

Corporate purpose: To Serve Agriculture and To Benefit Mankind

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

Corporate Spirit: Harmonization, Credit, Diligence and Innovation

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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噴施寶®



Social Responsibility Report


2013



Guangxi Penshibao Co., Ltd. China



ADDRESS FROM THE CHAIRMAN



In 2013, facing the complex situation of the continued turndown of external economy, gradual slowdown of domestic economic growth and increasing market competition, Panshibao Company, sticking to the tenet of “Serve the Agriculture and Benefit the Human” and based on the requirements of “Responsibility, Standard, Implementation and Innovation”, brought the initiative and creativity of the staff into full play. In terms of fulfilling corporate social responsibility, exploring creative operation modes and achieving new breakthrough of sales revenue, Panshibao Company had gained remarkable results, boosting its sound sustainable development.

Over the year, by insisting on the moral code of “Firstly Do a Good Job and Then Great Things” and implementing the concept of “Agriculture-oriented, Low-carbon Life”, we haven't only made efforts to create social and economic values, but also actively pursued for sustainable development among economy, society and environment, constantly improved corporate social responsibility management systems, and amicably coordinated our relations with interested parties. We carried out exploration and practices proactively in terms of improving brand presence, developing green agriculture, promoting ecological civilization construction, and engaging in support to social and public welfare undertakings.

Looking into the future, we will focus on implementing national food security strategy, strengthening agricultural product quality and food safety, accelerating technological innovation and new products development, fully consolidate and expand sales markets, industriously improve market service quality and effect, standardize corporate management and rules and regulations, fully mobilize each side enthusiasm and continue our commitment to safety, high efficiency, low-carbon and environmental production, so as to constantly improve Panshibao brand' reputation and influence, and make new contributions to the agricultural sustainable development of China and even the world.



Chairman: Xianglin WANG

- Winner of the National Labor Medal
- Member of the national committee of CPPCC the 8th, 9th, and 10th sessions
- Standing committee of the national federation of industry and commerce
- The advanced individual on national unity
- One of the national top ten outstanding private entrepreneurs
- The vice president of the Chamber of Commerce of Guangxi
- Academician of WAPS (World Academy of Productivity Science)
- The founder of Panshibao Xianlin Development Foundation
- Winner of the Outstanding Contribution Reward of China Guangcai Program
- One of China's top ten low-carbon characters
- The most influential labor model in Guangxi since the establishment of New China

ABOUT THE REPORT 2013

The Annual Social Responsibility Report 2013 of Guangxi Penshibao Co., Ltd is our sixth consecutively released corporate social responsibility since 2008 when we established report release system, and truly reflects our fulfillment in economic, environmental and social responsibilities. Regarding related information we state as below: the reporting entity is Guangxi Penshibao Co., Ltd, which is also expressed in "Penshibao Company" or "The Company". Time range: 1 January~31 December 2013. Principle of compiling: Objective, standardized, faithful and transparent. Source of information: Relevant information and data are provided by Guangxi Penshibao Co., Ltd. Through field survey on the company's fulfillment situation, and screening and verification for the authenticity of related materials, the report compiling group of the company's corporate social responsibility report gathered advices and suggestions of all sides and proactively responded to concerns of interested parties. Basis on compiling: referring to Global Reporting Initiative (GRI)--Sustainability Reporting Guidelines (G3.1); Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR2.0); and Guidelines on Social Responsibilities of Chinese Industrial Enterprises and Industrial Associations GSRI-CHINA2.0 by CFIE. Versions of language: This report shall be released in Chinese and English languages.



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I. OVERVIEW



(I) Company Profile

Founded in December 1985, Guangxi Penshibao Co., Ltd is one of the foliar earlier, larger and influential fertilizer enterprises specialized in R&D, production, sales and services in China. For a long time, we have been keeping to the tenet of “Serve the Agriculture and Benefit the Human” and the concept of “Agriculture-oriented, Low-carbon Life” and have made great contribution to China' agricultural sustainable development and national food security. Through joint-stock system reform in December 2011, it turned into Guangxi Penshibao Co., Ltd.

Our series products of “Penshibao” organic water-soluble fertilizers researched, developed and produced in strict accordance with the ISO9001 and ISO14001 are featured with high-effective, safe, low-carbon and environmentally-friendly functions, and registered with the Ministry of Agriculture, and recognized as “China Well-known Trademark” by the Trademark Office under the SAIC. We have registered our trademark in over 60 countries in the world. Over the passed more than 2 decades, we have conducted experimental demonstrations on more than 50 crops in over 2,000 points around the country. Especially, in recent 6 years, through the continuous experimental demonstrations by the National Agricultural Technology Extension and Service Center (NATESC) together with agricultural technology extension institutions in about 20 provinces and regions, it proves that Penshibao products have a significant effect on increasing crops yields and incomes, and improving quality, increasing fertilizer utilization, as well as resisting to natural disasters and protecting cultivated lands.

