmonious Labor Relationship
- ◆ Promoting the Development of Employees and Reinforcing the Development Foundation of the Enterprise
- ◆ Adhering to Employee Localization to Enhance Development of Overseas Employees
- ◆ Caring for Employees to Achieve Balance between Work and Life
- ◆ Strengthening Cultural Progress to Promote the Cultural Integration of Enterprises



Employee Development— Boosting Sustainable Growth

China Minmetals supports and respects the protection of international proclaimed human rights and regards the same as one of its most important social responsibilities. China Minmetals always upholds the philosophy that human beings are the primary resource in corporate development, protects human rights in both its organization and its systems, merges the principles and practices of respecting workers as well as human rights into its daily business activities and works hard to achieve the common development of both the enterprise and its employees in order to provide human resources support for the efforts of building a world's first-class metals and minerals enterprise and enhance the realization of sustainable development.

(I) Employee Development Policy and Performance

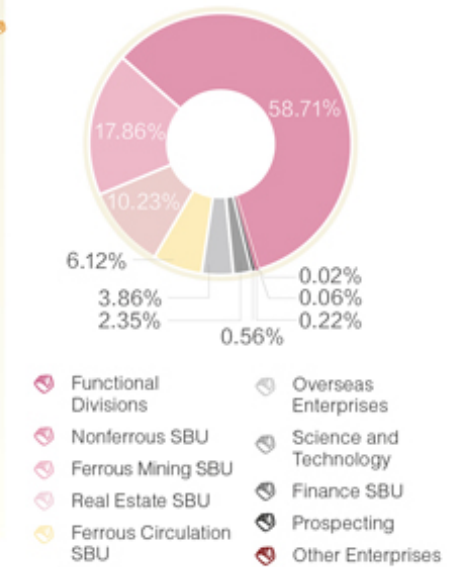
- ❖ To sign labor contract with employees in strict compliance with laws and regulations, persist in providing equal job opportunities and reasonable salary and benefits, safeguard and maintain the legitimate rights and interests of employees;
- ❖ To make innovations in employee recruitment, improve the training system, broaden the development space of employees, stimulate their enthusiasm and creativity and boost their personal growth;
- ❖ To respect the political, economic, social and cultural rights of employees as well as their basic work-related rights, create a healthy and safe working environment, provide a balance in their work and life to the greatest possible extent, work hard to promote the common development of the enterprise and its employees;
- ❖ To abide by the labor laws and regulations wherever its operations are located, establish an employment system that meets local requirements, actively provide local communities with job opportunities, persist in recruiting local employees to provide them with opportunities for constant growth and development.

"Don't ask what you have got, but what you have offered. This is the philosophy that will support my continuous progress in China Minmetals and give me the resolve to overcome twists in the path of my life."

— Jin Xi of China Minmetals Real Estate Strategic Business Unit

Indicators	Unit	Data
Total number of employees	Person	177,931
Including: Female employees	Person	28,619
Employees of minority ethnic groups	Person	3,291
Number of medium and high-level technical personnel (holding medium and senior professional titles)	Person	11,657
Social Insurance Payment Rate	%	100
Proportion of Females Holding Medium-level and above Positions	%	12.8
Number of academicians	Person	2
Number of state-level middle-aged and young experts making outstanding contributions	Person	3
Number of persons entitled to special government allowances of the State Council	Person	93

Employee Formation Chart of China Minmetals



Training of China Minmetals over the years



Case

Wei Shuxiang, Management Expert of Ferrous Mining Strategic Business Unit

Wei Shuxiang now serves as the Assistant President of China Minmetals and General Manager of China Minmetals Mining Holdings Co., Ltd.. With a Ph.D in Engineering, Wei Shuxiang is a professor-level senior mining engineer entitled to the special government allowances of the State Council.

He started his career in 1982 and engaged in the scientific researches and design of mines, capital construction, production and business management. On the basis of his indefatigable pursuit of the mining cause and mining technology, he has accumulated rich experience in the design, construction and operation management of medium and large ferrous metallurgical mines. He presided over the compilation of the Design and Implementation Plan for the Restoration Construction Project of Beiminghe Iron Mine, which saved RMB330 million of investment compared with the initial design plan approved by the state under the precondition of ensuring production capacity and great enhancement of technical equipment. The project was completed on time and reached designed capacity ahead of schedule. He spent 3.5 years organizing the completion of the 7.5 million tons/year mining and dressing project of Anhui Development Mining, saving more than RMB700 million of investment, the best benchmark in the construction of a domestic ferrous underground mine. He took part in organizing a dozen major studies of mining technologies and received provincial/ministerial awards for scientific and technological contributions and for excellent engineering design for many times. While he was the general manager of Hanxing Mining, he laid a solid foundation for the development of the company.



Case



Cao Liang, Manager of Project Planning and Evaluation Division, Investment Department, Nonferrous Strategic Business Unit

Cao Liang is one of the young employees who were trained by China Minmetals and have been making progress quickly. Since he joined the company in 2005, he took part in the planning and operation of multiple major investment projects as one of the backbone members of the project team working on how to acquire the major assets of Australian OZ Mineral, Canadian Anvil Mining and Northern Peru Copper. On top of this, he is the contact of the division for connection with the investment management functions of the subordinate overseas enterprises and plays an important bridging role in promoting the efficient investment activities of these enterprises. For three years running from 2008 to 2010, he was named as one of the "Top 10 Employees/ Model Young Employees" of China Minmetals Nonferrous Strategic Business Unit. In 2011, he was named as an "Outstanding CPC Member" and "Model Worker" of China Minmetals.

"I am lucky to enter an industry full of hope and vitality, a high starting position offering rapid development, and a professional, dedicated and simple team after graduation. I am keenly aware of the theory that the gods helps those who help themselves. Therefore, I work hard and strive to achieve more to realize my own value, repay the company and become worthy of the support of my family."

— Cao Liang

(II) Safeguarding Employees' Rights & Interests and Establishing Harmonious Labor Relationship

1. Strictly Observing Policies, Laws and Regulations

China Minmetals strictly observes the relevant laws and regulations of the State and of the areas in which its operations are located, supports international human rights norms, safeguards the rights and freedoms provided by laws, prohibits any discrimination, never employs those without work permits, child labor or forced labor, provides equal job opportunities and reasonable remuneration, establishes mechanisms of effective stimulation and supervision as well as responsible employment relations to realize the common sustainable development of the corporation and its employees. In 2011, 100% of its employees signed labor contracts.

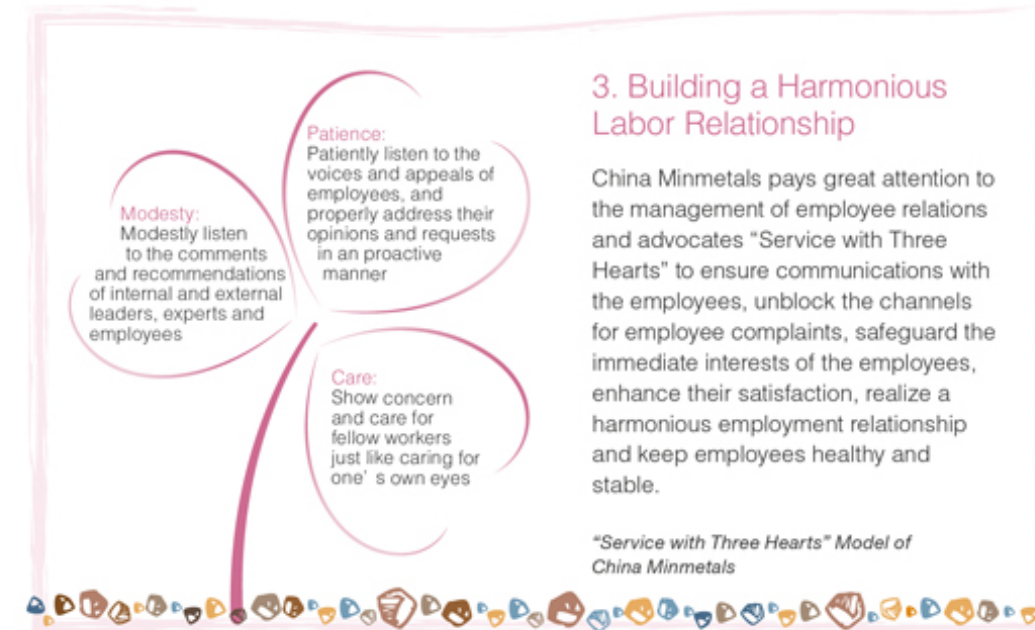
2. Actively Promoting Democratic Management

China Minmetals actively explores new mechanisms of democratic management that are appropriate to the development reality of the enterprise and works hard to broaden the coverage of the trade union and employees' congress. Through democratic channels, a new employees' congress was elected that covered the entire organization, including the enterprises outside Beijing and in foreign countries. The congress was composed of 98 employee representatives, with employees and managers from the production frontier accounting for 84.7% of the total. In the meantime, to keep pace with the times, efforts were made to develop and modify a number of rules and regulations on employee democratic management to maximize the protection of employees' legitimate rights and interests.

Case

Democratic Management Practices of Hanxing Mining

Hanxing Mining maintains the system of reviewing major issues. At the beginning and in the middle of each year, the company and its secondary units will hold employees' congress to review the objectives of production, operations and capital construction and the use of hospitality allowances. During the adjournment of the employees' congress, full play is given to the meeting of executive representatives to review Measures of *Minmetals Hanxing Mining Co., Ltd. for Supplementary Medical Insurance and Regulations on Retirement of Internal Off-Post Employees*, which were put to a vote.



(III) Promoting the Development of Employees and Reinforcing the Development Foundation of the Enterprise

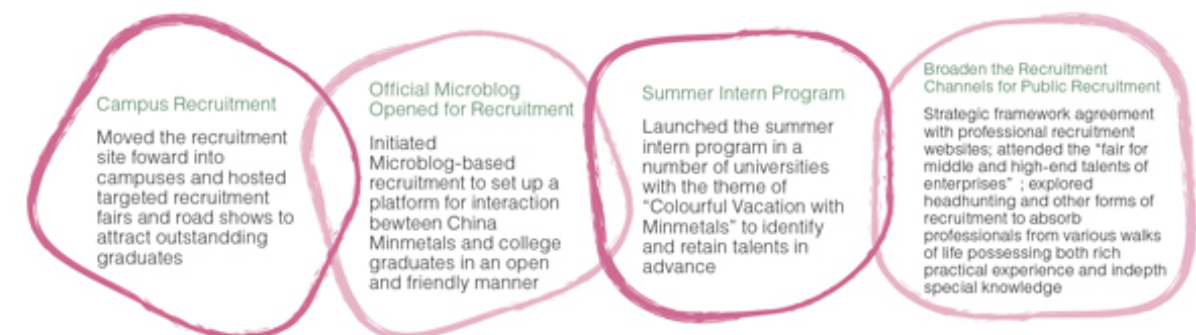
"Coming back home and joining China Minmetals gave me a sense of intimacy not experienced for a long time and a strong sense of belonging. Such a sense of intimacy is a type of freedom completely removed from the restraints I was under when roaming abroad. Such a sense of belonging is a type of responsibility originating from the bottom of my heart."

— Dong Yu of China Minmetals Finance Division

1. Optimizing Recruitment Management

During its business integration, China Minmetals has continuously expanded its demand for talents. Upholding the "One Minmetals" concept of human resources, China Minmetals actively widens the channels of recruitment, makes innovations in recruitment mode, enhances the branding image of China Minmetals recruitment as the best employer and expands job opportunities for the society. In 2011, China Minmetals recruited 2,741 new graduates and 3,675 people from other sectors of society.

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3,675
people from
other sectors
of society





Award Presenter	Awards
SASAC	"Excellent Brand Column of Portal"
51job website	"Best Human Resources Model Enterprise of China"
China HR	"Best Employer Award"

Case

Summer Internship Program

China Minmetals stresses the concept of "equal emphasis upon discovering and training skilled employees" and launched the summer vacation internship program in a number of universities to designate a tutor for every intern and gradually bring out their professionalism. Of the 38 summer interns in 2011, 11 were recruited on priority in the China Minmetals campus recruitment of 2012.



2. Promoting the Career Development of Employees

China Minmetals upholds the concept of "matching people with posts, bringing talents into full play and making the best use of talents", targets "the common growth of employee performance and corporate performance", takes the talent evaluation criteria of "considering integrity first and giving concurrent consideration to knowledge, ability, vision and performance", and continuously improves the mechanisms for personnel training, assessment and promotion. It actively builds a learning organization, provides employees with diversified development space, boosts the value preservation and increase of human capital and expedites the common sustainable development of both the enterprise and the employees.

In 2011, China Minmetals established a standardized position management system characterized by "multiple horizontal sequences, multiple vertical levels, an expert database on the top, a pool of talent at the bottom, channels for promotion and mechanisms for withdrawal", and built multiple pathways for the Career Development of employees and worked out a career development map for employees to help employees realize promotion through the appropriate pathways. It established the tenet of overall salary of "specifying pay according to post, marking difference by capabilities, and awarding remuneration based on performance". It optimized and completed the incentive and disciplinary mechanism, and adopted the training mode of "hierarchical responsibility and classified implementation" that highlights the training of key posts and core personnel and advocates lifetime learning. Over the year, China Minmetals invested RMB57.48 million in training and trained 149,737 person/time.

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57.48
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Training Unit	Training Category	Number of Training Sessions and Trainees
China Minmetals Headquarters	Training of middle and high-level managerial personnel; occupational professional training; universal skill training of employees; pre-job training of new employees	75 sessions 6,220 persons
China Minmetals Subsidiaries	Training of junior managerial personnel; training of specialized technicians; training of operators	143,517 persons

Case



General Manager Gu Liangmin of the Copper Department of China Minmetals Nonferrous Metals Holdings Co., Ltd.

Gu Liangmin is now general manager of the Copper Department of China Minmetals Nonferrous Metals Holdings Co., Ltd. and general manager of China Minmetals Jiangtong Mining Investment Co., Ltd.. As the only Chinese member of LME Copper Committee, he has over 20 years of experience in the operation and management of copper production, trade and development and has led his department in building a team that is efficient, professional, devoted, and able to tackle key problems.

When he was in charge of the management of the department in early 2008, he was exposed to advanced market operation modes, which he exploited and used in a creative fashion in accordance with the characteristics of the department, enabling the business of the department to develop from being limited to independent import and agency import to having diversified modes of operation, with operation platforms being distributed at home and abroad; achieve mutual complementation between acquisition of resources through investment and acquisition of resources through long-term contract and spot contract; cause common the headway of domestic trading and outside of China sales; form the mutual support between copper trade and financial operation; serve upstream/downstream industries and the trade industry; increase the value-added services of global operations; expand the market influence of China Minmetals copper operations. In an environment of fierce competition on the copper market, frequent market fluctuations and lasting price inversion on the import market, the department achieved RMB24.43 billion of operating revenue, RMB1.096 billion of profits and 536,900 tons of commodity volume in 2011, the best results in the history of copper business.



Liu Chunhua of Luzhong Mining Co., Ltd.

Liu was appointed leader of the sewage treatment team at the end of 1997 and is in charge of 3 sewage treatment stations and 1 three-level pumping station, which treats the production and domestic sewage of the entire mining area and can treat some 3,000 tons of sewage a day.



