

# Corporate Social Responsibility



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### Protect our environment

There is only one earth. In face of today's intensifying global environment issues, we have the responsibilities and obligations to care about, protect and build our homeland together.

Protecting our environment and saving resources are our primary social responsibilities. We strictly observe laws and regulations, actively protect the environment, strive to build an environmental-friendly enterprise and facilitate the harmonious development between human and nature.

We put emphasis on energy conservation and emission reduction in all aspects of our processing, production and logistic processes. Through increasing funding on environmental protection, we have introduced clean production technology which improved our production workflow and management, minimised the impact of our production towards the environment, raised the efficiency in use of resources and protected the ecological environment. We took advantage of the renewable bio-energy to produce fuel ethanol, which has significant implications in building a sustainable and clean energy system and facilitating environmental protection.

We have formulated comprehensive environmental protection policies and programs and incorporate them into our environmental management system. We actively implemented the ISO14001 environmental management system and continued to improve our environmental management performance. We took the construction of the safety performance evaluation system as an opportunity to implement integrated management of environmental protection and safe production.

We strictly implement the "Three Simultaneous" environmental protection system in undertaking construction projects:

i) impacts on the environment are assessed before the construction commence; ii) effective environmental protection monitoring system are established during operations; and

iii) real-time monitoring of pollutants emission. Energy consumption and emission indicators are some of the key performance indicators ("KPIs") for the Company. These KPIs include comprehensive energy consumption for every RMB10,000 of production value, COD (Chemical Oxygen Demand) and SO<sub>2</sub> (Sulfur Dioxide) emission level etc.

The targets and responsibilities of energy conservation and consumption reduction are undertaken to the specific production lines, units and individuals so as to ensure our people observe the environmental management in the entire operating process.

Through untiring efforts, one of the our subsidiaries, COFCO Bio-Energy (Zhaodong) Co., Ltd., also being one of the "1,000 energy conservation enterprises" in the People's Republic of China (the "PRC" or the "State"), has outperformed the energy conservation target set by the National Development and Reform Commission through upgrading of their energy conservation technology and quality management in 2008. Two other subsidiaries, COFCO Bio-Chemical Energy (Gongzhuling) Co., Ltd. and COFCO Bio-Chemical Energy (Yushu) Co., Ltd. have also upgraded their energy conservation technology which was approved by the National Development and Reform Commission and Ministry of Finance. Together, these three enterprises can save up to approximately 62,000 tonnes of standard coal every year.

### Development through production safety

Production safety is the primary responsibility of an enterprise. It is a component of the enterprise's core competitiveness and a prerequisite for its healthy development. It is also a key element to our health, life and property security, as well as social harmony. Our goal in production safety is to achieve "zero injury, zero loss and zero accident". We have always focused on the prevention and control of production incident and occupational disease through continuous identification, prevention, control and elimination of the related risk factors. This process helps us in lowering and maintaining the risks of staff injury and property losses to acceptable levels so as to ensure production safety.

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Having taken management accountability into consideration, we have established a comprehensive management structure, policies and procedures for production safety. We have also established an “all-encompassing” production safety responsibility structure. Process owners at all level are required to provide their superior with a signed letter of responsibilities which listed out all of the individual’s responsibilities in respect of production safety. Such responsibilities also form part of the individual’s core targets in his/her performance appraisal. We encourage our subsidiaries to adopt advanced safety management method, to establish occupational health and safety management system, to qualify for the OHSMS 18001 system certification and to receive internal and third party annual review. In addition, we have also established a contingency management system and formulated a well-coordinated and quick responding contingency mechanism.

To enhance the overall standard of our production safety management, in 2008, we began to establish and implement a production safety performance evaluation system for the Company based on the structure of the International Safety Rating System. Through this system, we are aiming at building a long-term risk based production safety management system that will be participated by all staff and covering all operating processes.

### Ensuring food safety

Ensuring food safety and protecting the physical health and safety of the public are the primary obligations of an agricultural product processing company. It is an important component of the Company’s core value and our social responsibility. Our mission is to offer natural, nutritious and healthy raw materials and food. We have been managing food safety seriously, preventing the production of hazardous products, fulfilling our commitment of honesty and morality and protecting the interest of consumers.

We have established a complete organisation structure for food safety where targets and responsibilities at all level are clearly set out. Through formulating the necessary policies and procedures and standardised management, we were able to minimise the risks retaining to food safety from the very source, strengthen our food safety contingency system, enhance contingency handling capability and achieve risk control on food safety in all aspect of the production process.