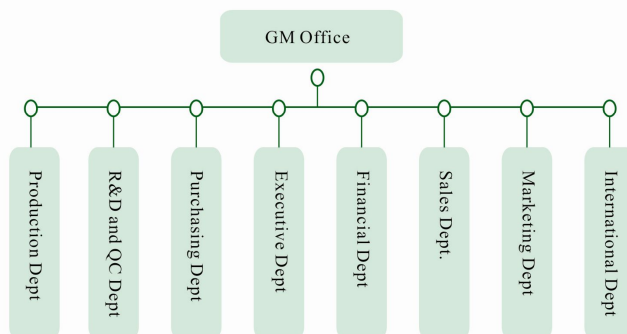
Penshibao product have been sold in over 30 provinces and regions in China and exported to 45 countries and regions including Japan, America and others. Penshibao has been honored as “Fertilizer King of China” around China and highly regarded as “Miraculous Water of the Orient” in India. Successively, it has gained over 200 domestic and international honors, including the gold award at the 21st Geneva International Fair and the gold award at the 72nd International Agricultural Fair in Avignon in France, and has been honored as the China Top 10 Advanced Enterprises in Productivity, China's Trustworthy Key Brand in Environmental Protection and Quality, and The Most Trustworthy Low-carbon Brand of Chinese Consumers, etc. We became a member enterprise of the United Nations Global Compact (UNGC). Sticking to the 10 principles of the UNGC, we actively fulfilled our social responsibility and combined our business operation with environment, the society and other issues to achieve sustainable development of the company, the society and the environment.



I. OVERVIEW

(II) Organizational Structure

According to the demand of corporate strategy implementation, the organizational structure was restructured to 9 departments from original 11 in order to more clarify the divisions of labor and responsibilities of each department, as well as to achieve higher whole operation efficiency. Through restructuring and improvement, the existing organizational framework is more suitable to the current development demand of the company.



(III) Corporate Strategy

In line with the central government's deployment requirements for national food security strategy and strengthening agricultural products quality and food safety, we strengthened our senses of urgency and mission, grasped favorable opportunities, improved corporate governance structure by focusing on creating 3-D fertilization model, and made strategic planning, promoted technological innovation, standardized operation management, recruited superior talents, timely brought in strategic partners, continued enhancing brand advantages and expanded product sales markets, so as to make the goal of listing realized in a short time, accelerate the corporate development, establish the company's leading status in the foliar fertilizer industry and lay a solid foundation for creating a well-known brand.



(IV) Major Economic Indicators in 2013

In 2013, according to the arrangement of “Year of Standardization” for listing operation determined by the board of directors, by sticking to the tenet of “Serve the Agriculture and Benefit the Human” and based on the requirements of “Responsibility, Standard, Implementation and Innovation”, WE brought the initiative and creativity of the staff into full play achieved new breakthroughs of production and sales revenue. In the whole year, we produced 2,725 tons of foliar fertilizers of Penshibao series, 582.51 tons of fish & shrimp cola products, and 38.49 tons of boric fertilizer in bulk, with an increase of 32.83% in the sales volume over the previous year.

All-dimension fertilization

Full-range solutions of Penshibao's innovative fertilization technology and its application and promotion



II. Social Responsibility Management

(I) Safeguarded Staff's Legitimate Rights and Interests

1. Raised Staff's Wage Level

By adoption of modern design of compensation system, we formulated scientific assessment indicator system, and rationally determined salary adjustment scheme by combining to implement performance assessment. Based on the actual circumstances of the company's operation and development, we appropriately adjusted subsidies of special posts and seniority pays, with the salary level of the staff increasing by 15% on the whole. Additionally, we prepared and implemented Mobile Telephone Subsidy Management Measures and Fuel Costs Subsidy and Management Measures for Personal Car Using so as to improve staff benefits.

2. Valued Staff's Skills Training

In 2013, we organized a total of 23 sessions of professional knowledge training activities covering salary management purchase skills, sales techniques, operation skills, energy-saving and consumption reduction, business management, marketing management, safe production qualification and product quality control, etc., with 452 person-times of training attendance. Besides, we carried out labor contests themed by improving operation skills and reducing material consumption, so as to strengthen the staff's labor skills and professional competence.



3. Strengthened Labor Protection for Staff

We didn't only deal with personal accident insurances for the employees engaging in high-risk operations, but also intensified safety knowledge education and training, carried out various safety drills, allocated necessary labor-protection articles and protection facilities for different posts, as well as conducted regular supervision and inspection, in order to insure the labor safety of related employees.

4. Protected Staff's Labor Rights and Interests

Penshibao Company signed Labor Contract and Agreement for Collective Consultation on Wages, and dealt with social insurances for all employees according to law. At present, all employees including previous sales persons have purchased social insurances and started to enjoy the treatments of medical insurance, maternity insurance, and endowment insurance.



5. Maintained Stabilization of Employees

The company's current employees can basically meet the demand of normal operation. In 2013, we formally hired 22 employees through attending on-side job fairs, and Internet and media recruitment channels, and employed 211 temporary workers. In the whole year, the employee turnover rate was 8.33%, a 3.83% drop from previous year. All employees maintained stable.



II. Social Responsibility Management

6. Pushed Democratic Management

We insisted on democratic management, kept factory affairs public, protected staff's right-to-know, participation right and supervision right, and strived to realize a labor relationship of "mutual respect, fair cooperation, seek common development and share achievements". Besides holding staff meeting irregularly, we also informed employees of their vital interests and corporate major issues by bulletin board, LAN, WeChat and other ways, so as to push democratic management, diversified factory affairs publicity and standardization. In 2013, we obtained Advanced Unit of Open and Democratic Management of Factory Affairs.