During the 29 years, she has been conscientious and worked uncomplainingly in the ordinary post, quietly contributing her own power to the development of the mine with her uniquely feminine warmth and loving care. She has won the title of "Outstanding Individual" of the plant and company many times. She was named as one of the "10 Top Female Masters" of the company in 2003, as "March 8 Red Banner Pacesetter" of the company in 2004 and 2005, and as "Red Banner Pacesetter" of Shanghai in 2009. Her team was elected as the March 8 Red Banner Team of the company in 2006 and, in 2012, won the "May 1 Citation for Labor" of Shanghai and was named "May 1 Team of Model Female Workers" by Shanghai Federation of Trade Unions.

Case

First employee skill competition held to enhance the skills and quality of frontier employees

In October 2011, China Minmetals selected three job categories of mining enterprises, including maintenance fitters, welders and mine surveyors, for a skill competition throughout China Minmetals, which tested the theoretical level and actual operation skills of participants to promote the education, training and skill enhancement of employees in the field. Over 500 workers took part in the selection and 54 of them got into the final. After a tense and fierce contest, the first batch of technical experts and model skilled workers in the history of China Minmetals came into being. The event inspired the enthusiasm of employees for "learning skills, competing in skills and achieving first rate results" and promoted the business exchanges among mining enterprises.



3. Building the IT Platform of Employees

In 2011, China Minmetals launched the V5 phase-3 human resources project to sort out the flow and data criteria for management of human resources within China Minmetals, compile the basic information of nearly 110,000 employees in the member units around the world, build a sustainable informationized platform for management of human resources, realize the self-service and self-management of employees and push forward the sustainable development of the internationalized management of China Minmetals human resources.



The collection of information and issuance of corporate badges have strengthened the sense of belongings of the employees.

Xianglushan Tungsten collects the basic information of its employees.

Case

Self-service System of Employees Going Online

On June 16, 2011, the self-service system of human resources for China Minmetals employees went online successfully. This is the first self-service system of China Minmetals that is oriented toward the employees. By logging onto the system, the employees can gain the human resources information related to themselves, request changes to their own personal information and use other interactive functions. It provides the employees with a platform for self-service and self-management and has further enhanced human resources services.



4. Employee Honors

Honor incentives constitute an important aspect of the incentive mechanisms of the enterprise and an important part of its people-oriented management. China Minmetals pays close attention to cultivating employees' sense of honor and continuous enhancement of their sense of belonging and cohesiveness. In 2011, the Management Department of Ershisanye Guangzhou Metro APM Project won the honor of "National Workers' Vanguard"; ore loader operator Cao Ganglong of Dajishan Tungsten Co., Ltd. in Jiangxi Tungsten Industry Group and the worker Fu Dianbo of Minmetals (Hunan) Ferro-alloy Co., Ltd. won the "National May 1 Labor Medal".

In 2011, China Minmetals also formulated and released the *Management Measures of China Minmetals for Election and Management of Labor Models and Advanced Collectives*, which makes clear the guideline, work policy and operation flow of China Minmetals in this area and has further standardized the management thereof.

Case

Minmetals (Hunan) Ferro-alloy Co., Ltd. Employee Winning the Title of National Outstanding Individual for Quality Work

In October 2011, Jiang Fenglin, Deputy Director of the Quality Assurance Department of Minmetals (Hunan) Ferro-alloy Co., Ltd. under the Ferrous Circulation Strategic Business Unit, won the title of "2009-2010 National Outstanding Individual for Quality Work".

Since he joined the company in 1986, Jiang has been working at the frontline of the quality management of the enterprise. The article *Probing into Segregation of Manganese-Silicon Alloy Elements* was included into the outstanding papers at the 12th Ferroalloy Academic Seminar. Minmetals (Hunan) Ferro-alloy Co., Ltd. attaches great importance to quality work. "Hutie Brand" trademark has been named a famous trademark of Hunan Province and secured 99.6% user satisfaction and a 100% pass rate of products.

(IV) Adhering to Employee Localization to Enhance Development of Overseas Employees

1. Adhering to Employee Localization

the localization rate of employees reached

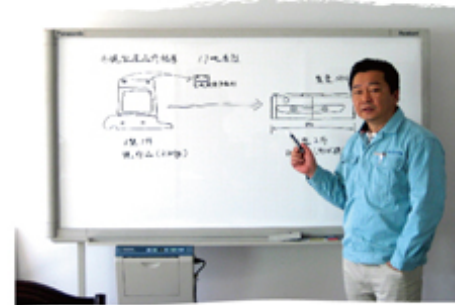
98.07%

China Minmetals persists in the principle of "internationalization of the company and localization of employees". Taking into account the needs of the company and its business development, it has established an employment system that meets the requirements wherever it operates to actively provide the areas with job opportunities, safeguard the legitimate rights and interests of local employees and promote regional economic and social development. By the end of 2011, the number of overseas employees reached 6,834, in contrast with 132 dispatched by China Minmetals to the overseas enterprises, meaning that the localization rate of employees reached 98.07%.

Case

Supporting the Development of Local Employees

After graduating from high school, Takeshi Sato joined China Minmetals Japan at the age of 17. Starting his career as an apprentice, he has worked hard for 26 years and is now director of the Business Department of China Minmetals Japan. From his apprentice days, he has grown with China Minmetals Japan to become a central pillar of its business. He has deep feelings for his job. In 2007, he was nominated for the "10 Figures Moving China Minmetals" award.



"Working in China Minmetals Japan, I have a sense of belonging and a sense of achievements. When the financial crisis broke out in 2009, the company sacked no one and did not reduce pay even under extremely difficult circumstances. Everyone stuck together to weather the hard times. I love my job and feel proud to be an employee of China Minmetals Japan."

— Takeshi Sato, employee of China Minmetals Japan

Supporting the Development of Indigenous Australia Employees



"During my 13 years working at Century, I have seen more than 300 local Indigenous people start or continue their careers at the mine. I have seen the opportunities that working at the Century have given these people. The skills they gained have allowed them to improve their lifestyle, find work in their own communities or even gain employment at other operations. I've also seen some of our trainees and apprentices recognised for excellence within the industry."

China Minmetals Corporation, through their ownership and support of MMG, has enabled local people like me to continue to access these wonderful opportunities."

— Corrie Richardson from MMG Century Mine

2. Promoting the Development of Local Employees

China Minmetals upholds the philosophy of employee development that is "people-oriented and making the best possible use of talent", respects the diversity of local employees and has established an all-round employee training system to help them prepare a career development plan that suits their own conditions, enhance the professional skills and comprehensive ability of local employees, strengthen their sense of pride and sense of belonging.

Case

Training Program for Local Employees at Sepon Mine, Laos

A training program run in collaboration with the Royal Melbourne Institute of Technology (RMIT) has been operating since 2006, with the first apprentices and employees graduating in 2011. The graduates received the qualification in one of seven trades - carpentry, fabrication, refrigeration, mechanical, electrical, automotive or instrumentation - following four years of studies and at least one year of on-the-job training at the mine site. This means that the graduates will hold certificates recognised in both Australia and Laos. Those who successfully completed the training will now go on to work at the mine. The result of this is to maximize mine-related income and increase skill levels amongst host community members.



Ms BounGneun Phonenavongdeuane receiving her certificate from Mr. Chris Barnes (RMIT) and Mr. Khamphoun Touphaitoun (Director of Savannakhet Provincial Education Service)

"Graduating with a high qualification was very important for me. It will bring many changes for my future, especially related to my performance in the job I do."

— Ms BounGneun Phonenavongdeuane from Ban Nasalor in Vilabouly District, gained her certificate in refrigeration and will work with the mine's maintenance department.

"I am very proud to be one of the local community members selected to join this high-standard study program. I would like to thank the company for providing an excellent training scheme for local people."

— Fellow graduate Mr. Viengkham Maphangvong, from Ban Boungkham in Vilabouly District, trained as a carpenter.

(V) Caring for Employees to Achieve Balance between Work and Life

1. Improving the Social Security System

In 2011, China Minmetals further improved its social security system to pay the premiums for pension insurance, medical insurance, unemployment insurance, industrial injury insurance and maternity insurance as well as the housing fund for the employees* on time and in full, improved the internal monitoring system of medical funds, and completed the revision of the China Minmetals Measures for Supplementary Endowment Insurance. It also guided and assisted subordinate enterprises in establishing the enterprise annuity plan and supplementary medical insurance to safeguard the immediate interests of the employees, relieve them of their worries about old-age care, medical treatment and child bearing. China Minmetals launched the training of social insurance coordinators to increase their knowledge about fund safety and internal control and achieve the common development of the employees and the enterprise.

*: Overseas enterprises covers relevant insurances for their employees in strict compliance with the local laws and regulations

Case

Luzhong Mining Co., Ltd. completed the examination, approval and recordation of enterprise annuity.

China Minmetals assisted Luzhong Mining Co., Ltd. in formulating the *Detailed Rules for Implementation of the Enterprise Annuity Plan as per the Guidelines of China Minmetals on Enterprise Annuity*, which has been approved and filed with the Ministry of Human Resources and Social Security. Luzhong Mining Co., Ltd. has fulfilled the actual operation tasks, such as account set up and fee payment.

2. Helping Needy Employees

Helping needy employees is an important part of the fulfillment of social responsibility. China Minmetals is mindful of needy employees, and takes into account their concerns, properly handles various issues to help them out and pass on loving care and warmth.

Case

Extending Loving Care

Wang Sanyuan is an employee of Yuanjing Tungsten under China Minmetals Hunan Nonferrous. His wife suffered a rare disease—myasthenia gravis and spent all the savings of the family on hospitalization, becoming heavily indebted for medical costs in spite of the help given by relatives and friends. After learning of the case, the company called on its employees to reach out and provide support and consolation for the unfortunate patient. As a result, RMB16,000 was raised to help pay the costs, bringing hope and warmth to the family.

"The care shown by the company and fellow workers has rekindled our hope of living on and raised our confidence in winning the battle against the disease."

— Wang Sanyuan



Helping Needy Employees

Yaogangxian Mining and Metallurgy under Hunan Nonferrous set up the files of needy employees and carried out the activity showing warmth and care.

On March 17, 2011, Xu Liansheng, an employee of the explosives warehouse of the Department of Materials Supply, suffered an attack of pancreatitis and was sent to the hospital for urgent treatment. The sudden disease incurred a huge amount of medical charges, making his already hard life even worse. The employees of the company learnt the news and all lent a helping hand by showing their care and donating RMB30,694 to help him pull through.



3. Balance between Work and Life

China Minmetals works to create a working environment that is harmonious and full of vigor by holding various colourful cultural activities, distributing books beneficial for physical and mental health and advocating a rational and healthy way of life.

Case

The 11th Employees Games of China Minmetals

In autumn of 2011, China Minmetals held its 11th employee games in 6 regions, including Beijing, Hunan and Shandong. According to incomplete statistics, more than 10,000 staff of China Minmetals took part, with 135 of them breaking 31 records. The games really became an event where the employees of China Minmetals united in hard struggle, whether inside or outside Beijing.



Case

Youth Club Deep in the Mountains

Ershisanye Group is an enterprise established by China Minmetals in Changsha, Hunan Province, with a history of nearly 60 years and with A+ State qualifications for turnkey smelting works. The current number of employees is over 5,000, over 57% of whom are middle-aged and young employees. Many projects are far away from urban areas, some even in deep mountains, where the worksites are almost isolated from the outside world and infrastructures are in serious shortage so that even the use of mobile phones is impossible. Most of the young employees lead a monotonous "worksite—dormitory" style of life every day. The physical and mental health of thousands of employees in remote places, especially the young employees, has always been a concern of the company.

Starting in 2010, the company built Ershisanye Youth Club, which is a new platform for young employees that integrates studies, training, recreation and sports. So far, 20 such clubs have been built in two stages for the project companies all over the country, which have enriched the cultural and spiritual life of the young mine workers who work hard for years in the mountains and have green mountains and white clouds for company.

"For employees who often have to work away from their home, what they really suffer is the loneliness and melancholy of being homesick, rather than the salary level. It is the kind of loneliness as described in an ancient Chinese poem - 'Chirp, chirp, I often hear the bird; Mute, mute, nobody says a word', and the melancholy as described in another ancient Chinese poem - 'Disturbing music sounds endless, while autumn moon shines high above the Great Wall' ."

— Liu Zeping, Chairman of Ershisanye Group

(VI) Strengthening Cultural Progress to Promote the Cultural Integration of Enterprises

China Minmetals vigorously advocates the "China Minmetals spirit" that has taken shape in the past 60 years, carefully practices the core values of "cherishing limited resources, pursuing sustainable development" and "win-win cooperation, harmonious development", constantly substantiates the core content of its corporate culture, continuously strengthens cultural practices, expands cultural influence, promotes cultural integration, enhances the soft power of the enterprise and gives full play to the role of corporate culture in boosting long-term sustainable development.

Case

Successful merger of Hunan enterprise and central SOE, with cultural integration playing a facilitating role.

"I thank China Minmetals for the supports it has given to the economic and social development of Hunan Province. The cooperation between China Minmetals and Hunan Province is a model of the cooperation between central SOE and regional state-owned enterprises."

— Zhou Qiang, Secretary of CPC Committee of Hunan Province

In December 2009, China Minmetals put Hunan Nonferrous Group under its control in gradual fulfillment of its promise to create a globally advanced nonferrous metal mining company in Hunan.

China Minmetals values the cultural integration with reorganized enterprises and uses the mode of penetrative cultural fusion for different degrees of mutual cultural penetration and adjustment, thereby enhancing the overall cohesion and competitiveness of the enterprise. After the restructuring, Hunan Nonferrous Group ushered in a period of prime development and, in a 2 year period, has completed 54 investment projects involving a total investment of RMB3.09 billion and launched a number of major projects. China Minmetals has opened a new chapter in its cooperation with Hunan Province.



"Our cooperation with Hunan is the cooperation between strategic partners. The home of nonferrous metals is located here. We have established companies here and are truly an enterprise of Hunan. Next, we will continue to determinedly push forward the achievement of various tasks."

— China Minmetals Corporation President Zhou Zhongshu



Case

Cultural Integration between China Minmetals and MMG

In 2011, China Minmetals continued to develop relationships with MMG and undertook a program to deepen connections between corporate culture. By launching the MMG secondmet program, China Minmetals helps trainees learn about the practices and cultural attitudes of advanced foreign mining enterprises. In 2011 two secondees worked at MMG's operations in Australia. The project has promoted cultural integration with the merged and acquired enterprises, thereby enhancing their cohesion and competitiveness.



"In terms of culture, both sides need to influence and complement each other. Only by so doing is it possible to achieve deeper integration."

— China Minmetals Corporation President Zhou Zhongshu

"Actually, the close of a transaction is only a good start. What matters is the subsequent integration. Whether the integration succeeds or not is the magnifier by which the western world views the degree of internationalization Chinese enterprises, especially the state-owned Chinese enterprises."

— Jiao Jian, China Minmetals Assist President and General Manager of China Minmetals Nonferrous Metals Holdings Co., Ltd.



Trainees of China Minmetals Nonferrous overseas management project taking a study tour of a mining area



Harmonious Society Committed to Sustainable Win-Win Results

5

- ◆ Policy for Harmony and Win-Win Outcomes
- ◆ Enhancing Development through Mutually-Beneficial Cooperation
- ◆ Compliance with Laws and Regulations to Promote Sustainable & Healthy Development
- ◆ Co-Create Global Communities for Sharing Benefits
- ◆ Enthusiastically Supporting Public Welfare Undertakings to Promote Social Development



Harmonious Society— Committed to Sustainable Win-Win Results

Win-win and harmony are important part of the efforts made by China Minmetals to reach the goal of sustainable development. China Minmetals attaches great importance to mutually-beneficial cooperation with stakeholders, intensifies the value chain responsibility management, operates in compliance with laws and regulations, actively pushes forward the development of communities, voluntarily takes part in programs of charity and public welfare, consciously fulfills its responsibilities as a global citizen and contributes its part to the construction of a harmonious society and local economic and social development while ensuring its own sustainable development.

