



CHINA WELL-KNOWN TRADEMARK



WE SUPPORT

Social Responsibility Report

2011

Guangxi Beihai Penshibao Co. Ltd.





Chairman Xianglin WANC

- Winner of national "May 1" labor medal
- The eighth, ninth and tenth sessions of CPPCC National Committee members
- Standing Committee of All-China Federation of Industry and Commerce
- Advanced personal for National Unity
- National Top Ten Outstanding Private Entrepreneur
- Vice president , Chamber of Commerce of Guangxi Zhuang Autonomous Region
- Fellow, World Academy of Productivity Science (WAPS)
- Founder of Penshibao Xianlin Development Foundation
- Winner of Award for outstanding contributions of China Guangcai Programme
- Top 10 Low-carbon Characters in 2010 Entrepreneurship China
- The Most Influential Model Worker in Guangxi since the Founding of New China

Chairman's Address

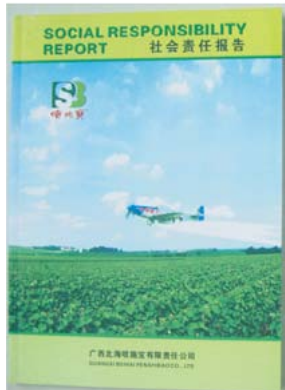
Since Penshibao Corporation was established in 1985, it has been following the corporate purpose, "To Serve Agriculture and To Benefit Mankind" and the management idea, "Based on Agriculture, Low-Carbon, Environmentally-Friendly", carrying forward the corporate spirit, "Harmonization, Credit, Diligence and Innovation", sticking to working hard and making technical innovations; it has been devoting itself to developing, researching, producing and popularizing environmentally-friendly foliar fertilizer with the brand "Penshibao" and now it is one of brand enterprises in domestic foliar fertilizer industry.

When facing the severe situations such as abnormal climatic environment and agricultural cost increase, Penshibao Corporation sticks to its principal, "Scientifically Fertilize, Efficiently Fertilize and Environmentally-friendly Fertilize", persists in performing the social responsibility in its whole course of production and management, did a good job in the all-round research and development for the high efficiency, energy saving and environmentally-friendly aspect of Penshibao product and for the improvement of crops resistances and agricultural products quality. It is encouraging that Penshibao products not only have remarkable and stable effects on the production increase of every crop, but also can promote the crops which are suffered from drought, water-logging, insect damage, disease, and wind damage to recover rapidly and improve product quality to a certain degree after the successive four years' tests and demonstration by The National Agro-Tech Extension and Service Center (NATESC) and the Agro-tech Extension and Service Authorities of Provinces and Autonomous Regions of China.

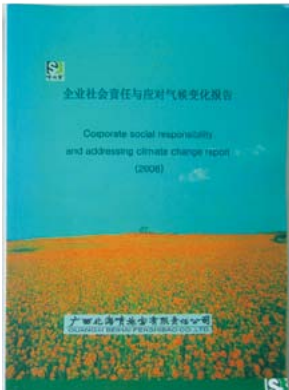
Penshibao team wishes to realize a dream to make every country and area able to use energy-saving, low-carbon, and high-efficiency Penshibao products, jointly cooperate hand in hand to provide more green foods for mankind, create good ecological environment, and promote the sustainable development of economy and society.

Compiling Description of Report

Since Penshibao Corporation joined the United Nations Global Compact, it has been reporting its performing conditions of social responsibility truthfully in accordance with the relevant provisions and reference to the requirements of A Guide to Action of Corporate Social Responsibility. The issuing time of last CSR report is June 2011. This period's report, Corporate Social Responsibility Report of Year 2011, has made a review and report on this corporation's performing conditions of social responsibility of year 2011, following the corporate purpose, “To Serve Agriculture and To Benefit Mankind”, and the management idea, “Based on Agriculture, Low-Carbon and Environmentally-Friendly”.



Edition I (2007)



Edition II (2008)



Edition III (2009-2010)



Edition IV (2011)



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Part 1: Overview of Company



1.1. Corporate Culture

1.1.1. Corporate Purpose

Considering agriculture is the basic sector for mankind's living and global sustainable development, Penshibao Corporation always follows its corporate purpose, "To Serve Agriculture and To Benefit Mankind", closely pays attention to the agricultural development, rural construction and peasants' enriching problems, insists on its principal, "Improving Agricultural Productivity, Fertilizer Using Ratio and Land Using Rate", actively promotes and leads Chinese and even global agriculture to develop on the resource-saving and environmentally-friendly way, makes unremitting efforts and outstanding contributions to the construction of harmonious society and the achievements of millennium's development goal of getting rid of poverty proposed by the United Nations.

1.1.2. Corporate Idea

Saving land and energy and strengthening environment protection have become the problem attached importance attentions by the entire world. Penshibao Corporation always adheres to the development idea, "Based on Agriculture, Low-Carbon and Environmentally-Friendly", continuously increases the technical investment, devotes itself to developing and producing new products, provides high-efficiency, environmentally-friendly, low-carbon and economical Penshibao water-soluble fertilizers for agriculture and creates huge social and economic benefits. In the aspect of enterprise management, the Penshibao Corporation actively proposes the good common practice that "everyone cares for energy and saves energy everywhere". A good result has been achieved in energy saving and emission reduction.

1.1.3. Corporate Spirit

Penshibao Corporation adheres to its behavioral standard all along, "Become a Good Person First and Then Do a Great Job", vigorously carries forward its corporate spirit, "Harmonization, Credit, Diligence and Innovation", and promotes the sustainable and stable development of corporation. It persists in participating in public welfare undertakings such as helping the poor and those with extreme difficulties, donating to help poor students and earthquake relief work, which have made positive contributions to the construction of harmonious society. It adheres to "credit first, service foremost" and to win users' trust and praise by conscience brand. It insists on carrying out the professional ethics education and attaching importance to train staff's following spirits: Be Positive and Make Progress, Be Diligent and Fight, Help Each Other in the Same Condition, and Unite and Cooperate". It also perseveres in the technology train for its staffs and improves the entire quality of team and enhances the corporation's innovative capability continuously.



