

CBMI Social Responsibility Report 2012

Preface

This report was the actual portrayal of the continuous improvements on fulfillment of social responsibilities of the CBMI Construction Co., Ltd. (CBMI) in 2012. By reading this report, employees, clients, partners, sub-contractors, shareholders and contributors, various national competent departments in charge, societies and all the people who cared about the CBMI could understand the social responsibility ideas and practices as well as the endeavors the company had made for further promoting economic and social sustainable development.

The annual report was basically compiled in accordance with the content and form outline recommended by the United Nations Global Compact in terms of Communication on Progress (COP). The annual report was written in both Chinese and English, and the Chinese version shall prevail for report auditing.

To publicize the knowledge and ideas of social responsibility in a larger scale and ensure the extensiveness and professionalism of the material sources relating to the compiling of the social responsibility report as well as the compiling quality, the CBMI set up leading compiling panel and compiling body to prepare the annual social responsibility report. The company also invited experts of the United Nations Global Compact Network China and the Beijing Rong Zhi Institute of Corporate Social Responsibility to guide and conduct training for some of those people who participated in the social responsibility report compiling. Meanwhile, the company formulated and issued policy papers such as annual report compiling work process and compiling outline to guide and regulate the compiling of the annual social responsibility report. The

financial data involved in the report was in consistence with stipulations of the “Accounting Standard for Business Enterprises” and the “Accounting System for Business Enterprises” issued by the State. To ensure the contents were authentic and reliable, the company invited Wang Xiaoguang, expert with the Beijing Rong Zhi Institute of Corporate Social Responsibility, to conduct the third party evaluation and provide improvement suggestions for the “CBMI Social Responsibility Report 2012”.

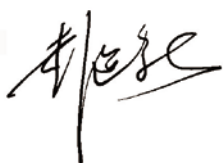
To read online “CBMI Social Responsibility Report 2012” in electronic form, please visit the CBMI website at www.cbmi.com.cn. This report has been submitted to the website designated by United Nations Global Compact Office, please visit www.unglobalcompact.com.

Message from the Chairman

Adhering to the social responsibility ideas put forward by the United Nations Global Compact in such aspects as respect for human rights, labor rights, environmental protection and anti-corruption, the CBMI will continue to support and promote the implementation of the United Nations Global Compact’s Ten Principles in its influencing extent. The strategies, corporate culture and day-to-day operation will focus on the influence on stakeholders, implementing corresponding social responsibilities.

The CBMI has publicly pledged to comply with the idea of “continuous improvements” of the United Nations Global Compact, consistently improving the human rights situation such as non-discrimination employment, elimination of child labor, no forced labor, and local labor rights, safeguarding the occupational health and personnel safety of all workers, guaranteeing their

labor income and caring about their career development, promoting and utilizing new technologies to save energy, reduce emission and protect working environment and living surroundings, making efforts to construct fair and just culture, and advancing anti-corruption process. The CBMI will continue to report the progress of social responsibility fulfillment in an open manner, accepting public supervision.



Signature:

Peng Jianxin, Chairman of the CBMI Construction Co., Ltd.

1. Corporate Profile

1.1 Basic Information

The CBMI is a science & technology-oriented, management-oriented and internationally-oriented large-scale state-holding enterprise, currently affiliating to the Sinoma International Engineering Co., Ltd. under the China National Materials Group Corporation Ltd. (Sinoma). With a history of 50-odd years, it mainly engages in project general contracting business both at home and abroad, and its main businesses are industrial technology development in such fields as smelting and building materials, as well as equipment research, manufacturing & installation, and so on. It provides integrated technological services for industrial enterprises, maintaining a leading position in the field of building materials project construction. The CBMI possesses foreign operation rights, import-export rights, and national project general contracting qualification of class A.

The CBMI is registered in Tangshan City, north China's Hebei Province, and its management center, technical center, engineering center, and procurement center are based in the Beijing Economic-Technological Development Area (BDA).

By the end of 2012, the CBMI has a total of 1,042 employees, among whom 666 with junior college degree or above, taking a proportion of 64 percent. It has 399 scientific and technological workers, taking a proportion of 38 percent of the whole staff. Of the 399-people talent team, 235 are research and development workers, taking a proportion of 59 percent.

The CBMI has passed the ISO 9000 quality management system certification (including the British UKAS and Germany TGA certifications), ISO 14000 environmental management system certification, and the quality, environmental management and occupational health certification of the Occupational Health & Safety Advisory Services (OHSAS). The Credit line of the company has continuously kept at AAA level.

1.2 Main business, operating scale and organizational structure

1.2.1 Main business

The CBMI's main business is the cement industrial project general contracting. The company provides customized EPC- or EP-mode "general contracting" integrated service in such aspects as engineering consultation, design and R&D, equipment manufacturing and complete set, civil engineering and installation, production and commissioning, spare parts and components, after service, and production management of cement production line at various scales for clients in accordance with their requirements and environmental characteristics.

In particular, it has developed and promoted the upgrades technologies featuring energy-saving, environmental protection and low emission, and other technologies such as waste heat power generation and desulfurization & denitrification in recent years.

1.2.2 Operating Scale

The CBMI has constructed most of China's major cement production line projects, including most of the foreign-invested projects and the projects with daily production scale of cement clinker of more than 4,000 tons. The company has accumulatively constructed 150-odd cement production lines. Currently, with over 1,000 employees, it could construct more than 20 projects totaling nearly 10 billion yuan in 10 plus countries simultaneously.

In the history of China's cement industry construction, the CBMI has created various records such as the world's largest cement factory project with two production lines of 10,000 tons, the first full set technological production line introduced from abroad, the first independently-developed dry-process rotary kiln production line, the first Sino-foreign joint production line, the first international general contracting "turnkey" project, the first production line installation project with daily production of 10,000 tons of cement clinker, and the first production line of complete set equipment for exporting to European countries.

1.2.3 Construction project distribution

The construction projects undertaken and implemented by the CBMI are mainly located in Spain, France, Italy, Russia, Hungary, Albania, Ukraine,

Moldova, Cyprus, Azerbaijan, Bulgaria, Syria, Saudi Arabia, Tunisia, Morocco, Mauritania, Zambia, South Africa, Nigeria, Uganda, Benin, Algeria, Ghana, Angola, Dominica, Ecuador, Malaysia and other countries and regions in Europe, Asia, Africa, and America.

1.2.4 Corporate strategies, values and social responsibility ideas

The CBMI's development positioning: Adhering to the main business of project contracting, striving to boost diverse development, insisting on scientific development, putting people first, persisting in the "innovation-oriented, internationally-oriented and value-oriented" corporate positioning, using the scientific innovation and management innovation as means and the business functional construction and corporate culture construction as guarantee, and making efforts to build the CBMI as a leading integrated engineering company in the world.

The CBMI's core values: Attaching equal importance to knowledge and achievement, being pragmatic and innovative, and adhering to integrity.

The CBMI's corporate mission: Constructing high-quality and beautiful cement factories, and bringing benefits to the people and joy to their life.