(I) Policy for Harmony and Win-Win Outcomes

- Policy for cooperation with stakeholders: Adhere to the principle of "sincere cooperation, mutual benefit and win-win outcomes" and strengthen the cooperation with stakeholders, including governments, financial institutions, peer enterprises and scientific research institutions, to achieve mutual complementation of advantages and sharing of interests and jointly promote sustainable development.
- Policy for customers: To adhere to the business concept of "customers first, cordial services", provide customers with globalized quality services, enhance service capability, make innovations in service mode and increase service value to effectively foster loyal customers.
- Policy for suppliers: To adhere to the concept of "integrity, responsibility, innovation, harmony", improve supplier management, gradually push forward responsible procurement and extend social and environmental responsibility to more enterprises through the supply chain.
- Policy for development of communities: To adhere to "promoting social progress, achieving world harmony" as the goal, strengthen communications with the communities where the operations are located, solidly promote poverty alleviation, charity and public welfare programs, protect ecological environment and cultural heritage, contribute to the development of the national cause of scientific research and education, maintain the rights and interests of aboriginals and fully support local economic and social development.



(II) Enhancing Development through Mutually-Beneficial Cooperation

1. Promoting Cooperation and Win-Win Development

China Minmetals is committed to mutually-beneficial cooperation with stakeholders, such as the governments at all levels, financial institutions and peer enterprises, to consolidate and strengthen the core advantages in the development of mineral resources, financial credit, product purchase and sales, energy saving and environmental protection, give all-round play to its leadership in the industry, drive the development of regional economies and realize win-win cooperation with the stakeholders.

In 2011, China Minmetals signed 10 agreements for strategic cooperation with external entities, including 3 with local governments and 7 with other enterprises.



Case

The cooperation between China Minmetals and KGHM of Poland has become a model of win-win cooperation, mutual trust and mutual benefit between Chinese and Polish enterprises.

In December 2011, China Minmetals President Zhou Zhongshu and Chairman Wirth of KGHM signed a USD 2 billion agreement for long-term procurement of electrolytic copper. In the same period, the first China-Poland economic forum was held in Beijing and attended by nearly 450 representatives from large Chinese and Polish enterprises.

Since the beginning of their cooperation in 1997, China Minmetals and KGHM have made positive contributions to the economic, trade and cultural exchanges of the two countries. From the first contract for the import of USD 28 million worth of electrolytic copper to the import of about USD 540 million worth of electrolytic copper in 2011, the trade of electrolytic copper has played a significant role in balancing China-Poland trade and even China-EU trade. The high-quality electrolytic copper of Poland has played a positive role in driving the growth of domestic consumption and promoting economic and social development. China Minmetals was also the sole sponsor of the first China-Poland economic forum, which provides a platform for the direct exchanges between Chinese and Polish government officials and entrepreneurs. China Minmetals has played the due role of a large enterprise in boosting the mutually-beneficial win-win associations and cooperation between Chinese and Polish enterprises as well as the cultural exchanges of the two countries.

"Upholding the philosophy of win-win cooperation, the two sides have been able to honor the agreements and fulfill promises during the 14 years regardless of whatever difficulties that have been encountered. The two sides have set up an all-weather partnership and achieved great success in the cooperation."

—President Zhou Meeting Chairman Wirth of KGHM



Cooperation Agreement between China Minmetals and KGHM signed at the witness of the heads of state of the two countries

Case

Supporting the Endeavors of Associations

MMG, an enterprise under China Minmetals, supports the "Zinc Saves Kids" program of the International Zinc Association, which aims to aid the survival, growth and development of children suffering malnutrition. In October 2011, MMG Chief Executive Office Andrew Michelmore became chairman of the association, which plans to launch activities in China and has so far helped to bring about a cooperation project with the Ministry of Agriculture to study and promote the use of zinc fertilizer.

2. Intensifying the Management of Responsibility Performance of the Value Chain

As a large state-owned enterprise that has many upstream and downstream member enterprises, China Minmetals intensified the management of responsibility performance of the value chain via the decisions made on procurement and purchase, conducts responsible procurement; makes regular examination of suppliers, classifies them into 4 grades: excellent, good, average and below average, stops the cooperation with the suppliers that do not fulfill their social responsibility; gives full play to the leadership and driving force of China Minmetals on the value chain and pushes the members of the value chain to accept and support the principles and practices of sustainable development.

- Review of suppliers: legal qualifications, including the explicit clause in the terms of supplier qualifications that the supplier must pass the ISO14001 certification for environmental management systems; capability of delivering products on time and ensuring quality, experience and reputation; performance of their products in the enterprises; prices, schedule of delivery, after-sale services and technical support capability; HSE record in production.
- Rights of suppliers: Suppliers shall have the right to report to China Minmetals their objections to the bid evaluation results and the performance of the contract in writing. The visit of each supplier will be classified and filed to prevent loss of information.
- Communications with suppliers: Hold meetings with suppliers regularly for timely communication about existing problems.

Case

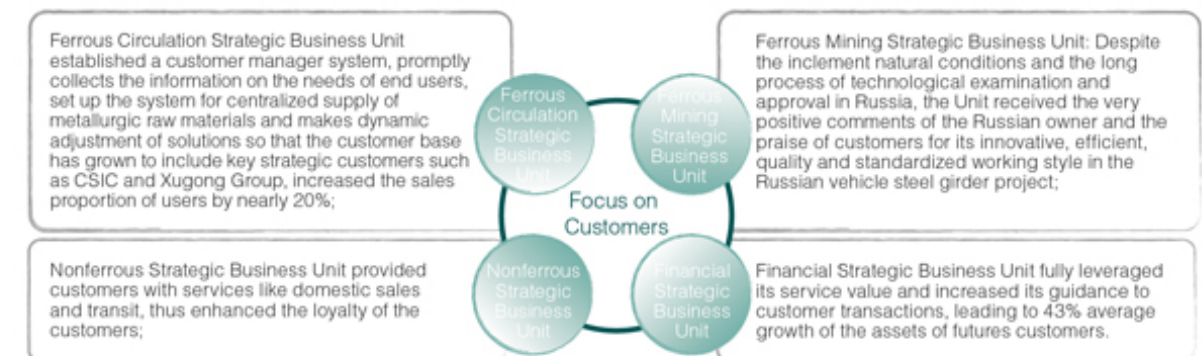
Nanchang Hard Alloy Co., Ltd. Working with Supplier to Solve Excessive Sodium in APT

The company has cooperated for two years with its raw materials supplier Taiheyuan Company. In the period, excessive sodium was found in APT from the supplier. The company immediately sent its own technicians to work with the supplier for solution of the problem. Sometimes, a supplier cannot solve some technical difficulties and major problems using its own resources. In this case, the company will quickly organize the relevant staff members to join the supplier in tackling the technical difficulties and creating a joint design to solve the problems.

3. Improving the Mechanism of Customer Services

China Minmetals adheres to the service concept of "Focus on Customers", makes constant innovations in and improvement of the service mode and mechanisms, ensures high-quality service through strict implementation, finds out about customers' needs, increases their satisfaction and commits itself to establishing mutually-beneficial partnerships with customers for common development.

In 2011, the strategic business units of China Minmetals made further improvement to their customer services as follows:



Case

Minmetals Securities Conducting Telephone Interviews with Existing Customers

To find out about the specific needs of customers for services and discover any actions in violation of laws and regulations in the provision of services for customers, e.g. money management on behalf of customers, discretionary authorization and sharing of proceeds, Minmetals Securities conducted telephone interviews with a section of its customers from August 9 to December 31, 2011. During the period, 3,362 phone calls were placed to 1,669 customers.

The 2011 questionnaire for calls on existing customers included questions on any recent contact with and services offered to the customers; full confirmation by the customers on their own transactions; recommendations and demands for services and others. No violation of the rules was discovered during the calls.

Through the calls, the company obtained a clear picture of customers' suggestions on and needs for our services. For example, some customers requested more guiding SMS and some complained about the low speed of the trading software. Immediately after the review, the company communicated and coordinated with the relevant departments for measures to make improvement. Regular calls to customers have effectively enhanced customers' satisfaction with our services and improved service quality.

Summary of Calls on Existing Customers in 2011



Nonferrous Strategic Business Unit Making Survey and Analysis of Customer Satisfaction

To learn about customers' satisfaction with its response to their needs, the quality of products and delivery thereof, the Nonferrous Strategic Business Unit made a verbal and written survey in April 2011. The feedback was conveyed via letters, faxes and verbal communication. 211 customers accepted the survey and 210 pieces of feedback were collected, chalking up a feedback rate of 99.53%. Analysis of the results indicated that customers were highly satisfied with the services of the Nonferrous Strategic Business Unit.

The survey and analysis of customer satisfaction effectively improved services and were conducive to finding new business opportunities.

Handling Customer Complaints according to the Control Procedure for After-sale Services

The After-Sale Service Department of Nonferrous Heavy Machinery Co., Ltd., an enterprise under Hunan Nonferrous, will issue a *Customer Satisfaction Survey Form* to all customers whenever after-sale service is completed to check their satisfaction, comments and recommendations in regard to the products and services of the company. The department makes statistical analysis of the forms received to determine customers' needs and expectations and to get specific values for their satisfaction. It also does statistical analysis of customer satisfaction in the whole year and compares it with the data in the previous quarter for use as reference in improving the products and services of the company, thus solving customers' complaints and enhancing their satisfaction and loyalty.

Quality Services, Stable Market

In 2011, the Ferrous Circulation Strategic Business Unit under China Minmetals put forth the strategic vision of "building three operation platforms and systems on the basis of enhanced management of supply chain to create world's first-class provider of comprehensive iron and steel circulation services". The Coke Department under the Unit makes constant studies of the actual needs of the customers. In 2011, despite the market situation of a fall in both the demand and price of coke, the Coke Department pushed out the financial logistic mode to the customers to store the goods of coking plants in its warehouse, which were used for mortgage financing to solve the fund shortage of customers and provide value-added services. The new move was welcomed by the market with favorable comments of customers generally.

(III) Compliance with Laws and Regulations to Promote Sustainable & Healthy Development

1. Compliance with laws and regulations in good faith operation

Focusing its efforts on improving a legal system with the general legal counsel as core, China Minmetals actively offered its recommendations for improvement of the relevant State laws and regulations and has completed 100% of the legal examination of its internal rules and regulations; further advanced the standardization and informationization of contract management; not only achieved 100% online examination and approval of major contracts, but also made meaningful explorations into contract management that features "unified jurisdiction, unified process, unified texts, and same platform"; enhanced efforts on self-processing and supervision of cases, and achieved 100% reporting and filing for centralized management of all the new major cases that occurred in 2011; by developing a long-term mechanism, conducting special legal training, improving the overall quality of legal practice personnel, building a professional legal team, China Minmetals was able to provide strong legal support for its business development.

In May 2011, at the national legal system publicity and education conference held by the Publicity Department of CPC Central Committee and the Ministry of Justice, China Minmetals won the title of "2006-2010 National Outstanding Unit in Legal Publicity and Education". In the "Fulfillment of the Second Third-Year Objectives for Legal Work of Central SOE" notified by SASAC in December, China Minmetals achieved a total score of 96 points which ranked it 4th among 118 central SOEs.

Statistics of Compliance-Related Operations of China Minmetals in 2011

Indicator	Unit	2011
Fines paid for violation of laws	RMB10,000	0
Number of law education activities (at Headquarters)	Time	16
Number of participants in law education activities	Person	About 130,000
Number of legal support extended to projects (from Headquarters)	Time	413



China Minmetals won the title "2006-2010 National Outstanding Unit in Legal Publicity and Education"

Case

General Counsel System Set Up in 6 Important Subsidiaries of China Minmetals

In 2011, China Minmetals set up the system of general counsel in 6 important subsidiaries, including Minmetals Development Co., Ltd. and China Minmetals Nonferrous Metals Holdings Co., Ltd., to achieve the real placement of personnel, duties and systems. The 6 subsidiaries cover the major business fields of China Minmetals, including ferrous business, nonferrous business, real estate business, science and technology, and mining research.

Under the unified leadership of China Minmetals, the general counsels of these important subsidiaries fulfilled their duties in coordinating and handling the legal matters in the decision-making, business operation and management of the subsidiaries. This was a meaningful step to look into how the general counsels would fulfill their duties and play their due role and has provided strong support for the subsidiaries to operate in compliance with laws, regulations and in good faith, further manifesting the role of legal work in propping up the business development of the subsidiaries.



Case



Active and effective use of legal means to secure production and operation

In 2006-2007, a company under China Minmetals entered into a number of contracts with an iron and steel plant in South China for steel purchases. Later, the plant ceased production due to poor management and owed huge debts to China Minmetals.

As the debts were nearly 6 years, and the company received no debt confirmation or guaranty from the debtor, which had mortgaged all its properties to another major creditor, a State-owned bank, handling the case involved serious difficulties. However, neither the leaders nor the legal advisors of China Minmetals and the company ever gave up their confidence and efforts in safeguarding State-owned assets. Over the years, they have maintained negotiations with the debtor and stepped up communications with the bank.

Despite the process full of twists and turns, thanks to the concerted efforts across China Minmetals, the debtor changed the designation of a plot registered under its name from tourist purpose to commercial purpose in the second half of 2011 and achieved tremendous appreciation of assets through equity transfer. China Minmetals took the opportunity and recovered RMB200 million of cash in a lump sum at the end of 2011.

2. Strengthening Internal Audit and Control

Number of audit recommendations
2,451

China Minmetals takes to "strengthening management, preventing risks and promoting development" as its target, orients itself to risk management, implements the new concept of internal audit and pushes forward the deepening and transformation of audit to ensure the healthy and sound development of the enterprise. It strengthens the systems and ensures that the internal audit is standardized, systematic and scientific.

In 2011, China Minmetals further deepened the internal control audit, focused on promoting the internal control system and strengthened its risk prevention capability, completed a large number of audit tasks to fulfill economic responsibilities before and after business integration, and implemented an audit of engineering projects to control engineering costs and enhance investment benefits. It completed the audit of the annual benefits of related enterprises and improved performance management, and intensified the implementation of corrective measures to facilitate the change of audit results to management results and give scope to the supervisory and service functions of internal audit.



2011 China Minmetals Internal Audit
China Minmetals Statistics

Indicators	Unit	Performance
Number of audited projects	Number	548
Number of audit recommendations	Number	2,451
Total assets involved	RMB100 million	1,728

Note: Data including China Minmetals and its subordinate enterprises.

Auditors went to the sites of plants and mines to audit the control of goods and the operation of internal control, ensure the safety and quality of the assets of China Minmetals and fulfill social responsibilities to shareholders, employees and other stakeholders.

3. Driving the Anti-Corruption Effort

Adhering to a policy of "seeking both temporary and permanent solutions, aiming at comprehensive control, taking both punitive and preventive measures, and focusing on prevention", China Minmetals made resolute efforts to punish and effectively prevent corruption, and energetically strengthened its work to curb business bribes, focusing on solving the prominent problems in a bid to deepened its reform, innovations and system building.

In 2011, China Minmetals sorted out the existing rules and regulations on fighting corruption and upholding integrity, strengthened the implementation of the responsibility system for the building of probity and a punitive and preventive system; conscientiously carried out the efficiency supervision of the Three Major Decisions and Use of One Major Fund System, the Special Treatment for Prominent Problems in Engineering and Construction Fields and the eradication of "private coffers"; built up the function of addressing fundamental causes in the investigation and handling of cases.