Part 1: Overview of Company



1.2. Corporate Profile

Guangxi Beihai Penshibao Co., Ltd., established in 1985, is the earlier, larger, and higher brand influence foliar fertilizer enterprise integrated with R&D, production, sale and service. At present it covers 60,000 square meters of the R&D and production base with 34 automatic production lines which can produce the liquid fertilizer with different kind of specifications at the same time. It has already passed ISO9001 and ISO14001 certification. Its trademark, “Penshibao”, is granted the “China Well-known Trademark” in the foliar fertilizer industry, and registered in over 60 countries. Penshibao products are not only sold in domestic every province and autonomous region but also exported to 45 countries and areas such as Japan and America.

For many years, Penshibao Corporation has been engaged in the research, production and popularization of environmentally-friendly foliar fertilizers. The core idea in the application popularization, “To Scientifically Fertilize, To Efficiently Fertilize and To Environmentally-friendly Fertilize”, has been accepted by users. Penshibao product was reputed as “China Fertilizer King” by the domestic users and the “Oriental Magic water” by the Indian customers. Penshibao Corporation and its products have been awarded more than 200 domestic and foreign prizes such as “International Special Prize for Science and Peace”, “The Gold Prize of the 21st Geneva International Fair” and “The Gold Prize of the 72nd International Agricultural Fair in French Avignon”. Since the corporation voluntarily joined the United Nations Global Compact in 2007, it has been following the compact spirits of protecting environment and respecting human rights and sticking to the basic norm that an enterprise's development shall be harmonious with its environment and society, continuously carrying out the further publicity and popularization of new type fertilizer technology, and more performing its own CSR. In September 2011 Penshibao corporation was invited to attend the UN Private Sector Forum 2011 “Sustainable Energy for All”, and discuss actively, which was held in New York.

With a view to promoting corporate reform and innovation and establishing standard modern enterprise management system, Guangxi Penshibao Co., Ltd. was founded in Dec. 2011. Through the reform of share holding system, the corporation will realize the effective promotion of corporate management of scientization and standardization and institutionalization, the improvement of corporate entire qualities, the reinforcement of corporate core competitiveness, the reduction of corporate operating risks, and the promotion of corporate sustainable development.

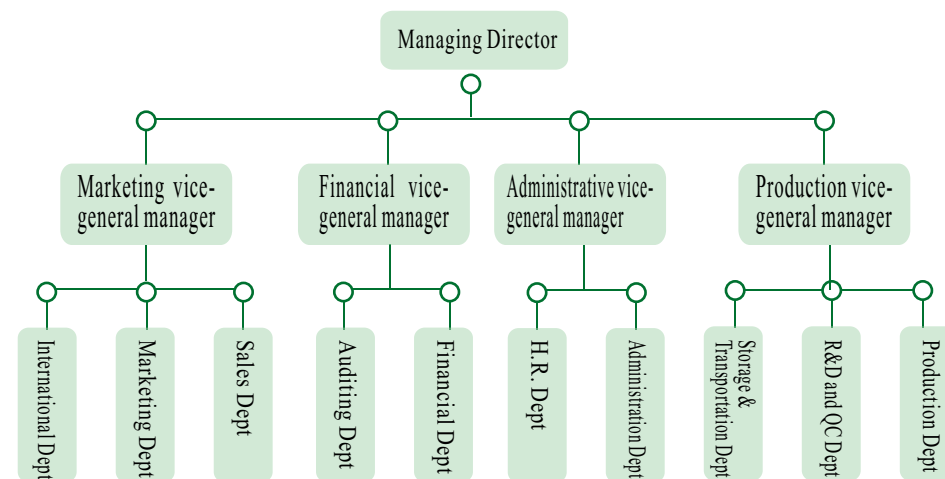


Part 1: Overview of Company

1.3. Organizational Structure

1.3.1. Adjustment of Management Organization

After the establishment of Guangxi Penshibao Co., Ltd., the quantity of the corporation's management departments was adjusted from 7 to 10, which becomes more reasonable and the higher efficiency. The following is the organization chart.



1.3.2. Public Competition for Post

The managerial persons of every department are hired through public vote and competition with 1 year's term of office, which greatly motivates the working vigor of management. This way can effectively guarantee staffs' rights to know, participate and supervise, give full play to staffs' positivity and creativity, and promote the smooth ongoing of operating activities and every job.



The management personnels who are employed by open competition.

1.3.3. Strengthen Corporate System Development

Corporate Management Manual 2012 Edition which is fair, just, and normative has been formally published and implemented after the repeated advice taking, perfect modification, presentation to labor authority to check and approve, written confirmation by the Law Office, discussed and passed by the congress of workers and staffs.

1.4. State of Business

1.4.1. Product Feature

1.4.1.1. Penshibao Product

Penshibao organic water-soluble fertilizer is a multi-function nutritional liquid fertilizer that features in high-efficiency, low-carbon, environmentally-friendly, non-toxic, non-residual, non-hormone and non-pollution. It was strictly produced according to ISO9001 and ISO14001 systems with the unique high-concentration chelating technology. It abundantly contains many kinds of physiological activators such as fulvic acid, humic acid, amino acid, and vitamins, and many sorts of nutrient elements such as nitrogen, phosphorus, potassium, boron, zinc, molybdenum, and manganese. The products are widely applied to more than 50 kinds of crops such as grain, cotton, sugarcane, tea, tobacco, fruit tree, vegetable, flower, and grass with the simple operation and many kinds of way including spraying on leaves, irrigating root, soaking seed, hosing, trickle irrigation, spray irrigation, and daub, which can effectively improve the quality and production of crops.