2. Honors and Awards in 2012

Honors and Awards	Granting Organization
"Self-adaptive triple sphere supporting device for large scale slipper tube mill" won national patent for invention	State Intellectual Property Office of the People's Republic of China
Advanced Organization in Population and Family	Fengrun District Party Committee and Fengrun

Planning Work in 2011	District Government of Tangshan City, north China's Hebei Province
Six scientific and technological achievements won scientific and technological achievement progress prizes of the China National Materials Group Corporation Ltd.	China National Materials Group Corporation Ltd.
The Syria's ABC project won the first prize of the 7th excellent engineering project management and excellent project general contracting of the building materials industry	China National Building Materials Construction Association
The Cyprus won the first prize of the 7th excellent engineering project management and excellent project general contracting of the building materials industry	China National Building Materials Construction Association
The Albania's TITAN project won the second prize of the 7th excellent engineering project management and excellent project general contracting of the building materials industry	China National Building Materials Construction Association
Advanced Basic-Level Party Organization	State-Owned Assets Supervision and Administration Commission of Tangshan City
One of the most creditable enterprises in 2012	Tangshan Central Branch of the People's Bank of China

3. Stakeholder Information

3.1 Overview of stakeholders

No.	Stakeholders	Relationship	Means of Communication
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1	Shareholder: Sinoma International Engineering Co., Ltd.	Controlling shareholder	General Meeting of Shareholders
2	Clients	Client service	Business contract
3	Staff I: Registered Staff	Labor relations	Contract and trade union
	Staff II: Domestic Employees		
	Staff III: Foreign project-based employees		
4	Supplier I: Technical design subcontract	Business subcontract	Business contract
	Supplier II: Procurement subcontract		
	Supplier III: Engineering subcontract		
	Supplier IV: Labor subcontract		
5	Community I: Local government	Relevant policies and laws	Conference and visits
	Tangshan Fengrun District Office, State Administration of Taxation	Tax collection and management	
	Tangshan Fengrun District Local Taxation Bureau	Tax collection and management	
	Bank of Communications, Bank of China and other commercial banks	Funds access, credit, and guarantee, etc.	
	Fengrun District Housing Accumulation Fund Management Center	Management of employees' housing accumulation fund	
	Accounting firm	Auditing of annual financial statement	
	Tangshan Central Branch of the State Administration of Foreign Exchange	Foreign exchange management	
	Import and Export Taxation Branch of Tangshi City Office, State Administration of Taxation	Export rebates	

	Community II: Local residents	Economy, employment and environment	
	Community III: Local social organizations	Trade union, information and other special topics	
6	News media covering the headquarters, branches and projects of the company	Information and advertisement	Interview

3.2 Membership involved

No.	Name	Position of CBMI
1	United Nations Global Compact	Member
2	China Building Materials Machinery Association	Vice Chairman Unit
3	China Cement Association	Executive Director Unit
4	China Association of Construction Enterprise Management	Executive Director Unit
5	Building Materials Branch under Accounting Society of China	Member
6	Taxpayers Club of Hebei Province	Member
7	China National Building Materials Construction Association	Vice Chairman Unit
8	China Building Materials Federation	Member
9	China Enterprise Confederation/China Enterprise Directors Association	Member
10	China International Contractors Association	Member

3.3 Client satisfaction

To further improve the products and service quality as well as understand the

suggestions of clients objectively, the CBMI conducts client-based satisfaction survey yearly. In 2012, the overall satisfaction of clients to the company reached 90.03 percent, and the itemized satisfaction was 87 percent.

4. Corporate Governance and Management System

4.1 Governance structure

The CBMI is a limited liability company established in accordance with the “Company Law of the People’s Republic of China.” It has set up board of shareholders, board of directors, board of supervisors, and general manager according to the corporate charts. The general manager shall be responsible to the board of directors.

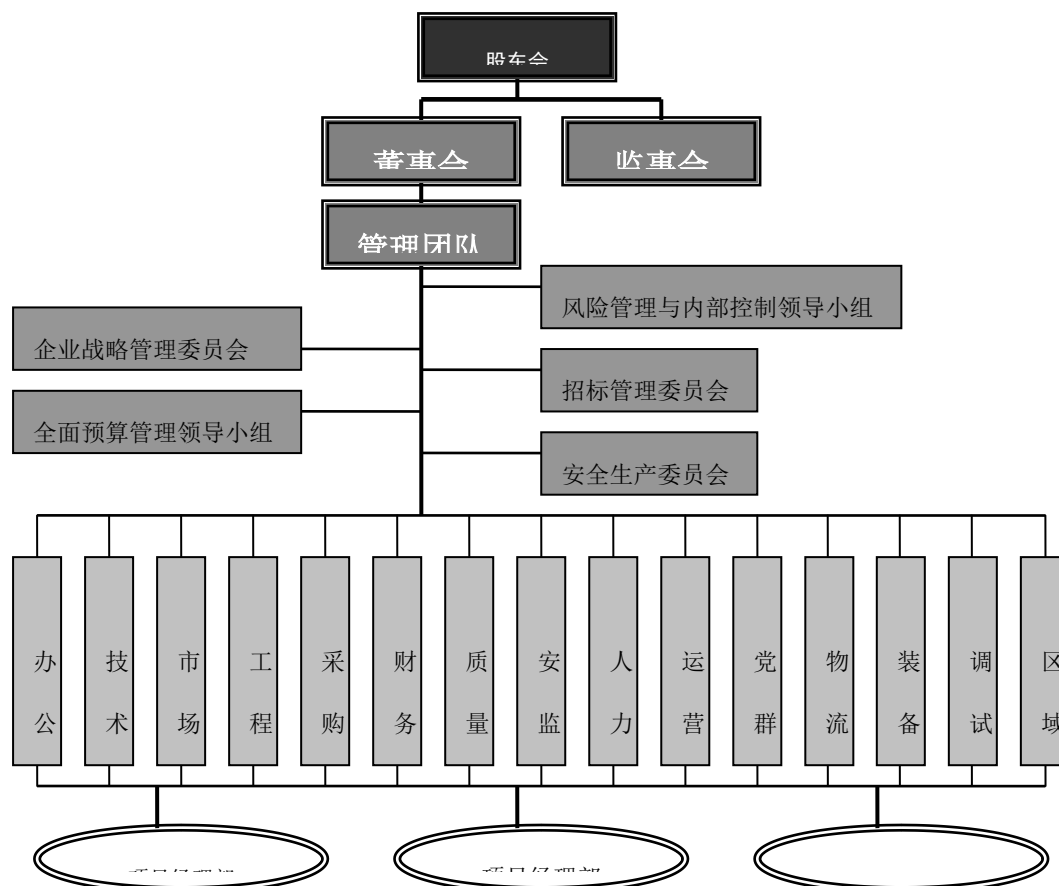
The board of directors has set up specialized committees including corporate strategy development committee, production safety committee, tender committee, risk management and internal control leading group, and comprehensive budget management leading team, managing and controlling corporate operation risks and supervising clean operation.

4.2 Decision-making process

The CBMI would hold meetings with shareholders, board of directors, and board of supervisors as well as the general manager’s office meeting regularly and irregularly, carrying out work in accordance with the “CBMI Articles of Association,” “Meeting Procedure Rules of Shareholders,” “Meeting Procedure Rules of Board of Directors,” “Meeting Procedure Rules of Board of Supervisors,” and “Work Rules of General Manager,” and conducting decision-making in such areas as production, operation and management.

4.3 Organizational setting

The CBMI has set up financial department, auditing department, human resources department, international marketing department, legal affairs department, work safety supervision department, procurement department, logistics department, quality department, post-service (commissioning) department, engineering management department, contract management department, design center, general office, equipment research and development department, operation management center, Party work department and other functional departments. According to the requirement of contract fulfillment of the projects undertaken by the company, the CBMI shall set up appropriate project management department at any time. (The following is the organizational chart of the CBMI.)



