Achieving Sustainability through Responsible Mining

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Key challenges faced

Challenges - Overseas

• *Increased pressures for environmental protection, safety, protection of aboriginal people and community development*;
• *Stakeholder engagement consultancy*;
• *Operation Transparency*

Challenges - General

• Higher pressure for management in the course of rapid development;
• New requirements for businesses due to industrial restructuring;
About China Minmetals

- Established in 1950, engaged in the development, production, trading and integrated services of metals and minerals products, also finance, real estate, logistics and technical R&D mining and metallurgy
- China’s largest integrated global minerals and metals enterprise
- Revenue USD 51.8 billion and employees of 177,500 in 2013
- Ranking 192nd among Fortune’s Global 500 Companies in 2013 and 5th in international metal industries
- “A” level in performance assessment by SASAC for 10 years
- UN Global Compact LEAD member from 2010
CSR has become a development mode and management strategy of enterprise, and is an effective approach to advance competitiveness and enhance sustainability.

When companies drive sustainability issues deeper into their operations and strategies, they have the ability to change the world.

--Ban Ki-moon, the UN Secretary-General during the launch of Global Compact LEAD in Davos

Integrate sustainability within strategy and operations

Philosophy
Cherish Limited Resources,
Pursue Sustainable Development
### Sustainable Acquisition of Primary Resources

#### Efficient utilization of resources; Innovative Exploration; M&A...

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<tr>
<th>Method</th>
<th>Content</th>
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<tbody>
<tr>
<td>Independent Exploration</td>
<td>Minmetals Exploration and Development Co., Ltd. has capability of independent exploration, aiming to acquire key minerals at important metallogenic belts</td>
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<td>Cooperative Exploration</td>
<td>Continues innovating its resource acquisition model, which was characterized by “low cost, high starting point and taking a road of ministry-enterprise cooperation with support of Minmetals brand”</td>
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<td>M&amp;A</td>
<td>Persists in implementing the global mineral resource development strategy, continuously accelerates the pace of “going global”, adopts multiple methods such as directly acquiring mineral resources through M&amp;A</td>
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<tr>
<th>Innovation</th>
<th>Innovation Practice</th>
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<td>Exploration Technology</td>
<td>Demo Research on Deep “Prospecting Iron (Sulfur) Ore” under the State Key Technology Support Program during the “11th Five-Year Plan” period. With “Nihe iron ore” as the main research object and through systematic research on ore deposit geology, it calculated the minerogenetic conditions, ore-forming regularity and exploration models of “porphyrite iron (sulfur) ore in the Lujiang-Zongyang Basin.</td>
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<td>Mining Technology</td>
<td>optimized dressing techniques by adding the pre-concentration after autogenous mill, so as to improve milling efficiency; it used filling mining technique to improve resource utilization efficiency.</td>
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China Minmetals has put emphasis on integration with newly merged enterprises and used a melting culture integration model by which both parties can mutually permeate in terms of culture to effect adjustment at different levels so as to increase the cohesiveness and competitiveness of the enterprise.

Commitment

Respect

Trust

- Strategy Integration
- Business Integration
- Personnel Integration
- Financing Integration
- Accounting Integration
- HSE Integration
- Investment Integration
- Culture Integration
Responsible Post-merger Integration

Acquisition of former OZ Minerals has prevented OZ Minerals from falling victim to the risk of liquidation, guaranteed the legitimate rights and interests of its shareholders and creditor banks and thoroughly safeguarded the local jobs and tax payments arising from OZ Minerals’ various operating assets. It has played an active role in securing social and economic stability in Australia.

- Kept the Management Team
- Ensured local jobs by accommodating 5,500 employees
- Provided equal growth opportunities and diversified career development platforms
- Achieved a smooth transition

Australian then Finance Minister Wayne Swan:

Acquisition of OZ Minerals by China Minmetals Corporation had abided by applicable laws and protected several thousands Australian jobs and ensure consistency with Australia’s national interest principles.

Remarkable Performance of MMG from 2009 to 2012 (US$ Million)

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<tr>
<th>Year</th>
<th>Revenue</th>
<th>EBITDA</th>
<th>EBIT</th>
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<tbody>
<tr>
<td>2009</td>
<td>1,649.7</td>
<td>246.6</td>
<td>224.8</td>
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<tr>
<td>2010</td>
<td>1,919.9</td>
<td>521.3</td>
<td>430.4</td>
</tr>
<tr>
<td>2011</td>
<td>2,228.3</td>
<td>755.3</td>
<td>574.5</td>
</tr>
<tr>
<td>2012</td>
<td>2,499.4</td>
<td>405.6</td>
<td>217.5</td>
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Hanxing Case:

Sustainable development achieved:
Rapid growth; New projects in Anhui, Liaoning Provinces & in Mauritania;
Synergy with other SBUs, etc..
Minmetals pioneers a new transparency

ROWAN CALLICK
ASIA-PACIFIC EDITOR

CHINA Minmetals Corporation last night launched a 116-page report on the sustainability of its Australian operations, the first time a state-owned Chinese enterprise has produced such a document.

