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China National Machinery Industry Corporation

Social Responsibility Report 2014


China National Machinery Industry Corporation Overseas

Social Responsibility Report 2014



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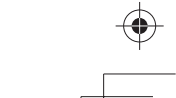
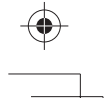
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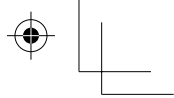
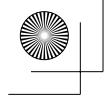
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About This Report

This is the first overseas social responsibility report of China National Machinery Industry Corporation for its overseas business. Adhering to the principle of true and objectivity, this report systematically discloses the idea of sustainable development and its social responsibility practices and achievements during conducting business overseas.

Reporting Scope

China National Machinery Industry Corporation headquarters and its subsidiary companies involving overseas business (see Page 7 for "Subsidiaries of SINOMACH").

References to China National Machinery Industry Corporation

In this Report, "SINOMACH" , "the Company" and "We" refer to China National Machinery Industry Corporation.

Compilation Conformance

This report has been prepared and complied in accordance with the Guidelines to the State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities issued by SASAC of the State Council, the Guide on Social Responsibility for Chinese International Contractors issued by the Ministry of Commerce, the Sustainability Reporting Guidelines (G4) from Global Reporting Initiative (GRI), ISO 26000:Guidance on Social Responsibility issued by International Organization for Standardization (ISO), and The 10 Principles of the UN Global Compact.

Reporting Period

As of December 31, 2014. This Report focuses on the period from 2010 to 2014 and also includes additional content and data that pre- dates the stated reporting period.

Reporting Data Sources

All data in this Report comes from the official documents, statistical reports and financial reports etc. of SINOMACH, and has passed the audit conducted by relevant departments.

Access to this Report

This report is prepared and released in Chinese and English and in paper version and electronic versions. If you need the paper version, please contact us. You can also download the electronic version from our website.



Website

<http://www.sinomach.com.cn>



Address: No.3 Danling Street, Haidian District, Beijing, P.R. China

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Tel: 86-10-82688892

Fax: 86-10-82688890

E- mail: liguang@sinomach.com.cn

Giri, Sudanese

A student of Khartoum University

Created a Chinese poem for the builders of SINOMACH

Its English meaning listed below :

The yellow sand muffles your eyes,

The sweat wets your clothes.

You come from far away and carry out tireless work,

you leave home and part with your family.

I don't know what your names are,

But I know why you work so hard.

It is for the development of Africa and the rise of Sudan.

It is also for the electricity power utility and the people of Sudan.

Black or yellow, we are hand in hand,

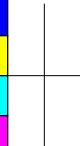
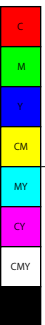
The Chinese and the Sudanese stand shoulder to shoulder.

Let us jointly embrace a better future,

Let us create a greater wonder.

Let us cheer for the glorious victory.

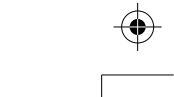
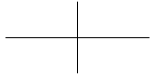
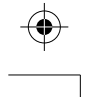
And let us toast the Sino-Sudan friendship.



CMY



CMY



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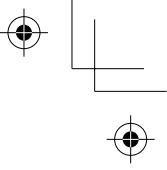
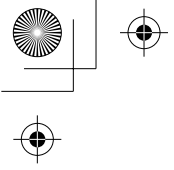
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Letter to the Global Stakeholders



Dear friends,

SINOMACH is a diversified and internationalized industry group specializing in a comprehensive range of equipment businesses. Commissioned to “Piloting the mechanical industry and promoting the progress of human society” , SINOMACH has swiftly developed from an ordinary business group to be a transnational corporation with international competitiveness. Its evolution composes a history of the integration of its internal enterprises and the merger of external enterprises. Upholding the culture of “harmony” , its evolution is also a process to seek mutual progress and mutual creation.

“Harmony” has always been standing as the core idea of the splendid traditions and cultures of Chinese nation who keeps to peace, concord and harmony. We’ ve been carrying on the culture of “harmony” and constantly enriching its connotations in our business practice. With openness and inclusiveness, we understand and respect the diverse cultures in different countries, and has constructed the management mechanism and mode conforming to the international practice, the operation environment and regulations and laws of the host countries, promoted the corporate culture to adapt to the local culture, docked production, marketing and management etc. with the economic development of the host countries , assumed the responsibilities of the global outstanding corporate citizen and endeavored to become a local company seeking common economic, social and environmental development with the operation regions.

In 2014, SINOMACH ranked 278th among the Fortune Global 500 and the 25th among the ENR’s Top 225 International Contractors. The Company’s business development has been inseparable from innovation and the motivation to innovate comes from the urgent needs to satisfy the requirements for infrastructural construction, industrialization and mechanization of the local places and the shared development with the host countries. the globalization has accelerated the social economy development in Asia, Africa, Southeast Asia and Latin America etc. where equipment manufacturing products and infrastructure are urgently needed. By means of technological innovation and business model innovation, we has done our utmost to drive the development of the local social economy. To speed up the process of product and service localization, we have set up overseas research and development institutions to develop and produce the products and services with local characteristics; in terms of the operation model, we have constantly reformed the project contracting models, enhanced the ability of overall planning and system integration, further launched franchised dealings in resources and infrastructure etc, explored the overall development and operation model of regional plates and materialized the marriage between project contracting and investment business. We brought

China National Machinery Industry Corporation

President of SINOMACH Ren Hongbin

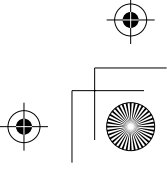
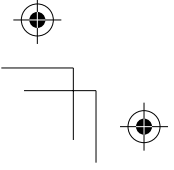


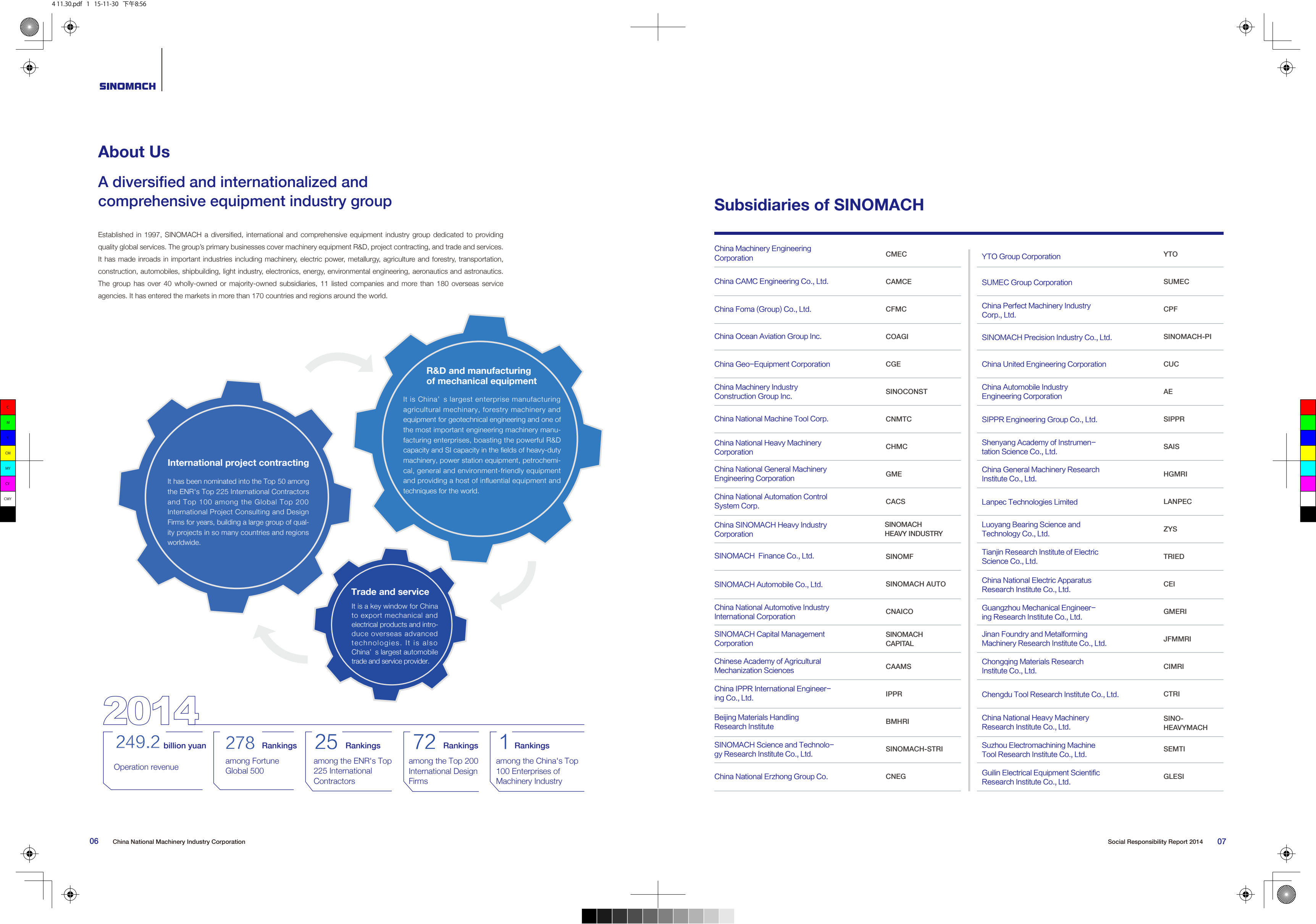
techniques, management, capital and professional talents to the local area, brought in advanced technical equipment and management experiences and has elevated the levels of local industrialization and mechanization; we employed the local workers, positively carried out localized management of the employees and cultivated the talents for industrial development; we endeavored to realize our development, attached more priorities to the expectations and appeals of the local people, warming their hearts by bringing them tangible benefits. We willingly helped the local community residents to improve their living conditions and promoted the local development in terms of housing, education, medical care and culture etc.

The environment of our operation regions also are the homelands of our existence and development. We have rigorously abode by the local laws, regulations and policies on environmental protection, researched and developed green products, reduced the negative impact on the environment during or after the products were used; in construction management, we maximized resource conservation and environmental protection and minimized the adverse impact of the construction upon the local environment by scientific management and technical progress. Global operation is an inevitable choice and a long-term objective of SINOMACH for its development in the future. We will give full play of our unique advantages in mechanical equipment research, development and manufacturing, make innovation on the model of business, coordinate with the internal enterprises of the Group, form an industrial alliance with the upstream and downstream enterprises on the industrial chain outside the Group, enhance the overall service capability, contribute to global infrastructural development and raise the levels of industrialization and mechanization.

The Chinese government has proposed the “Belt and Road” Initiative which gears to the shared demands of the regions along the line for economic and social development and offers opportunities for the Chinese enterprises and the countries along the line to complement each other’s advantages and seek common growth. We will depend on the abundant experiences accumulated in international operation, give full play to our business and cultural superiorities, positively participate in infrastructural construction along the line and jointly establish the benefit community, destiny community and responsibility community featuring political mutual trust, economic integration and inclusive culture.

It is our sincere hope that you can understand and support SINOMACH’s development after reading this report. We will continue our responsible operation, communicate with all the stakeholders sincerely, positively respond to the expectations and concerns of the stakeholders, further improve all the work and join hands with the global partners in common development!





About Us

A diversified and internationalized and comprehensive equipment industry group

Established in 1997, SINOMACH a diversified, international and comprehensive equipment industry group dedicated to providing quality global services. The group's primary businesses cover machinery equipment R&D, project contracting, and trade and services. It has made inroads in important industries including machinery, electric power, metallurgy, agriculture and forestry, transportation, construction, automobiles, shipbuilding, light industry, electronics, energy, environmental engineering, aeronautics and astronautics. The group has over 40 wholly-owned or majority-owned subsidiaries, 11 listed companies and more than 180 overseas service agencies. It has entered the markets in more than 170 countries and regions around the world.



2014				
249.2 billion yuan	278 Rankings	25 Rankings	72 Rankings	1 Rankings
Operation revenue	among Fortune Global 500	among the ENR's Top 225 International Contractors	among the Top 200 International Design Firms	among the China's Top 100 Enterprises of Machinery Industry

Subsidiaries of SINOMACH

China Machinery Engineering Corporation	CMEC	YTO Group Corporation	YTO
China CAMC Engineering Co., Ltd.	CAMCE	SUMEC Group Corporation	SUMEC
China Foma (Group) Co., Ltd.	CFMC	China Perfect Machinery Industry Corp., Ltd.	CPF
China Ocean Aviation Group Inc.	COAGI	SINOMACH Precision Industry Co., Ltd.	SINOMACH-PI
China Geo-Equipment Corporation	CGE	China United Engineering Corporation	CUC
China Machinery Industry Construction Group Inc.	SINOCONST	China Automobile Industry Engineering Corporation	AE
China National Machine Tool Corp.	CNMTC	SIPPR Engineering Group Co., Ltd.	SIPPR
China National Heavy Machinery Corporation	CHMC	Shenyang Academy of Instrumentation Science Co., Ltd.	SAIS
China National General Machinery Engineering Corporation	GME	China General Machinery Research Institute Co., Ltd.	HGMRI
China National Automation Control System Corp.	CACS	Lanpec Technologies Limited	LANPEC
China SINOMACH Heavy Industry Corporation	SINOMACH HEAVY INDUSTRY	Luoyang Bearing Science and Technology Co., Ltd.	ZYS
SINOMACH Finance Co., Ltd.	SINOMF	Tianjin Research Institute of Electric Science Co., Ltd.	TRIED
SINOMACH Automobile Co., Ltd.	SINOMACH AUTO	China National Electric Apparatus Research Institute Co., Ltd.	CEI
China National Automotive Industry International Corporation	CNAICO	Guangzhou Mechanical Engineering Research Institute Co., Ltd.	GMERI
SINOMACH Capital Management Corporation	SINOMACH CAPITAL	Jinan Foundry and Metalforming Machinery Research Institute Co., Ltd.	JFMMRI
Chinese Academy of Agricultural Mechanization Sciences	CAAMS	Chongqing Materials Research Institute Co., Ltd.	CIMRI
China IPPR International Engineering Co., Ltd.	IPPR	Chengdu Tool Research Institute Co., Ltd.	CTRI
Beijing Materials Handling Research Institute	BMHRI	China National Heavy Machinery Research Institute Co., Ltd.	SINO-HEAVYMACH
SINOMACH Science and Technology Research Institute Co., Ltd.	SINOMACH-STRI	Suzhou Electromachining Machine Tool Research Institute Co., Ltd.	SEMTI
China National Erzhong Group Co.	CNEG	Guilin Electrical Equipment Scientific Research Institute Co., Ltd.	GLESI

Overseas branches and offices

USA
China Auto CAIEC Ltd. UAP in the United States
C-MEC America Inc
Linhai (America) Power Machinery Co., Ltd
SUMEC North America Inc
TRUME Co., Ltd
SUMEC North America Inc (Atlanta Branch)
SUMEC Central America Inc
Westlake Chemical Corp.