China Minmetals held a knowledge contest about combating corruption & advocating integrity and received over 1,000 completed answer sheets, including some from members of the China Minmetals leadership. Through anti-corruption education via *A Window on Anti-corruption* on the Intranet, over 100 posts were placed during the year.

Number of enterprises covered by efficiency supervision

153

China Minmetals Statistics on Combating Corruption & Advocating Integrity in 2011

Indicators	Unit	Performance
Personnel attending training on anti-corruption	Individual occasions	44
Personnel attending training on anti-corruption	Individual enterprises	2,004
Number of enterprises covered by efficiency supervision	Individual cases	153
Number of cases of petitions, visits and complaints accepted	Individual cases	160
Number for cases of petitions, visits and complaints handled	Individual occasions	160
Conclusion rate	%	100

Case



Hanxing Mining carried out the activity of "integrity in mining areas, harmony promoting development, striving to be a star of probity", held an exhibition of calligraphic works on probity and set up 22 boards in the mining area and workshops where the aphorisms and maxims on honest employment are displayed.



International Exchanges about Combating Corruption & Advocating Integrity

China Minmetals actively carries out international anti-corruption discussions and cooperation by sending representatives to the international anti-corruption meetings held by the International Business Leaders Forum (IBLF), discussing the operable plans for lowering corruption risks in business operations, the development direction of Chinese and overseas anti-corruption laws and regulations and other topics with the representatives from governments, enterprises, academic circles and NGOs. The meetings facilitated learning the practices of multinational enterprises in reducing corruption risks, getting merged into the mechanisms for international cooperation in the field, making innovations in the anti-corruption idea, thinking and mode and joining the international community in preventing corrupt behavior.

(IV) Co-Create Global Communities for Sharing Benefits

1. Explore Community Development Capability

China Minmetals implements the requirements of the UN Millennium Goals, always heeds the needs of the community stakeholders where its operations are located, sets up positive interactions with them, considers itself an integral part of the communities and works actively to improve the infrastructures of the communities, enhance the quality of life in the communities and find shared benefits and common sustainable development.

Case

Sepon Mine provides clean water for local communities

Almost 3,400 community members living around MMG LXML Sepon, the copper and gold mine in Savannakhet province, have been provided with safe and sustainable water supplies. The project, which cost more than USD800,000 and took 15 months to complete, uses solar-powered pumps to draw water from bore holes. The use of solar energy reduces the cost of using the system, as well as making it more environmentally friendly.

MMG LXML Sepon has also contributed approximately USD250,000 to the cost of a UN Habitat project which will provide an urban water supply for Vilabouly' s district capital.



Training in blancmange to increase community capability of generating revenue

Cajamarca, where the China Minmetals North Peru LUMINA project is located, is a large milk producer that can provide 250,000 tons of milk each year. To enable the local residents to earn more in addition to selling raw milk, LUMINA hired teachers from a professional training center, who used a combination of practical activities and explanations to train the residents in the making of blancmange. The training taught 29 households the technique of turning milk, a primary product, into blancmange, thus achieving the purpose of increasing the income of local residents.



Teachers Explaining the Blancmange-making Process

2. Protecting Diversified Cultural Development

China Minmetals respects the culture, traditions and religious beliefs of the communities where its operations are located, promotes the integration and exchanges of diversified cultures, takes part in the cultural activities of the communities' culture to really become a part of the development of local communities and become a responsible member thereof.

Case

Cultural integration conducive to winning public support

North Peru LUMINA, a company under China Minmetals, remains culture conscious, fully respects local customs and the habits of residents, and continuously merges itself into the local communities to promote the development of diversified cultures.

In 2011, LUMINA set up the LUMINA Publishing Fund to protect the cultural heritage of northern Peru, boost the transmission of culture and push forward the development of local educational institutions, universities and colleges. The publication of high-quality cultural works has turned LUMINA into a mining company that respects culture and supports its spread. So far, 10 magazines have been published in Cajamarca.



Venue of Press Conference



Cultural Exhibition



Cover of *Voces del Norte* magazine, which contains thoughts from commentators of Cajamarca on local economic development and social issues, and presentations made by local scholars about the history, culture and arts of Cajamarca.

3. Supporting the Activities of Community Organizations

China Minmetals voluntarily takes part in community activities, strongly supports the development of community organizations and strives to seek opportunities for cooperation with the communities where its operations are located.

Case

Providing financial support for the Annual Conference of Laotian pediatricians

MMG LXML Sepon has renewed its agreement with the NGO Health Frontiers to provide funding for an annual conference of Lao pediatricians. The agreement was signed on February 16th, 2011 at Health Frontiers office in Vientiane. Every year for the next five years, AUD \$10,000 will be provided for the conference. The main objective of this assistance is to build human resource capacity in order to improve health care services.

"We are committed to supporting initiatives that benefit Lao society."

— Mr. Saman Aneka, Director of MMG LXML Sepon.

Case



Seniors in Class

In October 2010, LUMINA joined the Education Bureau of CAJAMARCA and G&C, a consulting company, in launching an Literacy program for seniors (PAAM) to help them improve literacy and provide them with professional medical care and treatment. The program is implemented in 12 educational institutions in the surrounding communities and has benefited 145 seniors aged 65 or above. The program has notably improved their quality of life and is conducive to improvement of their cultural practices so that the group can lead a life that is more healthy and dignified.

"There is nothing difficult about these courses for me. They teach us with great patience. I am very grateful."

— Granny Maria Cleofe Chaupe Mendoza from San Juan de Yerba Buena

"These old people knew quite a little at the beginning. But, they have all made great progress when they finally complete the training. My grandpa and grandma were illiterates. They can now write their own names."

— Young Volunteer María Dina Sánchez Hu



After-class Coaching

4. Taking Part in Global Disaster Relief

As a business with global operations, China Minmetals urgently mobilizes its resources whenever any natural disaster hits any part of the world to assist the relief efforts and support the disaster-stricken area in rescue and reconstruction efforts.

Case



Letter of Thanks for Donations to Earthquake Relief



Receipt of Donations to Japanese Earthquake Relief

Assistance in Japan Earthquake Relief

On March 11, 2011, a magnitude 9 earthquake occurred in the part of the Pacific northeast of Japan and caused catastrophic impact on the surrounding regions. Immediately after the earthquake, China Minmetals Japan held an emergency meeting and implemented the emergency plan to ensure personal safety and, on this basis, maintain the order of operations. Meanwhile, it cumulatively donated 1.56 million yen worth of cash, goods and daily necessities to the affected areas to help them in resisting the aftermath of the natural disaster and enhancing their rescue and reconstruction capability.

"Our prefecture is one of the affected prefectures in the strong earthquake that hit east Japan. We extend our heartfelt thanks to you for your donations. We take your donations as strength and will unite with the people of the entire county to withstand the ordeal and strive to start the reconstruction and recovery as soon as possible."

— Letter of Thanks from Miyagi Prefecture

"I would like to extend heartfelt thanks to you for your warmhearted donations after the earthquake disaster on behalf of the whole people of Fukushima Prefecture. The assistance from all sectors of the society has brought a new ray of hope to our prefecture. Towards a "Fukushima reborn", we will steadfastly carry on step by step."

— Letter of Thanks from Fukushima Prefecture

Case

Flood Relief Donations to Queensland

As the operator of the Century mine in north west Queensland, MMG has a strong connection and commitment to the state of Queensland. On 10 January MMG made a contribution of AUD80,000 to the Queensland Premier's Flood Relief Appeal to support the recovery of communities affected by the widespread flooding in Queensland.

The torrential downpours affected more than 200,000 Queenslanders, with thousands made homeless. These floods were devastating for many people living in Queensland and it has taken considerable time for communities to rebuild.

"These floods have certainly been devastating for many people living in Queensland and we understand that it is going to take some time for communities to rebuild."

— Andrew Michelmore
CEO of MMG

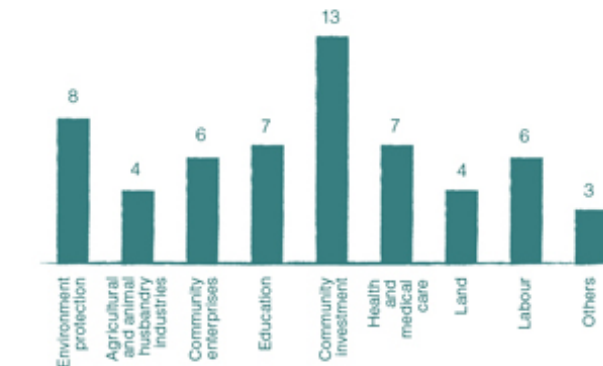
5. Indigenous Development and Cultural Protection

China Minmetals abides by the laws and regulations relating to indigenous peoples of the countries where its operations are located and has signed the agreement for community development with the governments and indigenous communities to protect indigenous cultural relics, respect the rights and interests of indigenous people, understand the development needs of aboriginal communities, and provide economic aid, education, training and job opportunities to help the indigenous communities achieve long-term development.

Case

Agreement signed with communities for promoting indigenous development

North Peru LUMINA, a company under China Minmetals, entered into a community agreement with Encañada that has a great effect on its projects from the perspective of sustainable development and is committed to harmonious coexistence and common development with the local community. The agreement covers aspects such as environment, agriculture, animal husbandry, community enterprises and education and is aimed at fulfilling social responsibility and helping the community achieve sustainable development under the precondition of protecting the interests of the company and promoting project development within the influence scope of the project.



Summary of Community Agreement Clauses

total:58



Pamphlets showing the progress achieved in carrying out the community agreements

The company was committed to building an open and transparent system for performance of the community agreement and issued print-outs of the agreement containing excellent pictures and text to the residents of the communities. In the pamphlet, the residents can look up the content of the agreements entered into with the communities, including the objectives and implementation plans. The performance of the agreements has promoted indigenous development and tapped the potential of the communities for sustainable development.

Case

China Minmetals South Africa Helping Needy Students Access Education

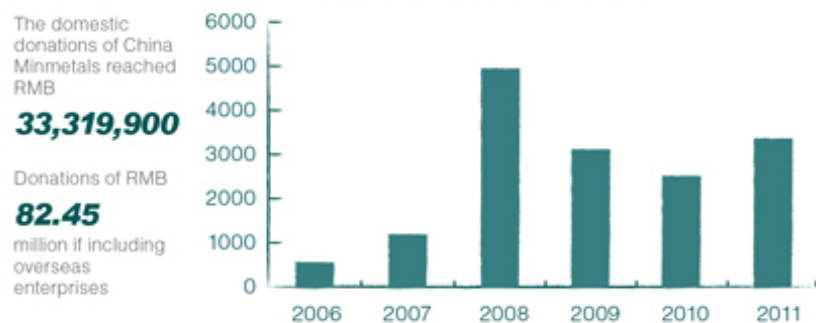
In March 2012, the employees of South African Metals & Minerals Co., Ltd. drove in the rain to Sibikiwe Primary School 50km south of Johannesburg and donated to it solar water heaters, food and reference books and issued publicity materials on Chinese culture to more than 500 needy students.

Sibikiwe Primary School is a local needy educational institution which has been put on file with UNESCO, with pupils aged 6-12 and a faculty of 15, who were grateful for the donations.



(V) Enthusiastically Supporting Public Welfare Undertakings to Promote Social Development

Total Amount of Donations of China Minmetals over the years (Unit: RMB10,000)



The domestic donations of China Minmetals reached RMB **33,319,900**

Donations of RMB **82.45** million if including overseas enterprises

Scope of data: Domestic donations mean the relief and public welfare activities carried out by the subsidiaries within the consolidated financial final accounts of China Minmetals that have no direct relation with their production and business activities. The total of China Minmetals' donations in 2011 reached RMB82.45 million if donations made by China Minmetals overseas enterprises were included.

1. Carrying Out Poverty Alleviation

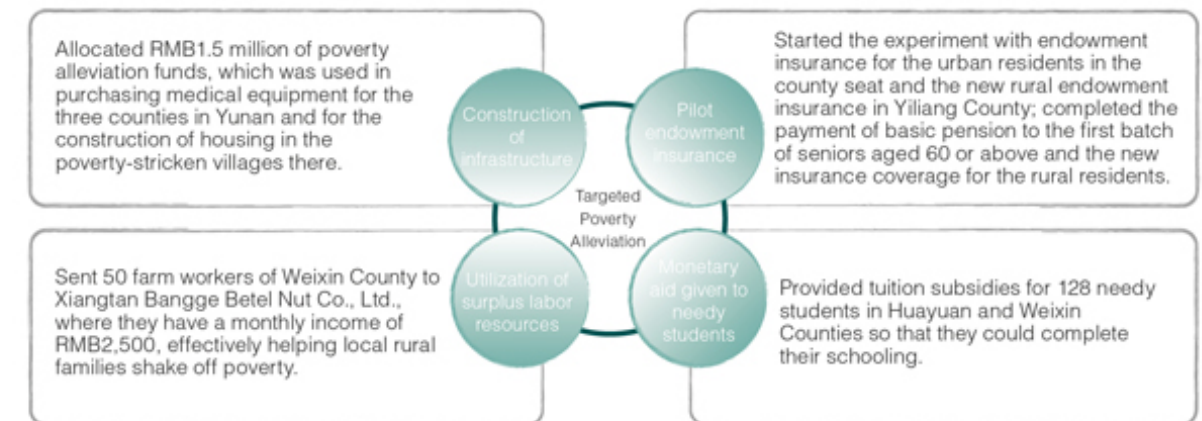
Upholding the idea of "development-oriented poverty alleviation combined with special poverty alleviation", China Minmetals continued to carry out the targeted poverty alleviation in Yiliang, Zhenxiang and Weixin Counties of Yunnan Province and in Huayuan County, Xiangxi Tujia Nationality and Miao Nationality Autonomous Prefecture, Hunan Province and committed itself to the change from "blood-transfusing" poverty alleviation to "blood-making" poverty alleviation to foster local empowerment for poverty elimination in the regions. Since 2002, it has sent 34 cadres for temporary posts in the counties. In 2011, China Minmetals introduced over RMB1 billion of funds into the counties and implemented 8 projects of targeted poverty alleviation.

has sent **34** cadres for temporary posts in the counties introduced over RMB **1** billion of funds into the counties implemented **8** projects of targeted poverty alleviation

Statistics of Targeted Poverty Alleviation Efforts of the Corporation in 2008—2011

	Unit	2008	2009	2010	2011
Directly invested capital for targeted poverty alleviation	RMB10,000	130	210	214	352.21
Number of resident officers dispatched	Individuals	3	3	3	3
Inspection trips to partner counties	Incidents	1	2	3	2
Disadvantaged students subsidized in partner counties	Individuals	105	110	114	128
Labor export from partner counties	Person-hours	30,000	10,000	8,000	22,054

In 2011, China Minmetals continued its efforts to push forward targeted poverty alleviation



Case

Changing from "blood-transfusing" poverty alleviation to "blood-making" poverty alleviation

In 2009, Ershisanye Construction Group Co., Ltd. under China Minmetals and Zhaotong City government jointly financed the construction of Shifeng secondary highway and the BT project of the highway, which were built by Ershisanye and benefit a population of more than 2.6 million. The estimated investment in the project reached RMB1.92 billion. In August 2011, the project passed final acceptance. In the same year, Ershisanye joined Zhaotong City government again in financing the construction of the Zhao-Yi Grade B highway. Completed and commissioned in 2011, the highway links up three districts/counties and 9 townships, driving the development of resources, projects and economy in the districts/counties along the line. The highway construction has led to an all-round enhancement of the traffic facilities in the local areas, won a victory in the change from "blood-transfusing" poverty alleviation to "blood-making" poverty alleviation and strengthened local capability for self-development, with far-reaching significance for eradicating local poverty.