1.4.1.2. Chelating Amino acid nutrients Agent for Aquatic farming (premix additive)

This series of Fish & shrimp Coke products is a pollution-free culturing chelating agent which can improve water quality, increase oxygen, provide nutrition, and is applied to the pollution-free culturing of aquatic products such as fish, shrimp, crab and shellfish in seawater or freshwater. It can not only increase livability and output but also reduce pollution to offshore area during the course of aquaculture.



Diagram of Penshibao products and applicable crops



company's aquaculture and sales shop.



Prawn farmer uses the "Fish & Shrimp Cola" product

1.4.2. Contributions of Product

1.4.2.1. Contribution to Guaranteeing the Safety of Grain

Affiliated to Ministry of Agriculture of China, the National Agro-tech Extension and Service Center made tests of 15 crops in 18 provinces with the application of Penshibao products and the testing result showed that Penshibao products can obviously promote the increase of production and income of crops; at the average increasing rate of 11.3% and the average increasing net income of RMB282.9 Yuan per mu respectively; thereinto the average increasing rates for grain and oil crops are 9.17% and 15.4%; 12.17% and 8.55% average increasing for vegetables and fruit trees respectively.



dedicated to providing highly-efficient, economical and environmentally-friendly foliar-fertilizers for agricultural development and grain production increase.

Test Result of 15 Crops in 18 Provinces with the Application of Penshibao Products

Crop	Average production Increased after the Application of Penshibao Products		Net Income increased
	Kg/mu	%	Kg/mu
Rice	33.3	6.7	52.9
Wheat	59.9	13.0	89.9
Potato	188.9	7.8	109.7
Soybean	17.8	12.9	35.6
Rape	13.8	15.1	89.5
Peanut	14.6	8.4	101.5
Cotton	15.6	14.8	350.8
Hot Pepper	75.6	23.8	621.9
Citrus	291	11.6	365.6

Crop	Average production Increased after the Application of Penshibao Products		Net Income increased
	Kg/mu	%	Kg/mu
Cauliflower	281.2	18.5	505.6
Pakchoi	288.3	11.4	143.0
Tomato	536.5	10.1	870.9
Celery	455.8	6.1	683.7
Carrot	133.0	3.1	85.6
Navel Orange	66.0	5.5	138.0



China National Agro-tech Extension and Service Center holds a Penshibao products testing summing-up meeting.



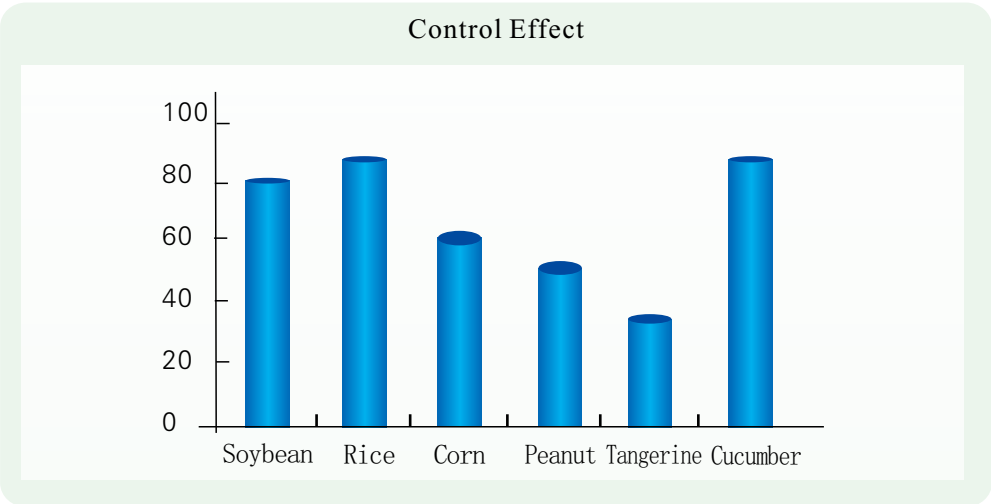
Part 1:Overview of Company



1.4.2.2. Contribution to Global Sustainable Development

Protect Ecological Environment and Human Health

Penshibao product can obviously improve disease resistance of crops and reduce diseases of crops as well as reduce about 20 ml of pesticides dosage per mu(1mu=0.0667 hectares). Tests of 9 crops in 19 sites conducted by the National Agro-tech Extension and Service Center, affiliated to the Ministry of Agriculture of China showed that after the application of Penshibao products, the disease-resistant effective rates of rice, soybean, cucumber and maize were 84.13%; 75.32%, 81.65% and 59.33% respectively; which indicated that Penshibao products can effectively protect the ecological environment of croplands and human health as well as promote agricultural sustainable development.



Reduce the Pollution to Cropland and protect the Arable Soil

When using acetochlor, people can add Penshibao product of 20-30ml per mu, which can decrease 57.6-73.8% of the acetochlor residual in soil; therefore Penshibao product can efficiently reduce the pollution to croplands and protect the arable soil.



The agricultural technology extension worker inspects the product testing in the field

1.4.2.3. Contribution to Preventing and Reducing Disaster and Improving Resistance of Crop to Climatic Disaster

Nowadays global climatic disasters happen frequently, the mechanism research made by China Huazhong Agricultural University shows that Penshibao products have a stronger resistance to climatic disaster.