Mexico
YTO Office in Mexico

Cuba
CAMCE Office in Cuba
China National Electric Engineering Co., Ltd. Office in Cuba
YTO Office in Cuba



- Asia
- Europe
- Africa
- Oceania
- North America
- South America

Europe

Britain Germany Belarus Ukraine
Serbia Russia France

Asia

Azerbaijan Macao Pakistan Philippines
Kazakhstan Kyrgyzstan

North America

United States Mexico Cuba

Africa

Ethiopia Angola Botswana Equatorial Guinea
Congo (Brazzaville) Guinea

Oceania

Australia

South America

Venezuela Columbia Ecuador
Peru Bolivia Argentina

Venezuela
CAMCE South America Co., Ltd.
Corporacion Wallong C.A
CMEC Engineering C.A. (Venezuela)
CMEC Office in Venezuela

Colombia
CUC Columbia Branch

Ecuador
CAMCE Ecuadorian Branch
China National Electric Engineering Co., Ltd.
Office in Ecuador
CMEC Ecuador Branch

Peru
CMIC Oriental Machinery Peru Co., Ltd.

Bolivia
CMEC Office in Bolivia

Argentina
China Machinery Engineering Argentina Corp.
CMEC Office in Argentina

Chile
China National Electric Engineering Co., Ltd. Chile Branch

UK
SUMEC UK Co., Ltd.

Germany
EURO M.E.C Imp & Exp GmbH
CMEC Office in Germany
SUMEC Europe Branch
EURO M.E.C Imp & Exp Co., Ltd.

Serbia
YTO Office in Serbia
CMEC Office in Serbia
CMEC Serbia Branch

France
YTO France SAS

Sweden
SUMEC Office in Sweden

Belarus
China-Belarus Industrial Park Development Co., Ltd.
CAMAC Office in Belarus
China National Electric Engineering Co., Ltd. Office in Belarus
CMEC Office in Belarus
YTO Co., Ltd. in Belarus

Ukraine
CCEC Ukraine Co., Ltd.
CCEC Office in Ukraine
CMEC Office in Ukraine

Russia
China National Electric Engineering Co., Ltd. Birobidzhan Branch

Senegal
CMEC Subsidiary in Senegal
CMEC Senegal Co., Ltd

Guinea
CHMC Office in Guinea

Gabon
Compagnie Miniere de Belinga

Congo (Brazzaville)
CMEC Office in Congo (Brazzaville)
CMEC Office in Congo (Kinshasa)

Angola
CAMCE Angola Branch
CMEC Angola Branch
China National Complete Engineering Co., Ltd. Angola
CMEC Angola Office

Zambia
CAMCE Office in Zambia
China National Complete Engineering Corporation Zambia Branch
China National Electric Engineering Co., Ltd. Zambia Branch

Zimbabwe
CAMCE Zimbabwe Branch
CMEC Office in Zimbabwe

Botswana
China National Electric Engineering Co., Ltd. Office in Botswana

South Africa
China - Africa Machinery South Africa Assembly Plant
CHMC Bio-Energy South Africa Branch Africa Lion Heavy Industry Co., Ltd.

Chad
CAMCE Office in Chad
CMEC Office in Chad

Sudan
CAMCE South Sudan Branch
China National Electric Engineering Co., Ltd. Office in Sudan
China National Complete Engineering Co., Ltd. Office in South Sudan

South Sudan
CMEC Office in South Sudan
CHMC South Sudan Office

Ethiopia
CHMC Office in Ethiopia

Kenya
CHMC Office in Kenya
China National Complete Engineering Co., Ltd. Office in Kenya

Niger
CMEC Comtrans International Co., Ltd. Niger Branch

Cameroon
China National Electric Engineering Co., Ltd. Office in Cameroon
CMEC Office in Cameroon

Ghana
CMEC Comtrans International Co., Ltd. Ghana Branch

Namibia
CMEC Nambia (Proprietary) Limited
CMEC Comtrans International Co., Ltd. CMEC (Nambia) Logistics Co., Ltd.

Mozambique
CMEC Mozambique Office

Cote d'Ivoire
Cote d'Ivoire Agricultural Machinery Co., Ltd.

Nigeria
CMEC Nigeria Development Limited (Lagos)
CMEC Nigeria Development Limited
China National Electric Engineering Co., Ltd. Branch in Nigeria
CMEC Nigeria Development Limited in Abuja
CMEC Office in Nigeria
Nigeria Development Co., Ltd.

Equatorial Guinea
CMEC Office in Equatorial Guinea

Turkey
CHMC Office in Turkey
CMEC Turkey Branch
CMEC Office in Turkey

Azerbaijan
China National Electric Engineering Co., Ltd. Office in Azerbaijan

Kuwait
China National Electric Wire & Cable Import & Export Co., Ltd. Office in Kuwait

Saudi Arabia
CAMCE Saudi Arabia Branch

Yemen
China National Electric Engineering Co., Ltd. Office in Yemen

Kazakhstan
CMEC Kazakhstan Branch

Uzbekistan
IPPR Office in Uzbekistan
CAMCE Tashkent Co., Ltd.
China National Electric Engineering Co., Ltd. Office in the Central Asia

Turkmenistan
CAMCE Turkmenistan Branch

Iran
China National Electric Engineering Co., Ltd. Office in Iran
CMEC Office in Iran

Kyrgyzstan
Kyrgyzstan YTO-Trade Expo Company
CAMCE Kyrgyzstan Branch

Tajikistan
IPPR Office in Tajikistan
CHMC Office in Tajikistan

Mongolia
China SINOCOCONST Mongolia Co., Ltd.
China CAMC Engineering Mongolia Co., Ltd.

Pakistan
CMEC Office in Pakistan

Iraq
CMEC Office in Iraq

Bangladesh
CAMCE Office in Bangladesh
CMEC Office in Bangladesh

India
SCIVIC Engineering Corporation Office in India
Baosteel Engineering India Co., Ltd.
Changlin Engineering Machinery (India) Co., Ltd.
CMEC Office in New Delhi
CMEC Office in India (Mumbai)
SUMEC Office in India

Myanmar
CAMCE Office in Myanmar
China National Electric Engineering Co., Ltd. Office in Myanmar
CHMC Office in Myanmar
SUMEC Burma Win- Win Apparel Corporation limited

Sri Lanka
CAMCE Office in Sri Lanka
CMEC Office in Sri Lanka
CHMC Office in Sri Lanka

Laos
CHMC Office in Laos
China CAMC Engineering Investment (Laos) Co., Ltd.
China CAMC Engineering Machinery Service Laos Co., Ltd.
China National Electric Engineering Co., Ltd. Office in Laos

Thailand
CHMC Office in Thailand
China National Electric Engineering Co., Ltd. Thailand Branch

Vietnam
CHMC Office in Vietnam
China National Electric Engineering Co., Ltd. Office in Vietnam
CMEC Office in Vietnam

Cambodia
CHMC Office in Cambodia
Representative office of China CAMC Engineering Co., Ltd. Cambodia
Cambodian Tatay Hydropower Co., Ltd.
SUMEC Office in Cambodia

Malaysia
CNB Auto Co., Ltd.
Changlin Engineering Machinery (Malaysia) Co., Ltd.
China National Electric Engineering Co., Ltd. Office in Malaysia
CMEC Office in Malaysia
CMEC Comtrans (Hong Kong) International Co., Ltd. Office in Malaysia

Indonesia
CHMC Office in Indonesia
CAMCE Office in Indonesia
PT. Power Plant Equipment & Technical Service Co., Ltd. Indonesia Branch
China National Electric Engineering Co., Ltd. Office in Indonesia
SUMEC Office in Indonesia
CUC Office in Jakarta

Hong Kong
General Machinery Development Co., Ltd.
CVC (Hong Kong) Technology Service Co., Ltd.
China CAMC Engineering (Hong Kong) Co., Ltd.
CCEC Hong Kong Co., Ltd.
China Machinery & Equipment (HK) Co., Ltd.
SUMEC (Hong Kong) Co., Ltd.
Hong Kong CHAC Trading Company Ltd.
Yongcheng Trading Company Ltd.
Hong Kong CEM Development Co., Ltd.

Macao
China SINOCOCONST (Macao) Co., Ltd.

Philippines
CAMCE Philippines Branch
CMEC Office in Philippines

Japan
CMEC Enmei Co., Ltd.
CMIC Office in Japan
CMEC Japan Co., Ltd.
SUMEC Japan Inc

Singapore
SUMEC Maritime Co., Ltd.
SYSTECH Development Co., Ltd.

Turkey
CMEC Branch in Turkey
CMIC Office in Turkey

Bangladesh
CMEC Office in Bangladesh

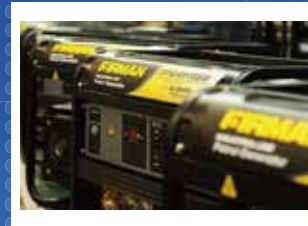
Australia
CMEC Ausino Pty Ltd.
SUMEC Australia Inc
Ausino Pty Ltd.

Papua New Guinea
CMEC (Papua New Guinea) Co., Ltd.

Globalization process

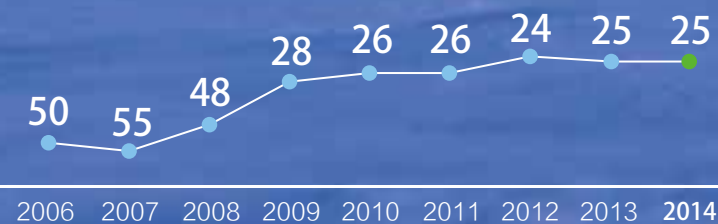
For decades, the global operation of SINOMACH has experienced the diversified development process covering general trade, export of large-sized completes of equipment, total overseas project contracting focusing on EPC and overseas investment in the modes of BOT and BOO etc. It also formed the pattern of parallel and interactive development of import and export trade, international project contracting and foreign investment etc; the international project contracting stimulated the exports of products with high connection degrees of manufacturing such as complete sets of equipment and high added-value products, while investment also has expanded to the project engineering. The three elements supported each other and customized a series of infrastructure, equipment and services for the local areas to meet their demands.

In late 2014, we put forward the "Rebuilding SINOMACH Overseas" plan, marking the new phase of SINOMACH to be the supplier of overall business resolutions in several business fields. We will expand cooperation between enterprises, make innovations on the business model, increase direct investment overseas, actively apply the "EPC+" model, extend the industrial chain of overseas engineering business and promote the equipment "going global".



In 2001, the "FIRMAN" brand was officially established and related products and services were supplied to more than 100 countries and regions in the world.

Rankings of the global 225 largest international contractors listed in ENR



On July 4, 2013, Ren Hongbin, President of SINOMACH and president of Minsk Region Executive Committee celebrated the 1st anniversary of the establishment of Sino-Belarus Industrial Park Development Co., Ltd together.



In March 2011, YTO acquired McCormick France.

2013

2011

2009

2007

2001

1997



In 1997, Dongfanghong Tractor established offices and factories all over the world like Africa, Europe and South America and constantly created and renewed the records of exports of Chinese high-horsepower tractors.



In 2011, SINOMACH built the Tatay Hydro-power Project in Kaoh Kong, Cambodia in the mode of BOT. On the date of successful closure, Samdech Hun Sen, King of Cambodia, attended the celebration ceremony.



In 2011, Xu Jian, General Manager of SINOMACH and Sok An, Deputy Prime Minister of Cambodia, jointly witnessed the signing of The Five Million Ton/Year Refinery Project EPC Contract Framework Agreement between CACS and Cambodian Petrochemical Engineering Co., Ltd.

Overseas investment 2010-2014 (RMB100 million)

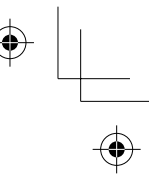
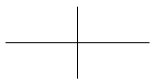
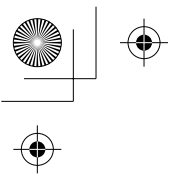


Overseas engineering contracting turnover 2010-2014 (US\$100 million)



Gross exports overseas 2010-2014 (US\$100 million)





The culture of “harmony”

SINOMACH is a transnational group based on the equipment manufacturing industry development and internal and external integration. We focus on the future development, moderately integrate the corporate culture and develop a culture of “harmony” which reflects the humanities of the SINOMACH employees.

The culture of “harmony” respects the diversity of various cultural elements and upholds the mutual coordination and shared development of all civilizations. On this basis, we have established the mission, vision, core values and enterprise spirits which have led us to a brilliant future and directed the endeavors of all the SINOMACH employees.

The core idea system of the corporate culture of SINOMACH



Development strategy

Either China or other countries in the world will step into a new stage of development coupled with the technological revolution, industrial integration and global competition. SINOMACH will develop based on its main business, set foot on the global allocation of capital, talent, technology and market resources, gradually shift from a transnational company to a global company and provide advanced equipment and professional engineering services.