2. Supporting Major Social Activities

Adhering to the concept of "good faith operation, extending loving care and feedback to society", China Minmetals has fulfilled its economic, environmental and social responsibilities according to the standard for a world's first-class enterprise, supports related social activities, creates diversified value and promotes sustainable and harmonious social development.

Case

Build a 600km ecological barrier along the Chongqing section of the Yangtze River

Since 2010, China Minmetals has donated RMB30 million to the "Greening the Yangtze River • Chongqing Action", in an effort to support the Chongqing Yangtze River Special Fund and the afforestation drive in Chongqing, which won the "2010 Award for Contribution to Ecology in China" conferred by the China Green Foundation ("CGF"). In 2011, China Minmetals continued to push forward the China Minmetals woodland planning undertaken by CGF and conducted field inspections in the places proposed for the afforestation, greatly promoting the greening of the Chongqing section of the Yangtze River and improving local ecological environment.

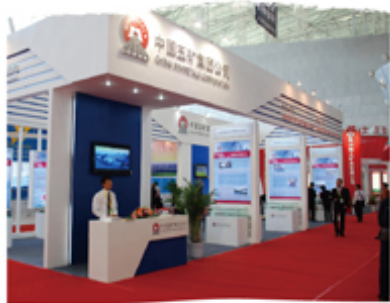


The places proposed for afforestation of 15,000 mu along the Yangtze River by China Minmetals

Supporting the 1st Chinese International New Materials Industry Expo

In September 2011, China Minmetals took part in the 1st Chinese International New Materials Industry Expo held in Harbin International Exhibition & Sports Center. The event was jointly hosted by the Ministry of Industry and Information Technology of the People's Republic of China and the People's Government of Heilongjiang Province.

China Minmetals made a presentation on its business profile, development plans and the results achieved in the field of new materials on the corporate image booth to, drawing the attention of many visitors and exhibitors. The exhibition highlighted the strong support of China Minmetals to the R&D and industrialization in the field of new materials.



3. Supporting Educational Development

China Minmetals always deems education one of the key areas for its involvement in working for the common good and charity programs, makes regular donations to the construction of education infrastructures and provides long-term support for needy undergraduates to complete their studies.

Case

Subsidizing Freshmen

After subsidizing 44 needy freshmen of Dazhou, Sichuan Provinces in 2010, the Financial Strategic Business Unit provided RMB135,000 of subsidies to 40 freshmen on August 6, 2011 to help them realize their dreams of attending university. The student aid of RMB3,000-4,000 each is full of the true feelings of the company for repaying society and gives the students the power and confidence to study. The leaders of the Party Committee and government of Dazhou attended the subsidy conferral ceremony, spoke highly of the move of China Minmetals and issued a tablet bearing the inscriptions "Showing Concern for the Students of Dazhou".

"The student aid has met our urgent needs. Although we have become more mature and self-confident this year, we always remember those who have given us help."

— Representatives of subsidized students Zhao Yixu, Yang Zhichun and Wang Feng (now in Beijing University of Posts and Telecommunications, Beijing University of Science and Technology and China Youth University for Political Sciences).

"The student grant of RMB3,000-4,000 each is equal to what a poor family earns in half a year. Though it may not be sufficient to cover the tuition fee for one semester, the bit contributed is full of the true feelings of China Minmetals people wishing to repay the society. It has given the students boundless power and confidence that can change their whole life."

— Zhong Jianguo of Financial Strategic Business Unit



Students Expressing Their Thanks to China Minmetals and Determined to Study Hard



Group Photo of Students Receiving the Subsidies of the Financial Strategic Business Unit

China Minmetals Helping Zhenxiang County, Yunan Province Enhance Education

To enhance the education of youngsters, the poverty alleviation personnel of China Minmetals in Zhenxiang County, Yunnan Province contacted Huanggang Middle School in Hubei Province to share their review information for examination, thus promoting the enhancement of local education. In 2011, the county secured a 93.4% up-to-threshold rate in the state university entrance examination.

4. Providing Volunteer Services

China Minmetals actively organizes its employees to take part in all forms of volunteer activities, intensifies the care for disadvantaged social groups and has reinforced the cohesion and centripetal force of employees by serving the public and repaying the society.



Case

“Parcels of Loving Care” Transmitting Humanistic Love

Since April 2011, China Minmetals and China Foundation for Poverty Alleviation jointly launched the activity of “mailing parcels of loving care”. A unified donation criterion is adopted to donate parcels of loving care that contain the same content for one-to-one care of the rural pupils in depressed areas and old revolutionary base areas in direct improvement of their conditions for learning.

By the end of 2011, nearly 15,000 employees of China Minmetals took part in this activity and donated 12,829 stationery packages and 438 school sport bags worth RMB1,720,900 to the pupils in 4 poor counties including Zhenxiong, Yiliang, Weixin under Zhaotong City, Yunan Province and Huayuan in Xiangxi, Hunan Province. The move won China Minmetals the “2011 Charity Ambassador Award” granted by China Foundation for Poverty Alleviation.



“The activity has a distinct theme, realistic content and far-reaching significance and uses a novel and unique form to fully exhibit the excellent corporate image of China Minmetals.”

— China Minmetals President Zhou Zhongshu

“Parcels of loving care are symbols of great love of China Minmetals people”

— Inscriptions on the Thank-You Tablet Conferred by China Foundation for Poverty Alleviation

“The initiative of loving care parcels for the first time regards the pupils in old revolutionary base areas, e.g. Baise and Jinggang Mountains, as important objects of care. The theme suggested for the initiative is ‘caring action for one million of pupils in poor regions and old revolutionary base areas nationwide’, which is designed to mobilize all social sectors to contribute loving care by donating the loving care parcels.”

— China Daily



“I am very much thankful to the uncles and aunts of China Minmetals for sending us these new school supplies and many fun things. I will certainly work hard in school and make progress every day to forever pass on this loving care.”

— Ai Dong, a pupil in Hekou Primary School

“Grandpa Yuan is a good person.”

In the activity, employee Yuan Huanxin expressed the desire to donate a “loving care parcel” in the last moments of his life. His family members sent RMB100 to his company. The recipient, a little girl, sent a response card on which she wrote “Grandpa Yuan, you are a good person”. Grandma Yuan said that she “would take over the care for the girl. This is the wish of Old Yuan.”



Donations to vulnerable groups and long-term volunteer activities

The “Sun Village” in Beijing is a social institution where the minor children of prisoners are reared free of charge. In June ~ September 2011, the employees of China Minmetals Nonferrous Strategic Business Unit and Financial Strategic Business Unit paid a visit to the children studying and living here.

The employees of the Nonferrous Strategic Business Unit made donations in cash and in kind, including bundles of clothes, footwear, books, toys and other daily necessities. The employees of the China Minmetals Trust under the Financial Strategic Business Unit donated some 700 articles, including stationery, living goods and labor tools. The volunteers also interacted and exchanged with the children. Together, they visited the “Love Cottage”, pleasure ground and fruit-and-vegetable garden of the Sun Village. The volunteers vowed to carry on the philanthropy of the “Sun Village” by starting from now and starting with themselves to carry out more meaningful volunteer activities.

The activity not only expressed love to the juveniles in need of help in the “Sun Village”, but also boosted the enthusiasm of the employees for devoting themselves to social welfare and charity programs and assisting vulnerable social groups.



Sustainability Performance of Strategic Business Units

Nonferrous Strategic Business Unit

The Nonferrous SBU is responsible for the overall nonferrous metal business of China Minmetals, with Minmetals Non-Ferrous Metals Co. Ltd. as its platform for management and control, it is engaged in mining, smelting, processing, R&D and trading of nonferrous metals globally. The Nonferrous SBU is committed to developing and utilizing nonferrous metal resources rationally, establishing stable backup for resources supply, providing innovative solutions and meeting customers' needs for products to become a world-leading nonferrous metal and mining company of sustainable development.

I. Economic Performance

In 2011, faced with a complex and volatile macroeconomic environment, the Nonferrous SBU focused on efficiency and achieved marked improvement of development quality, all-round development of commodity business, obvious enhancement of production efficiency, positive progress in acquisition of resources, more rational portfolios, consolidation and promotion of safety and environmental protection.

In the year, the SBU achieved over RMB120 billion of operating revenue, exceeding RMB100 billion for the first time in its history, and about RMB8 billion of profit, reached a record high in both commodity sales volume and business performance; expanded its asset scale to nearly RMB100 billion. The SBU's influence within the industry rises continuously, and it has become a leader of the world's tungsten and antimony industries, the powerhouse of the domestic lead-zinc industry, the world's largest operator of middle and heavy rare earth and a key player in the domestic copper and aluminum industries, and made due contributions to the healthy development of the national economy.

II. HSE Performance

Upholding the concept of "high standards, strict requirements, strong constraints", the Nonferrous SBU focuses on implementation to integrate safety and environmental protection efforts into all levels of its development.

- ☞ Combining safety and environmental protection with corporate management. In 2011, the Nonferrous SBU activated the safety incident management reporting system, formulated and promulgated the Safety Rules of the Nonferrous Unit, promoted the building of the HSE system, decomposed the indicators of energy saving and emission reduction to different levels, thereby having created a real kind of safety and environmental protection management structure of "one system, one language, and same set of standards".
- ☞ Combining safety and environmental protection with project investment. The Nonferrous SBU included safety and environmental protection as essential items of examination for new, transformational or expansion construction projects as well as important means of promoting industrial upgrade. In 2011, it invested a total of RMB420 million in the implementation of a number of projects of work safety, energy saving, emission reduction and recycling economy, which reduced the emission of sulfur dioxide and COD by 4.25% and 4.32% from a year ago, realizing considerable environmental and social efficiency while saving cost;
- ☞ Combining safety and environmental protection with the implementation of State policies. Nonferrous SBU implemented the State policies for industrial restructuring, eliminated the electrobath production line of the 85KA series of Shanxi Guanlv Co., Ltd. and conducted safety and environmental protection verification of its rare earth, lead and zinc projects as required by the State.

It focused its efforts on 27 key production enterprises in identifying hidden dangers in safety and environment and addressed 14,918 hidden dangers throughout the year, realizing the smooth operation of work safety.

III. Performance in Science & Technology

The Nonferrous SBU made concerted efforts on the management of science and technology, encouraged technological innovations and actively promotes industrial upgrading, thereby further consolidating the capability of sustainable development. Its scientific research projects and investment in science and technology accounted for about 80% of the total of China Minmetals.

- ☞ Rare earth producing enterprises invested more than RMB50 million in implementing the upgrading of their environmental protection facilities so that 3 rare earth separating enterprises were included into China's first batch of 15 enterprises meeting environmental protection standards;
- ☞ Xianglushan Tungsten Co., Ltd., Nanchang Hard Alloy Co., Ltd. and HP Tec carried out technical reform projects for transformation of mineral dressing, facility improvement and capacity expansion, which effectively improved the product recovery rate and unit consumption;
- ☞ Shanxi Guanlv Co., Ltd. succeeded in its R&D efforts on high-performance new aluminum materials;
- ☞ Guangxi Huati United Scientific Research Institute pushed forward the development and testing of new products.

In 2011, three technological achievements of Hunan Shizhuyuan Company passed the appraisal by experts and all reached the advanced international level; Changsha Institute of Mining Research won 4 awards for science and technology given by the China Ocean Mineral Resources R & D Association; North China Aluminum Co., Ltd. won the first prize of national technical standard for nonferrous metals.

IV. Social Performance

The Nonferrous SBU attached great importance to its social responsibility, committed itself to win-win development with the stakeholders, and actively participated in social welfare activities in a bid to build a harmonious society.

1. Win-Win Cooperation

The Nonferrous SBU entered into a framework agreement for strategic cooperation respectively with the local governments in Chenzhou, Zhuzhou, Loudi, Hengyang and Yongzhou, Hunan Province to explore a new approach for the promotion of local social and economic development through the joint efforts between central SOEs and local governments, and expanded the influence of China Minmetals in the local economic development of the province.



In 2011, the Nonferrous SBU assisted the International Council on Mining & Metals (ICMM) in organizing the ICMM annual meeting in China for the first time. The efforts established the healthy, cooperative and win-win corporate image of Chinese enterprises within the industry.

2. Social Welfare

The Nonferrous SBU acted pro-actively in guiding and promoting public welfare activities, extending care for people's livelihoods and feedback to the society.

- ☞ Pro-active in the activity of "Send Care Parcels to poverty stricken areas" and ranking No. 1 in China Minmetals in terms of the number of student bags and school bags donated;
- ☞ Cash and goods donation to the "Sun Village" and visits to the minor children of prisoners each year, as the first training course for new employee orientation, which has seen satisfactory results;
- ☞ Persisting in organizing spring tree planting to create green bases and turn barren mountains into tree-covered mountains, achieving good demonstrating results.



Ferrous Mining Strategic Business Unit

With Minmetals Mining Holdings Co., Ltd. as its operation platform, the Ferrous Mining Strategic Business Unit specializes in the development and utilization of ferrous metal and mineral resources and is committed to growing into a leading producer of ferrous mineral resources in China.

Mission of Ferrous Mining Strategic Business Unit

To develop the value of resources and realize sustainable development; ensure the supply of resources and fulfill social responsibility. During the development of resources, the SBU follows the natural endowment of resources and builds up high-quality ferrous mineral assets globally; pursues excellence in management and enhances the core capability of developing mineral resources; persists in sustainable development to create a ferrous mining enterprise that is a leader in China and has international competitiveness.



I. Scientific Development

Ferrous Mining SBU holds fast to the theme of scientific development, earnestly implements the work principle of "acquiring resources and improving efficiency while reducing costs", intensifies efforts to increase the output of primary business, accelerates the construction of key projects, actively seeks the expansion of resources and continuously makes innovations in internal management, achieving remarkable results in all endeavors. In 2011, Ferrous Mining SBU seized hold of market opportunities, maximized securing resources, did everything possible to increase output and worked hard to expand engineering business, thereby realizing the maximization of benefits.

	Operating Revenue	Total Profits	EVA
2011	RMB8.335 billion	RMB2.013 billion	RMB903 million
Annual growth	58.07%	124.92%	32.06%

II. HSE Performance

In 2011, adhering to the safety management guideline of "safety first, prevention foremost, comprehensive rectification", and focusing on the implementation of the "year of deepening the grassroots foundation of

work safety", Ferrous Mining SBU continuously intensified safety monitoring, fulfilled the responsibility for work safety at each level, strictly implemented the regulations on leaders taking duty and teams underground mine, identification of hazard installations and finger pointing and oral descriptions, gave prominence to safety inspection, strengthened the investigation, treatment and rectification of hidden dangers and effectively stopped three of rule violations. In the course of the year, Ferrous Mining SBU eliminated 4,572 hidden dangers and passed the State acceptance check of safety standardized enterprises.

Additionally, Ferrous Mining SBU pushed forward the standardized and effective operation of the HSE management system and passed the external audit. Beiminghe Iron Mine and Xishimen Iron Mine under Hanxing Mining both passed Level 3 National Safety Standard Inspection and Acceptance process, while Yushiwa Iron Mine and Fushan Iron Mine passed Level 4 National Safety Standard Inspection and Acceptance process. In Addition, Hanxing Mining and Luzhong Mining continued their efforts to promote the effective operation of the HSE management system, and passed the external audit.

Throughout Hanxing Mining Company, great attention has been paid to management innovations and on-site work safety. The company actively rewards those who have made innovations in safety management after the quarterly examination and publicizes and exhibits those who have done well in on-site work safety.