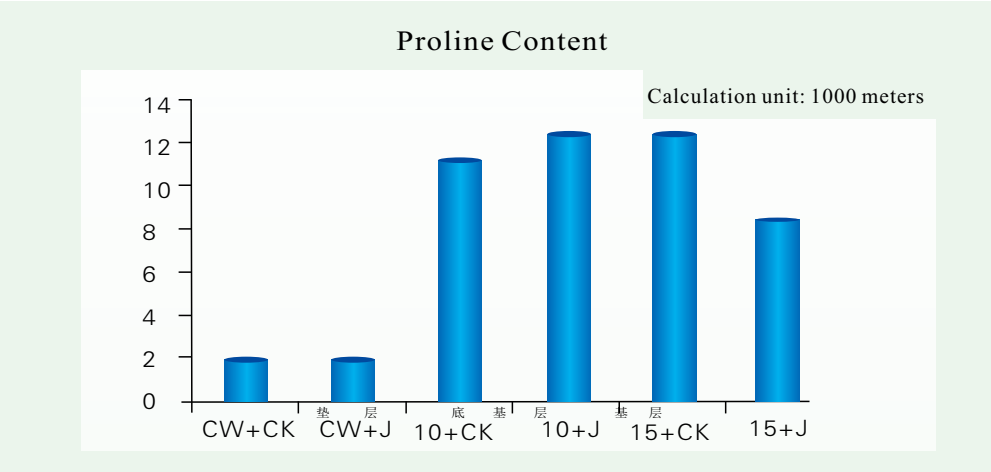
1.4.2.3.1. Disaster-Preventing Effect

Help Rice Resist the Disaster of Low Temperature and Rotten Seedling

After the seed soaked with Penshibao product, the proline content of rice will be increased and the rice will have the resistance to the disaster of low temperature and rotten seedling during sowing time.



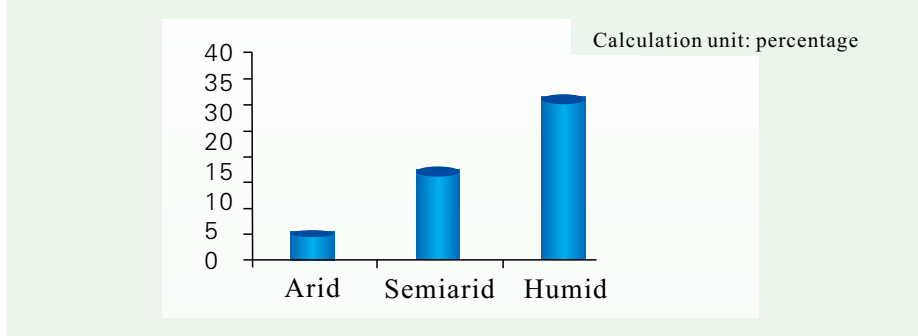
The company is awarded the honor of "advanced unit of soil fertilizer in post-disaster reconstruction" by Jiangxi province.



Drought-Resistant Effect of Wheat

After the application of Penshibao product, the wheats all embody obvious drought resistance in the semiarid condition(18% water content) or arid condition(10% water content); their root shoot ratio increases 17.6% and 5.3% respectively; from the point of the physiology, big root shoot ratio helps to relieve drought stress. This fact proves that Penshibao foliar fertilizers can effectively enhance the drought resistance of wheats through adjusting the root shoot ratio after the seeds are soaked with Penshibao foliar fertilizers.

Increased Root Shoot Ratio after Seeds are Soaked with Penshibao Foliar Fertilizer.



Part 1:Overview of Company



1.4.2.3.2. Disaster Reduction Effect

Help Rice Resist the Disaster of Low Temperature and Little Sunlight

After the seedlings disaster forms due to low temperature and little sunlight, spraying Penshibao products can raise the chlorophyll content of rice leaves, leaf quantity of every rice plant and rice height, slow tiller death under the conditions of low temperature and little sunlight, and increase soluble sugar content, thereby improve the resistance of rice to the low temperature and little sunlight in tillering period.



The company is ranked as one of the “paddy presenility prevention engineering collaborating units” by Jiangxi province for its great dedication to Jiangxi province's production increase of grains.

Help Wheat Resist the Dry and Hot Wind Disaster

After the wheats suffered from the dry and hot wind disasters, if they are processed with Penshibao foliar fertilizers, their effective panicle quantity and hundred-grain weight are significantly higher than the effective panicle quantity and hundred-grain weight of those without being processed with Penshibao foliar fertilizers; the effective panicle quantity of the C2P4 processed with Penshibao foliar fertilizers are most, which is 1.5 times of the effective panicle quantity of those without being processed with Penshibao foliar fertilizers; the hundred-grain weight of the C2P2 processed with Penshibao foliar fertilizers reaches 3.28g which is 23.46% more of the weight of those without being processed with Penshibao foliar fertilizers; the average grain quantity per panicle of the C1P4 processed with Penshibao foliar fertilizers is the most which is 5.9 grains more of the quantity of those without being processed with Penshibao foliar fertilizers; and the seeds weight of the processed C2P2, C1P4 and C2P4 are all bigger than the seeds weight of those without being processed with Penshibao foliar fertilizers; thereinto the seeds weight of the processed C1P4 are the biggest which is 1.55g more than the seeds weight of those without being processed with Penshibao foliar fertilizers. All the aforementioned facts indicate that if the wheats are processed with Penshibao foliar fertilizers after suffering from the dry and hot wind disaster, their effective panicles, ten-thousand-grain weight and production can be increased; therefore Penshibao foliar fertilizer has the good effect on helping wheat resist the dry and hot wind disaster.

Processed Wheat (treatment)	Effective Panicle Quantity Per Pot	Grain Quantity Per Panicle	Hundred-Grain Weight(g/pot)	Seed Weight (g/pot)
CK	5.3	24.0	2.66	4.63
C1P2	6.3	27.3	2.85	5.63
C2P2	7.0	23.3	3.28	4.72
C1P4	7.0	29.9	3.27	6.18
C2P4	8.0	23.2	3.23	5.85

1.4.3. Sales Performance

Penshibao Corporation adheres to regarding serving agriculture as its own task. It continuously makes channel innovations such as developing the cooperation with the Agricultural Association and establishing the international market distribution network, on the basis of the consolidation of the traditional marketing channels and the reinforcement of the cooperation with China Post Logistics Co.Ltd. It constantly expands market share and its sales performance grows steadily year by year.