Five major strategies of SINOMACH

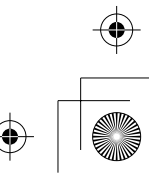
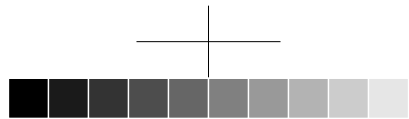
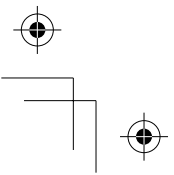
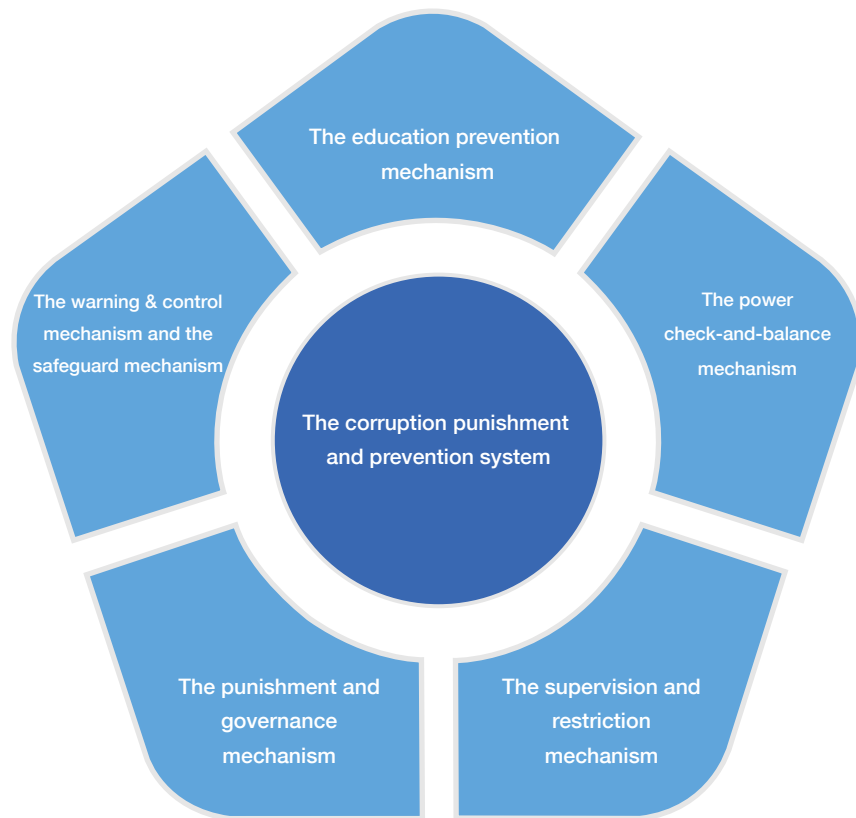
1	The capital operation strategy	To vigorously expand extensive development based on connotative development;
2	The sustainable innovation strategy	To focus on innovation-driven development and strengthen technical innovation management innovation and management model innovation;
3	The talent thriving enterprise strategy	To cultivate and form a talent team with a large number of team members optimized structure, reasonable layout and high quality;
4	The transformation and upgrading strategy	To change the growth pattern and promote the transformation of industrial pattern and the property right structure;
5	The brand promotion strategy	To establish the brand management system, tap and enhance the core brand value and stimulate corporate development with brand promotion.

Compliance Management

Compliance management is the cornerstone of sustainable development for enterprises and the guarantee for them to grow stronger, and pursue ever- lasting growth. It involves abiding by laws, privacy protection, anti-bribery and anti-corruption, anti-discrimination, health and safety and respect for human rights etc. As a global company, SINOMACH has taken compliance management as the basic requirements to fulfill the social responsibility, established and completed the internal compliance system and strengthened compliance risk warning and control mechanism. We have established the spirits of SINOMACH featuring “faithfulness, inclusiveness and innovation”, guided the staff to follow the supreme standards on corporate governance and business ethics in business activities and regularly checked the implementation. In 2012, we joined the United Nations Global Compact organization and took the global compact as the code of conduct in a bid to make our global business more stable, equal and inclusive and promote sustainable social development.

In 2012 we set up the punishment and prevention system leading group and office, established and constantly improved the corruption punishment and prevention system attaching equal priorities to education, regulations and supervision, endeavored to realize anti- corruption work in a scientific, standardized, regular and institutionalized manner and strongly guaranteed the enterprise’s constant healthy and harmonious development .

The corruption punishment and prevention system of SINOMACH



1



Satisfying the Requirements of Development and Progress in Different Regions

Around the globe, the developing countries need a large number of infrastructural and mechanical products during their accelerated industrialization and urbanization; the developed countries also need to upgrade the aged infrastructure and have higher market demands for high-tech mechanical products. SINOMACH has been upheld the core values of “Joint efforts, innovation and all- win” , depended on project contracting, trade and services, investment and other businesses, brought advanced technologies and products to the local areas, built quantities of interconnected infrastructure and promoted the local economic growth and people’ s livelihood improvement for decade’s overseas operation.

- 16 Satisfying the requirements of infrastructural construction development
- 19 Satisfying the demands of industrialization and mechanization
- 21 Satisfying the customers’individual needs



Indonesia INDRAMAYU 3x330 MW Thermal Power Plant

A short story about responsibility

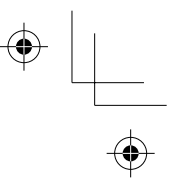
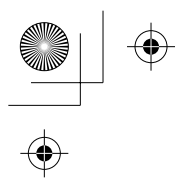
The production of the first bag of cement in Chad

We initiated the Baakh Cement Project in Chad in 2007. The year of 2012 saw the completion of the project and the production of the first bag of cement produced in Chad, which filled a gap of the important raw materials industry for infrastructural construction. We also especially dispatched the maintenance crew to offer five- year guidance for the operation and maintenance of the cement plant after it was put into production, train the local workers, improve their professional levels, help and direct Chad’ s National Cement Company to produce cement and operate the plant and ensure its smooth operation.



“The cement plant project is one of the important achievements of Sino-Chad cooperation and will fuel Chad’ s accelerated development; with the help of China, Chad will embrace further improvement in its infrastructural construction; The joint efforts of both sides will bring Sino-Chad partnership to enjoy wider support.”

—— Coumakoye, then Prime Minister of the Republic of Chad



Satisfying the requirements of infrastructural construction development

Infrastructure functions as the material basis of the normal operation and sound development of a region. The swift economic growth in Southeast Asia, Asia and Africa etc. urgently needs infrastructure there. We depended on our professional advantages, positively participated in public services in electric power, transportation and medical care etc. and related engineering supporting facility construction in these areas, improved the livelihood of the local people and promoted local economic development with our outstanding engineering quality.



Devotion to the electricity infrastructural construction in Cambodia

Cambodia suffers weak power facilities and power shortage in most rural areas. Power grid delivery became the bottleneck. For this reason, the Cambodian government proposed the rural power supply objective of "Providing power supply for all villages by 2020 and ensuring 70% of the households to use electricity by 2030" .

CHMC positively threw itself into the infrastructural construction in Cambodia, worked with Cambodian State Power Corporation to promote the construction of the State Grid of Cambodia and the large-scale rural grid expansion and reconstruction and successively undertook six key power transmission and transformation EPC projects including Phnom Penh Looped Network Transmission and Transformation Project and Phnom Penh—Pravit Transmission and Transformation Project. Among them, the rural power grid expansion project (Stage III and Stage IV) totally covered 70% of the national territorial area of Cambodia, benefited more than half of the Cambodian rural residents and significantly improved the livelihood of the local Cambodians.



Phnom Penh Looped Network Transmission and Transformation Project



Chinese President Xi Jinping attended the Launching & Wiring Ceremony of Argentina Belgrano Freight Railway Reconstruction Project



The government of Sri Lanka solemnly printed Puttalam Coal-fired Power Plant on the currency of Sri Lanka issued in 2010 to show gratitude for SINOMACH.

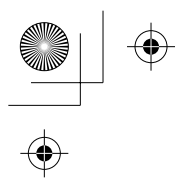


Helping local agriculture pursue sustainable development

Agriculture takes up 25% of the GDP of Mauritania whose arable area covers 502 thousand hectares. Severely suffering from natural disasters, it needs to import a lot of grains every year. Consequently, consolidating the fundamental position of agriculture has become the urgent desire of Mauritania.

With abundant accomplishments and perfect programs, SIPPR undertook the Agricultural Demonstration Center Project of Mauritania which grossly took up 50 hectares and totaled an investment of RMB 54 million. In 2012, the Agricultural Demonstration Center was completed, playing a positive role in boosting the agricultural and grain production levels of Mauritania, enhancing agricultural research and development, technical training and sustainable agricultural development.

<div></div> <div>Sudan The Dali Water Supply Engineering Project</div>		<div></div> <div>Maldives The Housing Project</div>		<div></div> <div>Venezuela The Bithia Power Station Project</div>		<div></div> <div>Argentina The Belgrano Freight Railway Reconstruction Project</div>		<div></div> <div>Tunisia The Sfax Hospital Project</div>		<div></div> <div>Angola The 26-School Project of the Ministry of Education</div>	
											
Demands Dali Town used to be one of the areas with serious water shortage in Sudan. The domestic water could not be guaranteed and was barely maintained by rain water.	Achievements The project solved the problem of drinking water for millions of local people and significantly improved the local living and production conditions.	Demands Male Island, at 1.87 square kilometers with a total population of 100,000, suffers housing shortage.	Achievements The project solved the housing problem for up to 30,000 people, namely 5% of the total population of Maldives.	Demands Large areas in western Venezuela suffered from power shortage all year round.	Achievements The project effectively tackled the serious power shortage in western Venezuela and more than 160,000 families were predicted to benefit from it.	Demands The railways were old and worn beyond repair. Most sections of the railway could not be used normally.	Achievements The project became the lifeline of transportation covering the major mineral resource mining areas and the crop planting areas of Argentina.	Demands Due to the long-term social turmoil, Tunisia suffers a low average life expectancy, health service level and insufficient medical resources.	Achievements After completion, the project will become a landmark building of the health service system in Tunisia and further enhance the local health service level.	Demands For lack of insufficient educational resources, the schools cannot meet the educational demand of the local citizens.	Achievements The schools can hold 40,000 students each year for middle school education, secondary vocational technical education and public administration education.



We rigorously abode by the local laws and regulations on quality, incessantly optimized and perfected the quality management organization system, institutional system and assessment system, strengthened project quality capacity building, continuously boosted quality management levels, and guaranteed the project quality during the whole process from planning, designing, purchasing, construction to operation and maintenance etc. building safe and satisfying projects for clients.



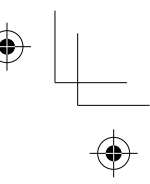
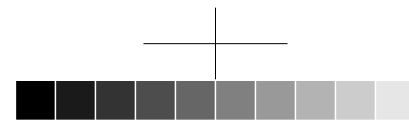
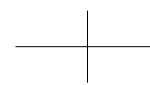
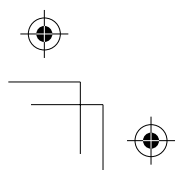
The Turkey EREN Project won the Supreme Engineering Construction Quality Honorary Award in China—Luban Prize (Overseas project)

The Turkey EREN Supercritical Coal-fired Power Plant Project is the supercritical firepower generator unit with the unit capacity of 60 GW. It is the first project that China exported to other countries and the first one to be built and put into production in Turkey. It marked that the large-sized supercritical firepower generator units that were independently designed, manufactured, installed,

commissioned and operated by China has entered the world market. During the construction, CMEC applied strict quality management to enhance quality control and won the 2012-2013 Luban China Construction Project Prize (Overseas Project)" with its trustworthy engineering quality. It is the first coal-fired power plant project winning the prize since its inception.



Turkey EREN Supercritical Coal-fired Power Plant Project

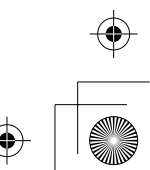


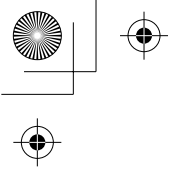
Satisfying the demands of industrialization and mechanization

To step up the economic growth, different countries and regions are positively elevating their industrialization and mechanization levels, and urgently need to build factories and apply mechanized products. The demands for products differ because of different regional development. Africa' s economy is chiefly based on agriculture, so agricultural development enjoys the top priority and thus Africa has a vast demand for agricultural machinery while green and environment- friendly high- tech products embrace high popularity in Europe. Combining its own equipment manufacturing resources and competence, SINOMACH has undertaken many plant construction projects by international project contracting, and energetically promoted

exports of complete set of equipment, high value- added products and products highly associated with manufacturing to meet the practical demands of different regions.

We completed more than 1,000 large "Turnkey" projects and complete set of equipment projects in Asia, Africa, South America, East Europe and Australia etc, covering many fields like electric power engineering, factory construction engineering, light and textile industry, building materials engineering and new energy engineering etc., boosting the levels of industrialization and mechanization of the local areas and promoting the local economic prosperity.





SINOMACH



Satisfying the customers' individual needs

The increasingly upgraded customers' needs posed higher requirements for product services and project construction. We oriented our work to meet the customers' needs and constantly lifted customer experiences through technological innovation and business innovation etc.

In terms of technological innovation, we have numerous leading R&D institutions and technology talents in diverse areas and have taken advantage of our manufacturing resources and R&D capacities to make processes and technologies innovations on machinery equipment and new energy etc and optimize the product structure. To satisfy customers' needs more conveniently, we have established overseas R&D institutions, such as YTO R&D Center in France. CEI has initiated in- depth exchanges and cooperation with overseas institutions such as Center for Power Electronics Systems (CPES) and Columbia University.



The FIRMAN generator units "customized" for Africa

Africa suffered weak electricity infrastructure and insufficient power supply. The frequency of using generator units were higher than in other areas, so durable products were in higher demands there. SUMEC persisted in integrated research and development, broke through technical barriers, optimized the structure and performance of the products and added the elements of African culture into the design has created the customized FIRMAN generator units for it. Characterized by stability, high efficiency and perfect cleanness, the products could continuously run for 1,513 hours as the tests showed. In 2010, SUMEC set up the first Chinese generator unit flagship store in Africa, took advantage of the dealers' platform and established professional teams to integrate post- service resources so that the consumers could more conveniently get FIRMAN

products and after- sales services.

