

# Safety, Health, Environmental Protection and Social Responsibility



## (I) Safety

The Company had not had any major accidents involving three or more fatalities for 6 consecutive years up to and including 2005, and met the world's leading safety records by checking the mortality rate at 0.023 for each million tonnes of raw coal produced. The rate is much lower than the rate of 0.931 for major coal mines in the PRC and the national average rate of 2.811.

The Company has adopted a "people-oriented" approach in ensuring production safety. We have implemented a detailed level of management, increased the examination and control of sources of risks and critical areas in order to impose a comprehensive level of management of safety, health and environmental protection matters. By establishing a strict and practical management process and model, it has facilitated the development of safety standards to a higher level.

In 2005, Shendong Mines contributed RMB462 million into a safety fund using which we have developed certain systems such as a special bracket for withdrawing, low pollution explosion-proof vehicles, underground wireless communication devices, gas inspection and monitoring equipment. These systems have strengthened the support and protection of and improved the working environment in mines. During the year, a total of 230 various safety training sessions were conducted for 13,000 persons. The number of NOSA five-star safety, health and environmental protection units, under the Guohua Power Branch, has increased from 2 to 6.

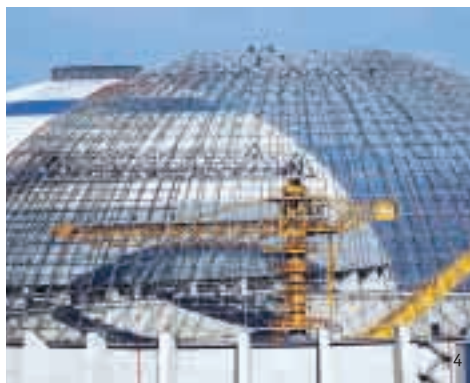
## (II) Health

In 2005, the Company implemented the Occupational Disease Prevention Measures, including enhancing the publicity of and education on, prevention and control of occupational harm in physically harmful work places, focusing on occupational health examination and safety appraisals of harmful work places.

1. Certificate of China's Environment Award
2. Effluent treatment
3. Guohua Power Branch has passed the NOSA Five-Star certification
4. Coastal coal warehouse of Ninghai Power Plant
5. Bulianta Mine after reforestation programme



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### (III) Environmental Protection

The Shendong Mines, straddles the boundary area between Shanxi Province, Shaanxi Province and Inner Mongolia Antonomons Region. It was one of the key regions monitored at the national level for soil erosion with more than 80% of the area affected by wind erosion and a forestation rate of merely 11%. By the end of 2005, the Shendong Mines had invested a total of RMB500 million to improve the ecology of the region. It has restored 145 square kilometres of wasteland, planted 24.46 million plants, and grassed 951 hectares of land, to create a green protective fence with a three-dimensional arbor-shrub-grass structure around the mines and increased forestation rate to more than 70%. Shendong Mines strengthened its control over pollution through enclosed-circulation of water in all coal preparing plants. It also promoted the implementation of filtering and purifying underground water, resulting in the recycling and utilisation of industry use underground water part of which may be consumed as potable water. Emphasis was also placed on restoring basin areas and land affected by soil erosion through land reclamation and effective implementation of recycling efforts at mines which have a production capacity of 100-million tonne. It won the third China's Environment Award which is the highest award given for achievements in environmental protection in China. In recent years, the Zhunge'er Mines have invested a total of more than RMB300 million in mining area restoration, soil and water conservation, ecological restoration and pollution prevention, laying a solid foundation for the sustainable development of mines. China Shenhua Shenshuo Railway Branch has planted 185,000 trees to cover an area of 86,000 square metres, lining its railroad to create a linear green landscape to enclose its rail line.

The Company's latest power plant projects are all equipped with desulphurisation facilities and are all undergoing experiments in denitrification. Located in Qiangjiao Town in Ninghai, Zhejiang, the Company's Ninghai Power Plant adopted a series of environmental protection techniques during its construction, including the application of closed coal tank storage, high efficiency dedusting, flue gas desulfurisation, low nitrogen combustion, intermediate water recycling and eco-sloping, with a total investment of RMB2 billion, representing 20% of the total project investment. The denitrification project of its 600 MW unit can reduce the discharge of nitrogen oxides by more than 6,000 tonnes, setting a new record in China. Through recycling local materials at Ninghai Power Plant, the conflict between the use of land for industry development and farming has been satisfactorily settled. Power plants have a large demand for water. However, Ninghai Power Plant utilises sea water as cooling water, resulting in conservation of a significant amount of fresh water.

### (IV) Social Responsibility

While it continues to grow and develop, the Company has continued to contribute to the society by helping to develop underdeveloped regions, assisting the disadvantaged and sponsoring the establishment of schools. In 2005, the total social donation of the Company amounted to RMB11.83 million, of which RMB8 million was used for school building, RMB2.2 million for raising living standards in underdeveloped regions and RMB400,000 for the relief of poverty.