The company products are popularized and applied in Africa



The company holds a product technology seminar

1.4.4. Product R&D

The Corporation optimizes the mechanism of product development, fixes the high-efficiency, energy-saving, and environmentally-friendly new product R&D direction, repositions the main functions of the Corporation's R&D center, on which basis, it actively promotes the system of department taking responsible, speeds up new product development time, and shortens the cycle from new product to commodity for sale. The developed new products are mainly for protecting the ecological environment and sustainable development, with market demand and customer satisfaction as the goal, so as to promote the sustainable development of enterprises.



Inside corridor of laboratory



Working room of laboratory



Part 1:Overview of Company



1.5. Corporation's Chronicle of Events in 2011

Time	Event & Remarks
January 17 th	The Summing-up Meeting of Penshibao Product Test Made in 2010 by National Agricultural Technology Extension Service Center was held in Beihai.
April 18 th	Our trademark, “Nongdule” , was granted as “Guangxi Well-Known Trademark” .
April 21 st	General-manager Wang Jicheng was invited to attend the Annual Summit of China Green Companies--- “China Entrepreneur Club” held on April 21 in Qingdao.
April 25 st	Penshibao company was honored with “Beihai Pioneer of the Workers” .
May 7 th	To advocate green life style, the company decided to establish the “Sunny Club” to strengthen the staff's physical and mental health and exchanges through various recreational activities. The club's slogan is “Unity and Cooperation, Health and Happiness” .
May 16 th	Our Corporation was listed in “Top 100 Chinese CSR-Performing Enterprises of Year 2011” .
June 1 st	the Early-matured High-Yielding Rice for 10000-Mu Demonstration Area --- “combination of technology and crops to increase farmers' incomes” Penshibao New Products Release Meeting, jointly organized by Penshibao company and Hepu County Agricultural Bureau, was held in Jiupo Village in Dangjiang Town.
July 18 th	Our Corporation was listed in “Top 500 Chinese Enterprises With Famous Brands of Year 2010” .Our brand was appraised as ” Top 10 Brands of Chinese Pesticide Industry of Year 2011 “ .
July 26 th	Our general manager Wang Jicheng was elected as the NPC deputy of Haicheng District of Beihai City.
August 20 th	Our Corporation was honorably awarded the titles of “The Leading Bio-fertilizer Enterprise Supporting Agriculture of Year 2011” and “Most Trusted Agricultural Materials Brand by Chinese Peasants in Year 2011” .
August 26 th	Chairman Wang Xianglin was honorably awarded the title of “Guangxi's Model Worker With Most Influence Since the Establishment of New China” .
August 28 th	Chairman Wang Xianglin was appraised as the innovative person in “The Fourth China Innovative Persons Appraisal of Year 2011” .
September 10 th	General Manager Wang Jicheng was elected as the NPC deputy of Beihai City.



products release meeting on “combination of technology and crops to increase farmers” .



The “Penshibao Sunny • Club” organizes the staff for a “citywide bicycle trip on “nity and Cooperation, Health and Happiness” .

Time	Event & Remarks
September 20 th	Chairman Wang Xianglin and general manager Wang Jicheng were invited to attend the United Nations Private Sector Forum “ustainable Energy for All” held in New York.
September 28 th	The Late-matured High-Yielding Rice for 10000-Mu Demonstration Area --- “combination of technology and crops to increase farmers' incomes” Penshibao New Products Release Meeting, jointly organized by Penshibao company And Hepu County Agricultural Bureau, was held in Jiupo Village in Dangjiang Town.
Oct 5 th	According to the Labor Union's request and the workers' minimum wage standard specified by Beihai Labor Bureau, the company decided to raise the post wages of staff, with 20% beyond the standard.
October 16 th	Hu Deping, the former minister of United Front Work Department of CPC Central Committee and the president of China Glory Society, and Shu Huiguo, the former secretary of Jiangxi Provincial Party Committee and former director of National Agricultural Committee, visited our Corporation.
October 18 th	Wang Xianglin, Liu Dongsheng and Li Binqun participated in the reply of “011 Guangxi Special-Contribution-Prize Projects”
October 31 st	Our Corporation was appraised as the title of “National Model Staff's Homes” by All China Federation of Trade Unions.
November 7 th	The Election Conference of Staff and Workers Supervisor of Guangxi Penshibao Co., Ltd. was held. Li Kaijian was elected as the supervisor of first board of supervisors according to Company Act and Securities Law.
November 28 th	The Founding Conference of Guangxi Penshibao Co., Ltd. was held whose initiator and shareholders are Wang Xinglin, Wang Jidong and Wang Jicheng; 12 resolutions were passed in the conference according to legal procedures; Wang Xianglin, Wang Jidong, Wang Jicheng, Liu Xiangbin and Zhou Xuefei were elected as the member of the board of directors in the conference; He Kalin and Xu Shengjuan were elected as the members of the first board of supervisors; Li Kaijian was elected as the member of the first board of supervisors on behalf of staff and workers.
December 10 th	The Summing-up Meeting of Penshibao Product Test Made in 2011 by National Agro-tech Extension and Service Center was held. Li Tieshen, vice director of National Agro-tech Extension and Service Center, Xin Jingshu, the division chief of the aforementioned center, Lu Jianwei, a president of Huazhong Agricultural University, and the departments related to agricultural technology and land fertilizer from some provinces and municipalities and autonomous region attended the meeting.



Part II : Social Responsibility Fulfillment

2.1. Respect Human Rights

2.1.1. Show Consideration for and Care for Staffs

The Corporation adheres to regarding the staff as its most valuable resources. It perfected the trade union, everywhere does practical things well for the staffs, for example, providing assistance for the employees who have difficulties in living due to unexpected incidents or illness so as to alleviate their worries; every summer, the Corporation insists on presenting cool beverages to the employees; in the last winter solstice, the Corporation organized a party to taste Hakka cate with the theme, "To Celebrate the Traditional Chinese Festival and Promote the Hakka Culture", and prepare Hakka dumplings representing reunion for the staffs, which makes staffs have a feeling of home. In the Christmas of Year 2011, the Corporation held a party in which staffs presented Christmas gifts to each other to convey blessing, in the purpose of making everybody spend a particularly meaningful Christmas in the joy.