After FIRMAN mechanical and electrical products were introduced to the developed countries, SUMEC improved the design of FIRMAN according to consumers' requirements for brighter light, developed more high-end products, launched such high-end products into the African market and provided differentiated FIRMAN products for the African consumers to choose.

After more than two decades of experience, small-sized FIRMAN petrol generator units have been registered in 91 countries and regions worldwide as brand products and become the name card of the high-quality, reliable and durable generating equipment and power equipment. FIRMAN has topped the list of China's exports to the African market for seven years in a row.



Small-sized FIRMAN petrol generator unit



Boosting Ethiopia's agricultural mechanization level

Ethiopia is an eastern African country in inland plateau. Its agricultural labor force takes up more than 85% of the total national employment and agriculture accounts for 47% of its GDP. Agriculture is the pillar of the national economy and export for earning foreign exchange, and the main source of people's income. Consequently, boosting the local agricultural mechanization level and developing specialized, large scale and industrialized agriculture pose an urgent need for Ethiopia to develop its agriculture.

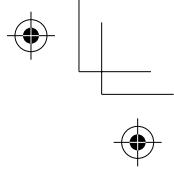
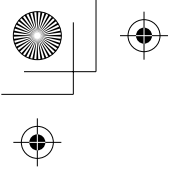
In 2013, YTO provided a package solution for Ethiopia's agricultural mechanization which was implemented in two stages: In the first stage, YTO provided Ethiopia with 1,480 roller tractors and post-service training and technical support for agricultural machinery operation to lift the local

farming technology level and improve the quality of local farming; in the second stage, priorities were given to establishing and enhancing the production capacity of the local assembly plants, bettering the after-sales services etc. Through offering training and technical consultation, YTO has cultivated the local service staff with some knowledge on agricultural machinery, which laid a solid foundation for the localization of agricultural machinery services.

The implementation of the project upgraded Ethiopia's local agricultural mechanization level, helped the local areas to seek sustainable agricultural development, created a lot of job for Ethiopia and played a positive role in fueling the local economy and improving people's living standards.



YTO provided technical consultation for the local staff in Ethiopia



In accordance with the economic development levels of different regions and the requirements of the proprietors, we constantly adjusted and optimized the mode of business development based on our powerful financing capacities, project management and operation competence and resource integration capabilities etc. We broke through the single modes of project contracting and business implementation, formed an integral industrial chain from preliminary planning, financing, project planning, inspecting, designing, construction and supervision to the equipment purchase, supply, SI, operation and management and provided the customers a comprehensive and multi-level package solution. In implementing the overseas projects, we successively launched investment in the patterns of BOT and regional plots land development and dedicated ourselves to providing more considerate business services in the local areas.



Extensive reading

Resource integration

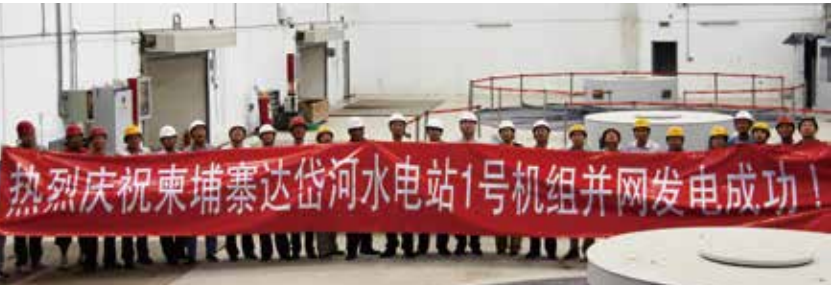
The SINOMACH enterprises positively coordinated with each other, developed industrial alliance with the upstream and downstream enterprises on the industrial chain outside the Group and went overseas together and provided the overseas customers with package solutions through resource integration. For instance, CNEG and SINO- HEAVYMACH combined research and development with manufacturing, provided optimal collocation of the equipment of the steel plants and supplied the customers with machinery equipment of high technical contents.



Tatay Hydropower Project—Opening a new pattern of overseas BOT business

Cambodia had a huge power demand but suffered insufficient electricity infrastructure, inadequate capital and talent shortage. CHMC invested in establishing the Tatay Hydropower Plant in Cambodia in the BOT mode (building, operation, transfer). Constructed in five years and having been operating for 37 years, it was the first overseas BOT project of SINOMACH and the first-tier hydropower plant with the largest installed capacities built in Cambodia by

a Chinese enterprise so far. In September 2014, three units of Tatay Hydropower Plant were put into operation, which played a vital role in stimulating the development of local agriculture, industry and service in Cambodia, injected great power into the local grid stability, water resource utilization and ecological construction and vigorously propelled the local economic and social progress.



The Unit 1 of Tatay Hydropower Plant of Cambodia was successfully combined to the grid

"Tatay Hydropower Project not only helped flood control, created a tourist spot, offered more jobs and increased the income of the local residents but also enhanced the competence of Cambodia in power supply, power supply safety guarantee and power price reduction. It will play a decisive role in stimulating the overall social and economic development and eliminating poverty in Cambodia."

— —Cambodian Prime Minister Hun Sen



"The Sino- Belarus Industrial Park is the new exploration of bilateral practical cooperation and the landmark project to build the New Silk Road Economic Belt. I hope that both parties will arrange for the projects in the park well, center on the Sino- Belarus Industrial Park, and take a long perspective to create industries with international competitiveness."

— — Chinese President Xi Jinping



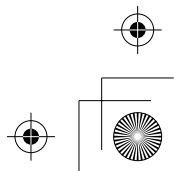
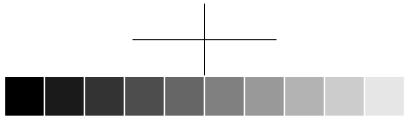
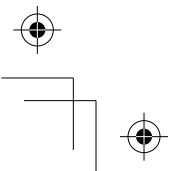
Sino-Belarus Industrial Park—Initiating the new pattern of mutually beneficial economic and technical cooperation

Establishing the industrial park is a pivotal measure to expedite the regional economic growth. China has registered accomplishments in industrial park construction and accumulated abundant experiences. the Sino- Belarus Industrial Park, jointly constructed by CAMCE, Belarus Minsk Executive Committee and Skyline Holding, set Suzhou (China) Industrial Park as the model. Integrating high-end equipment manufacturing and advanced technical clusters, it is the overseas industrial park featuring the largest cooperation scale, highest development level and biggest development area for China so far. Depending on the advantageous industries and regional characteristic economies, the industrial park followed the four major principles of "Comparative

advantages, industry focuses, cluster development and export orientation" , and gave priorities to the industries like fine chemical engineering, electronic information, biological medicine, high- end manufacturing, logistics and warehousing, to gradually improve the functions of life, scientific research, medical treatment and tourism etc. and build a new international city featuring good ecological environment, livability, business prosperity, vitality and creativity. After completion, the Sino-Belarus Industrial Park will become the new corridor for the industrial development in Europe and Asia and move the economic prosperity of Belarus ahead.



Chinese President Xi Jinping and Byelorussian President Lukashenko is inspecting the site of the Sino-Belarus Industrial Park Project



2



Growing up with the Local Employees

The corporate vitality sources from the creativity of its employees. They are the most valuable treasure of SINOMACH. The local employees are important part of SINOMACH to develop its overseas business and localized talent cultivation is also an indispensable component of the company's localization strategy. During the process of overseas business operation, we have upheld the culture of "harmony" and the corporate spirit of "Integrity, inclusiveness and excellence", respected the cultures, traditions and conventions of the local employees, energetically carried out cross-culture communications and exchanges, showed our loving care for their development, implemented various training programs to provide better room and opportunities for their growth and endeavored to pursue shared development of them and the company.

- 26 Safeguarding the rights and interests of the local employees
- 28 Providing the local employees with the development platform
- 30 Ensuring the safety of the local employees
- 32 Special feature: The Chinese employees contributing their efforts to the local development



A short story about responsibility

A Cambodian driver growing together with the Company—Tola

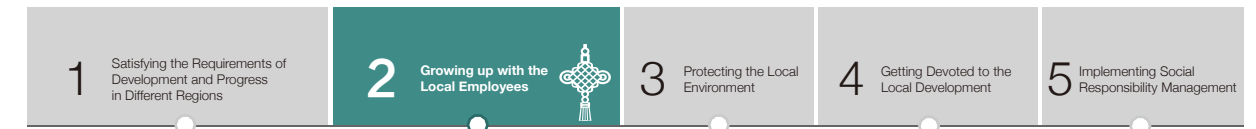
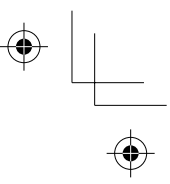
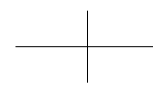
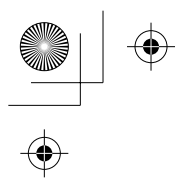
Tola was a local driver of Tatay Hydropower Co., Ltd in Cambodia. He was trained to drive the cargo transportation vehicle when he joined the Company in 2010 when Tatay Hydropower Plant came into operation. Now the plant has been successfully grid-connected and Tola began to drive for the management and business staff. Increasing year by year, his salary is higher than the local average level. Tola can speak Chinese quite well and on every weekend, he still learns to write Chinese characters in a Chinese class in Kaoh Kong, Cambodia where the plant is located. With the cultivation of the Company and his own efforts, his ability has been further strengthened.



"My thanks should go to Tatay Hydropower Plant for my stable job. I'm living a happy life now."

——Tola, a local employee of Tatay Hydropower Co., Ltd of Cambodia

Congo (Kinshasa) employees in the uniforms of CMEC



Safeguarding the rights and interests of the local employees

SINOMACH' s successful overseas business depends on the shared efforts of the Chinese and foreign employees. Adhering to the development concept of taking roots in the local areas and contributing to the local areas, we employed, cultivated and developed local employees, gradually promoted employees localization and boosted sits employment rate of local employees. We positively advanced the diversified talent composition and gradually established an international talents team from different cultural backgrounds, countries and nations and with different experiences.

Practicing normative and fair employment

We respected the human rights and maximize human rights protection during business operation in the local area, did not discriminate the employees for their races, complexions, genders and religions etc. We did not employ child laborers, nor do we perform forced labor. We protected the interests of the disadvantaged and eliminate employment discrimination. We strictly abode by the international regulations and the local laws, and regulations. For the overseas projects, we have also formulated a series of mechanisms concerning the recruitment and employment of the local workers and practiced fair employment in line with the uniform human resources policies and standards.

Eleven of the fourteen farm tool sales branches all over Cote d' Ivoire are now managed and operated by the locals and the employment rate of the local employees has hit more than 90%.



The local employees in Cote d'Ivoire are introducing the usage of farm tools to the customers



The local employees in Cote d'Ivoire are paying a visit

Two SUMEC Light and Textile Clothing Plants in Rangoon and Yeni, Myanmar totally have 1,800 employees including only more than 20 Chinese employees. The employment rate of the local employees has almost reached 100%.



The workshop of SUMEC (Myanmar) Light and Textile Clothing Plant can hold 1, 000 employees to work there.



The opening ceremony of SUMEC (Myanmar) Light and Textile Clothing Plant

Safeguarding the rights and interests of the employees

We implemented equal pay for equal work, offered competitive salaries and welfare for the employees, paid the salaries in time and in full, provided welfare including medical insurance for them according to the local law and protected their legitimate rights and interests. Our overseas enterprises have specially invited local cooks for the local employees according to their dietary habit, built swimming pools, gyms, chess and card rooms and table tennis rooms etc. and held tug-of-war competitions to diversify their amateur cultural life.

We adhered to the cultural concept of "harmony" and respected the customs, conventions and religious beliefs of the local employees. Through these measures, we protected their rights and interests and continuously boost the degree of localization.



Overseas friendly table tennis match held to diversify the amateur cultural life of local employees

In 2014, CMEC Turkey Izmir 1x350MW Supercritical Coal-fired Power Station Project Department organized a friendly table tennis match, which enriched the amateur cultural life of the overseas employees, relaxed them from the nervous work and let them enjoy the fun of cultural and sports activities. Meanwhile, the match increased the intimacy between Chinese and Turkish employees enhanced their mutual understanding and trust and advanced Sino-Turkey cultural communications and integration.



A fierce table tennis match between CMEC employees and the local employees in Turkey



Southeast Asian people believe in Buddhism. We respect the local religious culture, have given religious holidays for the local employees and participated in local religious and cultural exchanges



We have built prayer rooms for the Muslim employees on the site of the project in Middle East



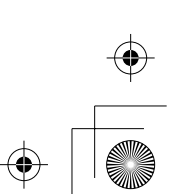
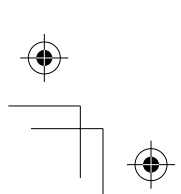
In Africa, we have offered allowances for the boarding, transportation, lunches, medical treatment and funerals etc. for the local employees according to the local Labor Law

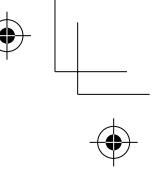
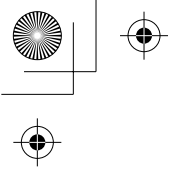


Secretary of SINOMACH Shi Ke pays a visit to the employees at the production line



"Outdoor get-together" activities





Providing the local employees with the development platform

We have included local talent cultivation as an important part of the strategy of sustainable development overseas. As the Chinese saying goes, "Teaching one to fish is better than giving him fish," meaning it is better to teach one the method to learn knowledge than impart him knowledge. We helped them master the basic knowledge and frontier technologies in relevant fields by sending technicians to guide the local employees on site and teachers to give instructions in the local area, setting up vocational-technical schools and arranging the local employees to China for internship etc. All these efforts have elevated the quality of the local labor force and cultivated a group of local backbones dedicated to the long-term development of the Company.