Luzhong Mining Company adopted a system of leaders at all levels taking duty and teams underground mine and dedicated safety controllers taking duty and inspection underground mine at the three levels of company, mining area and working area. The shift change-over is done in the presence of the safety controllers at all times.

Case

Xishimen Iron Mine implements the working methods of "3221" and "3 punishments and 4 rewards" to intensify pre-event management and has improved its hidden dangers information system. At the working conference on work safety held by China Minmetals in the middle of the year, it shared its experience in this regard.

III. Technological Innovations

While pushing its production and operation forward, Ferrous Mining SBU focused on the management of technology to actively promote industrial upgrading and encourage technological innovations.

1. Hanxing Mining

In the year, it won 2 awards for technological achievements of metallurgical and mining science and technology of China and 1 provincial-level award for scientific and technological achievements;

The projects of "Research on the Seismic Stability Performance of Fushan Tailing Pond" and "Technical Research on Advanced Prediction for Deep Exploitation of Engineering Geology of Xishimen Iron Mine" were appraised by the Department of Science and Technology of Hebei Province and proved to reach the advanced international level;

The "R&D of the crucial technology for extracting complicated water-rich ore deposits", a technological task undertaken by the company under the 11th Five-Year Plan, was accepted by the Ministry of Science and Technology, marking a solid step by the company in mastering the core technology for mining under complicated geological conditions;

The "Key technology for large-scale extraction of extra-large underground mines" was included into the 2012 state scientific and technological plans for the field of social development.

2. Luzhong Mining

Conducted research on the production technologies for mining and dressing, including large parameter mining, cut-and-fill mining technology, tailing dam treatment and water control, achieving satisfactory results;

Continuously optimizes construction design, explores new methods, accelerated the construction progress of the return air shaft of ore body No. 1 in Gangli mining site by replacing the original refrigerant method of shaft construction technology with rotary injected piles construction technology and reduced the level of investment required in the project;

Stepped up cooperation with scientific research institutes and obtained a number of achievements that were recognized by higher authorities, including the "Research on the impact caused on the shaft by the movement of rock mass in the mining of deep underground iron ores and the control thereof" and "Comprehensive technical research on reducing the collapse of deep blast holes in heavily stressed soft broken ore bodies to increase blasting effect", which won the 2nd and 3rd prizes for scientific and technological progress awarded by the Association of Metallurgical and Mining Enterprises.

IV. Social Harmony

While making a success of its production and operation, Ferrous Mining SBU takes active parts in public welfare programs to fulfill the social responsibility of a central SOE.

Case

With the theme of "carrying forward the Lei Feng spirit, exhibiting the charm of youth", the company carried out large-scale volunteers' collective services activities, including volunteering, donations, services for underground workers, community services and rural medical services, which served more than 800 people and received the widespread praise of employees and residents of surrounding rural communities.



Ferrous Circulation Strategic Business Unit

As a strategic business group of China Minmetals engaged in the circulation services of iron, steel and metallurgical raw materials, Ferrous Circulation Strategic Business Unit integrates production, processing, trade, logistics and comprehensive services, with a business scope that covers the production, processing and trading of metallurgical raw materials; iron and steel smelting, distribution and processing of steel, product trade, logistics and tendering.

FCSBU can supply 50 million tons of iron, steel and metallurgical raw materials, produce 4 million tons of medium plates and wide thick plates, 1 million tons of cold rolling coated products and 500,000 tons of ferro alloy products, cut 500,000 tons of steel and silicon steel sheets and market 20 million tons of steel products. FCSBU maintains a worldwide steel product marketing network of 120 outlets and 80 logistic service outlets that have the logistics of metal and mineral products as their primary business.

I. Economic Performance

In 2011, faced with the extremely complicated and austere macroeconomic environment, FCSBU spurred development through innovations, responded calmly and achieved excellent operation results by overcoming one difficulty after another. In the whole year, it realized RMB205.1 billion of operating revenue and 89.11 million tons of commodity sales.

Minmetals Development Co., Ltd.	"Innovative Chinese Enterprise for Circulation of Production Goods" "Leading Enterprise in the Metal Materials Circulation Industry of China" No. 1 in the wholesale and retail industry in the Fortune "Top 100 Listed Chinese Companies"
Minmetals Logistic Group Co., Ltd.	"10-Year Best Member Enterprise" of China Federation of Logistics & Purchasing
Minmetals International Tendering Co., Ltd.	"10 Most Influential Tendering Agencies" and "Most Competitive Tendering Agency of China in the Year" of the Ministry of Commerce

II. Corporate Governance

As the only listed company under FCSBU, Minmetals Development Co., Ltd. always abides by the way of "being diligent, dutiful, honest and good faith", constantly improves the corporate governance system and operates in a standardized and effective manner, and has established a fine image on the capital market.

Currently, Minmetals Development Co., Ltd. has been included as a Constituent of the key indexes of several capital markets, including but not limited to SSE 50 Index, CSI 300 Index, SSE Corporate Governance Index, and SSE Social Responsibility Index.

Also in the year, Minmetals Development Co., Ltd. was nominated for the "2011 Award for Outstanding Board of Directors" by Shanghai Stock Exchange and won the annual award for corporate governance for three consecutive years.

III. HSE Performance

FCSBU adheres to the principle of "dynamic control and static management" and actively explores the creation of a new working mode that is safe and environment-friendly. In 2011, the situation of safety and environmental protection of FCSBU was smooth and steady on the whole and only 3 safety accidents took place, resulting in 1 fatality, 1 minor injury and 1 serious injury of contractors, in addition to 1 environmental incident below the general class.

The refining and processing enterprises under FCSBU carefully implemented the specific requirements for work safety and launched various special rectification activities. Minmetals (Hunan) Ferro Alloy Co., Ltd. carried out the activities of "gas zone control" and the "management of special equipment", achieving marked results. Minmetals Yingkou Medium Plates Co., Ltd. links safety and environmental protection closely to daily performance examination for impartial dispensation of reward and punishment and strict enforcement of orders and bans.



In the activity of "2011 National Work Safety Month" launched jointly by the Publicity Department of CPC Central Committee and the State Administration of Work Safety, Minmetals Development Co., Ltd. won the "Outstanding Entity Award".

The refining and processing enterprises under FCSBU have reduced the unit energy consumption of products from the previous year in varying degrees by regulating the procurement of raw materials, improving auxiliary facilities, strengthening logistic management, valuing technical transformation and intensifying process control. Minmetals (Hunan) Ferro Alloy Co., Ltd. adjusted its product mix in response to local high power rates and lowered the unit energy consumption of iron alloy products by about 10% from 2010. Minmetals Yingkou Medium Plates Co., Ltd. lowered the comprehensive energy consumption per ton of steel by 2.1% from 2010.

IV. Social Performance

FC SBU upholds the philosophy of "fulfilling social responsibility and pursuing social harmony", supports community development, remains keen on public welfare and strives to become a model corporate citizen.

Minmetals Development Co., Ltd. has made direct donations for three years in a row to help the handicapped children of Sullivan Deaf Rehabilitation Center. In 2011, it donated a total of RMB163,805 to cover the rehabilitation costs of 5 children from extremely needy families.

Case

Joint Development of Communities

In March 2011, Minmetals (Guizhou) Ferro Alloy Co., Ltd. joined Qingzhen City, Guizhou Province in carrying out a joint construction activity by donating RMB30,000 to upgrade the village-level highway of Wang' erzhai Village and donated RMB20,000 to support Dayan Village in channeling water for irrigation of farmland. The moves have helped improve local infrastructure, promoted local agricultural production, greatly harmonized the relations between the enterprise and the local community and increased the reputation of China Minmetals in the local area.

Financial Strategic Business Unit

With the values of "efficiency, precision, professionalism, excellence", FSBU bases itself on the financial services within China Minmetals, fully utilizes the synergy, intensifies its capability of providing financial services, and strongly promotes the integration between production and finance to enhance the level of investment and capital operation, thereby building up a stable and sustainable profit model. Its core business covers fields such as domestic and overseas investment, financial company, leasing, trust, securities, futures, fund and insurance.

FSBU works hard to extend its services to the upstream and downstream customers of China Minmetals and actively provides such financial services as financing, trade settlement, leasing, futures brokerage, securities brokerage and financial consultancy; seizes the opportunities on the securities market, vigorously conducts business innovations; and gradually grows into the platform for China Minmetals to carry out capital operation through a wide range of means, including industrial investment, M&A, securities investment, real estate financing, etc., thus resulting in continuously reinforced core competitiveness through strategic investment, directed additional issuing and direct investment.

I. Scientific Development

FSBU thoroughly implements the scientific development outlook, actively addresses the austere and complicated macroeconomic situation and the increasingly harsher regulatory environment and has achieved extraordinary business results by overcoming the exceptionally adverse impact on the domestic and overseas capital markets. In 2011, FSBU realized 9.435 billion of operating revenue, up 37% from a year ago; RMB1.031 billion of total profits, up 28%; an EVA of RMB316 million, up by RMB277 million.

Its subordinate enterprises have kept a good development momentum:

- ❖ The Financial Company focuses strongly on services and has secured stable business growth for three years running, becoming an internal bank that China Minmetals can trust and associate organizations are satisfied with;
- ❖ After being put under FSBC, Minmetals Capital Hong Kong is given a clear positioning and has become a platform for China Minmetals to carry out overseas financial business;
- ❖ Relying on the two shareholders, the Leasing Company makes leapfrog progress and has doubled its operating revenue and profits in each of the past three years;
- ❖ Starting from scratch, Minmetals Trust has made active innovations and brought in more than RMB200 million of profits in its first year of business;
- ❖ Minmetals Futures has manifested the characteristics of the industry and gradually established its sway within the industry. It is expediting the steps of outlet spreading to seek even greater progress;
- ❖ Minmetals Securities reversed years of loss and has grown from a mere broker into a comprehensive dealer providing a wide range of services, including financial advice, investment consulting, fund distribution, bond underwriting and asset management;
- ❖ Proactively making innovations and transformation, Minmetals Environmental Protection has been profitable for three consecutive years and performed advanced desulfurization and denitration technical tests that target the huge sweep gas treatment market across the country;
- ❖ AXA-Minmetals Insurance signed a contract with ICBC and has great potential for future development. The Fund Management Company started business after 4 years of efforts and provides China Minmetals with a rare financial license.

II. Environmental Protection

In 2011, no accident occurred in FSBU, which has maintained "zero risk" operations for 7 consecutive years.

Minmetals Environmental Protection exerts itself to make a success of its sewage treatment business and treated RMB18.6 million tons of sewage in 2011. The drinking water project it carried out in Lilou Iron Mine, Anhui Province solved the difficulty in accessing drinking water. Reflecting the focus on work safety, the laboratory of Zhutang Water Company in Wuxi, a subsidiary of Minmetals Environmental Protection, was elected "Outstanding Team in Work Safety".

III. Social Harmony

FSBU strengthens the building of a punitive and preventive system and steps up the education in combating corruption and advocating integrity. So far, not a single case of law and/or regulation violation has occurred. In 2011, it won the title of "Civilized Entity of the Capital" for 2 years running and passed the onsite examination of SASAC leaders, receiving favorable comments. After subsidizing 44 freshmen in Sichuan Province in 2010, FSBU subsidized 40 more in 2011.





Real Estate Strategic Business Unit

After the rapid development in recent years, RESBU has gradually formed a development pattern that relies on real estate development and building installation as its primary business, with nearly RMB40 billion of total assets and RMB15 billion of annual business scale, ranked among the best of China Minmetals in terms of profit.

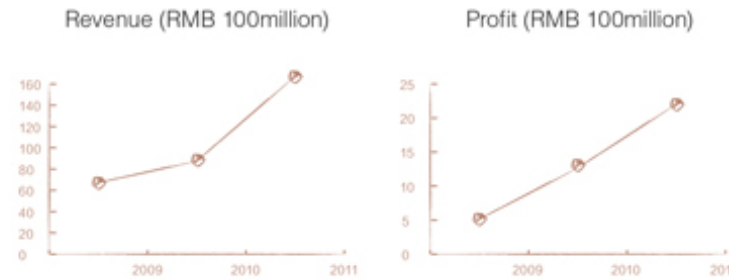
- Business field of real estate development and operations. RESBU now maintains a presence in a dozen cities, including Beijing, Nanjing and Changsha and has developed over 10 million square meters of building area in total to date.
- Business field of industrial and logistic real estate. RESBU takes part in the development of the "5-point & 1-line" coastal economic belt of Liaoning Province and the construction of Shantou Yuedong Logistic Park to build a new green town suitable for both business and residence. The area of land development exceeds 39 square kilometers.
- Business field of building installation. RESBU holds national superior grade qualifications for construction of turnkey smelting works and grade-1 qualifications for construction of turnkey mine projects, with business segments in smelting projects, housing construction and municipal works.



I. Economic Performance

In 2011, faced with State macro-control over the real estate market, RESBU adhered to the guideline of "stable operation, all-round collaboration, steady integration", improved business quality, adjusted financial structure and went all out to expand the market, and thus realized RMB14.3 billion of operating revenue, RMB2.19 billion of total profits, and nearly RMB40 billion of total assets, with an asset-liability ratio that was controlled below 71%.

Indicator	Year-on-year change
Operating Revenue	63% ↑
Total Profits	73% ↑
Return on Net Assets	132% ↑
EVA	39% ↑
Proportion of Cost & Expenses	6% ↓



II. Environmental Protection

In 2011, RESBU actively supported environmental protection and ecological conservation. The Ruyuan Project of its subordinate Minmetals Wanke earmarked about 10,000 m² for public green space named "Minmetals Wanke Young Woods" in Haidian District, Beijing.



III. Scientific & Technological Innovations

- Engineering technology. Ershisanye Construction Group Co., Ltd. had two working methods rated as State Grade-2 working methods and 4 working methods authorized by the State Intellectual Property Office ("SIPO"):

Inversion Working Method for Double Pipe Heat Exchanger "Internal Sliding & External Dumping" Working Method Tube-in-Tube Structure	State Grade-2 Working Methods
Hydraulic Sliding Pull Construction Method for Water Tower Ground Inversion Working Method for Cone-Bottom Steel Tank with Bracket Sidewall Structure of Roasting Oven Assembly Method for Jacketed Pipe and Pipe Threading Device	Authorized by SIPO

- Real estate development. Jiasheng International Plaza made full use of 10 new technologies, including groundwork foundation, underground space and high-performance cement, becoming a model project for application of new technologies.

IV. Social Harmony

In 2011, RESBU initiates extensive cooperation with local governments and social groups and donated RMB3.4608 million to support public welfare programs, e.g. poverty alleviation, education and sports.

Helping needy children. In September, RESBU carried out the activity of donating loving care parcels in Hekou Primary School, Weixin County, Zhaotong, Yunnan Province to create good learning conditions for the pupils from poor families. RESBU Huizhou Company took part in the activity of "Poverty Alleviation Day" in Guangdong.

Supporting education. In September, RESBU signed an agreement for strategic cooperation with Beida Jade Bird Group to introduce the latter's education brand and resources in the development of real estate projects. In December, Minmetals Wanke Ruyuan Project Company signed a cooperation agreement with the Middle School Affiliated to Capital Normal University, playing a good exemplary role in the education planning and construction of Haidian District.

Supporting sports. In May, RESBU Huizhou Company signed a cooperation agreement with the Football Sport Center of Guangdong Province for the men's youth football team of the province to use its name in the 2011 B Series of the China Football Association. In August, Shengjia Real Estate Company in Ershisanye Construction Group Co., Ltd. attached its name to the opening ceremony of the 24th Asian Table Tennis Championship, which was attended by the players from 12 Asian countries and regions.