2.1.2. Enrich the Life of Staffs

The Corporation attaches importance to strengthening the construction of corporate culture and has done much in this side such as the allocation of special fund, the expansion and transformation of Staffs' Home and reading room and other venues of staffs, the increase of sports apparatus, audio and video equipments and books, which has greatly enriched the staff's spiritual and cultural life. In April 2011, the Corporation set up a "Penshibao Sunshine Club" and organized many series of activities which benefited the health of the staffs such as the round-the-city travel by bike with the theme of "unity, cooperation, healthy and happy", health walking, sports game, welcome-spring theatrical evening party, and the monthly celebration for employees' birthdays, which enhance the corporate cohesion and centripetal force and promote the production and management to better and faster development.



The company holds the Hakkas food activity themed by "Celebrate Chinese Traditional Festival, Promote Hakka Culture"



The company holds the "Gifts Exchange and Blessings Sending" activity at Christmas



The company organizes the staff to hold colorful body-building activities.



The company holds a staff sports game

2.1.3. Enjoy the Humanized Vacation

The Corporation strictly ensures every employee can enjoy the statutory festivals and holidays according to Labor Law, in addition to those, it also appropriately adds some humanized vacations for workers and staffs, such as the Lantern Festival, the Hungry Ghost Festival, and the Winter Solstice when they can have a holiday and share happiness with their families.



The company holds a Zongzi-Making competition on "Love in Zongzi and Loving Heart in Dragon Boat Festival" together with the community residents.

2.1.4. Enhance Staff Training



The company strengthens trainings on staff's professional ethnics education and service technology

The Corporation trains its staff in various forms such as taking lectures, discussion meetings, the actual operation, hiring outside teachers, and special assigned outside training, and gives corresponding incentives or allowances to those who pass the examination. (with photos)

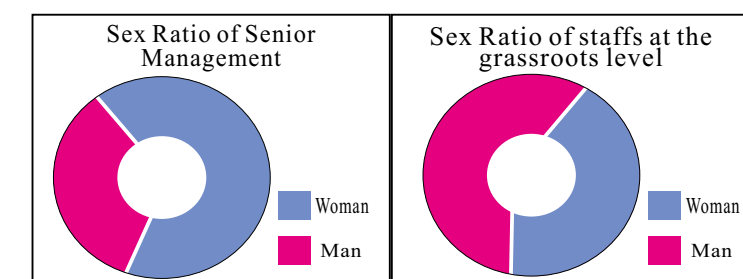
2.1.5. Establish Communication Platform

The Corporation established a colleague QQ group by which all employees can give their opinions and suggestions related to work and life, or discuss and communicate with each other on topics of interest, which can enhance the communication among colleagues.



2.1.6. Eliminate Discrimination on Sex

The Corporation has no discrimination on sex. It selects and appoints some women as female managers. The proportion of woman in senior management increased from 25% in 2010 to 40% in 2011. (With the chart of male and female ratio)



Part II : Social Responsibility Fulfillment

2.2. Guarantee for Worker



2.2.1. Penshibao Corporation timely adjusts the level of salaries according to the requirements of national relevant departments and market price changes.

2.2.2. Every employee signed a labor contract with the Corporation, where labor duration, labor content, and labor remuneration are fixed. So the legitimate rights and interests of both sides are guaranteed by it.

2.2.3. The Corporation pays social insurance for staffs according to law, buy the accident insurance for the high-risk employees to guarantee their personal safety in multiple way.

2.2.4. Its trade union signed a Special Collective Contract on Labor Safety and Health with it whose special provisions therein which are taken as the system can protect the physical and mental health of employees.

2.2.5. In the Corporation's actual operation, it advocates the integration of work and rest, reasonably arranges working tasks, reduces overtime, and gives the workers at the production line adequate time to rest in the off season.



2.3. Environment Protection

2.3.1. The Low-Carbon and Environmentally-Friendly, Penshibao Product Reduces the pollution of Chemical Fertilizer

Tests of 17 crops in 15 provinces conducted by the National Agro-tech Extension and Service Center, affiliated to Ministry of Agriculture of China, showed that 80% of topdressing with Penshibao products has the production increasing effect on 10 crops; thereinto, the production increasing effect of citrus and hot peppers were better whose production increasing rates were 30.9% and 12.7% respectively; the production increasing rates of carrot, potato, pakchoi, rice, celery, peanut, rape, cauliflower were from 2.0% to 8.7%.

2.3.2. Save Energy, Reduce Emission and Protect the Global Environment

On 24 November 2011, Penshibao Youth League Committee organized Youths to join the Pearl City Cleaning activity to welcome the convening of the 24th World Hakka Conference in Beihai. Penshibao company actively organized youths to join the cleaning activity to enhance their consciousness of caring for the environment and loving for Beihai more.



Table of Penshibao Energy Saving and Emission Reduction of Year 2011

Project	Penshibao Product	Chemical Fertilizer Saved	Standard Coal Saved	Emission of Carbon Dioxide Reduced	Trade Turnover of CER (Carbon)
Application amount	1 Ton	35Ton	42Ton	113Ton	
Annual Output	2072Ton	72520	87024	234136	187.30880-468.27200 (ten thousand) Yuan

1. Producing 1 ton of chemical fertilizer consumes 1.2 tons of standard coals, 1 ton of standard coals can produce 2.7 tons of carbon dioxides.
2. The dealing price of CER (Carbon) in 2008 was Euro8 to Euro20 per ton, converts to RBM about 80-200 Yuan. Per ton

Note:The above data originated from the theoretical calculation only based on the field