We have provided a development platform for the local employees so that they can give scope to their advantages in the cultural background and engaged in the posts of market development, communication with the local governments and human resources management etc. The diverse channels of development prepared many local employees and made them work as the managerial staff after serving there for a couple of years.



Imparting the power plant operation technology to the local company when turning over the power plant

CMEC undertook the construction of Sri Lanka Puttalam Coal-fired Power Plant. Since it was the first coal-fired power plant there, technologies and talents were in severe shortage in the local area. CMEC conducted overseas training and on-site training for the employees of the proprietor and established a training base there: Overseas training refers to the method that dispatching the local employees to China for systematic technical training on the power plant including theoretical

training, internship in the power plant and visiting the equipment manufacturer; on-site training refers to the theoretical and practical guidance of the technicians to the employees of the proprietor in the power plant; CMEC also set up the training base in the power plant and trained them on the simulation machines. All these systematic training measures trained local talents in power plant operation and enhanced the local ability of coal-fired power plant operation.



"At the very beginning, we had no experience in coal-fired power plant operation. It was CMEC that provided us with simulation machines, taught our staff relevant knowledge without reservation and helped us gradually improve our engineering level."

——Director of Sri Lanka Puttalam Coal-fired Power Plant



The employees of China and Sri Lanka are discussing technical matters



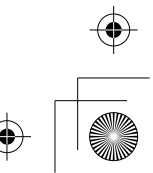
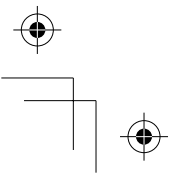
In the highway project in Zambia, Chinese employees are demonstrating how to measure the pavement levelness with a leveling instrument.

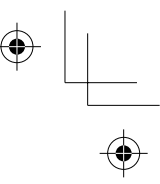
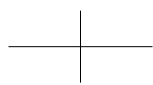
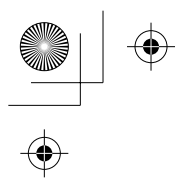


The Kenya Urban Network Upgrading (Stage I) Project Team is training the local employees



The employees of the Equatorial Guinea Power Project are taking a test after skill training





Ensuring the safety of the local employees

The overseas employees came from different cultures and differed in modes of thinking, action and working, which posed higher requirements for the safety management of the Company overseas. In some areas, the employees were not fully aware of the importance of safe production, not wearing safety supplies or maintaining fire-fighting devices etc. We established the systematic overseas safety management mechanism and came up with diverse safety management measures to protect the health and safety of the local employees according to the their characteristics.

Occupational health and safety

We highly valued the occupational health and safety of the local employees, provided them with labor security supplies, strictly asked them to wear safety helmets on the sites of production and construction as well as safety belts and suitable clothes for occupations at elevated heights to minimize accidents; we regularly conducted health checkup and made corresponding treatment plan; we organized health consultation, guided the employees to take exercise after work to balance their work and life and boost their mental and physical health; we carried out on-site emergency medical service training, fire fighting knowledge training and pre-job training for new employees etc. so as to enhance the employees' awareness of occupational health and safety and comprehensively improve the mental and physical health of the local employees.



Launching overseas medical visits

In 2014, CMEC set up medical teams to launch medical visits on the sites or in the offices of more than ten projects in Venezuela, Serbia and Equatorial Guinea. During the 20-day activities, the teams proposed the solutions to malaria prevention and control the disease from the source of infection spread by mosquitoes and flies; we organized physical checkup, proposed to build more sports facilities and strengthen physical exercise and investigated the local hospitals and medical facilities. Through the medical visits, CMEC mastered the health information of the overseas employees and suggested a series of improving and safeguarding measures to protect the health and safety of the local employees.



The overseas medical employee is examining the medicine



The medical employees are checking up the health conditions of the overseas employees

Fine safety management

"There is no trifle on safe production." In Sri Lanka Puttalam Coal-fired Power Plant, we often saw the Chinese employees and the Sri Lanka counterparts "frequently" make inspection tours on safe production. To help the Sri Lanka employees quickly get familiar with the requirements on safe operation of the coal-fired power plant and enhance their awareness of safety, CMEC and CEB formulated the mechanism of joint inspection on safe production every week to effectively eliminate the hidden dangers and avoid accidents. There were many more safety management employees in the first production lines like those in Puttalam Coal-fired Power Plant. They paid high attention to overseas safety production, applied fine management measures meticulously and ensured stable progress of safe production.

During overseas operation, we set up the systematic overseas safety management organization system and institution system to identify the emphasis and difficulties in safety management, implemented targeted management control measures according to the characteristics of different projects in different regions and adopted fine management measures in terms of safety management, safety training, safety supervision and safety emergency etc. so as to guarantee safety production of the overseas projects. In 2014, the Bolivia Sugar Refinery Project undertaken by SINOCONST made breakthrough in safe production of one million working hours and realized the goal of no accident for one million working hours.

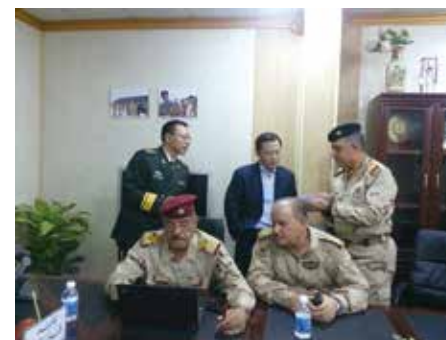


Drilling of first aid and evacuation of the wounded on the site of Nicaragua Oilseeds Distribution Plant



Xie Biao, Vice President of SINOMACH, made site investigation of the Awar-Awar 2x350MW Project in Indonesia

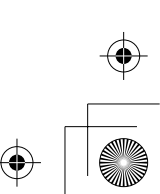
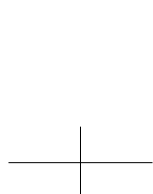
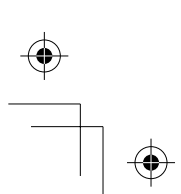
In accordance with the social security situation of the overseas local area, we formulated emergency management measures for the overseas projects to enhance the awareness of emergency and safety control, cement emergency disposal abilities and protect employees' safety. In June 2014 the Iraq Salah al-din Power Plant undertaken by CMEC accidentally faced armed attacks. We rapidly made emergency responses, placed the life and security of the employees as top priorities, coordinated with the interested parties including the Iraqi government, local hotels, airlines and project sub-contractors to overcome the drastically deteriorating security situation, material shortage and fluctuating moods of the employees etc, made transfer plans and protected 1,258 employees to return to the homeland successfully.



The Chinese and Iraqi parties are discussing the transfer strategies



On-site training of the employees on security control and coping skills



Special feature

The Chinese employees contributing their efforts to the local development



Bravely moving ahead and working passionately in Africa

The CAMCE employees in Africa were spiritually tormented because they worked in the first production line and could not see their lovers, get together with their wife and children or take care of their parents for quite a long time. Developing from a small and weak company to a large and strong enterprise, CAMCE witnessed the growth of a passionate team. In the face of arid and torrid climate and bad engineering construction environment such as the sultry and humid office in Luanda, Angola, the transformer substation construction site at an altitude of 3000 meters in Ethiopia, the Chad Cement Plant construction site in the hinterland of desert and the site of Mozambique project along the Indian Ocean, they unswervingly braved all kinds of unexpected resistance, turned pressure into advancing impetus and welcomed the successful completion and efficient operation of the projects. The CAMCE team in Africa is simply an epitome of the overseas teams of SINOMACH and displays the spiritual outlook of SINOMACH overseas employees featuring dedication, faithfulness and persistence.



The Chinese employees in Africa



In the overseas,

Our projects are usually launched in remote areas suffering few residents and bad environment. The changeable climate of tropical rainy climate often causes the abrupt rain t; miasma pervades in the bushes and mosquitoes plague the local area; the desert region is hot, arid and short of materials ... You can see how arduous it is to work and live there. However, with the sense of responsibility and mission for the country and the Company, the dedicated employees good at thinking and able to endure hardships, brought Chinese equipment, construction projects, techniques and management abroad. In the spirits of inclusiveness and learning, they got familiar with the local customs and conventions, tried to blend into the local areas, fall in love with the local areas and become a member there, contributed to the development and progress of the communities where their business overseas located and made the overseas employees team of SINOMACH featuring "innovation, diversity and inclusiveness" .



There was no road around the Cambodian Tatay Hydropower Plant and the equipment could only be carried to the designated sites by man



The early-stage reconnaissance and design staff of the Cambodian Tatay Hydropower Project lived in the log cabins temporarily

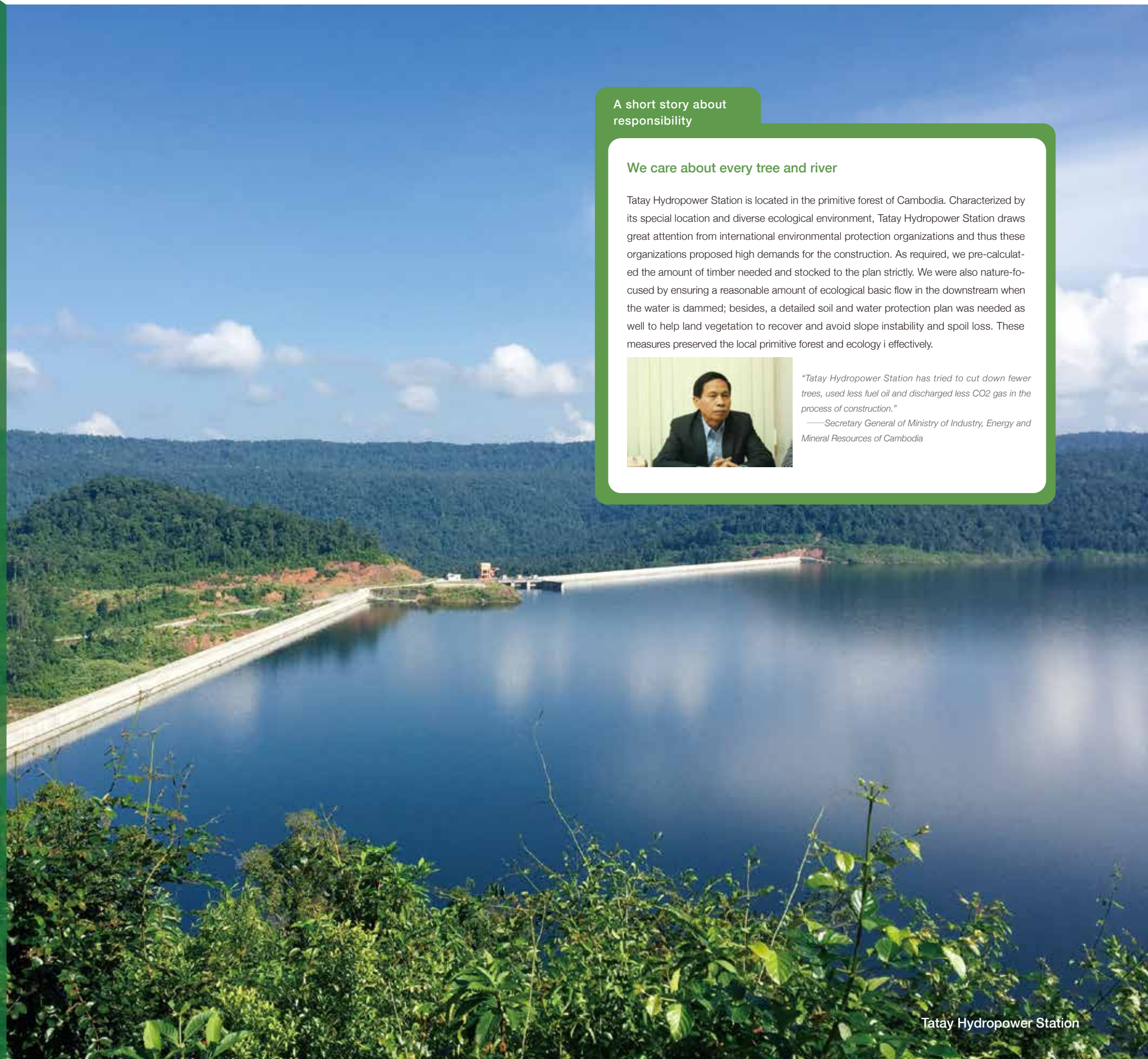
3



Protecting the Local Environmentt

Warm sea breeze over Indian Ocean, lush primitive forest in Cambodia, bright and clear sky along the Mekong River, limpid lakes and streams in Belarus and the great migration on East African Plains are the most precious gifts endowed by the nature, and we cherish and love them. We explored and utilized environmental technologies or bettering productive technologies to reduce energy consumption and pollution caused by projects and products as much as possible and took good care of the blue sky and waters.

- 36 Promoting green Development Project
- 38 Making the energy cleaner
- 40 coexisting with nature harmoniously



A short story about responsibility

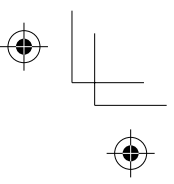
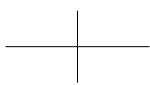
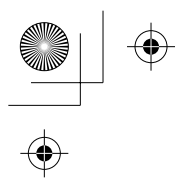
We care about every tree and river

Tatay Hydropower Station is located in the primitive forest of Cambodia. Characterized by its special location and diverse ecological environment, Tatay Hydropower Station draws great attention from international environmental protection organizations and thus these organizations proposed high demands for the construction. As required, we pre-calculated the amount of timber needed and stocked to the plan strictly. We were also nature-focused by ensuring a reasonable amount of ecological basic flow in the downstream when the water is dammed; besides, a detailed soil and water protection plan was needed as well to help land vegetation to recover and avoid slope instability and spoil loss. These measures preserved the local primitive forest and ecology i effectively.