7. Enriched Staff's Cultural and Recreational Activities

We actively organized employees to carry out various cultural and recreational activities beneficial to physical and mental health, such as Lantern Festival performance, Dragon Boat Festival barbecue, Longan pickup, Hakka nice food in Winter Solstice, Xmas gift giving, employee birthday party and other group activities, which greatly enriched employees' lives and created good festive atmosphere. We also organized employees to travel to Beihai Weizhou Island, Hong Kong and Thailand, to increase employees' knowledge and opened up their eyes. Besides, we organized employees to participate in Beihai's May 4th Youth Movement Games and Beihai's High-tech Zone Sports Games, obtaining darts team championship and balloon volleyball runner-up.



Company staffs in sports meet held by Hi-tech Zone



Gift exchange at Christmas party held by the company



Penshibao participated in the first May 4th Youth Cup Working Staff Sports Meet



Penshibao Xianlin Development Foundation awarded merit students



II. Social Responsibility Management

(II) Protected Rights and Interests of Suppliers and Customers

1. Always Stressed to Enhance Brand Image

Our Penshibao organic water-soluble foliar fertilizer is a multi-functional nutritional fertilizer that is really efficient, safe, environmental-friendly, disease-resistant, adversity-resistant, non-toxic, harmless, residue-free, hormone-free and pollution-free. Through scientific proof and long-term experimental demonstration, this organic fertilizer has a significant effect on reducing the amount of chemical fertilizer, improving the quality of cultivated land, increasing crop yield and quality as well as ensuring food safety. In 2013, through the continuous experimental demonstrations on fertilizer efficiency of 25 crops by the National Agricultural Technology Extension and Service Center (NATESC) together with 25 provinces and regions, it proved that Penshibao organic water-soluble fertilizer had a stable effect on quality improvement and yield increase. Grain crops like rice and wheat average increased yield by 9.8%, oil crops like soybean and rape flower by 12.9%, cotton by 13.2%, vegetable crops like tomato and carrot by 12.8%, and fruit crops like orange and apple by 11.9%.



High-quality rice varieties cultivated by Penshibao were approved for promotion and plantation



Bokchoi Cabbage



persimmon

penshibao

control group



Penshibao participated in the fifth soil test and fertilizer selection and production promotion presentation activity held in Guangxi



corn



rice

control group

penshibao

2. Ensured Product Quality Relying on Technology

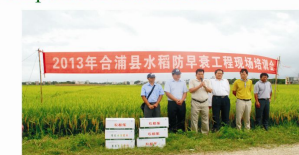
Adhering to the corporate concept of "Agriculture-oriented, Low-carbon Life" and the quality objectives of "Safe, Efficient, Quality-assured and Quantity-assured", we attached importance to self-independent innovation, strengthening new products research by virtue of scientific research institutions, to provide our clients with superior products. In strict accordance with national standards, we utilized superior raw materials in China and from foreign countries to organize production. We carried out self-inspection, mutual inspection and special inspection systems, in order to ensure that outgoing products meet related quality requirements. In 2013, we succeeded in filing of 4 invention patents including Microbial Organic Fertilizer, Liquid Biological Humic Acid Soil Remediation Agent, Extracting Living Tobacco Leaf Aroma Substance from Tobacco Curing Room Waste Gas, and Elevation-type Tobacco Floating Seedling Tray, which laid a solid foundation for lifting the company's technological strength. Besides, in the journals of China Agricultural Technology Extension and China Humic Acid, we published 5 papers about using Penshibao products for wheat one-spraying and three preventions, and mechanism studies of Penshibao products on reducing soil and vegetable pesticide residues, further expanding the influence of Penshibao products.



Technical staffs of Penshibao were introducing the R&D of new products at the fourth International New Fertilizer Exhibition

3. Set up Public and Transparent Competitive Mechanism

We cooperated with governments and agricultural divisions at all levels to carry out high-yield grain production, standardized planting zone construction, rice senescence prevention projects, wheat "one-spraying and three-prevention", rape "one-spraying and four-prevention" and other national agricultural subsidy policies, in order to take advantage of Penshibao brand reputation, logistics distribution and technical services. We set up public and transparent competitive mechanism, actively participated in open tendering of government's procurement items, provided superior products and technical support for agricultural development and farmers' income increase, and we were highly praised by lots of users.



Penshibao participated in site training sessions held in Hepu on prevention of premature senility of rice



Penshibao won Quality Product Award at the fifth soil test and fertilizer selection and production promotion presentation activity held in Guangxi

II. Social Responsibility Management



4. Insisted on Equality and Mutual Benefit & Business Integrity

Strictly according to Labor Law and relevant laws and regulations, we always amicably negotiated and signed supply contracts with our suppliers and thus to establish an equal and mutually beneficial partnership between supplier and demander based on the principles of equality and mutual benefit. We strengthened tracking for contract execution process to improve contract fulfillment quality and reputation, ensure all contracted provisions to be fulfilled as scheduled, promote business operations to go smoothly, and achieve win-win results of supplier and demander. Besides, we promised to give handling suggestion in 24 hours on any objection of product quality by customers in the quality assurance period, and replace defect products and return the money of goods according to ordering prices. For any loss due to product quality confirmed by a competent authority, we would make total compensation.