We insist on taking care of food safety from the very source, implementing whole production chain and whole process control and have established systems for product tagging and quality tracing. We have established comprehensive quality management systems in purchasing, manufacturing, processing, packaging, storage, sales, logistics, etc. We strictly observed requirements of the ISO9001 international quality management system and HACCP food safety management system and established the whole process food safety monitoring and management system. Currently, 27 subsidiaries of the Company have qualified for ISO9001 certification, 23 subsidiaries have qualified for QS certification and HACCP certification, 3 subsidiaries have qualified for ISO22000 certification and COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd. has also been awarded the AIB accreditation in the United States.

The Company has maintained an excellent food safety record and will continue to do so in the future.

### Promoting the establishment of new villages

Our business characteristics (including primary and advance processing of agricultural products, domestic and international trading) and our leading position in agriculture industrial, constitute our unique advantages in linking the industrial and agricultural businesses in the urban and rural areas and extending them to the international market. Therefore, we are well positioned to make our contributions towards the establishment of new villages which can be translated into the promotion of internationalised agriculture in China, the coordination between developments in urban, and rural areas in different regions, and the opening up of the country.

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We have established more than 40 food processing enterprises in 16 provinces across the country, and engaged in the areas of wheat, rice, corn, oils and barley processing. Through the extension to the upper stream of our value chain, we have organized small and separated farmers, achieved regional distribution of raw materials, specialized agricultural production and reached appropriate level of economy of scale, and achieved the bridging of “thousands of small farmers” operating on their own with the “ever changing big market”. We have realised steady supply and quality control of raw materials from the right source, reduced unplanned agriculture production, and formed the necessary material foundation for the establishment of new villages.

Our agricultural product processing enterprises throughout the country have provided ample employment opportunities for the local population, especially rural residents. We also promoted the industrialisation of villages and the steady transfer of a large quantity of surplus rural labor force, thus indirectly promoted the establishment of small towns in rural areas, and contributed for a coordinated urban and rural development.

### Actively participating in community work

As a leading bulk agricultural product processing enterprise in the PRC, we understand that harmony and development of the society are the basic criteria and foundation for the Company’s growth. We actively participate in community work such as charities and donations. We also care and support public welfare work including education, cultural and medical care so as to contribute to the establishment of a harmonious society.

When the country suffers from major natural disasters, we actively provide financial, materials and manpower support to the needed.

At the beginning of 2008, rain and snowstorm disasters hit certain provinces in the south. Guangxi COFCO Bio-Energy Co., Ltd. of our Biofuel and Biochemical Division has purchased RMB7 million worth of quality tapioca seedlings from overseas and delivered them to local farmers for free to solve the immediate production needs of the farmers; while Jiangxi Rice of our Rice Trading and Processing Division donated 240 tonnes of parboiled rice to the affected area in Hunan. After the Wenchuan earthquake on 12 May 2008, the Company and its subsidiaries

donated over RMB10 million of cash and materials through different channels under the names of the employees and their operating units. We also eagerly supported the blood donation activities in provinces where our subsidiaries are located to provide the basic necessities of the people in the disaster areas and support for reconstruction.

We encourage our staff to join volunteering work in serving the society and living out the “devotion, love, mutual assistance and progressing” spirit.

During the Beijing Olympics, we were chosen to provide voluntary service for the Olympic Games as voluntary shuttle drivers at the Olympic Park Station. Upon successfully completing the mission of serving the Olympics, we were awarded the title of gold medal voluntary drivers as an honor to the Company.

We care about and support education and provide material help and love to the children in need.

The Company actively participated in the charitable donations and subsidizing activities organized by the PRC Government, aiming to help the poor children to go back to school and solve their other problems in life. COFCO Bio-Energy (Zhaodong) Co., Ltd. of our Biofuel and Biochemical Division actively organized “Spring Bud Bridge” activity by which dozens of poor students are subsidized on a 1 on 1 basis to finish their education in high schools and universities and the children in the “Sunshine Orphanage” receive basic necessities such as rice, noodle and oil on a monthly basis. Female staff of COFCO Flour Industry (Qinhuangdao) Pangthai Co., Ltd. of the wheat processing department participated in the “Loving Activities of Loving Mothers” and signed an agreement of union and assistance with children receiving the donation so as to provide the necessary material and spiritual assistance to these children to improve their learning and living conditions.