"Tatay Hydropower Station has tried to cut down fewer trees, used less fuel oil and discharged less CO2 gas in the process of construction."
——Secretary General of Ministry of Industry, Energy and Mineral Resources of Cambodia

Tatay Hydropower Station

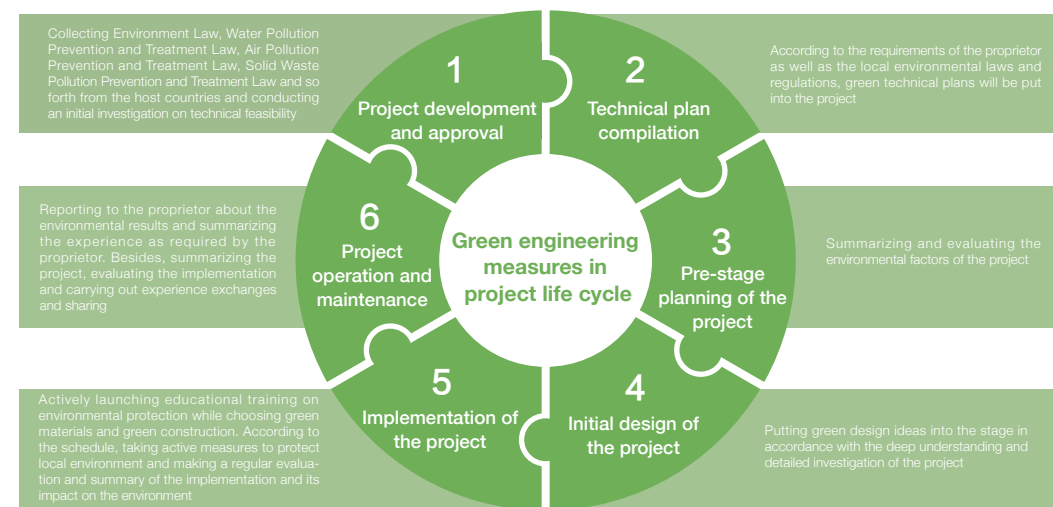


Promoting green Development Project

SINOMACH put forward the plan of "Green Development Project" , took advantage of its exploration in environmentally-friendly technology and production and set green production and low-carbon products development as the important direction to steer corporate innovative development while increasing input in environmental technology research and development and launching more green products to meet the requirements of energy conservation and emission reduction. In terms of overseas operation, we strictly observed international environment protection convention as well as environmental laws and regulations in host countries. Besides, based on the local environment features, we formulated all-life-cycle environmental protection plans, established systematic coordinated promotion mechanism and strived to minimize the side effects on local environment.

Creating Environmental Protection Project

Considering the sustainability as well as the responsibility towards the host countries, we attached great importance to the local environmental protection by strictly following environmental laws and regulations in host countries, continuously optimized overseas environmental management and organization system, institutional system and impact assessment system and fully integrated the concept of environmental protection into the whole project life cycle to reduce construction and operation impact on the local environment. In Sri Lanka, people seldom see chimneys of Puttalam Power Plant discharge smokes, so they do not believe the plant works, but the fact is the demanding environmental requirement leads to very few emissions of air pollutants.



We developed worldwide projects which could help improve the local environment. For instance, we built sewage and sludge treatment plant to assist local community to deal with the waste and reduce waste emissions for the purpose of better preserving the local environment. For Sludge Treatment Plant in Kifangongdo, Angola, we made use of sophisticated techniques to achieve efficient treatment and lower sludge volume and water content, and have effectively protected water resources and prevented water pollution in Angola, which set up a good example for the subsequent sludge treatment projects.



Sludge Treatment Plant in Kifangongdo, Angola

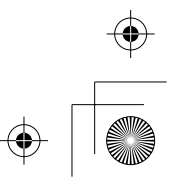
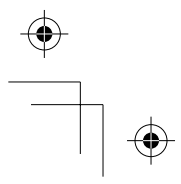
Developing Green Products

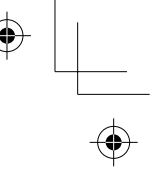
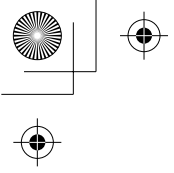
In light of advantages in R&D and design forces, we put great emphasis on improving the energy efficient and environmental protection performances in the process of technology development and products design, and by means of innovative models like forming industrial technology alliances and carrying out public relations activities jointly, we developed and produced renewable and recyclable products with less pollution and toxicity and consuming less energy and water, and therefore, helped enterprises save energy and reduce emission by our products and services.



Developing the world's biggest low energy-consumption and low-pollution horsepower electric drive bulldozer

Medium and large size project machine usually adopts hydraulic or mechanical transmission world- wide. Hydraulic torque converter has low transmission efficiency, while mechanical transmission produces loud noise and high fuel consumption. In 2014, SINOMACH Heavy Industry successfully self- developed the world's biggest horsepower electric bulldozer D320E. Compared with traditional hydraulic transmission bulldozer of the same horsepower, it is green and energy- saving thus could reduce fuel consumption by 15% and the emission of pollutants such as carbon monoxide, carbon dioxide and particles.





Developing efficient clean energy equipment

In April, 2014, China Erzhong and Shanghai Electric Group Co., Ltd. developed the first 620°C1,000MW ultra supercritical steam turbine cylinder casting in the world. This casting is the core component of the ultra-supercritical thermal power unit and could increase the working temperature from 600°C to 620°C by second time heating. Compared with the normal million ultra-supercritical units, it is more environmentally friendly and could reduce over 5% of nitrogen oxide and dust emissions, thus playing an active role in improving the coal burning efficiency and reducing air pollution.



The first 620°C1000MW ultra supercritical steam turbine cylinder casting in the world

Making the energy cleaner

Fossil resources are non-renewable and could cause environmental pollution when they are exploited, transported and utilized. For the overseas operation, we vigorously disseminated the idea of new energy resources, sought harmonious development between human beings and the environment, got devoted to exploring new energy resources such as solar energy and studying waste incineration power generation and remanufacturing technology, strived to offer new energy resources products and services and provided effective solutions for clean energy power plants.

■ LalPir 1.254 MW photovoltaic power plant in Pakistan



Pakistan' s first megawatt-level photovoltaic power plant solved the problem of power shortage for about 110 villages along the "China Pakistan Economic Corridor", with annual power generation amounting to about 1.745 million kWh and CO2 emission reduced by 1580 tons.

■ Tatay Hydropower Station



We registered UN clean Energy Mechanism project. The average annual power output is expected to reach 858 million kWh, with annual CO2 emission reduced by 637,000 tons and the annual carbon trade is estimated to reach 6 million Euros.



Providing higher-quality clean energy

As a world-leading new energy developer, investor and operator, SUMEC attached great importance to the development of photovoltaic industry technology by putting a certain proportion of the profits from photovoltaic modules trading and photovoltaic plants construction into the research and development so as to promote the product quality. The company continuously enhanced systematic integration capacity in photovoltaic plants construction and extended new energy industrial chain downward to achieve transformation and upgrading from a product manufacturer to a service provider and from a single manufacturer to a manufacturing service provider to better supply clean energy for the world.

By the end of 2014, SUMEC, making use of the national supportive policies in boosting the application market development of new energy resources, had continuously promoted the capacity building in the development, investment, operation and maintenance of large-scale above-ground power plants and distributed power plants. SUMEC actively developed large-scale above-ground power plants, chose prioritized distributed power plants and made a cautious trial in Midwest power plants, with domestic photovoltaic plants constructed throughout the year exceeding 200MW. In the meantime, SUMEC took active steps to serve emerging economies like Japan and Australia and have completed photovoltaic EPC projects along "the Belt and Road" countries like Greece and Pakistan, which helps to build sustainability bases for overseas photovoltaic EPC projects and provides high quality clean energy for more clients.



Extensive reading

CDM(Clean Development Mechanism)

Clean Development Mechanism (CDM) is a flexible mechanism defined in Article 12 of the Kyoto Protocol that helps the developed and the developing countries to cooperate in CO2 emission reduction. It allows investors from industrialized countries to implement sustainable emission-reduction projects in developing countries to cut down the volume of CO2 emission and fulfill the obligation of emission limitation or reduction commitments made by the developed nations in the Kyoto Protocol.

■ 38.2 MW Solar Power Plant in Czech

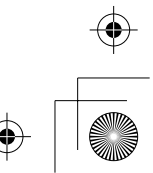
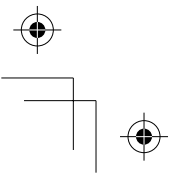


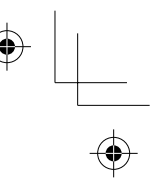
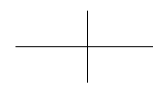
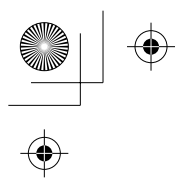
In September, 2010, the plant was connected to the grid and kept generating 10-15% more power than firstly designed. Until 2014, the plant had totally generated power of 177 million kWh, saved standard coal by 58,200 tons and reduced CO2 emission by about 146,300 tons in total.

■ 2.0 MW wind-power speed increaser is in the trial run



The self-developed 2.0 MW wind-power speed increaser is in the trial run and could hopefully boost the development of wind power energy.





Coexisting with nature harmoniously

For a wide variety of biological resources on the earth, every nation has its special and unique animals and plants. We have been committed to preserving local ecological environment by respecting, treasuring and protecting the local biodiversity, and meanwhile, through various environmental activities, we disseminated green idea to raise the public' s environmental protection awareness, and, together with local stakeholders, to achieve the coexistence and co-prosperity with the nature.

Protecting ecological environment

We took active measures to preserve local natural habitats, wetland, forests, wildlife reserve and agricultural land and so forth, tried to minimize activities like damaging vegetation, cutting down trees and occupying animal habitats and so forth, and strictly controlled the emission of three wastes (waste water, waste gas industrial residue). We paid close attention to the construction impact on the local animals and plants. While constructing the highway, we built passages for animals, tried to lower the noise as much as possible and reduce disturbance for animals at night. Furthermore, we focused on the operational impact on the surrounding eco-environment, controlled the discharged water temperature to lessen the impact of the increasing temperature on the sea fishes and minimize harm to the nature nearby by curbing three wastes emission. When the project was completed, we helped the environment get recovered and treated and made use of the land and the natural resources sustainably so that we could develop in an environmentally-friendly way.



Optimizing project design to reduce the impact on the Amazon Rainforest

Bolivia San Buenaventura Refinery Project, contracted by CAMCE, is close to MADIDI National Forest Park Nature Reservation Area, which is surrounded by the upper reaches of Amazon Rainforest, therefore, the ecological environment protection becomes very important. In order to reduce the use of sulfur (a major contributor to environmental pollution), we optimized the project design and adopted internationally-advanced ozone bleaching technology, efficiently controlling this project' s emission volume of air and water pollutants as well as the impact on the surrounding Amazon rainforest.



Bolivian President, Evo Morales, Vice President, Garcia and Minister of Economy, Teresa made an onsite visit.

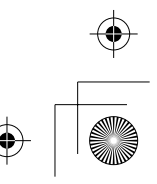
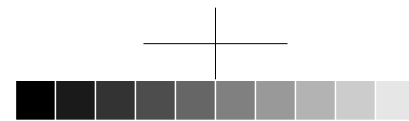
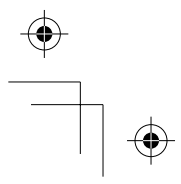


Holding "Better Tomorrow" Art Competition

In July, 2014, CMEC held "Better Tomorrow" Art Competition at Bandaranaike Memorial International Conference Hall in Sri Lankan Capital Colombo. With pigment and brush in hands, 50 primary and secondary school students painted a "Better Tomorrow "on the eco bags hand- made by poverty-stricken women from Tsunami- affected areas. After the competition, CMEC organized an exhibition tour to display the outstanding works, promoted the use of eco bags and reduced the use of plastic bags, further spreading the green environmental protection idea abroad.



The group photo of Pupils who participated in CMEC "Better Tomorrow" Art Competition



4



Getting Devoted to the Local Development

Brazilians dance samba with passion, southern Asians sprinkle water on each other to wash away all bad things of the past year, and Maoris perform war dance with tongues sticking out to welcome distinguished guestswe have felt the different cultures, showed respect for the local culture and tried to blend into the local community. We depended on the local community to survive and develop, and moreover, as part of the local community, we are closely involved with each and every resident living there. In the host country, we vigorously carried out practical work that benefits people' s livelihood and warmed people' s hearts to achieve harmonious development between the enterprise and the local society.

- 44 Strengthening communication between communities
- 45 Prospering the local economy
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little girl in the local community of SUMEC projects



A short story about responsibility

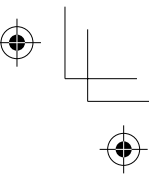
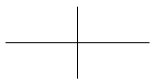
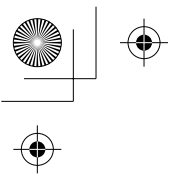
Chamera's charcuteries get popular

Chamera had a farm and two charcuteries . She collected very little food from door to door in the neighborhood to feed the livestock, so she was very frustrated about the fodder shortage in her farm. After the plant was built, she could easily gather food wastes from the plant to feed the livestock and the employees of the plant also bought fresh meat from her charcuteries. As a result, Chamera' s business thrived rapidly because of the plant.