Contract signing between Penshibao and sales representatives

5. Strengthened Communication with Customers

We attached importance to customer service. We set up 24-hour technical and sales services networks, and timely conducted analysis, feedback and improvement according to customers' suggestions and opinions. In 2013, we received 173 technical consultations from our 400 telephone and mobile telephone, timely answering customers' and sales persons' technical questions about how to use Penshibao products and Nongdule products. We compiled 29 technical materials, made 9 training course materials including Penshibao use techniques and organized 797 rounds of training activities, with trainees reaching 26,211 person-times. Besides, we carried out on-site agricultural technique guidance. We worked together with Kaifeng City in the activity of "Formula Fertilizer for Farmers" (5 national-level wheat demonstration activity). At the site of activity, we taught scientific fertilizing knowledge to over 300 technical foregoers and resolved relevant technical questions, and we were highly appreciated by local government and news media. We also introduced the use effect of Penshibao products on Lycium barbarum and tobacco leaf and related experimental demonstration methods to local scientific institutions and customers in Delingha city in Qinghai Province and Longyan City in Fujian Province.

Training of Penshibao Company in 2013								
Region	Northeast	North China	Central China	East China	South China	South-west	North-west	Total
Training Rounds	197	70	83	40	115	83	209	797
Number of Trainees	5890	2108	2680	2800	3923	2780	6030	26211
Demonstration Sites	60	103	56	70	70	50	73	482



Penshibao donated products of 200 thousand in value to Songming Village, Fucheng Town and demonstrate its agricultural techniques on site



Penshibao participated the 113th Canton Fair and promotes its products



Technical persons of Penshibao visited remote villages and instructs farmers on use of its products



African customers visited Penshibao for investigation and negotiation

6. Timely and Properly Handled Complaints

On our official website there were our telephone numbers and message board. We solved various complaints, suggestions and opinions timely and promptly, and conducted survey, analysis, timely improvement for existing problems. Besides, through telephone counseling, message greeting, regular return visit and on-site visit, we conducted survey, sum-up and analysis for product quality, price and use effect, with satisfaction from customers up to 86.65 scores.



Penshibao was granted the title of 2013 "Enterprise of Integrity" by Guangxi Consumer Rights Protection Committee



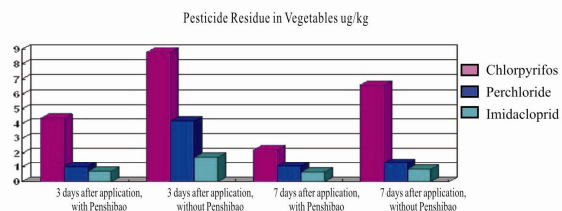
II. Social Responsibility Management

(III) Environmental Protection and Sustainable Development

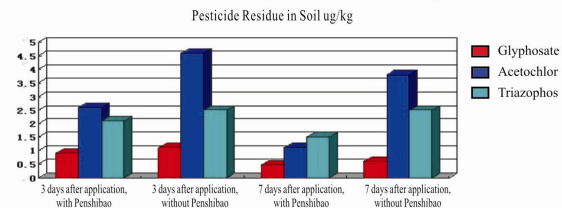
1. Focused on Improving Farmland Environment

Our organic water-soluble foliar fertilizer can effectively reduce use amount of chemical fertilizer, improve the quality of cultivated land, increase crop yield and quality and ensure food safety, as well as promote environmental conservation and construction. Research results from Dr. Tang Mingqiang of Fujian Agriculture and Forestry University showed that adding Penshibao organic water-soluble fertilizer when applying glyphosate or acetochlor to prevent and kill weeds could reduce the glyphosate residue in soil by 16.52%~17.98%, acetochlor residue by 42.98%~69.71%, and triazophos residue by 24.49%~39.04%. According to the testing of China National Analytical Center-Guangzhou (NACC) laboratory, it showed that adding Penshibao product for an area of 1 mu farmland when using acetochlor could reduce the acetochlor residue in soil by 57.6%~73.8%, which had a significant effect on protecting farmland eco-environment and insuring crop safety. From the inspection conducted by the Rice Product Quality Supervision and Inspection Center, Ministry of Agriculture of China for the test samples submitted by the Soil and Fertilizer Station of Changning City in Hunan Province, applying Penshibao organic water-soluble fertilizer could reduce the Cadmium in rice by 13.37%~18.75%.

Reduction of Pesticide Residue in Vegetables Helps to Protect Human Health



Reduction of Pesticide Residue in Soil Helps to Protect Farm Ecological Environment



2. Dedicated to Energy-saving and Emission Reduction

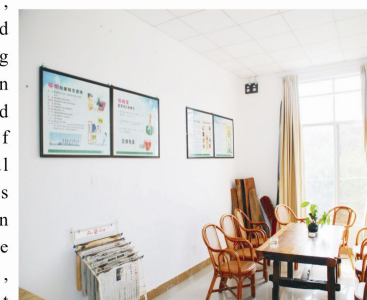
As a high-enriched, multifunctional and nutritional organic water-soluble fertilizer, Penshibao product has an obvious effect on energy saving and emission reduction. According to the research data from the experts of the College of Resources and Environment, Huazhong Agricultural University, it showed that using 1 ton Penshibao product could save 35 tons of chemical fertilizer (urea), saving the equivalent of 42 tons of standard coals, reducing 113 tons of carbon emission. In 2013, we produced 2,160 tons of Penshibao products, saving the equivalent of 75,600 tons of chemical fertilizers (urea), 90,720 tons of standard coals, and reducing 244,080 tons of carbon emission. Meanwhile, because the amount of chemical fertilizer was reduced, it greatly saved transportation expenses and energy consumption, effectively pushing energy saving and emission reduction.