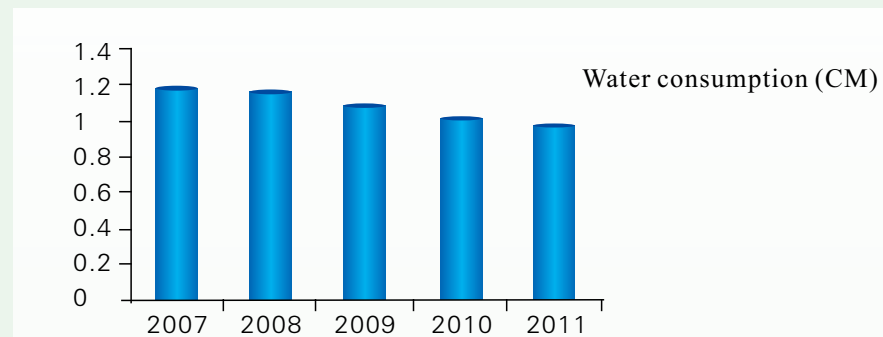
The company provides African countries with highly-efficient, energy-saving and environmentally-friendly products

Part II : Social Responsibility Fulfillment

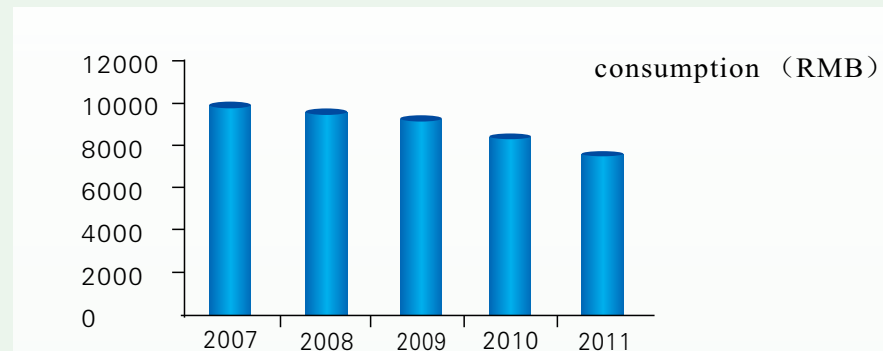
2.3.3. Actively prevent to face the environmental challenge

water consumption (cubic meter)\supplementary material

Water consumption per ton of Penshibao in the past 5 years



Consumption of supplementary material per ton of Penshibao in the past 5 years



2.4. Do Business with Credibility and Integrity

Penshibao Corporation has always been adhering to credibility and integrity, strictly controlling product quality, producing and selling the conscience products that satisfy customers. The qualified rate of its products for sale reaches 100%. In its business, any behaviors such as fake, bad quality goods, contract fraud, bilk and arrears, false results, false advertisement, pirate and tort, financial fraud, and cheating out of tax rebates in exportation are strictly banned, which makes it trusted by its customers. It has made great contributions to the promotion of Chinese agricultural development, the sustainable increase of grains production, and construction of socialist market economic order.



2.5. Customer Foremost

2.5.1. Spread Energy-Saving and Emission-Reducing Idea

The Corporation spreads its energy-saving and emission-reducing idea to its end customers by the way of strengthening the training and printing the United Nations Global Compact logo on the product brochures and packages. It always acts as the initiator and participant of the resource-saving and environmentally friendly Society.

Training table of Year 2011

Area Project	Northeast	North China	Central China	East China	South China	Southwest	Northwest	国际	Tota
Training Times	160	59	68	29	95	68	172	6	651
Trained Person	4800	1770	2350	1160	3325	2380	5160	15	20945
Demonstrating Site	48	85	45	13	52	41	57	5	341

2.5.2. Provide High-Quality and Reassuring Products and Services

While the Corporation promotes low carbon and environmental protection and provides customers with the quality reassuring products, it requests every employee to keep the idea of “credibility and integrity”; it uses a variety of service way to achieve synchronization of product sale and training for customers that wherever products sell, training for customers follows so as to improve their scientific and technical qualities and make them consciously protect ecological environment.

Area Fertilized with Penshibao Product and Service Conditions in 2011(estimated)

Area	Fertilized Area Unit: 10,000 mu X Time	Social Benefit Value in RMB10000 Yuan
Northeast	400	12037
North China	350	10125
Central China	260	8128
East China	40	1121
South China	460	12151
Southwest	250	8360
Northwest	210	7810
International	60	2134
Total	2030	61866



Part II : Social Responsibility Fulfillment

2.5.3. Attach Importance to Improving Customer Satisfaction

Penshibao Corporation insists on the principle of customer foremost, conscientiously fulfills all commitments including product quality, after-sale service, technical training, and provides the high-quality before-sale and after-sale services and all kinds of technical support for customers. It gets the trust of its customers as it attaches importance to making market research, listening to customers' feedbacks, and improving product quality and services. In 2011 the result of sample survey on the national market indicated that its customers' satisfaction rate was 100%.

2.6. Develop Harmoniously

Penshibao Corporation actively participates in social public benefit activities and the joint construction of the harmonious communities and warm homes. In the Chinese traditional festival, Dragon Boat Festival, the Corporation's employees and the community residents co-hosted the match of making Zongzi (traditional Chinese rice pudding) with the theme of "In Dragon Boat Festival Everywhere Zongzi Represents Friendly Feelings and Love are passing on?", in which people recalled the patriotic poet Qu Yuan, and shared a happy holiday; at the same time, the Corporation's trade union sent Zongzi to gerocomium, orphanage and community police station to pass on the love.

The community police station is the corporation's joint unit to build the advance culture and ideology. The Corporation has established very good relationship with them over the years. Every time when the Corporation held major events, they were invited to participate in and before every festival and holiday, the Corporation's leaders called at their places with gifts. The safety guarantee is available for the corporation's smooth development through strengthening the joint defense of the Corporation and the police station and preventing any serious criminal cases in the surrounding communities.