"We are grateful for the plant. Our business as well as other businesses like supplying vegetables and fruits for the plant done by other residents boom very quickly. We have one daughter and two sons and they are all get educated in school now. Our business right now could completely afford the whole family"

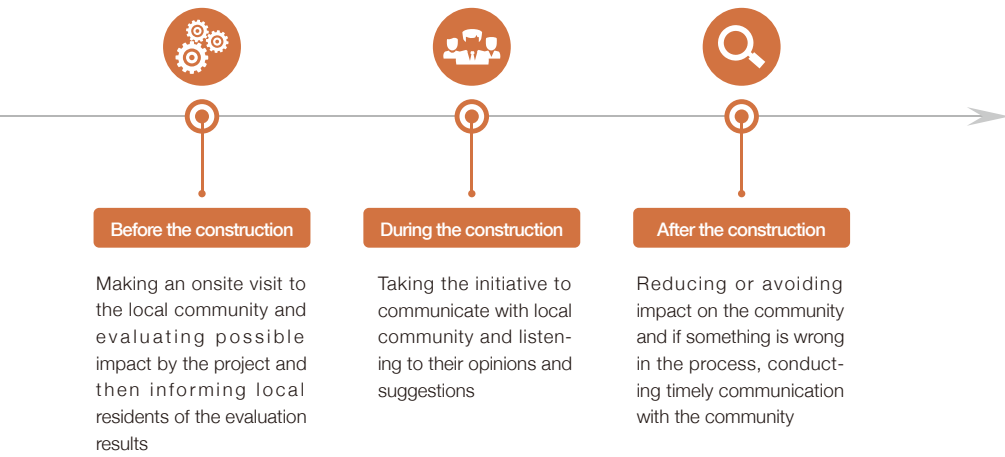
— Chamera and her husband



Strengthening communication between communities

While operating projects in the host countries, we, in accordance with the standards of local companies, strictly observed the laws and regulations in the host countries, honestly paid our taxes and actively fulfilled global corporate citizenship. With respectful and responsible attitude and practice, we esteemed their local traditions and customs, set up effective communication mechanism to communicate with local residents, thus maintaining good rapport with the local community and winning wide recognition from the local residents.

Communication mechanism in project-located community



Properly resettling land-expropriated migrants

In order to meet the increasing tourism demands in Laos, CAMCE and the municipal government developed LuangPrabang Hotel project together. In the process of land requisition, CAMCE closely cooperated with local partners to engage in the communication with local government and the local residents and built migrant villages to rehouse those land-expropriated residents. Instead of agriculture, tourism and its sideline products were the major income source for the locals, so the hotel development hardly affected their income. Besides, CAMCE built new school houses to ensure the kids could get educated as usual. The newly-constructed school houses provided better educational environment for the kids and CAMCE' s sincere and responsible attitudes were highly recognized by the local people.



Prospering the local economy

Most overseas projects are located in remote areas with lower productivity and a lack of associated living and productive facilities. Wherever we go, we have always made full use of our own advantages in resources, management and technology, released production and living needs and established sincere partnership with stakeholders to boost the development of the whole community.

Improving the local employment

For those locally-established companies and projects, we hired a great number of local residents and offered them vocational skill training so as to increase the local employment and promote the life and economy for the local settlers.



Providing mining vocational training for the indigenous

CAMCE-affiliated Procon Holdings (Alberta) Inc., one of earliest indigenous partners in Canada, established a joint venture named KeteWhii/Procon together with three indigenous tribes (Dogrib, Dene, Iutsek' sdene) in Yellowknife District, which provided more job opportunities for those indigenous with interests in mining. MTS, a training institution co-founded by the Company and the Yellowknife government, offered mining vocational training courses and provided enough training for those who want to engage in the mining industry so that they could be vocationally qualified. For instance, 40% of the staff in the Ekati project came from indigenous tribes.

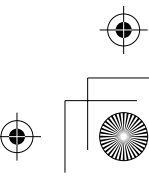
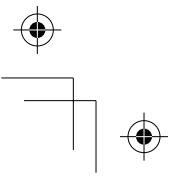


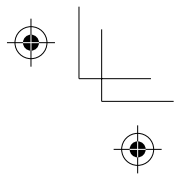
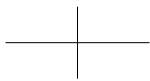
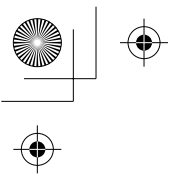
Supporting the development of local enterprises

We took active measures to cultivate local markets, assisted local enterprises, and boosted the local economy. In the process of undertaking the foreign project contracting, besides the quality and cost are guaranteed, we gave priority to local products and services and enlarged local procurement to provide development opportunities for local enterprises, which promoted and accelerated the development of local medium and small enterprises.



Local procurement in the EL VIGIA Power Plant of Venezuela accounts for 36%





Promoting industrial chain development

We introduced quality products and equipment to local people, left and extended advanced engineering technologies and modern management experience at the local community and the relevant industrial chain like electric power engineering, and also gave more additional values from the projects to the local industry, which, as a result, has boosted the local industrial development.



Promoting the development of local cement industry

"The neighboring medium and small enterprises all grasped the development chances from the plant construction and operation. We, as local enterprises, benefited a lot from the construction of the plant and our customer also benefit from our quality products. We do believe that the plant is quite successful and brings significant development to Sri Lanka in many respects"

——Larcomar, Director of Fly Ash Laboratories of Tokyo Cement Company

The fly ash produced by Coal combustion is considered as the best raw materials to produce cement, cement bricks and the filler. Fly ash, to a large extent, can be added to handle the technical problems like the erosion. When Puttalam Power Plant started to operate, local cement companies rushed to purchase fly ash, among which Tokyo Cement Company was the major purchaser and bought 43% of fly ash produced by the plant. Before Puttalam Power Plant was constructed, Sri Lanka had to import fly ash from India and the price was 10,000 Rupee per ton. Puttalam Power Plant helped to lower the cost for the cement industry and the plant constructors also brought about advanced technology, thus promoting the effective use of the fly ash and favorable development of the local cement industry.



Booming community business

We purchased large amounts of life necessities like vegetables, meat, fruits and so forth from the community. The local residents had intentions but failed to produce due to lack of techniques or condition limitations; we encouraged and guided them to produce. The completion of the project accelerated local transportation, logistics, trading as well as the information exchanges.



Convenient transportation booms the business

In Chad , CAMCE built a 64-kilometer-long highway across three seasonal rivers to directly connect with national artery of Chad. The highway and vehicles on the bridges made it possible for local people to transport the only economic crop-cotton to the capital Para. Along the highway, small markets sprang up like mushrooms and lots of goods were also transported from the capital to town. This highway became the major channel to connect people living within....with the outside world, improved life and boomed the local commodity economy.



Launching public welfare activities

By virtue of professional advantages, we made intensive communication with local stakeholders during the project construction and integrated the most pressing needs from the local community with our own development strategy and project layout to develop locally-rooted public good. We established "Better Tomorrow" Charity Fund, donated money to the Red Cross and through practical actions, improved fundamental aspects like education, medical and health care and community transportation.



Extensive reading

"Better Tomorrow" Charity Fund

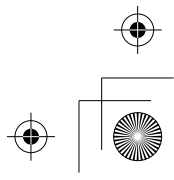
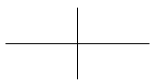
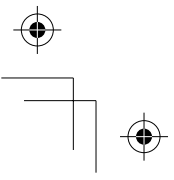
CMEC is actively committed to the public good in Sri Lanka and has created "Better Tomorrow" Charity Fund. Since the fund was established, CMEC has been dedicated to improving the life for those poverty-stricken families, donating computers to the schools and daily necessities to those affected by floods in Colombo, which made CMEC enjoy a good reputation in the local community.

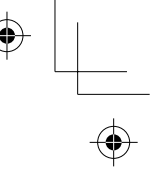
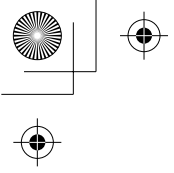
Sponsoring education

We are concerned about the education in the local community. By means of building primary schools, purchasing teaching facilities, establishing scholarship and so forth, we hope to enhance the teaching quality and help the local kids get educated equally.

- We donated a number of computer teaching facilities, books and solar-energy desk lamps to Fahiyangala Primary School in Sri Lanka, and in addition, we became the first Chinese company to establish a scholarship in the local school.

"The scholarship established by CMEC encouraged the kids to learn and to master the knowledge, and while they are repaying their country, they also have made their own contributions to promoting the long lasting friendship between China and Sri Lanka."
——Senatyra, Principal of Fahiyangala Primary School

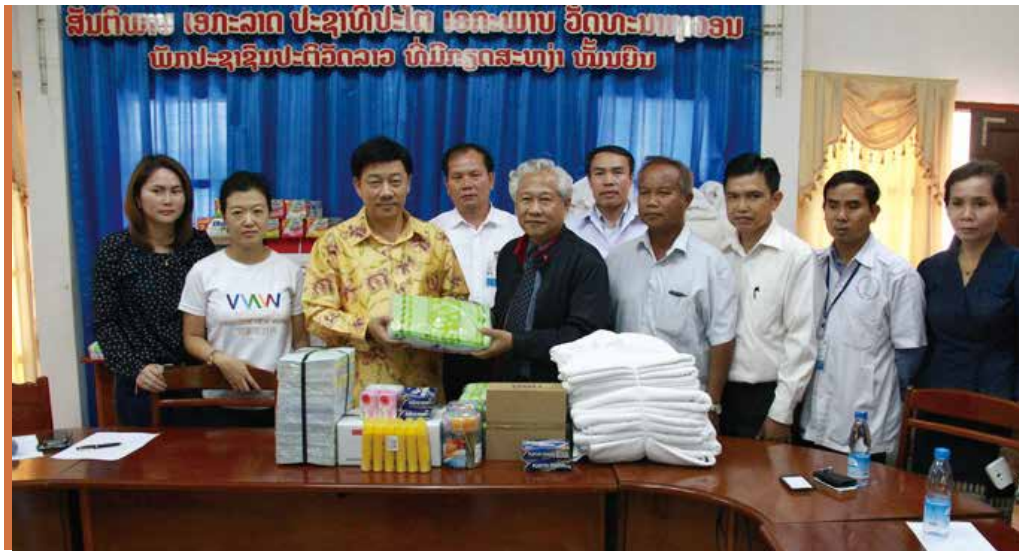




Improving medical services

Supporting the local medical development is one of our major social welfare programs. By offering financial aid or making donations, we helped to build hospital to improve the local medical services.

- Since 2013, we have regularly made charitable contributions to the Assistance Center for the Disabled and the Orphans of Rehabilitation Center in Laos, including money of 2,000 dollars per time and more than 100 pieces of goods and materials like quilts, pillows, stationary, toiletries and food so forth.



- CMEC donated nursing materials worth 200,000 rupees to National Cancer Institute of Sri Lanka.

"Chinese government and enterprises has always been kept offering assistance to the construction and development of Sri Lanka without asking for any returns. We feel grateful for the goodwill from China. We will make proper use of these materials and hopefully, these materials will help more people to get healthier."
— Vasander, Vice President of National Cancer Institute



Improving traffic conditions in the community

We helped the host countries with road construction to provide convenient transportation for the residents.

- Project team of EL VIGIA Power Plant took 1.8% of total contract price as the social responsibility budget to sponsor local public welfare. We made special funding to reconstruct the roads next to the plant and donated bicycles to the local pupils.
- In Baoare Cement Plant of Chad, considering the interests of local people, we worked out better traffic routes for them.

"We appreciate that Chinese friends come to build the cement plant and create job opportunities for local people. Besides, we could buy cheap cement and therefore, we can afford to build houses and roads. In particular, the road constructed by our Chinese friends allows us to walk out of the village and see the outside world. Since we make more money, we will have more food on Christmas. Everyone is very happy!"
— Father of a local worker Phoenix



Providing disaster reliefs

Some of the host countries suffered from extreme natural conditions and frequent natural disasters. When disaster happens in the host country, CMEC will integrate recourses rapidly and try its best to help the host government and people fight against the disaster.

- We donated two tractors worth about 30,000 dollars to the two worst-hit areas in Serbia.
- When the Capital Male was unable to supply water, we donated 25 tons of drinking water to Maldives.



5



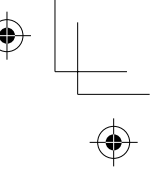
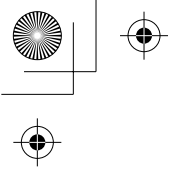
Implementing Social responsibility management

SINOMACH has earnestly fulfilled the responsibility towards stakeholders like the owners, the employees, the environment, the local governments and the local residents and so on, honestly disclosed the operational impact on the society and the environment, hoping to contribute to the global sustainability. Good practice comes from effective management. SINOMACH integrates social responsibility, which is seen as an indispensable part of corporate system and culture, into corporate governance, system and procedure to implement daily management while maximizing the positive and minimizing the negative impact on the stakeholders.

- 54 Enhancing the awareness of social responsibility
- 54 Identifying the direction of social responsibility
- 57 Carrying out communications on social responsibility



YTO acquired McCormick France company



SINOMACH Honors in Social Responsibility

“Star Organization in Public Service 2002” by China Children and Teenagers’ Foundation

Title of “Most Loving Domestic Enterprise” China Charity Prize 2008

2010 China-Africa Friendship Award— —the Top 10 Chinese Enterprises Who Deeply Moved Africa



Title of Top 100 Chinese enterprises in Social Responsibility Fulfillment 2006



“GoldenBee Leading Enterprise Award 2010”in GoldenBee CSR Honor Roll



Title of “China Excellent Corporate Citizenship 2007” in the 3rd China Excellent Corporate Citizenship Award

Top 20 Chinese enterprises in social responsibility fulfillment 2006



2012 Social Responsibility Fulfillment Model in China's Equipment Industry



2013 Best Environmental Information Disclosure Award of Top 50 Chinese Enterprises for Transparency

2013 Social Responsibility Fulfillment Model in China's Equipment Industry

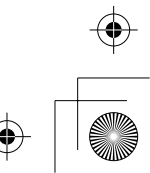
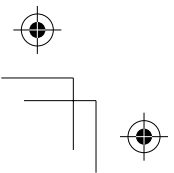
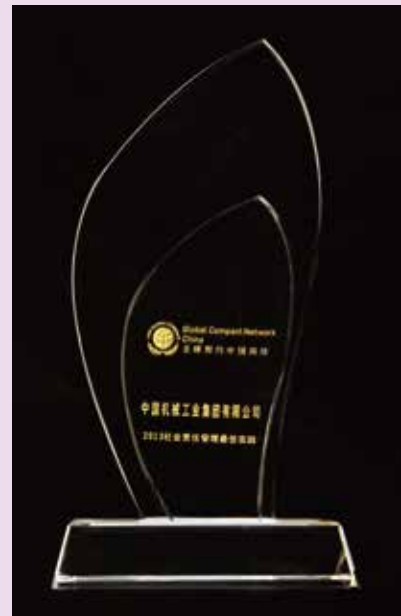


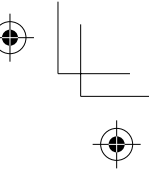
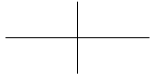
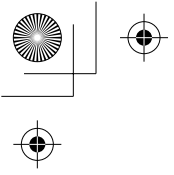
2014 Five-star Social Responsibility Enterprise in China's Industry



“Social Responsibility Award” of China's overseas contracting enterprises 2009

Selected as “Best Practice of UN Global Compact Social Responsibility Management 2014”





Enhancing the awareness of social responsibility

The awareness of social responsibility is the key to the success of social responsibility practices. SINOMACH, starting with the spirit of harmony, adheres to the core value of "Work Together, Win Together", defines the idea of social responsibility, establishes social responsibility model and cultivates corporate social responsibility culture.