Torch relay. In September, RESBU Changsha Company took part in the torch relay entitled "Good Faith Light of Corporate Citizens" of Hunan Province. The torch was relayed to 30 outstanding enterprises in the province to exhibit the corporate spirit of business operations in good faith.

V. Performance of Employees

1. Focusing on training of employees

For an all-round improvement of the quality of its employees, RESBU carried out training of employees, including the training of managers and the business and certificate-oriented training of professionals. Altogether 5,256 people took part in 72 training sessions of all types that were provided by their own organizations or external training agencies.

2. Enriching the life of employees

To create a learning organization, RESBU set up the "Wuzhou Book Club", "Employees' Reading Room" and "Book Corner" and launched the campaign of "love reading, read good books" to enrich the cultural life of the employees.



Changsha Research Institute of Mining and Metallurgy Co., Ltd.

Founded in 1955, the institute used to be under the jurisdiction of the Chinese Academy of Sciences, the Commission of Science, Technology and Industry for National Defense, the Ministry of Metallurgical Industry, the State Bureau of Metallurgical Industry, the Working Committee of Central Enterprises and the State-owned Assets Supervision and Administration Commission of the State Council. In 2009, it was merged into China Minmetals with the approval of the State Council. The institute is now a national-level high-tech enterprise and an innovative national enterprise.

I. Economic Development

In 2011, with complicated macroeconomic situation, the institute realized steady and rapid economic development by well positioning itself, adhering to its mission and actively promoting the change of the development mode.

Indicator	Operating Revenue	Total Profits	Operating Cash Flow	EVA
Year-on-year growth	2%	53%	50%	37%

II. Scientific and Technological Innovations

Aiming to become a first-class Chinese metal and minerals research institute with international competitiveness, the institute works hard to build a national-level platform for innovations in mineral resource science and technology, a scientific and technological service platform for China Minmetals resource business and a platform for the industrial development of high technology.

1. Scientific & Technological results

In 2011, the institute undertook 293 scientific research projects, up 39.5% year-on-year, and generated 58 scientific and technological results, including 22 patent applications (including 18 invention patents), 14 patents granted (including 9 invention patents) and 5 national or provincial/ministerial-level prizes for scientific and technological results, including:

- “Systematic research and practice of iron extraction and silicon (impurity) reduction for domestic iron ore concentrates”, which won a national second prize for scientific and technological progress;
- “Development and industrial application of dressing technology for phosphor-containing iron ores of high sulfur of skarn”, which won a second prize for progress in metallurgical science and technology;
- “Synthetization and application of new collector—alkyl poly amine ether GE-609”, which won a third prize of Hubei Province for scientific and technological progress;
- “Efficient mixing and ore-grinding equipment and technology and the application thereof”, which won a third prize of Hunan Province for scientific and technological progress;
- “R&D and application of a magnetic separator with permanent and high gradient magnetism for rare earth

in reciprocating double boxes”, which won a third prize of Hunan Province for scientific and technological progress.

2. Building a scientific and technological platform

- The institute promotes the construction of the national key laboratory for the technology of developing and utilizing deep sea mineral resources and has been officially issued the license by the Ministry of Science and Technology to become the only national-level research platform of China for the technology of deep sea mining and mineral processing;
- The analysis and testing center of the institute has been formally recognized as a national laboratory by the National Laboratory Accreditation Committee, meaning that its testing results and reports will be accepted by 50 countries and regions;
- The application for an engineering laboratory for the efficient and clean processing and comprehensive utilization of iron and manganese ore resources has been approved by the Development and Reform Committee of Hunan Province so that it has become a provincial-level engineering laboratory.

3. Strengthening capabilities

The institute:

- has issued the Measures for Rewarding Scientific and Technological Results to intensify such rewards and allocated RMB830,000 for the purpose in the year;
- has set up the talent fund and spent over RMB3 million of funds throughout the year on engaging over 50 people holding master’s or doctoral degrees;
- has established the Technological Innovation Fund to foster technical projects with a high level of innovation and new products with market competitiveness and spent a total of RMB6.62 million in this area from 2010 to 2011;

has set up the “Award for Excellent Young Scientific & Technological Personnel” to encourage them to pursue career development. In 2011, the award was granted to 7 recipients.

III. Work Safety & Environmental Protection

The institute strictly implements the work safety responsibility system and the system of safety and environmental protection reports, regularly organizes the inspection of work safety and detection of pollution sources and has increased the investment in work safety. In 2011, no major safety accident due to negligence took place and the indicators reflecting comprehensive energy consumption and the emission load of SO₂ and COD remained up to standard.

The institute:

- Promotes the building of the HSE system in an all-round manner. Jinrui Technology, Jinneng Technology, Changyuan Lithium Technology and their subordinate

enterprises have completed the external audit of their HSE management system;

- Is the initiator of the protection of water resources in Hunan. It installed automatic detectors of heavy metal pollutants in its head office, the industrial park and Jintian Materials. It established the system for monitoring heavy metal pollutants and the early warning and emergency response to potential environmental pollution, which has passed the examination by the Ministry of Environmental Protection;
- Has normalized safety training. The institute joined Lushanmen Fire Brigade and Yuelu Police Station in Changsha to organize fire evaluation drills and training.

Company	Technological Transformation Projects for Energy Saving and Emission Reduction
Metallurgical & Chemical Company	Technical upgrading was done for high-speed metal saws complete with integrated bell furnace for quenching and tempering, saving energy by more than 50% and achieving remarkable social benefits.
Jinrui Technology and Jinfeng Manganese	Low-cost non-toxic additives were used to lower the consumption of selenium dioxide per ton of electrolytic manganese by 27.48%, reaching the lowest level of the industry, under the precondition of causing no reduction of output and maintaining the original consumption of electricity.
Jinrui Technology Guizhou Branch	New separation device was used to extend the service life of electrolyzer cathode plate by 2 years and reduce the dust hazard to operators, saving nearly RMB1 million each year.

IV. Social Harmony

1. Caring for employees

- Democratic management of employees. The institute carried out the activity of soliciting input and received 110 comments and recommendations, 72 of which were adopted, and created economic benefits above RMB2.7 million ;
- Intensification of training. The institute spent RMB1.5 million on training, organized 10 training sessions and trained more than 2,000 people;
- Improvement of working and living conditions. The institute spent more than RMB1 million building an employee canteen with a total building area of approximately 1,037m² and a capacity of 500 people;
- Cultural and sports activities. The institute holds a variety of activities, e.g. a spring party, tug of war, large-scale singing contest celebrating the 90th anniversary of the Party and the events in Changsha

division of the 11th employee games of China Minmetals, and took part in the “May 1 celebration” fun sports meet sponsored by the Trade Union of Hunan Province and the 3rd Employee Games of Hunan Province;

Greetings to employees. The representatives of the institute visited 12 needy employees and 40 retired cadres in poor health. The institute persists in giving financial assistance to employees’ children taking part in the national university entrance examination; organizes summer vacation activities for the children of employees.

2. Repaying the society

In 2011, the institute offered RMB91,200 of financial assistance for the needy students in Huayuan County and organized the donation of “loving care parcels” . 315 people in all the 13 Party Branches of the institute took part in the initiative and raised RMB44,500 as funds, which was used to buy school supplies for these students.

2012 Outlook

2012 is an important year for the transformation and development of China Minmetals. The complicated situation resulting from the lasting depression of the global economy will expose the industry of metals and minerals to the austere challenges posed by a market downslide, domestic inflation that does not inspire optimism and the continuing strained supply of funds. To further enhance the capability of China Minmetals for sustainable development and seize the initiative in competition, we will focus on scientific development as theme and on the change of development mode as the main line to optimize layout, improve the industry chain, keep to the road of intensive and efficiency-driven growth, strengthen core capability and work hard to create a world's first-class metals and minerals enterprise group.

In the new year, we will continue to persist in the development strategy of "becoming stronger and superior", focus on developing five core capabilities in the process of continuing to deepen transformation and upgrading, i.e. the capability of controlling key resources through multiple channels, the strong capability of managing and serving the supply chain, the capability for professionalized market operations, the capability of making innovations in technology and management, and the capability of carrying forward the corporate culture of China Minmetals. We will promote corporate innovations by optimizing layout and structure, strengthen lean management and effectively ward off operation risks to ensure stable and progressive production and operation. We will strive to achieve a total of RMB400 billion in operating revenue by 2015, with a total profit of RMB15 billion.

In the new year, we will continue to fulfill the subjects' responsibility for the work safety of the enterprises, give prominence to the monitoring of major danger sources and the treatment of major hidden dangers, increase the safety investment of the enterprises, improve the safety assurance system, push forward the building and standardized operation of the HSE system, give full play to the supporting role of science and technology in safety and gradually optimize the safety control model of overseas enterprises in a bid to achieve systematic management of work safety across China Minmetals by 2015;

In the new year, we will deepen the implementation of the clean production strategy, break down for implementation the objectives of energy saving and emission reduction, conduct the energy audit of key energy-using entities, strengthen the scientific management of the energy of the enterprise, and sum up the environmental pollution problems of the enterprises to facilitate efforts on classified rectification. Through practical measures, we will effectively prevent environmental pollution accidents, promote energy saving and emission reduction and boost sustainable ecology.

In the new year, we will pursue the application of the position system in human resources management, open up a broader path for the career development of the employees, enhance the control of overall China Minmetals salary, improve the mode of talent introduction, enhance the employer brand influence of China Minmetals, carry out the study of the benchmark of the best practices of world-class metal and mineral enterprises from the perspective of human resources, so as to provide solid human resources support for China Minmetals to reach its strategic objectives and boost the common growth of the enterprises and the employees.

In the new year, we will continue to intensify the "win-win cooperation" philosophy, continuously strengthen the performance of responsibility of the value chain, push forward operations based on compliance with laws and regulations, and take part in community construction and social welfare initiatives by closely revolving around the UN Millennium Development Goals to share the development fruits of the enterprises with the communities.

In the new year, we will continue to promote the management of social responsibility, intensify the communications and engagements with stakeholders, push ahead with integrating the concept of social responsibility into management and operations of the enterprises through the formulation of the China Minmetals strategy for harmonious development under the 12th Five-Year Plan, constantly enhance the capability of the enterprise for creating sustainable value, effectively implement the sustainable development strategy and work hard to maximize value for the stakeholders.

Appendices

1. Comparison Sheet of the 10 Principles of UN Global Compact

10 Principles	Performance
Human Rights 1. Businesses should support and respect the protection of internationally proclaimed human rights 2. Make sure that they are not complicit in human rights abuses	China Minmetals always upholds the concept that humans are the primary resource in corporate development, protects human rights in both its organization and its systems, integrates the principles and practices of respecting workers as well as human rights into its daily business activities; China Minmetals strictly observes the relevant laws and regulations of the State and of the areas in which its operations are located, supports international human rights norms, safeguards the rights and freedoms provided by laws, prohibits any discrimination, never employs those without work permits.
Labor 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining 4. Elimination of all forms of forced and compulsory labor 5. Effective abolition of child labor 6. Elimination of discrimination in respect of employment and occupation	China Minmetals doesn't use child labor or forced labor, provides equal job opportunities and reasonable remuneration, establishes mechanisms of effective stimulation and supervision as well as responsible employment relations to realize the common sustainable development of the corporation and its employees; China Minmetals highly values the role played by employees in its decision making, management and supervision, actively explores new mechanisms of democratic management that are appropriate to the development reality of the enterprise and works hard to broaden the coverage of the trade union and employees' congress. China Minmetals pays great attention to the management of employee relations and advocates "service with three hearts model" to ensure communications with the employees, unblock the channels for employee complaints, safeguard the immediate interests of the employees, enhance their satisfaction, realize a harmonious employment relationship; China Minmetals ensures the occupational safety and health of its employees on a people-centered basis, and revised and promulgated the Regulations on Supervision and Management of Occupational Health.
Environment 7. Businesses should support a precautionary approach to environmental challenges 8. Undertake initiatives to promote greater environmental responsibility 9. Encourage the development and diffusion of environmentally friendly technologies.	China Minmetals has made continuous improvement of the 3 Major Systems for energy saving and emission reduction, enhanced comprehensive rectification, developed a new version of the Statistical Manual for Information on Energy Saving and Emission Reduction, and strengthened the statistical monitoring system; China Minmetals enhanced the level and quality of the environmental protection of the enterprise through scientific and technological innovations, added 6 external experts to its expert database, 9 technologies to its technology database for energy saving and environmental protection, thus enhanced its capability for green scientific and technological innovations; China Minmetals actively takes part in the activities of the UN Global Compact Environment Stewardship Project, responds to climate changes and other major issues, became a member of the energy efficiency team of UN Global Compact, reduces the emission of the "three wastes", strengthens the management of tailings impoundments, implements the reclamation of mine land and builds up a green industry chain; China Minmetals conducted all-round checks for latent pollution to promote the clean production strategy, improved the environmental protection review system for projects, strengthens front-end risk control and reduces environmental risks to lay a solid foundation for its green development.
Anti-corruption 10. Businesses should work against corruption in all its forms, including extortion and bribery.	China Minmetals sorts out the existing rules and regulations on fighting corruption and upholding integrity, strengthened the implementation of the responsibility system for the building of probity and a punitive and preventive system; China Minmetals conscientiously carries out the efficiency supervision of the Three Major Decisions and Use of One Major Fund System, the Special Treatment for Prominent Problems in Engineering and Construction Fields and the eradication of "private coffers"; China Minmetals builds up the function of addressing root causes in the investigation and handling of cases. In 2011, China Minmetals accepted 160 whistle-blowing reports and secured a case closing rate of 100%.

2. Assurance Statement



Assurance Statement

Terms of Engagement

This Assurance Statement has been prepared for China Minmetals Corporation.

Lloyd's Register Quality Assurance (Shanghai) Co. Ltd. (LRQA) was commissioned by China Minmetals Corporation (CMC) to assure the Chinese version of its Sustainability Report 2011 for the financial year ending 31st December 2011 (hereafter referred to as "the Report"). The Report relates to the sustainability performance data and information for CMC's operations.

Management Responsibility

CMC's management was responsible for preparing the Report and for maintaining effective internal controls over the data and information disclosed. LRQA's responsibility was to carry out an assurance engagement on the Report in accordance with our contract with CMC.

Ultimately, the Report has been approved by, and remains the responsibility of CMC.

LRQA's Approach

Our verification has been conducted against:

- AA1000 Assurance Standard 2008 (AA1000AS), where the scope was a Type 2 engagement
- Global Reporting Initiative Sustainability Reporting Guidelines (GRI G3)

The objectives of the assurance engagement were to:

- Review adherence to the AA1000AS Accountability Principles of Inclusivity, Materiality and Responsiveness and evaluate the reliability of specified sustainability performance information
- Review how the GRI G3 requirements have informed CMC's reporting of its sustainability performance.

To form our conclusions the assurance was undertaken as a sampling exercise and covered the following activities:

- Reviewing the stakeholder engagement process and related information
- Evaluating material issues of CMC against our own independent analysis of stakeholder issues
- Carrying out a benchmarking exercise of high-level material issues by reviewing sustainability reports written by CMC and its peers
- Understanding how CMC determine, respond and report on their material issues
- Interviewing management of CMC to understand CMC's reporting processes and use of sustainability performance data within their business decision-making processes
- Interviewing key personnel to understand CMC's processes for setting performance indicators and for monitoring progress made during the reporting period
- Verifying CMC's data and information management processes at their head office.

Note 1: The verification was undertaken at CMC's head office, No. 5, Sanlihe Road, Haidian District, Beijing, P.R. China in accordance with our contract and therefore did not include verifying the data back to its original sources, nor did it assess the accuracy and completeness of the data reported by individual locations.