Items	Penshibao Product	Chemical fertilizer saved (Urea)	Standard coal saved	Co ₂ emission reduced	CER (carbon) trading volume
Use amount	1ton	35 tons	42 tons	113 tons	— —
Annual output	2160tons	75600tons	90720tons	244080tons	1953 -4882yuan

1. Production of 1 ton of chemical fertilizers consumes 1.2 tons of standard coals; 1 ton of standard coals produce 2.7 tons of CO₂.
2. If CER (carbon) trading volume is calculated on the basis of the year 2008, each ton was 8 -20 Euros, about RMB 80-200.

3. Improved Environmental Protection Systems

According to the requirements of environmental protection, we, combining the actual situation, successively drew up rules and regulation regarding environmental protection management, clean and civilized production of workshops, environmental management for the company's courtyard, and emergency plan for environment. Besides, we strengthened check, inspection and assessment work, and pushed environmental protection construction by means of execution of various systems.



II. Social Responsibility Management

4. Enhanced Environmental Protection Awareness

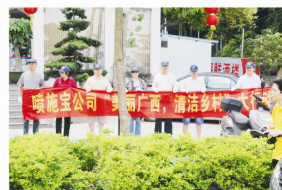
We attached importance to heighten employees' environmental protection awareness and strengthened environmental protection management work. The Production Department adopted practical and effective measures to promote energy saving and consumption reducing, with the consumptions of electricity and water declining by 10.5% and 23% respectively from the previous year. The Purchasing Department strictly complied with quality criteria, made accurate budgeting, improved purchasing efficiency and reduced expenditures, with the purchase costs of various materials in 2013 reducing by 11.7% from the previous year. According to the requirements of national environmental protection laws and rules and of environmental protection authorities, we purchased sewage purification equipments to strengthen sewage monitoring and meet required emission. After strict environmental assessment, monitoring, evaluation and acceptance check, we obtained necessary sewage discharge permit. We achieved significant results in environmental protection management work.



Penshibao staff participated in 2013 "World Environment Day" beach cleaning campaign



Penshibao staff removing garbage from beach



Penshibao staff participated in "Beautiful Guangxi - Clean Village" campaign



Penshibao staff worked actively for "Beautiful Guangxi - Clean Village" campaign



Penshibao staff worked actively for "Beautiful Guangxi - Clean Village" campaign

5. Advanced Environmental Protection System Construction

In the process of product R&D research, we centered on developing efficient, low-carbon and environmentally-friendly products such as water-soluble fertilizer, bio-fertilizer, organic fertilizer, heavy-metal and pesticide residue degradation agents. We used recyclable material packaging and low energy consumption equipments to improve linkage rate of equipments, as well as raised the rate of finished products, and the recovery rates of defective and waste materials in the filling process. In sales section, we tried to adopt railway transportation with lower energy consumption. In advertising and promotion, we prioritized public media like TV, broadcasting, newspaper and magazines, reducing the mode of publicity that was through brochures and color pages.



6. Improved Clean Production Level

We attached importance to clean and civilized production and management of workshops. According to the requirements of modern industrial production, we made efforts to create sound production order, clean job site and safe and sanitary working environment. The Production Department included the clean and civilized production work into the monthly planning assignment and sub-divided it to every team and group. We established clear clean and civilized production responsibility systems, carried out self-check system and rewards & punishment system. Through regular check, record keeping and clear reward and punishment, we ensured that all measures on clean and civilized production management were put in place.



Sewage treatment at company workshop

II. Social Responsibility Management

(IV) Environmental Protection and Sustainable Development

1、Strengthened Safety Management System Construction

Strictly implementing the requirements of superior competent authorities for safety production, we strengthened safety production publicity, improved staff's awareness of safety production and quality of safety culture, strengthened staff's self-protection awareness. We strengthened regular training for staff's safety education,

enhanced their safety responsibility and improved their operation skills and safety awareness. Besides, we seriously implemented safety responsibility, strengthened safety production management and production process monitoring, as well as further improved technical safety measures, so as to ensure safety.



Enhanced surveillance and inspection of production safety

2、Improved Safety Production Systems

We abided by relevant laws and regulation of safety production, improved related rules, regulations and operating instructions, strictly implemented the system of employment with certificate for special operating personnel, so as to systemize and standardize safety management work. We seriously implemented the system of safety responsibility in production. All departments and workshops were required to sign safety responsibility agreement and improved related accountability system, so as to create a safety culture atmosphere of staff's participation in safety management and ensure the system of safety responsibility in production was put in place. We strengthened safety education and training for staff, carried out safety production skills training in order to improve the safety production awareness and skills of all management personnel and production employees.