Senior vice-president Zhang Yuanrong, in Melbourne for the launch, said: “We are pioneers. As an international company, we feel we should do what other international companies do.”

Andrew Michelmore, chief executive of MMG, the company’s leading international arm, said: “The marketplace wouldn’t be expecting a Chinese sovereign-owned enterprise to be coming out with sections on human rights and on community involvement, as it has.”

The report says “China Minmetals supports the international code of human rights” and “strives to promote social and economic development in local communities”.

Mr Zhang also said: “A sustainable company is a profitable company. If we were on the edge of bankruptcy, there would be no sustainable development.”

He said Minmetals had kept on the Australian staff and management when it bought OZ Minerals. “Nothing has changed. We obey the rule of transparency and make everything accessible to the public,” he said.

“And MMG has made record profits in the last two years.”

Mr Michelmore said it might take until the end of the year to bed down the $1.3 billion friendly takeover of copper play Anvil Mining.

“That will keep us busy,” Mr Michelmore said. Approval from the Foreign Investment Review Board came through earlier this week.
China Minmetals highly values work safety management and actively advocates the guideline of putting safety first with an emphasis on prevention and overall control for all mines worldwide.

Minmetals promotes the establishment of HSE management system which takes “prevention first, full participation, commitment of executives and continuous improvement” as the core concept and focused on mining, smelting, processing and construction industries.
Ecological Protection

To strictly protect environment by applying ISO 14001;
To further develop the “Three Systems” for energy saving and emission reduction, raise the level of management and control;
To strengthen comprehensive treatment, and promote energy saving and emission reduction through technological progress;
To actively develop a recycling economy and improve the efficiency of resource utilization;
To reinforce the publicity, education and training in energy saving and emission reduction to enhance awareness of environmental protection.

Addressing Climate Change

- Member of UN Global Compact Environment Stewardship Project, Oct., 2009
- Caring for Climate Signatory, May, 2010
Ecological Protection

Reclamations of Mining Land & Quality Rehabilitation

Reduce water and soil loss and protect the ecological environment of mining areas.

Protecting Water Resources

Highly values the saving and comprehensive utilization of water resources and endeavors to increase the recycling rate of water resources.

Protecting Bio-Diversity: the endangered local wildlife species in LAOs

Strengthening Management of Tailings Pond and Mine Closure
Community Development

To promote localized operation, implement local procurement and drive local economic development;

To actively promote community development plans, and contribute to the continuous improvement of residents’ lives;

To protect the ecological environment and cultural heritage in the community;

To be passionate about philanthropy, commit to poverty reduction, and promote and regulate social welfare activities in the long-term;

To respect local culture, strengthen community involvement and build harmonious community relationships.

Firmly hold the social operation licence & continuously obtain social capital
Community Development

Promotion of MDGs

Minmetals has drawn up community development plans and works with local governments and related organizations to strengthen the “blood creating” functions of local communities themselves through development-based poverty alleviation, improvement of community infrastructure and introduction of development projects, such as construction of power plants and development of mineral resources. It also helps dropout children regain educational opportunities, provides medical aid for local residents (especially women and children), improves their living conditions, helps in lifting depressed areas out of poverty and strives to realize mutual benefit and win-win outcomes.

Positive involvement in CSR activities, such as poverty alleviation, disaster relief, philanthropy, etc..

Peru: Provided Medical Assistance; Helped single mothers; Grew potatoes……
Community Development

Gulf Community Agreement

A community development agreement signed jointly by MMG, Queensland Government and local aboriginals. The aim is to provide education, training and employment opportunities for residents in the gulf area with a commitment to protect local cultural heritage and environment.

Sepon community trust fund

Provided not only more education opportunities and better infrastructures for community residents, but also reduced their dependence on resources, helped them acquire more skills to increase incomes and improve living standards.
The company preaches partnership and transparency both in relation to its procurement and supply chain activities but also in terms of core business revenue generation and tax liabilities. At a national level its partnership approach has generated more than US$800 million in tax revenue – a key contribution in one of the world’s poorest countries.

We are backing local businesses and setting minimum standards as part of an enhanced supply chain strategy. Since the local program began in 2003, the combined total income of these local businesses has been more than US$13 million.
Many thanks!

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