Note 2: Economic performance data was taken direct from the audited financial accounts.

Level of Assurance & Materiality

The opinion expressed in this Assurance Statement has been formed on the basis of a moderate level of assurance and applying professional judgement for materiality.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that the Report has not been produced based on AA1000AS's principles. It should be noted that for the principles of:

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- **Inclusivity** - CMC has identified their stakeholder groups and associated expectations at group level. In response CMC has set the sustainability idea, vision, strategy, sustainability model and stakeholder engagement mechanism for addressing sustainability issues.
- **Materiality** - CMC has processes in place for identifying and evaluating their material issues and has established the criteria for risk assessment. The sustainability issues have been identified using a stakeholder issues matrix.
- **Responsiveness** - CMC and its business centres have processes in place to respond to government authorities, employees, customers, communities, business partners, investors and NGO etc. in a variety of ways by relevant functions.

It is also our opinion that the GRI G3 informs CMC's processes for reporting sustainability performance and that nothing has come to our attention that would cause us to believe that the specified performance information is not reliable.

LRQA's Recommendations

CMC should:

- Promote approaches for stakeholder engagement and report associated information in future.
- Complete systematic identification and risk assessment of sustainability issues.
- Disclose complete environmental performance data and information by improving the details for water consumption and greenhouse gas emissions.
- Disclose occupational health performance data and information by improving the details for health disease and occupational health controls.
- Ensure each reported dataset is consistent with the scope of the Report. The safety and environmental performance is not complete as it does not disclose the data and information for CMC operations outside of China.
- Develop an electronic data management system to assist CMC in the collection of complete and accurate data and information which is then disclosed in future Reports. This electronic data management system should also have a verification function.

Signed

Name Stephen Liu

LRQA Lead Verifier

On behalf of Lloyd's Register Quality Assurance, Shanghai
Room 2018, Ocean Towers, No. 550 Yan An Dong Road, Shanghai

LRQA Reference: QAC6013442

LRQA's Competence and Independence

LRQA ensures the selection of appropriately qualified individuals based on a rigorous appraisal of their training, qualifications and experience. The team conducting the assurance of the Report was multi-disciplinary and has been involved in numerous assurance engagements. LRQA's internal systems have been designed to manage and review verification and certification assessments. This involves independent review by senior management of the outcome derived from the process applied to the assurance of sustainability reports.

Independence of LRQA from CMC

LRQA and CMC operate as discrete and independent legal entities. LRQA did not provide any other consulting services before.

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核实声明

核实范围

中国五矿集团公司为本核实声明的使用者。

劳氏质量认证(上海)有限公司(LRQA)受中国五矿集团公司(中国五矿)委托对其2011年可持续发展报告中中文版(下文统称“本报告”)实施了独立的核实工作,报告截止日期为2011年12月31日。本报告覆盖了中国五矿的运作与活动相关的可持续发展绩效数据和信息。

管理职责

中国五矿管理层负责准备本报告,同时也负责保持披露数据和信息的有效性的内部控制。LRQA依据与中国五矿的合同,负责开展本报告的核实工作。

本报告由中国五矿批准,并最终对其负责。

LRQA的核实方法

本次核实工作的开展基于:

- AA1000 审核标准 2008 版(AA1000AS), 范围为类型 2 的核实
- 全球报告倡议可持续报告指南(GRI G3)。

本次核实工作的目的是:

- 评估与 AA1000AS 原则的符合程度,包括包容性、实质性和响应性,以及评审相关可持续发展绩效信息的可靠性
- 评估中国五矿如何参考 GRI G3 要求报告其可持续发展绩效。

为形成我们的结论,本次核实工作采用了抽样的方法,并包括以下活动:

- 评估中国五矿利益相关方参与过程及相关的信息
- 基于我们自身独立的利益相关方问题分析,评估中国五矿的实质性问题
- 通过评审中国五矿与其同行的可持续发展报告,开展高层次实质问题的标杆对比
- 理解中国五矿如何确定、响应和报告其实质性问题
- 与中国五矿管理层面谈以理解中国五矿的报告过程,以及如何在业务决策过程中使用可持续发展绩效数据
- 与关键人员进行面谈以理解中国五矿在报告期间设定绩效参数和监视的过程
- 在中国五矿总部核实其数据和信息管理过程。

注1:依据与中国五矿的合同,本次核实工作仅在中国北京海淀区三里河路5号的中国五矿总部进行,因此未追溯到原始数据,同时也没有全面评价各分公司提供数据的准确性和完整性。

注2:经济绩效数据来自于已通过第三方审计的财务报告。

保证级别与实质性

本声明中的观点是基于中度级别的保证以及对相关绩效数据和信息的实质性专业判断而形成的。

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LRQA 的观点

基于核实的方法,LRQA 认为没有什么可以让我们相信本报告未依据 AA1000AS 的原则进行编制。针对原则的结论如下:

- **包容性** - 中国五矿在集团公司层面识别了利益相关方及其期望,中国五矿建立了可持续发展理念、愿景、战略、可持续发展模型和利益相关方参与机制,以解决其可持续发展问题。
- **实质性** - 中国五矿建立了实质性问题识别与评估的过程或框架,建立了风险评估的准则,并据此识别出了可持续发展问题,建立了利益相关方议题矩阵。
- **响应性** - 中国五矿及其业务中心已建立了与利益相关方进行响应的过程并通过相关的职能部门来实施,包括政府、员工、客户、社区、合作伙伴、投资方和非政府组织等。

我们同时认为中国五矿参考 GRI G3 建立了披露可持续发展绩效的过程,没有什么可以导致我们相信报告中的可持续发展绩效信息是不可靠的。

LRQA 的建议

中国五矿应考虑

- 完善利益相关方参与的方法,并在将来披露相关的信息。
- 完成系统的可持续发展议题的识别和风险评估。
- 披露全面的环境绩效数据和信息,如报告水的消耗和温室气体排放等方面的详细内容。
- 披露职业健康管理绩效数据和信息,如职业病和职业健康管理等。
- 确保本报告中每种类型数据和信息披露范围的一致性。本报告中的安全和环境绩效部分数据和信息不完整,可进一步完善中国五矿海外企业运作的数据和信息。
- 建立一套电子数据管理系统以协助中国五矿收集完整与准确的数据和信息,以利于在将来的报告中披露。该数据管理系统宜同时具有内部验证的功能。

刘兆金

2012年4月19日签署

LRQA 主任核实员

谨代表劳氏质量认证(上海)有限公司
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LRQA 编号: QAC6013442

LRQA 的能力与独立性

LRQA 确保基于个人的培训、资格和经验的严格评估来选择合适的有能力的人员。实施核实工作小组具有跨专业的能力,并具有非财务绩效报告的核实经验。LRQA 建立了内部体系管理和评审核实和认证评价工作,这包括资深人员对公司报告核实结果的独立评估。

LRQA 与中国五矿的独立性

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2. Comparison Sheet of GRI Indicators

Irrelevant ○ Partially adopted ◐ Fully adopted ● Not Applicable ⊗

	Sequence of Indicator	Content of Indicator	Disclosure Location	Notes on Adoption
1. Strategy and Analysis	1.1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy.	P2-3	●
	1.2	Description of key impacts, risks, and opportunities.	P2-3,P110	◐
2. Organizational Profile	2.1	Name of the organization.	P10-11	●
	2.2	Primary brands, products, and/or services.	P10-11	●
	2.3	Operational structure of the organization	P10	●
	2.4	Location of organization' s headquarters.	P11	●
	2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	P3,8-9,28,81-82	●
	2.6	Nature of ownership and legal form	P11	●
	2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	P24-29,33-35	●
	2.8	Scale of reporting organization (including number of employees, net sales, ratio of liabilities and net assets to total assets, quantity of products and services provided)	P4,6-7,10,24-27,65, 98-109	●
	2.9	Significant changes during the reporting period regarding size, structure, or ownership	P11,P31	●
	2.10	Awards received in the reporting period	P12	●
3. Report Parameters	3.1	Reporting period (e.g., fiscal/calendar year) for information provided	inside front cover	●
	3.2	Date of most recent previous report	inside front cover	●
	3.3	Reporting cycle	inside front cover	●
	3.4	Contact person for questions regarding the report or its contents	inside front cover/P123	●
	3.5	Process for defining report content	inside front cover/P15	●
	3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	inside front cover	●
	3.7	State any specific limitations on the scope or boundary of the report.	inside front cover	●

	Sequence of Indicator	Content of Indicator	Disclosure Location	Notes on Adoption
3. Report Parameters	3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	inside front cover	●
	3.9	Data measurement techniques and the bases of calculations	inside front cover	●
	3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	inside front cover	●
	3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	inside front cover	●
	3.12	Table identifying the location of the Standard Disclosures in the report	inside front cover/ P116-122	●
4. Governance, Commitments, and Engagement	3.13	Policy and current practice with regard to seeking external assurance for the report.	inside front cover	●
	4.1	Governance structure of the organization	P11	●
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization' s management and the reasons for this arrangement)	P11	●
	4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.		⊗
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	P11	●
	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization' s performance (including social and environmental performance)	P11	●
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	P11	●
	4.7	Process for determining the qualifications and expertise of the members of the highest governance body	P10-11	●
	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	P11	●
	4.9	Procedures of the highest governance body for overseeing the organization' s identification and management of economic, environmental, and social performance	P11	●

	Sequence of Indicator	Content of Indicator	Disclosure Location	Notes on Adoption
4. Governance, Commitments, and Engagement	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	P11	●
	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	P39-40	●
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives which the organization subscribes to or endorses.	inside front cover/ P19-20,57,87	●
	4.13	Memberships in associations and/or national/international advocacy organizations which the organization holds.	P18	●
	4.14	List of stakeholder groups engaged by the organization.	P16	●
	4.15	Basis for identification and selection of stakeholders with whom to engage.	P15	●
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	P15-18	●
	4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	P15-18	●
	5. Economic Performance Indicators	EC1	Direct economic value generated and distributed (including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments)	P2-4,6-7,10,24 -27,92-109
EC2		Financial implications and other risks and opportunities for the organization's activities due to changes in the macroeconomic environment.	P2-3,P110	●
EC3		Coverage of the organization's defined benefit plan obligations.	P65-66	●
EC4		Significant financial assistance received from government.		⊗
EC5		Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	P64,66	●
EC6		Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	P80-83	●
EC7		Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	P72	●
EC8		Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	P88-97	●

	Sequence of Indicator	Content of Indicator	Disclosure Location	Notes on Adoption
5. Economic Performance Indicators	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts (e.g. driving local economic development)	P88-97	●
	EN1	Materials used by weight or volume.	P55	○
6. Environmental Performance Indicators	EN2	Percentage of materials used that are recycled input materials.	P57	●
	EN3	Direct energy consumption by primary energy source.	P55	●
	EN4	Indirect energy consumption by primary source.		○
	EN5	Energy saved due to conservation and efficiency improvements.	P56	●
	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	P56	●
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	P5	●
	EN8	Total water drawn by source.		○
	EN9	Water sources significantly affected by draw of water.		○
	EN10	Percentage and total volume of water recycled and reused.	P60	○
	EN11	Location and size of land owned, leased, or managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		⊗
	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	P60	○
	EN13	Habitats protected or restored.		⊗
	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	P60	○
	EN15	Number of International Union for Conservation of Nature (IUCN) Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.		⊗
	EN16	Total direct and indirect greenhouse gas emissions by weight.		○
	EN17	Other relevant indirect greenhouse gas emissions by weight.		○
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	P56	●
	EN19	Emissions of ozone-depleting substances by weight.		○

	Sequence of Indicator	Content of Indicator	Disclosure Location	Notes on Adoption
6. Environmental Performance Indicators	EN20	Nitric oxide (NO), sulfur oxide (SO), and other significant air emissions by type and weight.	P55	●
	EN21	Total water discharge by quality and destination.	P61	●
	EN22	Total weight of waste by type and disposal method.		○
	EN23	Total number and volume of significant spills.	P57	●
	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annexes I, II, III, and VIII, and percentage of transported waste shipped internationally.		⊗
	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	P60	●
	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	P3,P54-P61,P110	●
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category.		⊗
	EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.		○
	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.		○
EN30	Total environmental protection expenditures and investments by type.	P59	●	
7. Labor Practices and Decent Work Performance Indicators	LA1	Total workforce by employment type, employment contract, and region.	P4,P65	●
	LA2	Total number and rate of employee turnover by age group, gender, and region.		○
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	P73	●
	LA4	Percentage of employees covered by collective bargaining agreements.	P73	●
	LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.		⊗
	LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.		○

	Sequence of Indicator	Content of Indicator	Disclosure Location	Notes on Adoption	
7. Labor Practices and Decent Work Performance Indicators	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region.	P48	●	
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	P49	●	
	LA9	Health and safety topics covered in formal agreements with trade unions.		○	
	LA10	Average hours of training per year per employee by employee category.	P69	●	
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career outcomes.	P68,P73	●	
	LA12	Percentage of employees receiving regular performance and career development reviews.		⊗	
	LA13	Composition of governance bodies and breakdown of employees by category according to gender, age group and other indicators of diversity.	P65	●	
	LA14	Ratio of basic salary of men to women by job category.		○	
	8. Human Rights Performance Indicators	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	P64	●
		HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.		○
		HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	P64	●
		HR4	Total number of incidents of discrimination and actions taken.	P66	●
		HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.		⊗
		HR6	Operations identified as having significant risk for incidents of child labor, and (core) measures taken to contribute to the elimination of child labor.	P66	●
HR7		Operations identified as having significant risk for incidents of forced or compulsory labor, and (core) measures to contribute to the elimination of forced or compulsory labor.	P66	●	
HR8		Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.		⊗	
HR9		Total number of incidents of violations involving rights of indigenous people and actions taken.		⊗	

	Sequence of Indicator	Content of Indicator	Disclosure Location	Notes on Adoption
9. Society Performance Indicators	SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including their entry, operation and exit.	P88-91,92-97	●
	SO2	Percentage and total number of business units analyzed for risks related to corruption.	P87	●
	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	P87	●
	SO4	Actions taken in response to incidents of corruption.	P87	●
	SO5	Public policy positions and participation in public policy development and lobbying.		⊗
	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.		⊗
	SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.		⊗
	SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.		⊗
10. Product/Service Responsibility Performance Indicators	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.		⊗
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.		⊗
	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.		⊗
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.		⊗
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	P84	●
	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.		⊗
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.		⊗
	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.		⊗
	PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.		⊗

3. Form of Feedback on Report

Respected readers,

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

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

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 Form of Feedback on China Minmetals Corporation Sustainability Report 2011

Respected readers,

Thank you for reading this report. We hope very much that you could comment on this report and make suggestions to help us continuously improve our efforts relating to social responsibility.

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

1. Have you learnt what you need to from this report?
 Yes Neutral No
2. Do you think this report is a complete reflection of the economic responsibilities undertaken by China Minmetals?
 Yes Neutral No
3. Do you think this report is a complete reflection of the environmental responsibilities undertaken by China Minmetals?
 Yes Neutral No
4. Do you think this report is a complete reflection of the social responsibilities undertaken by China Minmetals?
 Yes Neutral No
5. Do you think this report has disclosed sufficient quantifiable data?
 Yes Neutral No
6. Do you think the content and form design of this report facilitate reading and understanding?
 Yes Neutral No
7. The following space is for your comments and suggestions on China Minmetals Corporation Sustainability Report 2012:



Environmental considerations in publication of this report
Paper: The report is printed on recycling paper.
Ink: 100% soy ink was used aiming to decrease air pollution.

Designed and made by



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