Company staff accepting safety training

3、Attached Importance to Drills of Safety Emergency Plan

We paid high attention to emergency plan, stressing that all functional departments and employees should be responsible for accident emergency rescue. To avoid fire or storage tank leakage that may cause atmospheric pollution and surface pollution, we especially set up an emergency plan leading group, with communication crew, public security crew, rescue crew, repair crew, medical service crew and transport crew. The Production Department and the Executive Department took charge of strengthening training for the rescue teams, and organized 1-2 comprehensive emergency rescue drills every year for possible accident of dangerous target. Once an accident happens, the command group will be able to respond quickly and command correctly, and all rescue team will be able to effectively eliminate dangerous cases according to their own tasks, and control and eliminate accident, and rescue the wounded.



Safety and emergency drills held by Penshibao

4、Increased Input in Production Facilities

To ensure safe operation in the whole process of production, our input in the safety production facilities was 82% higher than that of the previous year, mainly increasing devices of automatic packaging line, fire-fighting devices required for the company and employees' labor-protection articles, etc.



Improved maintenance of production safety facilities of Penshibao

II. Social Responsibility Management

5、Strengthened Production Safety Inspection and Supervision

We paid attention to production safety inspection according to our safety management systems. Every month, we carried out at least 1 general inspection for production safety and held regular safety meeting. Besides, we strengthened hidden danger solving, carried out specific work for solving various hidden dangers, and fire-fighting management for key fire prevention areas, so as to timely find out and solve existing hidden dangers and avoid occurrence of safety accidents.



6、Attached Importance to Work for Staff's Occupational Health

We periodically arranged employees to do physical examination. For employees with abnormalities after physical examination, we tracked and urged them to do recheck and receive treatment, and we visited sick employees, so as to ensure employees in good physical and mental health.



(V) Public Relations and Social Welfare Undertakings

1、Strengthened Communication with Authorities and Communities

We focused on communications with related authorities. Through reporting on related situation, coordination with relevant authorities for research and survey, inviting experts for guidance, having seminars and exchange meetings, participating in get-together activities of surrounding communities, visiting cooperative unit, and welcoming citizens to take part in Lantern Festival and longan pickup activities, we strengthened communications with all sides and get their support. In 2013, we received 203 guests of 23 groups from scientific institutions and other authorities of many provinces and cities, and we strengthened exchange and cooperation with them. The Ideal and Faith Tech-in and Seminar for Non-public Ownership Economic Personage organized by Beihai Association of Industry and Commerce was held in our company, which actively promoted our ideology and culture construction.



Seminar hosted by Penshibao on ideal and faith education to non-public economy practitioners in Beihai



Guangxi Administrative Environment Seminar was held at Penshibao



Community residents participated in "Longan Festival" hosted by Penshibao



Penshibao staff visited remote villages to promote scientific fertilization knowledge



Wang Ji, Deputy President of Penshibao, attended China-CEE Economy and Trade Forum



Zeng Xiancheng, President of China Humic Acid Industry Association, visited Penshibao for investigation



II. Social Responsibility Management



2. Attended Various Exhibitions and Trade Shows

In 2013, we attended 18 national and regional exhibitions and trade shows, including the 113th Canton Fair, sponsoring the 15th China Fertilizer & the 10th Central Plains Fertilizer Trade Fair in Zhengzhou, the 4th China International Fertilizer Show, and the 5th Guangxi "Select Fertilizer by Predicted Yield, Rice Senescence Prevention" activity. In May 2013, Vice-chairman Wang Jidong traveled to Washington for the World Ocean Summit. During November 2013 when Premier Li Keqiang visited Romania, Mr. Wang Jidong attended the China-Central and Eastern European Countries Economic and Trade Forum, making extensive discussions with the industrial and commercial circles personnel of the Central and Eastern countries on agricultural issues, which effectively raised Penshibao brand' reputation and influence.



Group photo of Mr. Wang Jidong, Deputy President of Penshibao, and Paul Holthus, Executive President of World Oceanic Organization



Penshibao sponsored and titled the fifteenth National Fertilizer Trade Fair



Association of Industry and Commerce of Guangxi and Beihai visited Penshibao for investigation



Principal of Global Compact China Network Center visited Penshibao for interview

3. Proactively Participated in Social Welfare Undertakings

With active response to the initiative by the Urban Management Bureau of Yinhai District in Beihai, Beihai Folk Volunteers Association, Beihai Bicycling Association, and Beihai Bada Bicycle Rental Club (about beach cleaning action on World Earth Day in 2013), we organized our employees for the beach cleaning action near Quantouling National Forest Park, making a contribution to beautiful Beihai creation and natural environment protection.



公司为农村捐赠喷施宝产品

3. Fulfilled Corporate Social Responsibility

As a member of the UNGC, we always adhered to the 10 principles of the UNGC, actively fulfilled our social responsibility and were highly appreciated. In 2013, we donated Penshibao foliar fertilizers worth 3,095,000 yuan to farmers in districts and counties in Beihai and those in Naliang Town in Dongxing City, making a contribution to local agricultural development and farmers' income. We cared for the healthy growth of teenagers. Through Penshibao Xianlin Development Foundation, we awarded 6 students who have been rated as merit student and excellent class leader, and gave 1000~2000 yuan scholarship to each student of 7 admitted into colleges or universities, and gave them suitcases. We donated books worth 6,000 yuan to "Love · For Dream of Library Project" of Tieshangang District, expressing our care for teenagers.



