

# Safety, Health, Environmental Protection and Social Responsibilities

## I. Production Safety

Our Company promotes the safety concept of "safety is of paramount importance, life is the most valuable", adheres to the "people oriented" principle and safe development, to reinforce the fundamental safety management in a comprehensive manner, to establish the mechanism of "highly efficient and safe mines, the system of essential safety, refined fundamental management, modernized technical equipment, and systematic personnel training". This is also to build an enterprise that is safe by nature, to establish a long-term mechanism for safety production, and to improve on the integration of environmental protection and management system, hence promoting the harmonious development of the enterprise. In 2006, our safety in production has continued to maintain a leading position in China. The fatality rate per million tons of raw coal production was 0.076, which was much lower than the national average rate of 2.041.

We have established and improved all systems for safe production management comprising the construction of a focused and safe production responsibility system, a hierarchical safety management system, the establishment of a safety target responsibility and evaluation mechanism and the enhancement of the enterprise's safety control capability.

The implementation of safety quality standardization has been effected. 7 out of the 10 existing mines have reached the 1st-class level of safety quality standards. Two mines have reached the 2nd grade level for safety quality standards. One mine put into production in 2005 is in the process of being appraised. The production safety of the Company is standardized and regulated.



Investment into ensuring mining safety has been increased. In 2006, an accumulative amount of RMB537 million safety fund was invested by the Company's affiliated coal production enterprises and this was mainly used to reinforce the mining safety monitoring and control system, upgrade and renovate safety facilities, as well as water control prevention, fire extinguishing, upgrade and renovate ventilation equipments, which further solidified the safety basis and enhanced the mine's ability to prevent and control disasters.

Safety training has been further strengthened. Two 3-level safety training centers and five 4-level safety training centers have been established by the Company. In 2006, 645 sessions of safety training courses were held, with 55,132 training attendances, which helped to increase the awareness of safety, law, and the quality of employees' safety techniques.

## II. Occupational Health

In 2006, the Company formally implemented the "Law on the Prevention and Cure of Occupational Diseases", and fully facilitated the construction of the system for occupational health and safety management. Coal enterprises such as Pingshuo Branch and Shanghai Datun Energy Resources Co., Ltd. have obtained the certification for occupational health and safety management. Major coal production subsidiaries of the Company have adopted fully mechanised mining, which significantly reduced the workload of the employees, and at the same time, strengthened the prevention and management of occupational hazards, established and improved the safety facilities and monitoring system for controlling dust and poisons in coal mines. In addition, we have persisted in detecting and evaluating the occupational hazard factors on a regular basis, fully implemented the policy requirements on simultaneous design, construction and commissioning and put into operation in respect of occupational disease preventive facilities together with major works of newly constructed projects. Meanwhile, we have established dedicated occupational hazard institutions with full-time personnel, created occupational health monitoring files for staff and regularly arrange staff to receive occupational health examination and recuperation.

## III. Environmental Protection

The Company has paid special attention to the social responsibility of environmental protection and has aimed at building an environmental friendly enterprise. It has also actively undertaken the initiative of environmental protection and to promote the coordinated development of the enterprise, the local society and the environment.



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Ecological environment construction at the Mining Area received much attention from the Company. In 2006, our Company invested RMB360 million in ecological environment construction, of which RMB230 million was allocated in the Pingshuo Mining Area, located in Shanxi Province, where the ecological environment was fairly vulnerable. By the end of 2006, a total of nearly 30,000 mu (亩) mining area was reclaimed, with 6 million plants grown and 1000 hectares of herbal plants; the reclamation rate was 41.6%, through which the ecological environment of the mining area was substantially improved. The ecologic reclamation greenery project of Pingshuo Mining Area was listed as exemplary model of the Chinese coal industry.

An economy where resources are recycled has been vigorously developed. Production and household waste water from the Company's affiliated mining areas which is undergone treatment have been completely re-used in production, plants watering, road cleaning, even in households. Zero discharge of waste water from the mining areas were achieved. As at 2006, three coal gangue-fired power plants were built, with an annual consumption of 5.44 million tons of coal gangue. In addition, one gas-fired power plant was built, with an annual gas consumption of 35 million cubic metres. The affiliated Shanghai Datun Energy Resources Co., Ltd. was appraised by the Ministry of Land and Resources as the "National Advanced Mine Enterprise for Rational Exploitation and Utilization of mineral resources" in 2006, and at the same time, it was listed as the provincial level demonstration model for an economy where resources are recycled.



Resource recovery and utilization have been enhanced. Closed circuit circulation has been achieved for all the water used by coal washing plants and all the recycled cooling water used by all the power plants. In 2006, the recovery rate for mining areas of underground mines exceeded the average figure of 81% and the recovery rate for our open-pit mines exceeded the average figure of 96%, which put us in a leading position in China. Our two open pit mines were both awarded as super-safe and high-efficiency mines by the China National Coal Association.

National standards have been reached with respect to the discharge of industrial wastes, including solid, liquid and gaseous waste from coal exploration and processing.

The Company has strictly adhered to the principle of "simultaneous design, construction, and input into production and the use of main-body projects and establishments together with environmental protection facilities". All the newly constructed, renovated, and expanded projects were approved and certified by the environmental protection departments of the government within the year.

## IV. Social Responsibilities

While enjoying rapid development and growth, the Company has always been contributing to the society by supporting the under-developed areas, helping the underprivileged social groups, subsidizing schools, and assisting surrounding areas to improve the quality of the environment, as well as providing help in other forms. In 2006, the Company and its subsidiary companies donated RMB3.4868 million, which was mainly used for sponsoring schools (RMB3.0482 million), supporting the underprivileged (RMB0.325 million), and for disaster relief (RMB0.1136 million).