Idea of social responsibility

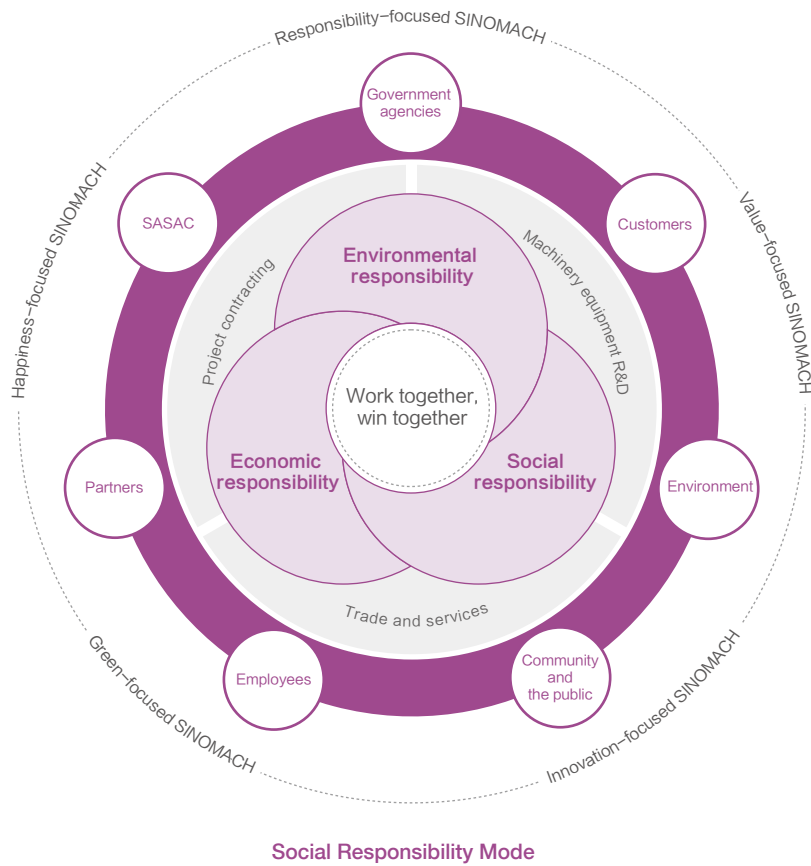
Leading green innovation, engaging in social sustainability and creating the future of machinery industry

On account of its technological and innovative advantages in the machinery industry, SINOMACH took the initiative to fulfill the responsibility of environmental protection. By continuous self-innovation and its promotion for the industrial innovation, SINOMACH has created a green machinery industry and by extensive use of green products, SINOMACH has promoted green development for the whole society.

In addition, as a model to drive social progress, SINOMACH actively assumed social responsibility. Through cooperation and mutual benefits, SINOMACH has tried to achieve win-win results and create the future of the machinery industry with stakeholders

Identifying the direction of social responsibility

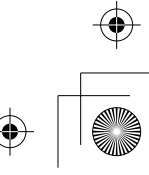
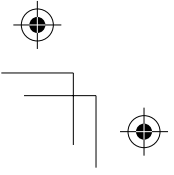
The vision, mission, value and strategy of SINOMACH and the declaration and action of the senior management provide the direction for the development of the Company. In order to make social responsibility the key element in corporate management, the Company has integrated social responsibility into its governance, system, institution, policy and decision-making links etc. for the purpose of achieving sustainable and coordinated development of economy, society and environment.

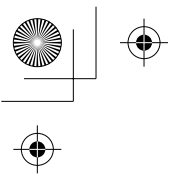


SINOMACH established social responsibility model to get responsibility rooted into culture. With the core value of "Working together, Wining together" , SINOMACH has actively fulfilled the economic, social and environmental responsibility. Focusing on three major businesses in contracting, trading and services, SINOMACH strived to create values for stakeholders, such as the local government, the employees, the customers, the partners, the environment and so forth, and promoted building of value-focused, innovation-focused, green-focused, responsibility-focused and happiness-focused SINOMACH, aiming to achieve harmonious and lasting advancement of the enterprise, the environment and the society.

Social responsibility organizational system

We set up a worldwide social responsibility management organization to define the responsibility of every position clearly and facilitate orderly and efficient implementation of social responsibility work. Social Responsibility Committee serves as the top decision-making body and takes charge of affairs like setting social responsibility goals, making major decisions, planning, examining and approving, and arranging major events and so on. The head of each department of SINOMACH is responsible for coordinating and pushing forward the social responsibility work within the department. SINOMACH also has placed part-time social responsibility liaison officers in affiliated companies and overseas branches to communicate with community stakeholders and respond to expectations and demands from stakeholders.





Social responsibility strategy planning

Social responsibility strategy planning sets a medium and long term goal of social responsibility development—to be a respectable and sustainable leader in machinery industry, which indicates SINOMACH will adhere to the ideas of transparency, people-first, win-win cooperation and continuous improvement in the future social responsibility development.

Transparency

We guarantee the right to know, to participate and to supervise of the stakeholders, enhance information disclosure and sharing and establish an open and transparent decision-making procedure

People first

Corporate growth relies on the stakeholders. SINOMACH has taken into full account expectations and requirements of internal and external stakeholders and meanwhile, shared development benefits with stakeholders.

Win-win cooperation

With the perspective of "Cooperation Creating Value" , SINOMACH has carried out extensive cooperation with the internal and external stakeholders so as to achieve the common development.

Continuous improvement

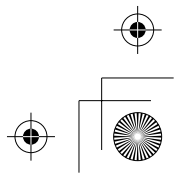
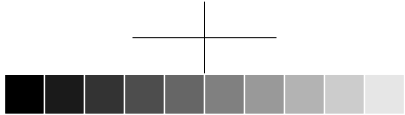
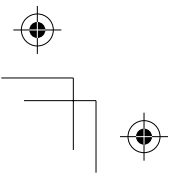
In light of "PDCA" cycle, SINOMACH has continuously upgraded the idea, strategy, system, practice and management of social responsibility to ensure the continuous enhancement of social responsibility management capability.



Carrying out communications on social responsibility

Communication matters a lot in exerting social responsibility effect and is conducive to achieving communication with stakeholders. SINOMACH attaches great importance to the requirements and expectations of stakeholders. On the one side, SINOMACH, according to actual operation, has established comprehensive communication system and on the other side, it has known various requirements and expectations of stakeholders by means of meetings, public activities, forums, posters, letters, websites, product description, press release and interviews and then gave positive responses to better social responsibility performance.

Stakeholders	Ways of communication	Expectations	Practices
 Host governments	<ul style="list-style-type: none">■ Submitting work report■ Regular visit and report■ Attending conferences and relevant activities	<ul style="list-style-type: none">■ Compliance operation■ Protecting local environment■ Promoting local economy■ Benefiting local residents	<ul style="list-style-type: none">■ Observing national laws and regulations■ Paying taxes on time■ Green exploitation and production■ Supporting local enterprises■ Creating jobs and hiring more local employees
 Shareholders	<ul style="list-style-type: none">■ Board meeting■ Work summary and report■ Roadshow■ Investors Strategy Meetings	<ul style="list-style-type: none">■ Preserving and increasing value of assets■ Risk control■ Maintaining information communication	<ul style="list-style-type: none">■ Increasing value-creating capacity■ Strengthening overseas operation risk management■ Meetings on special topics and timely communication
 Customers	<ul style="list-style-type: none">■ Customer satisfaction survey■ Daily communication■ Industry conferences■ Seminars	<ul style="list-style-type: none">■ Information transparency■ Quality products and engineering■ Integrity and fulfillment■ Privacy protection	<ul style="list-style-type: none">■ Disclosing product information■ Supplying high-quality products and projects■ Contract fulfillment■ Establishing customer privacy protection system
 Partners	<ul style="list-style-type: none">■ Suppliers meeting■ Publicizing procurement information	<ul style="list-style-type: none">■ Common development■ Openness, fairness, and faithfulness■ Providing instructions and support■ Promoting industrial development	<ul style="list-style-type: none">■ Supporting local suppliers■ Increasing local procurement rate■ Exchanging technology and experience■ Signing and strictly implementing contract
 Local employees	<ul style="list-style-type: none">■ Trade union congress■ Employees symposium	<ul style="list-style-type: none">■ Valuing local traditions and culture■ Guaranteeing basis interests■ Providing decent working condition■ Offering favorable career development chances and channels■ Caring employees	<ul style="list-style-type: none">■ Promoting cultural integration and exchanges■ Providing competitive remuneration package■ Bettering working environment■ Establishing favorable promotion channel■ Providing necessary life facilities
 Local communities	<ul style="list-style-type: none">■ Regular visit■ Participating in community activities	<ul style="list-style-type: none">■ Participating in community public welfare activities■ Respecting traditions and customs■ Protecting local environment■ Establishing smooth communication channels■ Creating more jobs	<ul style="list-style-type: none">■ Supporting community infrastructure construction■ Participating in major local festivals and events■ Strictly observing environment standards■ Establishing community communication network■ Enlarging employment localization
 NGO/Media	<ul style="list-style-type: none">■ Publishing information on the website■ News conferences■ Symposium	<ul style="list-style-type: none">■ Disclosing corporate information like project construction, environmental protection, and public welfare	<ul style="list-style-type: none">■ Allowing interviews and inviting reporters to visit the plantAllowing interviews and inviting reporters to visit the plant



Outlook

Adhering to the core value of “Working together, Wining together” , SINOMACH carries out internationalized operation and has made great achievements in survival and development and booming local economy and society.

We will further provide quality equipment and services for local economic prosperity and promote localized operation, endeavoring to become a local company. Besides,

we will continue to perfect overseas social responsibility organizational and evaluation system and integrate corporate social responsibility into corporate management.

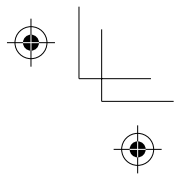
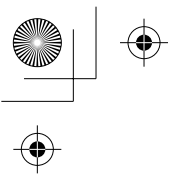
We insist on integrity management and by combining internationalization of our own with local economic and social development,

we try to achieve win-win situation with host countries. Furthermore,

we will enhance partnership with local enterprises, make more contributions to the local economy and create more jobs for the local residents. Most importantly, we will pay more attention to the preservation of natural resources and environment so as to promote local sustainability. In the future, we will deepen the culture of “harmony “by entering and blending into the local society, hence establishing a community of common interests and destiny with host countries.

Comparison table between our action performance in 2014 and the 10 principles of UN Global Compact

The 10 principles of UN Global Compact's		Action Performance in 2014
Human Rights	Principle 1 : Businesses should support and respect the protection of internationally proclaimed human rights	Respecting and safeguarding internationally recognized norms and standards to protect human right and integrating respect for human right and labor practices principle into corporate strategy and daily operation
	Principle 2: To make sure that they are not complicit in human rights abuses	Establishing and improving labor union system to promote democratic communication and participation Labor
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Strictly following national and local laws, regulations and policies as well as international conventions on human rights and labor
	Principle 4: To eliminate all forms of forced and compulsory labor	Resolutely eliminating child labor, forced and compulsory labor
	Principle 5: To effectively abolish child labor	
	Principle 6: To eliminate the discrimination in respect of employment and occupation	Adhering to equality, standardize employment and prohibit all forms of employment discrimination
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges	Attaching great importance to low-carbon environmental protection and getting devoted to the integration of environment protection and corporate strategy
	Principle 8: To undertake initiatives to promote greater environmental responsibility	Strengthening technical innovation, strongly promoting new energy utilization actively carrying out green design, constructing green projects, keeping pushing forward environmental protection and enhancing environment performance
	Principle 9: To encourage the development and diffusion of environmentally friendly technologies	
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms including extortion and bribery	Deepening punishment and prevention system building, establishing long-term mechanism of anti-corruption, further promoting anti-corruption education and strengthening corruption risk prevention



Feedback Questionnaire

Dear readers,

Thank you for reading the SINOMACH Social Responsibility Report 2014: SINOMACH Overseas. We are sincerely expecting you to comment on the social responsibility work of SINOMACH and this social responsibility report. Your advice and suggestions will help us to promote social responsibility management and practices and improve our social responsibility information disclosure level. Please kindly send back us your feedback by email or post. Thank you very much!

Your comments on the report: (Please mark “√” in the appropriate “☐”)

- 1、Content of this Report: ☐Very Good ☐Fairly Good ☐Moderate ☐Poor ☐Very Poor
- 2、Quality of the information: ☐Very Good ☐Fairly Good ☐Moderate ☐Poor ☐Very Poor
- 3、Statement and presentation: ☐Very Good ☐Fairly Good ☐Moderate ☐Poor ☐Very Poor
- 4、Design and composition: ☐Very Good ☐Fairly Good ☐Moderate ☐Poor ☐Very Poor
- 5、Overall evaluation: ☐Very Good ☐Very Good ☐Moderate ☐Poor ☐Very Poor

Open questions:

1、What else do you want to know?

2、Do you have any suggestions on the content and form of this Report?