Poverty Relief Office of Haicheng District and Penshibao provided assistance to Malan villagers



Hepu Cowpea Industry Development and Penshibao Donation Conference



Book donation ceremony by Penshibao to "Love and Dream Library" project at Tieshan Port was held at No. 1 Middle School of Nankang Town



Penshibao subsidized Hepu farmers to increase their production and income



III. Social Responsibility Praise and Future Expectations

(I) Social Responsibility Praise

Our fulfillment of corporate social responsibility drew attention from all sectors of society and mainstream media and was highly appreciated. In 2013, various media released 79 news reports about our company, in which 13 were by China News Service, Farmers' Daily, The People's Political and Consultative Daily, China Post and Beihai Daily. Below are some excerpts of praises:

1、Page 2 of Farmers' Daily on 28 August 2013 released the report titled Rice Misses the Seedling Stage Due to High Temperature and Drought?, covered by journalist Jian Chengyuan with the Farmers' Daily:

Since summer this year, there has been a wide range of hot weather in our country. Many places put off rice transplanting due to drought and water shortage, which resulted in relatively late rice growth duration. This will be a key factor impacting the rice yields this year. A few days ago, Mr. Tang Mingqiang, Dr. of agriculture, and researcher of Institute of Ecological Applications with Fujian Agriculture and Forest University, wrote to us and suggested: the said places should appropriately spray more superior foliar fertilizers to reduce the impact of natural disaster on the rice. The reporter has learnt that Mr. Tang has been engaged in research on microorganism in eco-environment for a long time and has rich experiences in influence of foliar fertilizer on crops.

In Tang Mingqiang's opinion, if the rice postponed to grow suffers from "low temperature damage in Autumn" in the meiophase of pollen mother cell, it will cause pollen dysplasia and more sterile pollen grains, and even cause crop failure. If the rice suffers from "low temperature damage in autumn" in heading stage, heading speed will get slower and even cause heading failure, resulting in wraparound spikelet, empty hull, empty grain and even reduction of output. If spray more foliar fertilizers rationally, it will effectively relieve the impact of disaster. He made an example: in the first half of 2010, Jiangxi province suffered from continuous extraordinary rainstorm disasters, causing reduction of early rice output and late rice faced with severe "low temperature damage in autumn". However, the second-season late rice of the whole province was sprayed with Penshibao and other foliar fertilizers, which achieved a good harvest of 19.5 Billion Kilograms of grain outputs under such extremely unfavorably situation.



In 2011, Jiangxi province carried out a project of Premature Senescence Prevention for Rice mainly popularizing and applying foliar fertilizers. The whole province completed total core demonstration areas up to 4,724,000 mu applying foliar fertilizer for premature senescence prevention and extending areas for 17,890,000 mu, with rice output of demonstration area average increasing by 35 kg per mu, and yield increase range up to 8%.

After reference to related data, the reporter learns that using Penshibao and other foliar fertilizers timely before and after disasters happen can effectively prevent, relieve or reduce disasters. Li Yunchun of Huazhong Agricultural University found: during high temperature or drought, Penshibao foliar fertilizer could regulate the open and close functions of crop leaf holes, and thus increased the drought resistance ability of crops. When crops were under semi-arid (18% moisture content) or drought (10% moisture content) condition, the root shoot rate would respectively increased by 17.6% and 5.3%. Physiologically, big root shoot rate will help relieve drought. Research of Lu Zhifeng and other personnel from Huazhong Agricultural University also indicated: Soaking seeds with Penshibao foliar fertilizer could increase the proline content of rice plants, helpful to resistant to rotten seedlings due to low temperature during seedling time. After rice seeds disaster due to low temperature and sparse sunlight, Penshibao product could increase the chlorophyll content of rice plant leaf, which would relieve the tiller mortality under low temperature and sparse sunlight, increase content of soluble sugar, and thus improve the ability of rice to resist to low temperature and sparse sunlight disasters during tillering stage.

In 2011, the growing period of seedlings of early season rice in Guangxi suffered from long-term low temperature and sparse sunlight and continuous rainy weather in early spring, and the middle and later growth periods of late rice were severely impacted by the 17th Typhoon Nesat and 19th tropical storm NALGAE. The local agricultural authorities popularized and applied Penshibao foliar fertilizers for 35,500 mu, and an area of each mu increased average 36.6 kg of rice.

2、China Humic Acid website hosted by China Humic Acid Industry Association released the report titled Chairman Zeng Xianheng conducted investigation at Guangxi Penshibao Co., Ltd:

During 13~15 March, 2013, a delegation led by Chairman Zeng Xianheng from China Humic Acid Industry Association paid a visit to Guangxi Penshibao Co., Ltd. As an expert in China's humic acid industry, Mr. Zeng always advocates planting of large-scale agriculture, and with scientific technology as the forerunner to vigorously develop organic fertilizers of humic acid, so as to reduce pollution from chemical fertilizers and pesticides and thus to effectively protect the eco-environment. During his visit, Mr. Zeng pointed out that Penshibao Company began to research and produce Penshibao foliar fertilizers from 1985, in which the most highlighted core material was humic acid, and that Penshibao was one of the famous enterprises utilizing humic acid to serve agriculture. Mr. Zeng expressed the hope that under the new circumstances Penshibao Company could grasp the opportunities from "ecological civilization" construction, and strengthen technological development based on the "ecological features of humic acid materials" to continue leading the innovative development of foliar fertilizer industry, and continue to make great contributions to the agriculture of China and even the world, achieving a new take-off of Penshibao Company.