General meeting of shareholders

Board of directors

Board of supervisors

Management team

Corporate strategy management committee

Total budget management leading group

Risk management and internal control leading group

Tender management committee

Safety production committee

General office; Technical center; Marketing department; Engineering management department; Procurement department; Financial Department; Quality management department; Human resources department; Operation management department; Party work department; Logistics department; Equipment research and development department; Commissioning service department; Regional manager office

Project management department

Project management department

5. Basic Operating Performance

In 2012, the CBMI paid more attention to policies relating to local labor, environmental protection, tax administration and customs as well as the local cultural traditions and regional characteristics in the operating activities, improved the implementation efficiency and economic benefits of projects, reduced the risks during the process of project implementation, and promoted local social and economic development.

5.1 Operating performance and development situation

In 2012, the CBMI adjusted its strategies. Centering on the topics of internationalization, scale operation and business diversification, the company boosted the main business of cement engineering projects and diversified development of other businesses, continuously promoted cultural construction and social responsibility practices, realized economic stability and corporate harmony, made employees feel at ease, and achieved good economic and social benefits.

5.1.1 Technological upgrade

In 2012, the CBMI enhanced technological innovation, upgraded corporate technologies, vigorously promoted the development and application of new products, new technologies and new equipment. The company achieved 11 patents authorized by the State, and another eight applied patents were in pending for authorization. The details of patent application and authorization in 2012 were as follows:

(注意：该段与下表中的数字再合适一下，受理和授权部分)

No.	Project name	Type	Authorized or in pending for authorization	Application No. or Patent No.
1	Self-adaptive triple sphere supporting device for large scale slipper tube mill	Patent for invention	Authorization	ZL 2009 1 0223751.9
2	Rotary full-sealed alcohol continuous fermentation reaction tank	Patent for invention	Authorization	ZL 2010 1060 1063.4

3	Rotary kiln axial spacing device	Utility model	Authorization	ZL 2011 2 0569771.4
4	Material-taking tooth roller harrow	Utility model	Authorization	ZL 2011 2 0569725.4
5	Wet material bin suitable for viscous material	Utility model	Authorization	ZL 201120313887.1
6	Portable train bulk loading machine	Utility model	Authorization	ZL 201120289129.0
7	Electric gate valve for tertiary air duct	Utility model	Authorization	ZL 201120431168.X
8	Electric gate valve for tertiary air duct of cement production line	Utility model	Authorization	ZL 201120432176.6
9	Buried steel-made rainwater oil isolation tank	Utility model	Authorization	ZL 201120473298.X
10	Weighting stock bin with hanging bracket	Utility model	Authorization	ZL 201220038049.2
11	Ceramic-anchored double-door type metallic sprung parts for bricks	Utility model	Authorization	ZL 201220058884.2
12	Weighting stock bin with hanging bracket	Utility model	Authorization	ZL 201220038049.2
13	Ceramic-anchored double-door type metallic sprung parts for bricks	Utility model	Authorization	ZL 201220058884.2
14	Super high-temperature resistant horizontal layout gate valve	Utility model	In pending for authorization	201210156996.6 (Application No.)
15	Amplitude-adjusted vibrating	Utility model	Authorization	ZL 201220318921.9

	hopper			
16	Pneumatic conveyor for granular material	Utility model	Authorization	ZL 201220318923.8
17	Anti-blocking stock bin device	Utility model	Authorization	ZL 201220476072.X
18	Spiral type rotoclone collector	Utility model	Authorization	ZL 201220477749.1
19	Full ceramic internal cylinder for preheater	Utility model	In pending for authorization	201220616626.1 (Application No.)

As for the technological research and development in 2012, the CBMI focused on fields relating to energy-saving & environmental protection and comprehensive utilization of resources, and increased investment to advanced energy project. The 14 major scientific and technological achievements made by the company in 2012 were as follows:

No.	Project name	Level
1	New type slipper bearing grinding machine	International advanced level
2	High efficient Spiral type rotoclone collector	Domestic leading level
3	Optimized design and application of circular stacker-reclaimer structure	Domestic advanced level
4	Application research and design of high temperature butterfly valve on tertiary air duct	Domestic leading level
5	Design and application of cement rotary kiln bypass system	Domestic leading level

6	R&D and application of firing system using combined energies such as heavy oil and coffee shells	Domestic leading level
7	R&D and application of continuous fermentation device of sorgho stalk	Domestic leading level
8	R&D and application of continuous distilling device of sorgho stalk fermented mash	International advanced level
9	Design and application of high sticky clay stock bin	Domestic leading level
10	R&D and application of new type rainwater oil isolation treatment technology and device	Domestic leading level
11	Analysis and optimized application of ETAP-based cement factory power grid harmonic wave	Domestic advanced level
12	R&D and application of steam (which produced by cogeneration of cement factory) used for refrigeration system and heating system	Domestic advanced level
13	Design and application of cement factory's flue gas used for refrigeration system and heating system	Domestic advanced level
14	Design and application of weighting stock bin with hanging bracket	Domestic leading level

In 2012, the new technologies and new equipment researched and developed by the CBMI were as follows:

No.	Project name	Technological field	Starting date	Completed date
1	5.2x17m sectionalized cylinder tube mill	Machinery equipment	Jan. 2012	Dec. 2012

2	35.2.2S Slag vertical mill	Machinery equipment	Jan. 2012	Dec. 2012
3	4000TPD grate cooler	Machinery equipment	Jan. 2012	Dec. 2012
4	VRM50.4 raw material vertical mill	Machinery equipment	Jan. 2012	Dec. 2012
5	Fly ash grinding test equipment	Machinery equipment	Jan. 2012	Dec. 2012
6	Bentonite grinding vertical roller mill	Machinery equipment	Jan. 2012	Dec. 2012
7	Flexible driven rotary kiln	Machinery equipment	Jan. 2012	Dec. 2012
8	Sludge spreader	Machinery equipment	Jan. 2012	Dec. 2012
9	Sludge reclaimer	Machinery equipment	Jan. 2012	Dec. 2012
10	New type tooth roller harrow reclaimer	Machinery equipment	Jan. 2012	Dec. 2012

The CBMI further completed the research and application of the European standard and specification system, updated the guidebook of silo design, and developed SAP2000-based reinforced concrete structure mapping program; the projects in Algeria, Benin and other regions and countries also successfully passed the strict examination and approval of clients and consultancies, marking the company has possessed the design capacities in accordance with the European standard and specification system. It has preliminarily possessed the technologies of coal-fired power generation, sea water desalination, and ground-source heat pump system.

5.1.2 Major economic indicators

In 2012, the CBMI actively expanded international market and improved engineering management level. With the successive launching of Benin's NOCIBE project, Bulgaria's DEV, Guinea's CDG project and other overseas projects, both the sales revenue and assets scale of the company have increased, continuously maintaining a good profitability. In 2012, it achieved sales revenue of 2.674 billion yuan, up 23.51 percent from a year earlier, and the total assets reached 2.640 billion yuan, up 22.62 percent year-on-year. The

total profits of the company in 2012 amounted to 250 million yuan, down slightly 5.30 percent from a year earlier. The good economic performance has laid a foundation for the company to promote social, economic, environmental and ecological sustainable development and further fulfill its social responsibility. (Note: In 2011, the sales revenue, total assets and total profits of the company were 2.165 billion yuan, 2.153 billion yuan and 264 billion yuan respectively.)

5.1.3 Market Development

In 2012, the CBMI took various measures to maintain stable market expansion. In terms of market strategy, the company insisted on tracking high-end big clients and made efforts to develop the hot markets in West Africa, North Africa, East Europe, India and South Asia, offering customized and differentiated service for clients in accordance with their requirements. In 2012, the amount of newly signed contracts reached 696 million dollars, including six overseas general contracts in Algeria, Bulgaria, Benin, Ecuador, Nigeria and Azerbaijan respectively.