Penshibao Corporation has been actively involved in social public welfare since the establishment of Cooperation. On July 17th, 2011, it sponsored and supported the "Penshibao's Night" Red Classic Student Playing Concert in summer holidays held by the cultural and educational departments of Beihai City



The company sponsors the Red Classics • Summer Vacation Students Concert themed by "Night of Penshibao"



Photos of Penshibao company assisting in the 13th National Fertilizer Information Exchange & Products Trade Fair

Part III :Comments from Interested Parties

2.1.Networks

Since 2009, Liaoning province has been popularized Penshibao products and researched and explored station-enterprise cooperation for jointly extending the new fertilizer technologies and new products. With two years' efforts, we have achieved initial results. By the end of 2010, the popularized areas had expanded to 10 cities and 37 counties (cities and regions) with 9,160 popularized products totally. In 2011, the whole province further expanded the range of popularization and Penshibao company's member units reached 55 counties (cities and regions), with an estimate that 10,000 Penshibao products were popularized and sold

——<http://www.lntf.net/>, March 29, 2011

As one of the largest foliar fertilizer production bases in China, Penshibao Co., Ltd. has been committed to the research, production and popularization of the green environmentally-friendly foliar fertilizer for many years. At present it has formed five series of products composed of foliar fertilizer, ecological aquaculture product, eco-pesticide, feed additive, and high-quality rice seed, totaling more than 60 products, which are applied to 71 kinds of crops in 45 countries around the world and Chinese 31 provinces (municipalities and autonomous regions). The production increase data presented by Huazhong Agricultural University in China indicates that using 1 ton of Penshibao products can save 35 tons of chemical fertilizers, save 42 tons of standard coals, reduce the emission of 113 tons of carbon dioxide, and increase 140,000 kilograms of rice. In 2007 Penshibao voluntarily joined the United Nations "Global Compact" which requires every member to take social responsibility, and participate in the globalization by investment and trade.

——**Extracted from Guangxi Penshibao Is Willing to be the Vanguard of Environmental Protection and Energy Saving and Emission Reduction** written by Feng Shumin and released in China news Website on October 23rd, 2011.

In the National Fertilizer Information Exchange & Product Trade Fair, Beihai Penshibao Co., Ltd. was warmly welcomed by the fertilizer dealers from all over the country. Mr. Lee from Xinjiang Uygur Autonomous Region said: “ Penshibao products have played a very important role in promoting Xinjiang's agricultural production and peasants' income increase and rural development; this time I came to Nanning mainly for visiting Beihai Penshibao Corporation besides attending this fair” .

——**Extracted from Penshibao Attended the National Fertilizer Information Exchange & Product Trade Fair that Held in Nanning** written by ZhangGanyou and released in Beihai News Website on November 4th, 2011.

Over 20 years ago, with the development idea, “ Low Carbon and Being Environmentally-Friendly” , Wang Xianglin started an undertaking that planned for Penshibao at that time is: dedicated to the development and production of the low-carbon, environmentally-friendly, high-quality and economical products and eventually provide non-residual, non-hormone and non-toxic products for hundreds of millions of peasants and immense croplands. This development way makes crops have a new fertilizing method, foliage dressing, besides the original root fertilizing, reduces the usage quantity of chemical fertilizers, and also effectively protects environment.

——**Released in China Pesticide and Chemical Fertilizer Merchants Website** on Dec. 3rd, 2011.



2.2.Newspaper & Magazine

As China is a country with a population of over 1.3 billion, the food security is a top priority of national economic and social development. How to well serve this country's agriculture, villages, and peasants is very important. Chairman Wang Xianglin was originally a peasant; therefore he is well aware that the needs of peasants are cheap, good, and easy-to-use products for the agriculture, villages, and peasants. Penshibao products produced by his corporation changed the tradition that plants are fertilized only at their roots which has lasted for several thousand years; they can be fertilized on the leaves of plants, which increases production and income. In addition, in order to make all the necessary agricultural materials for the "agriculture, villages, and peasants" more convenient and faster delivered to rural areas, he wrote and presented a proposal with the subject that “ the postal service shall serve agriculture, villages, and peasants” with his identity of the member of CPPCC. This proposal was received much attention, and for many years included in the Annual First File of the Central Committee of CPC.

——**Extracted from From a Peasant to China Fertilizer King** written by Zhou Deye and released in Beihai Daily on October 23rd, 2011

Penshibao organic water-soluble fertilizer is a kind of foliar fertilizer researched and produced by Guangxi Beihai Penshibao Co., Ltd. To know more about the use effect of Penshibao organic water-soluble fertilizer on paddy for providing scientific basis for local popularization, a field contract experiment on early-rice 2011 by using Penshibao products was conducted in Dangjiang Town in Hepu County.

——**Science and Technology of West China**, Issue 29, 2011

On 17 January 2011, the National Agro-tech Extension and Service Center held the Penshibao products testing summing-up meeting in Beihai. Principals from provinces (autonomous regions and municipalities) and relevant experts for the testing task participated in this meeting. The fertilizer effect experiments of Penshibao products on 49 crops, 19 crops' disease resistance test results and relevant products' production increase and anti-stress mechanisms research progress from 2008 to 2010 were reported at the meeting. The tests and research results demonstrated that Penshibao products have excellent effect on the production increase, quality improvement, anti-stress and disease prevention of crops. Penshibao Company will further cooperate with the National Agro-tech Extension and Service Center in products testing and demonstration to better serve China's agricultural development.

——**Released in China Pesticide and Chemical Fertilizer Merchants Website** on Dec. 3rd, 2011.



Corporate Spirit: Harmonization, Credit, Diligence and Innovation

Corporate purpose: To Serve Agriculture and To Benefit Mankind

Corporate Idea: Based on Agriculture, Low-Carbon and Environmentally-Friendly

management objective: enforcement, Communication, Be realistic and economical

Quality objective: safety, high-efficiency, quality guaranteed and quantity guaranteed

Market objective: To base on the domestic market, and Keep the whole world in view

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