3、Page 7 of Farmers' Daily on 6 December 2013 released the report titled New Progress on Humic Acid Degrading Pesticide Residue, covered by journalist Zhang Fengyun with the Farmers' Daily:

A few days ago, a report of Guangxi Penshibao Co., Ltd about “new research progress on Penshibao product with humic acid reducing pesticide residue of soil and vegetable and improving pesticide effect” further demonstrated the function of humic acid in eco-agriculture. This result drew attention from experts of agricultural industry.



According to Mr. Tang Mingqiang from the Institute of Ecological Applications with Fujian Agriculture and Forest University, adding Penshibao foliar fertilizer with humic acid into the three chemical pesticides of glyphosate, acetochlor and triazophos can determine that Penshibao product with humic acid can accelerate the degradation of the residues of the three chemical pesticides in soil. Research results indicate: through sampling testing after using pesticide for 3 days and 7 days, under the condition of spraying equal pesticides, when comparing the Penshibao foliar fertilizer with humic acid to the control group without humic acid, the glyphosate residues in soil respectively reduced by 16.52% and 17.98%; acetochlor residues respectively reduced by 42.98% and 69.71%; and triazophos residues respectively reduced by 24.49% and 39.04%. When using chlorpyrifos, imidacloprid and beta-cypermethrin (added Penshibao foliar fertilizer with humic acid) for broccoli for pests control, through sampling testing after using pesticide above for 3~7 days, chlorpyrifos residue in the vegetable reduced by 50.7%~83.3%, imidacloprid residue by 20.9%~69.6%, and beta-cypermethrin residue by 14.7%~76.1%.



4、Weekly Newspaper China Agriculture Materials on 8 November 2013 released the report titled Doing the Same Thing for 28 Years---Development Documentary of Guangxi Penshibao Co., Ltd, covered by journalist Wang Yang:

“Firstly Do a Good Job and Then Great Things” is our moral code. Mr. Wang Xianglin always advocates taking initiatives to undertake social responsibilities. An enterprise should produce trustworthy and reliable products. Under the current situation, and on the issues of pursuing more superior products and how the farmers can buy reliable agricultural materials, we have to keep pace with times and forge ahead to make more progress.

The reform and opening-up have spawned many Chinese memories worthy of treasure. There are some exciting stories derived from legendary private enterprises. 28 years ago when TVs were not popularized across Chinese countryside, advertisements of Penshibao Company had been targeted to villages' walls. Since then, near 900 million farmers saw walls of their houses. Even "there are two treasures Penshibao fertilizer."



Penshibao Company is a responsible agricultural enterprise. Since start-up, Penshibao Company has been keeping to the tenet of “Serve the Agriculture and Benefit the Human” and the concept of “Agriculture-oriented, Low-carbon Life”. We have been devoting ourselves to research, develop and popularize environmentally-friendly foliar fertilizers.



III. Social Responsibility Praise and Future Expectations



Penshibao was admitted by China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters as a member in March 2013



Penshibao water soluble fertilizer was selected as recommended product at the 10th Zhongyuan Fertilizer Product Trade and Information Communication Conference



Penshibao won title of "Outstanding Company" on administrative affairs and democracy administration in Guangxi, July 2013



"Penshibao" brand water soluble fertilizer series were recognized by Hunan Fertilizer Association in 2013



Penshibao was recognized by China Association of Pesticide Development and Application in March 2013



Penshibao was granted Award Nomination for Beihai Mayor Quality Award in 2013



Penshibao won "Quality Product Award" at the fifth "soil test and fertilizer selection and production promotion" campaign in November 2013



Penshibao was admitted by China Humic Acid Industry Association as a member in 2013

(II) Future Expectations

The operation guidelines and task objectives of Penshibao Company in 2014: fully implements the spirits of the Third Plenary Session of the 18th Central Committee of the CPC and the Central Conference on Rural Work; adheres to seek improvement in stability, and makes every endeavor to accelerate rapid growth of sale revenue on the premise that business operation is improved. Accordingly, the specific measures are: make scientific development strategy planning; enhance awareness of crisis, opportunity and development; make more efforts to consolidate and expand sales markets; accelerate technological innovation and new product development; complete production tasks according to related product quality standards; strive to improve market service quality and effect; standardize corporate control management and all rules and regulations; and fully mobilize positive factors of various sides. All employees will continue keeping to the concept of "Firstly Do a Good Job and Then Great Things" and carrying forward the corporate spirit of "Harmonious, Honest, Diligent and Innovative", and increasing self-confidence and sense of responsibility, so as to work together and struggle for writing a new chapter of continuous rapid development of Guangxi Penshibao Co., Ltd.