In 2012, the CBMI made great progress in diversified development. The steel factory project in Penang of Malaysia, ultra-fine fly ash project in Hailar of Inner Mongolia Autonomous Region, water treatment project in Suizhou of Hubei Province have entered into implementation stage. It also conducted cooperation with wind power company Goldwind, completing the preliminary trial of cast-in-place concrete tower for wind power. The revenue from chemical product trade of the company reached 880 million yuan in 2012.

5.1.4 Construction achievements

A total of 27 projects both at home and abroad were carried out by the CBMI in 2012. Two overseas projects -- HUME project in Malaysia and FES project in Morocco -- and four domestic projects -- Jiusteel Hongda project, Tianshan Fukang cement project, Xinjiang Hetian project and Xinjiang Kuche project -- have successfully put into production. Nine projects including the Yongchuan Lafarge project have obtained FAC certificate, and six projects including the Nigeria Lafarge project, HOLCIM project in Azerbaijan and Guangdong Youkeng project have obtained PAC certificate.

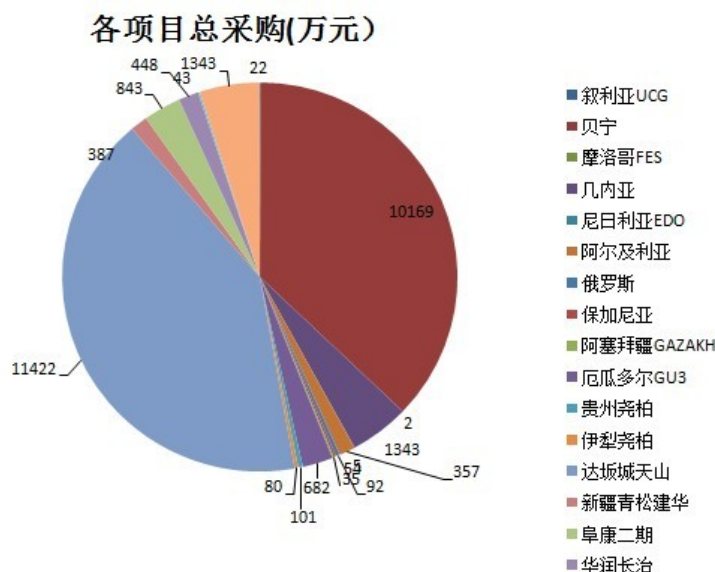
The project in Malaysia was put into production two months ahead of schedule, and Yaobai project in Hetian has become an example of supporting Xinjiang by Tianjin. The CBMI's practices of overseas project responsibility management have continued to receive high attention from national competent departments. Leaders like Li Wei, president of Development Research Center of the State Council, and Jin Yang, vice chairman of State-Owned Assets Supervision and Administration Commission of the State Council, conducted investigation tour to the company's general contracting projects successively, speaking highly for the work. In July, 2012, Huang Danhua, vice chairman of State-Owned Assets Supervision and Administration Commission of the State Council, conducted an on-the-spot investigation tour to Central and Eastern Europe to hear the reporting of project managers in foreign countries. And the managers reported such contents as risk control, localization practice and asset management involving in the VASSILIKO project in Cyprus, the TITAN project in Albania, the HOLCIM project in Azerbaijan, the FES project in Morocco, the DEVNYA in Bulgaria, the FER project in Russia, the NOCIBE project in Benin.

5.2 Economic and social impacts

Adhering to the idea of “Sharing development results,” the CBMI has adopted “localization” strategy in the aspects of material procurement and human resources management during the process of production and management as well as project implementation, and taken measures to promote local economic and social development and increase employment opportunities, so as to boost trade activities in the operating communities.

5.2.1 Promoting social and economic development

For the large scale procurement business of equipment, materials and supplies, the CBMI has promoted the commerce development of host countries and local regions. In 2012, the procurement amount of the company reached 1.5853 billion yuan, among which equipment procurement was 1.31105 billion yuan, commodities procurement was more than 274.25 million yuan, rolled steel procurement was 366.74 million tons (or 174.60 million yuan) and fixed assets (equipment) procurement was 48 sets (or more than 27.78 million yuan).



Procurement amount by project (Unit: 10,000 yuan)

Syria's UCG project; Benin; Morocco's FES project; Guinea; Nigeria's EDO project; Algeria; Russia; Bulgaria; Azerbaijan's GAZAKH project; Ecuador's GU3 project; Guizhou Yaobai project; Yili Yaobai project; Dabancheng Tianshan project; Xinjiang QSCC; Second Phase of Fukang project; Huarun Changzhi project

During August to September in 2012, the CBMI organized procurement team to Europe to hold tendering and contract negotiation activities in Pardborn of Germany under the context of slump market of Europe. During this period, the company held negotiations with 16 suppliers from Germany, France, and Italy, signing 12 small- and medium-equipment procurement contracts with contracting amount of 3.856235 million euro. It signed contracts for purchasing 23 sets of spiral conveyers just for Benin's NOCIBE project.

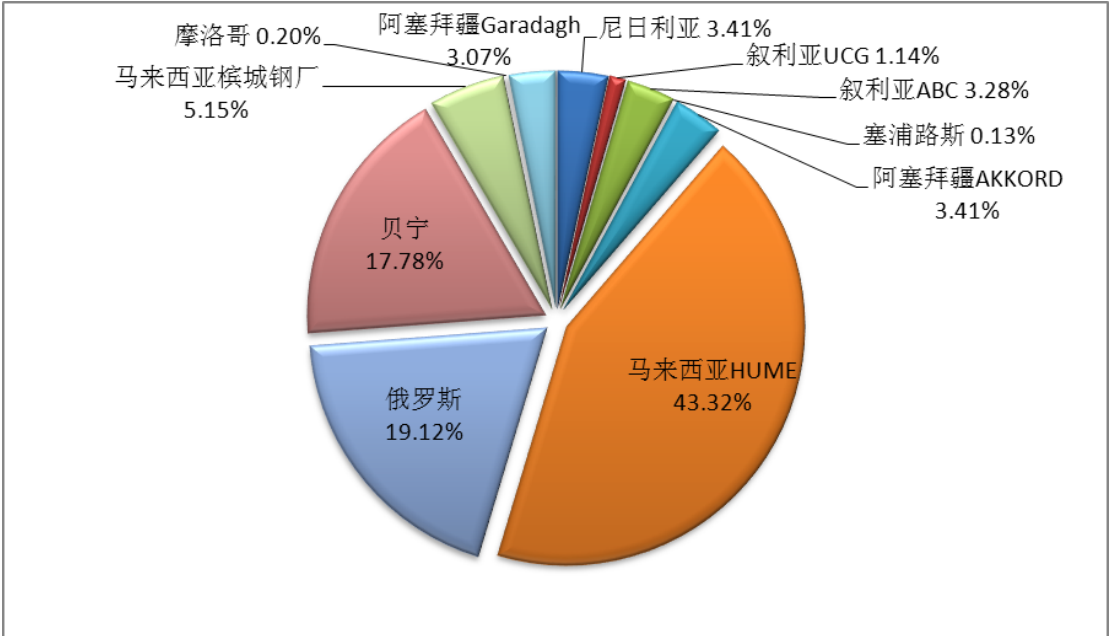
5.2.2 Increasing employment opportunities

In 2012, the CBMI created a total of 1,496 persons/times of direct employment

opportunities for Sichuan, Jiangsu, Hebei, Heilongjiang, Jilin, Liaoning, Henan, Gansu, Shanxi, Shaanxi, Anhui and other provinces.

The CBMI employed many local engineers and ordinary workers in Russia, Hungary, Morocco, Benin and Malaysia for the overseas projects, conducting equal employment policy – no discrimination for reasons of their race, gender, and religion. The average proportion of foreign workers among overseas projects undertaken by the CBMI reached 32.56 percent.

Distribution chart of local labor employment for overseas projects:



Penang steel mill of Malaysia; Morocco; Azerbaijan; Nigeria; Syria; Syria's ABC project; Cyprus; Azerbaijan's AKKORD project; Benin; Russia; Malaysia's HUME project

The Benin's NOCIB project gave priorities for recruiting local residents, employing a 45-people security team alone. Meanwhile, the Benin's project department organized various training activities, accumulatively training more than 1,200 persons/times. The department promised that every worker has the right to join the trade union, and recognized the union's legal status, conducted

regular dialogue with representatives of the union in an equal manner, signed collective agreements with union representatives, and respected the union's reasonable propositions. At present, the number of the union reaches 340 people, taking a proportion of 72 percent of project's total staff. The department has successfully conducted 13 collective negotiations with representatives of the union, satisfying 25 reasonable requirements put forward by the employees.

According to the regulations of the Benin's project department, every worker should have legal identity document, and reach the legal age to work. The department also offered subsidies to employee's families with difficulties, so as to avoid forced labor of under-aged children. Totally, the department assisted 18 families with difficulties, and 26 children avoided forced labor.

The Benin's NOCIBE project department conducted communications with local government departments, offering equal opportunities to women, people of local monitory groups and member of families with difficulties in accordance with local labor law. The department employed total of 624 black people, among whom 15 were female workers.

6. Environmental Performance

Adhering to the environmental concept of "Using humanistic spirit and green thinking to build our common home," the CBMI tried the best to comply with regulations such as the "United Nations Environment Programme Declaration on Cleaner Production" and the "ICC Commercial Rules" during the process of operating management. In terms of production, life and office work, the company actively took various measures to reduce pollution and protect

environment. No major environmental pollution incident has happened in the year of 2012.

6.1 Environmental management mechanism

6.1.1 Management organization

In 2012, the CBMI continued to enhance the environmental protection work of the company, future competed the internal control goals and indicator compiling for environmental protection during the process of deployment and arrangement of the 2012 annual work plan, and conducted responsibility system, so as to ensure each section of work responsibility to each department and each person.

6.1.2 Institutional system

In 2012, the CBMI updated or enriched the company's documents relating to environmental protection system, making the management activities, production process and service process more suitable to the requirements of relevant laws and regulations. In 2012, the company revised the established ISO 14000 environmental management system, and passed the certification of consulting agency. It once again passed the certification of quality, environmental and occupational health systems in this year.

6.2 Environmental management measures

In 2012, the CBMI made best use of publicity means such as the company's office system, internet, newspapers and magazines, and seminars to publicize the guidelines, policies and scientific and technological knowledge of

energy-saving and emission cut, improving the employees' ecological and environmental protection awareness.

6.2.1 Life and office area

In 2012, the CBMI continued to implement the system of responsibility division between the headquarters and project management departments for the use and management of water, power electricity, and fuel oil.

The general office was in charge of the use and management of water and power electricity, conducting statistics of water and power consumption within its jurisdiction, while the project management department was responsible for the management of water, power electricity and fuel oil use of working site, establishing statistical records for the energy consumption of the project, collecting the consumption data of water, power electricity and fuel oil monthly, and filling out water, electricity and oil consumption cards.

The headquarters and project management departments checked and assessed the management practices in accordance with the office paper use and management methods. In 2012, all departments basically realized double-sided paper use of abandoned paper. Meanwhile, the company's computer system was re-upgraded to increase the paperless network office management, and the paperless office degree reached 90 percent.

The Russia's project was carried out in strict accordance with local requirements of natural environmental protection, conducting waste classification in working sites and life areas. Firstly, the project department obtained the waste discharge permit, and signed waste treatment agreement with local waste treatment department. The waste was classified and relevant

equipment such as oil separator and sewage treatment system were introduced to the life areas, so as to effectively treat the liquid waste. The indicators of the sewage draining outlet should meet the local discharge requirements. The efforts the company has made were recognized by local environmental management departments, receiving letters of thanks successively from these departments.

6.2.2 Production and operation

In 2012, the CBMI strengthened the promotion of new technologies, and continuously gave priorities to adopt energy-saving and emission reduction technologies, materials and equipment. The projects gave priorities to power- and oil-saving construction machinery, and used them in a reasonable and scientific way.

1) Research, application and promotion of new technologies

In 2012, the CBMI focused on the promotion of frequency conversion power-saving technology, low-nitrogen combustion technology and other environmental protection technologies in the cement process design. The company promoted the frequency conversion power-saving technology to the Morocco's FES2800t/d technological transformation project, and all the process fans adopted this technology, saving about 30 percent of power than using non-frequency conversion power process fans. The new technologies and new processes brought big economic and environmental benefits to the construction projects. The FES cement production line was completed in 2012, witnessing obvious benefits since its operation. The energy consumption of this project was decreased 3.1 percent, and that of the power was decreased 20 percent. The emission reduction amount of nitride was 300 mg NO_x/Nm³, and that of the dust was 10mg/Nm³.

Statistical indicator project	Guaranteed value of contract quality	Actual value
Heat consumption (kj/kg-cl)	≤ 3310	3207
Power consumption (Kwh/t-cl)	≤ 67.8	53.88
Dust discharge (mg/Nm3)	≤30	≤20
Nitride (mg Nox as NOx/Nm3)	≤800 (European standard)	500 (Bituminous coal I)
Sulfide (mg SOx /Nm3)	≤400 (European standard)	300 (Bituminous coal)

2) Typical Projects

The Benin's NOCIBE project strengthened environmental protection awareness, and made arrangements to enhance energy-saving and emission reduction efforts in accordance with its environmental prejudging.

Benin's NOCIBE project employed more than 500 people. Taking the implementation conditions of construction sites into consideration, the project department set up temporary toilets at construction sites and sewage treatment system at life areas, trying the best to reduce environmental pollution. The unified use of solar water heaters reduced power consumption, saving about 50,000 liters of oil for generating electricity. The Benin's NOCIBE project department adopted innovative technologies to equip solar water heater for living area in accordance with pre-stage investigation and climate characteristics of Africa. As for the drinking water, the department invited local authoritative institution to test the water quality and purchased water purification processing system from China's domestic market, reducing the demand of external water resources. By taking these measures, the power consumption could decrease 100 kilowatt-hours per day compared to the previous projects.

The construction sites were mainly located in clay ground, and the wind and sand in dry season could cause unfavorable impact to local residents. To solve this problem, the project department used water spraying vehicle to wet the road every day, decreasing the raise dust.

6.2.3 Benefits of energy-saving and emission cut

In 2012, the CBMI achieved good performance in energy-saving and emission reduction by promoting technologies and enhancing management. The details were as follows:

Target item	Target value of 2012	Task fulfillment
Utilization rate of equipment	≥78%	78%
Serviceability rate of equipment	≥95%	95%
Total client satisfaction degree	≥90.5%	90.03%
Itemized client satisfaction degree	≥88.5%	87%
Contract fulfillment rate	100%	100%
Energy-saving and control rate of commonalities and equipment	≤5%	≤5%
Training coverage rate	100%	100%
Publicity rate of energy-saving and emission cut	100%	100%
Paper consumption reduction rate	≥2%	2%
Power consumption reduction rate	≥1%	1.1%
Utilization rate of rolled steel	≥97%	97.1%

7. Occupational Safety and Health

In 2012, the CBMI insisted on the concept of “putting people first,” strengthened safety production thought foundation and cultural supporting, guided the employees to establish safety values, strived to promote and implement safety development strategy and safety system construction, and carried out safety educational trainings and colorful safety management activities. The company continued to enhance the employees’ occupational safety and health management work, improved their working and living conditions as well as the social security and other social benefits. In 2012, it realized the goal of zero death accident.

7.1 Improving QEHS management system construction

In 2012, the CBMI found out the problems in the aspects of quality, environment, and occupational health safety management in a timely manner, constantly improving and completing the company’s safety management system construction. As for the domestic projects, the company focused on the QEHS internal assessment work, and the project departments rectified the problems relating to safety management found out in the process of assessment without delay, compiling or improving a total of 53 QEHS system documents. During this period, it also conducted collection and sort of 140 safety management laws and regulations both from home and abroad. The compiling and improvement of QEHS system documents promoted the management system construction.

7.2 Enhancing safety production responsibility

In 2012, the CBMI strengthened safety production responsibility, signing 272

safety and environmental protection responsibility documents from ordinary employees to chairman of the company. The documents clarified the safety production responsibility of each department and every post, completing the transverse-vertical crisscrossed safety production responsibility system.

7.3 Carrying out special rectification to troubleshoot potential accidents

In 2012, the CBMI insisted on the concepts of “Hidden danger is accident” and “Zero tolerance,” focusing on the investigation and treatment of hidden dangers. The company carried out 10 general inspections on safe production for seven domestic projects, finding out 118 hidden dangers. All these hidden dangers were rectified in a timely manner, and the rate of rectification reached 100 percent in 2012.

7.4 Strengthening safety training

In 2012, the CBMI strengthened safety training for employees going abroad. The company compiled unified training program and courseware, enhancing training, conducting strict quality checks, and carrying out skill evaluation for special operation workers such as electricians, scaffold workers, lifting workers, and electric welder, while those untrained workers could not be dispatched to go abroad. In 2012, the number of employees participated in safety trainings reached 518 persons/times.

The CBMI made efforts to improve the workers' safety operation level and the safety management team's supervision level, ensuring the occupational qualifications of the team. In 2012, the company organized a 40-peple inspection team including leaders of the company, project managers and part-time safety management personnel to participate in the safety production

examination of “three categories of workers” of construction enterprises, among whom three people obtained Class A safety production qualification certificate, and 13 people obtained Class B safety production qualification certificate, and the other 24 people obtained Class C safety production qualification certificate.

In 2012, the CBMI carried out “safety production month” activities featuring various forms and rich contents, organized trainings covering fundamental safety knowledge and emergency knowledge. The company conducted a total of 15 trainings, and the number of trainees including project managers, project workers, domestic subcontracting workers and local employees of foreign countries reached 1,689 persons.

7.5 Conducting safety culture construction

In 2012, the CBMI widely publicized the nine indicators of “safety commitment, safety institution, safety environment, safety behavior, learning and training, incentive system, total participation, occupational health and continuous improvements” in accordance with the arrangement of the State Administration of Work Safety and by taking reference of the “Safety Cultural Construction Standard of Model Enterprises,” trying the best to reach the standard of model enterprises. The company made efforts to improve the employees’ safety values, compiled the monthly “Safety Briefing,” and publicized related national policies, safety situation information, safety management experience, and accident circulars, so as to enhance the employees’ self-prevention and protection awareness. It built safety culture system regulations, unified safety signs at construction sites, formulated standardized implementation plans and identified the publicity focus of four project management department, so as to speed up the process of safety culture construction.

7.6 Utilizing science and technology to enhance production safety

In 2012, the CBMI established a safety production expert database, recommending 13 safety production experts in eight fields including constructional engineering, cement production, electromechanical equipment, and material manufacturing to provide technical support for safety management, hidden dangers investigation and treatment, incident investigation and other works. The company conducted cooperation with IT firms to establish a customized, dynamic, effective and efficient safety information system, enhancing the information communications between the headquarters and construction sites.

7.7 Launching emergency plan for work safety

In 2012, the CBMI launched emergency plans in a timely manner to dispose unexpected accidents, ensuring the life and property safety of employees. The company has set up a branch in Syria, implementing several projects at the same time and offering operation and production service for clients. With the rapidly deterioration of the situation in Syria, the CBMI promptly launched the emergency plan, evacuating the workers in the country. As for the first evacuation, 88 people were evacuated in six days, and the second evacuation, 21 people were evacuated in three days. The disposal of this unexpected incident reflected the capability of the company in dealing with emergencies, showing the overall capability of an international company.

下图英文更正：

安全生产委员会： Safety Production Committee

安委会主任： Director of Safety Production Committee

安委会办公室: Office of Safety Production Committee (in Safety Supervision Office)

工会: Trade Union

党群工作部: Party Work Department

书记: Party Secretary

采购部: Procurement Department

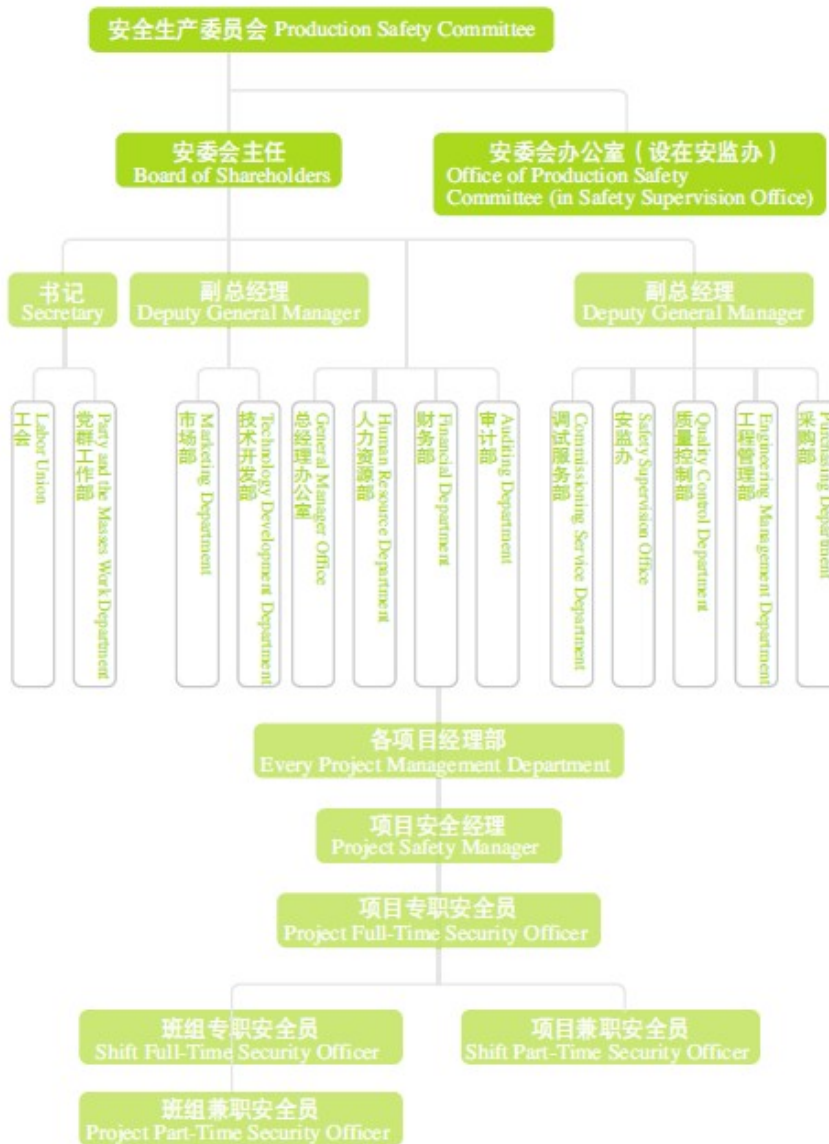
各项目经理部: Project Management Departments

图中所有 Security 改为 Safety

班组专职安全员: Work Team Full-Time Safety Officer

项目兼职安全员: Project Part-Time Safety Officer

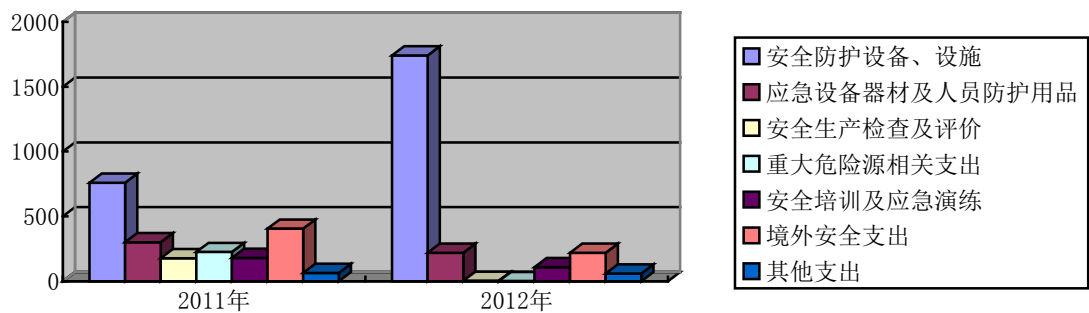
班组兼职安全员: Work Team Part-Time Safety Officer



7.8 Increasing input in safety management

The CBMI completed the guarantee mechanism for safety production input, ensuring the timely allocation of financial appropriation. In 2012, the company invested a total of 23.14 million yuan for safety management, among which 17.40 million yuan was for safety protection equipment and facilities, 2.20 million yuan was for emergency equipment and personal protective products, 40,000 yuan was for safety production inspection and assessment, 14,000 yuan was for expenditure relating to major hazard sources, 1.08 million yuan

was for safety production training and emergency exercise, 2.206 million yuan was for safety of overseas projects, and 600,000 yuan was for other expenditure of safety production.



Comparison of safety input in 2011, 2012

Safety protection equipment and facilities

Emergency equipment and personal protective products

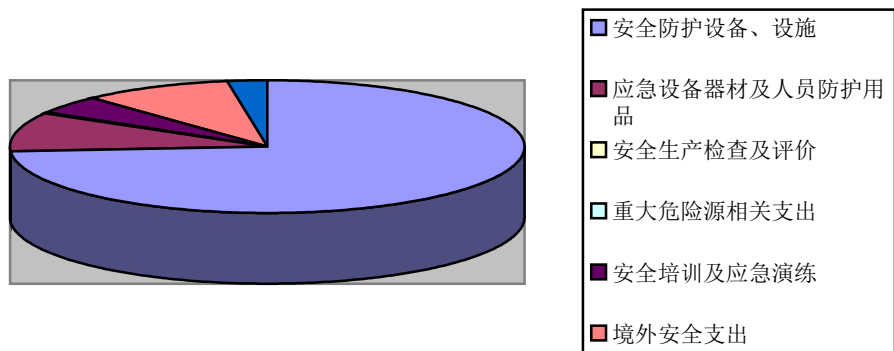
Safety production inspection and assessment

Expenditure relating to major hazard sources

Safety production training and emergency exercise

Safety of overseas projects

Other expenditure



Itemized input for safety production in 2012

Safety protection equipment and facilities

Emergency equipment and personal protective products

Safety production inspection and assessment

Expenditure relating to major hazard sources

Safety production training and emergency exercise

Safety of overseas projects

Other expenditure

Statistics of CBMI's safety management work by indicator in 2012

Item	Indicator comparison		
	Plan of 2012	Completion of 2012	Completion of 2011
Control rate of safety production standardization management	100%	100%	100%
Safety training coverage rate	100%	100%	100%
Increase rate of special funds for safety management	5%	5%	4.8%
Rate of incident causing serious injuries or above	0	0	0
Control rate of harmful operating sites after treatment in labor environment and labor conditions	100%	100%	100%
Completion rate of potential dangers rectification	100%	100%	100%
Rate of employment with certificates of special operation workers	100%	100%	100%
Passing rate safety inspection	100%	100%	100%
Serviceability rate of equipment	97%	96.6%	96.8%

7.9 Improving employees' welfare guarantee level

The CBMI paid consistent attention to employees' benefits guarantee work. In

2012, the company constantly improved the levels of employment security, further education and other social benefits for employees.

7.9.1 Signing labor contracts in accordance with laws

In 2012, the CBMI completed the employee recruitment system, preventing non standardized behaviors in employment. Based on the non-discrimination principle of “equal pay for equal work” and principles of non-forced labor and no child labor, the company recruited 59 graduating students, among whom 45 were male and 14 were female; five were from minority groups; the youngest one was 22 years old. All of them have signed labor contract. In 2012, the company conducted 304 persons/times of labor contract renewal, and passed labor supervision annual auditing successfully.

The Algeria’s project department followed close to the line of the country’s laws and regulations, stipulating 40 work hours per week (eight hours for five days) for employees, and Friday and Saturday were days of rest. The overtime hours should not exceed 20 percent of the daily work hours, and should not exceed 12 hours per day. Meanwhile, on religious or political festival days such as Lesser Bairam, Id al-Adjha, Revolutionary Day, and Independence Day, the local employees would enjoy paid leave. If they worked on legal holidays, day off and subsidies for overtime work hours would be received.

The Benin’s NOCIBE project department took labor protection as one of important contents of social responsibility fulfillment, protecting labor rights of all employees including female workers, workers from minority groups, and non-Chinese workers. In October, 2012, the local employees of Benin’s project established the confédération générale des ouvriers (CGO), and its members were elected by local employees, representing the laborers to conduct

coordination and communications with labor service companies and the project department in accordance with law and regulations, so as to maintain and protect the workers' rights. The project department respected the rational pursuits of employees, solved the discontent emotion and dealt with violation behaviors of employees.

7.9.2 Purchasing insurances for employees

In 2012, the CBMI continued to pay housing accumulation fund, endowment insurance, medical insurance, industrial injury insurance and unemployment insurance, as well as buy other commercial insurances for employees in a timely manner. In 2012, the number of the insured of "accidental injury" reached 514 persons/times, totaling 167,585 yuan, and that of the insured of "employer responsibility" reached 550 persons/times, totaling 346,500 yuan.

7.9.3 Offering further education opportunities

In 2012, the CBMI continued to formulate plans and arrangements for employees in advance in terms of further education, and the yearly input reached 907,800 yuan. The company successively conducted 44 trainings including occupational technologies, management skills, cultural quality, and professional title and academic improvements, training a total of 420 persons/times. Of the trainees, 73 obtained intermediate engineer title, 33 obtained senior engineer title, four obtained professor-equivalent senior engineer title, one passed registered safety engineer examination, and two passed the registered construction engineer (Class A) examination.

7.9.4 Organizing physical examination for employees

In 2012, the CBMI arranged physical examination for employees and retirees. The hospitals conducted statistics and medical analysis of the physical examination data, giving written reports and offering them with treatment and preventative measures for the disease and potential health dangers.

The Benin's NOCIBE project department was located in the high-epidemic area of malaria. To ensure the health and safety of employees, the department established a non-profit medical office, inviting two physicians to offer on-the-spot medical service. With adequate preparation of preventative and treatment medicine, the employees could be treated in a timely manner. Each of living rooms was equipped with private bathroom and air-conditioner. The department conducted regular cleaning for the living area, controlling the infectious disease transmission. The department also set up basketball court, reading room and other physical and recreational areas, and reconstructed a dishing pond for recreation.

8. Anti-Corruption and Anti-Commercial Bribery

The departments of the CBMI have frequent contacts with external organizations in the process of technical and engineering services and the project implementation. The departments with risks of corruption and commercial bribery are as high as 100 percent, and the tender department, financial department, auditing department, discipline inspection commission and other management institutions are the main security barriers for combating corruption and upholding integrity. In terms of expenditure, reimbursement, and settlement, the company formulated relatively perfect management system, playing an important role in the aspects of combating

corruption and upholding integrity.

In 2012, the CBMI carried out professional ethics and code of conduct training for employees in accordance with the local characteristics of the headquarters and the project departments, organized employees to watch the educational film of “Belief,” and continued to strengthen anti-corruption education.

In 2012, the normal operation of the “tender committee” and the implementation of relevant tender management system effectively controlled the corruption and commercial bribery. There was no corruption or commercial bribery case happened in 2012.

The Benin’s project department strengthened moral education and clean conduct education, publicized integrity and self-discipline standard among employees, and called for them to resist any commercial behavior involving violation of professional ethics and principle of integrity. The company formulated strict management measures, prohibiting employees to open individual account in foreign countries, so as to guarantee the funds and properties could not be embezzled. The auditing department would conduct auditing for project departments. It also stipulated that the materials and equipment disposed in the project sites should be reported to the headquarters and the money received should be remitted to the headquarters, preventing asset loss. The Benin’s project department prohibited any kinds of bribery to local governments, and supported employees to report on the information relating to corruption. There was no commercial bribery cases happened in 2012.

9. Social Welfare

The CBMI supported the economic construction, social development and environmental protection cause of the poverty-stricken areas where the company's headquarters located. The company donated a total of 100,000 yuan to Xinlizhuang Village of Yangguanlin Town and Liangzhuangzi Village of Xijuntun Town in Fengrun District, Tangshan.

In July, 2012, the CBMI carried out the "caring student" activity themed with "Hope and Dream," raising 122,200 yuan to support the middle school and primary school students in impoverished mountainous area of Wangmo County in southwest China's Guizhou Province.

The Russia's FER project department conducted several on-the-spot donation for community schools and kindergartens, supporting the development of local educational cause. In 2012, the department donated 50,000 ruble to a town in Kaluga, supporting the publication of a collection of poems titled "Written Honor."

10. Outlook 2013

In 2013, the CBMI will further implement the United Nations Global Compact's Ten Principles, continuously boost the work of social responsibility fulfillment, improve the compiling quality of annual report and enhance the engagement with stakeholders.

10.1 Enhancing employee's social responsibility awareness

Firstly, to actively participate in the annual appraisal activities for best social responsibility practices, annual meeting, yearbook compiling and other activities held by the United Nations Global Compact and its China Network.

Secondly, to continuously invite the experts of the United Nations Global Compact to conduct special-topic training.

Thirdly, to carry out research work on “social responsibility culture,” and conduct in-depth publicity and inspection to social responsibility work of overseas projects.

10.2 Strengthening energy-saving and emission cut management

In 2013, the CBMI will continue to strengthen the management of energy-saving, emission reduction and environmental protection, and the goals of environment management quality improvements in the next year are as follows:

Target item	Target value of 2013	Task fulfillment of 2012
Major consumption reduction incident rate	≥70%	78%
Equipment utilization rate	≥97%	95%
Serviceability rate of equipment	90.5%	90.03%
Total client satisfaction degree	88%	87%
Contract fulfillment rate	100%	100%
Energy-saving and control rate of commonalities and equipment	≤5%	≤5%

Training coverage rate	100%	100%
Publicity rate of energy-saving and emission cut	100%	100%
Paper consumption	≥2%	2%
Power consumption	≥1%	1.1%
Utilization rate of rolled steel	≥97%	97.1%

10.3 Improving report compiling

Firstly, to establish annual report compiling group, perfect the compiling body, enhance professional training, continuously enlarge the influence of social responsibility ideas both inside and outside of the company, and promote the social responsibility practice and management work.

Secondly, to continuously carry out report assessment work, enhance the social responsibility awareness and improve reporting quality.

Thirdly, to increase the communication channels of the annual report and enlarge its communication scope.

Appendix

Appendix I: Third Party Evaluation

I have carefully read the Social Responsibility Report 2012 of the CBMI Construction Co., Ltd. (hereinafter referred to as “the report”), and hereby made the following comments:

The report comprehensively disclosed the information relating to the practices

of fulfilling economic, social and environmental responsibilities of the CBMI Construction Co., Ltd. (hereinafter referred to as “CBMI”), and the excellent results it achieved in 2012, fully showing its responsibility awareness of enhancing communications with stakeholders and accepting social supervision, and the efforts it made in promoting sustainable development in accordance with the social responsibility idea of “Constructing high-quality and beautiful cement factories, and bringing benefits to the people and joy to their life.”

The report was compiled in accordance with the requirements of the United Nations Global Compact in terms of Communication on Progress (COP), featuring rich contents and focused highlights, and covering various works and performance the CBMI achieved in the fields relating to social responsibility.

The report featured focused highlights, clear logic and distinct characteristics:

Firstly, key topics were highlighting. The setting of the headlines not only showed the overall situation of corporate social responsibility, but also highlighted the topics. It also reflected the industry characteristics and focuses of stakeholders. For instance, the topic of “occupational safety and health” directly reflected the focus of stakeholders as well as the responsibility pursuit and main orientation of the company.

Secondly, the contents were concise and clear. For instance, in the chapter of “environmental performance,” the focuses were “environmental management mechanism” and “environmental management measures,” featuring clear logic. The readers could fully learn the production field and the operating characteristics of the company from the report, enhancing their understanding to choice of social responsibility topics.

Thirdly, the industry characteristics were distinct. The report focused on the

information relating to the support of overseas community development, the efforts to localization of employees and the protection of local laborers' rights, reflecting the company's respect to multi-culture and the responsibility ideas of actively integrating into local society and promoting local community development.

In short, the report featured standardized contents, full and accurate data, and distinct characteristics. It was in line with the requirements of international standards for social responsibility reporting, and was a social responsibility report with relatively high reporting level.

The report could be improved in the following aspects:

Firstly, the framework of the report could take reference of relevant international guidelines, disclosing more key topics such as transparent operation and employees' development that the stakeholders would focus on, and showing the practices in various fields of the company in a comprehensive and systematic manner.

Secondly, the report could be furthered improved in such aspects as the comprehensiveness and accurateness of data and the segmented indicators, suggesting adding the disclosure of quantitative indicators such as greenhouse gas emission and resources saving, improving the comparison of indicators, so as to help readers to understand and learn the company more easily

Thirdly, the report could choose overseas typical projects as separate cases, making detailed introduction. As a "going out" enterprise, the CBMI's experience in conducting communications with local communities and residents could be of great significance for other "going out" and to be "going

out” enterprises.

Wang Xiaoguang

Director of Beijing Rong Zhi Institute of Corporate Social Responsibility

Appendix II: Feedback Form

Information Feedback Form

Name		Work organization	
Topics involved in feedback suggestions			
Feedback contents			
Seal/ signature	Signature (or official seal of the work organization): Date: MM/DD/YY		
Contact	Tel.:	MSN:	QQ:

Note: Please fax to 0086-315-3221044, or send letter to Yang Jing, No. 7,

Xingfu Road, Fengrun District, Tangshan City, Hebei Province after completed the form.

Postal Code: 063030