



Care for Left-behind Children

# 2014 CSR REPORT

## 企業社會責任報告

中國糧油控股有限公司  
China Agri-industries Holdings Limited  
股份代號 606

# About This Report

This report is the sixth Corporate Social Responsibility Report released by China Agri-Industries Holdings Limited.



## ◎ REPORTING PERIOD

From 1 January 2014 to 31 December 2014. Parts of the report contain information from previous years.

## ◎ SCOPE

This report covers China Agri-Industries Holdings Limited ("China Agri" or "the Company") and its group companies. Unless otherwise stated, all data and case studies presented in this report are derived from China Agri and its subsidiaries.

## ◎ REPORTING FRAMEWORK

This report is prepared in accordance with the ten principles of the United Nations Global Compact, Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative (GRI), and the Environmental, Social and Governance Reporting Guide issued by the Hong Kong Stock Exchange.

## ◎ REPORTING IMPROVEMENTS

Compared to last year, the following improvements were made to this report:

- Optimized structure and removed content that overlapped with the annual report;
- Used a large number of case studies to explain CSR practices and improve the readability of the report

## ◎ DATA COLLECTION

The content of this report was selected based on the GRI Reporting principles for defining materiality, completeness, relevance and stakeholder inclusiveness; the Environmental, Social and Governance Reporting Guide issued by the Hong Kong Stock Exchange; the GRI Sustainability Guidelines and its food processing sector supplement guidelines which are in line with international guidelines for sustainability/social responsibility reporting, and the best practices of sustainability management of industry in China and abroad.

## ◎ PUBLICATION

This report is available in traditional Chinese and English versions. Electronic copy can be accessed and downloaded from the Company's website ([www.chinaagri.com](http://www.chinaagri.com)).

## ◎ UNAUDITED DATA

Unless otherwise specified, the data in this report is unaudited. Please refer to our 2014 Annual Report for the audited financial statements of the Company for the year ended 31 December 2014 and other details of our financial performance and operating results. The 2014 Annual Report is available on the Company's website.



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## About Our Company

- 1. Company Profile
- 2. Company Visions and Strategies
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- 4. Honors & Awards

# 1 COMPANY PROFILE

The Company ranked No. 74 on the Fortune China 500 list in 2014.

China Agri-Industries Holdings Limited (Stock code: 606) was incorporated in Hong Kong in November 2006 and officially listed on the Main Board of the Hong Kong Stock Exchange in March 2007.

As a leading agricultural products and food processing company, China Agri is engaged in the processing and sale of oilseeds, biochemical and biofuel products, rice, wheat products and brewing materials. We provide our customers with safe, nutritious and healthy products. Our products include edible oils, fuel ethanol, starch, sweeteners, MSG, rice, flour, noodles and bread, malt and feedstuffs. The Company's operation and production facilities and operating assets are located in mainland China. We sell the majority of our products in the domestic market through our sales and distribution networks across the country.

Our business scale, operational performance, industry leadership, as well as outstanding management in sustainable development are recognized by our stakeholders. The Company is a constituent of a number of important benchmark indexes.

# 2 COMPANY VISIONS AND STRATEGIES

**China Agri is devoted to being a "one-stop solution provider of nutritious and healthy foodstuffs and feedstock."**

**Due to our focus on resource investment and scale expansion after our IPO, we were able to double our production capacity and establish a powerful and influential position in the industry. We have also gradually improved our geographic footprint by integrating our production and sales areas, as well as placing equal emphasis on imported and domestic raw materials.**

**In order to align with new consumption demands for middle and high-end edible oils and foodstuffs, China Agri has changed its mode of development and transformed into a consumer-led, R&D-driven, one-stop solution supplier.**

**We focus on sales expansion of deep-processed products with high growth potential and added value. At the same time, we promote product upgrades through R&D to continuously enhance our core competencies and strengthen our industry-leading business performance.**

## 3 OUR BUSINESS

### Oilseeds Processing Business



China Agri is one of the largest edible oil and oilseed meal producers in China. We are primarily engaged in the processing, storage, transportation, and distribution of soybeans, palm oil, rapeseeds, peanuts, and Xinjiang's oilseed materials. Our renowned brands include "Fortune" (福临门), "Five Lakes" (五湖), "Sihai" (四海), and "Fuweilai" (福味来) for small-package oil, "Fuzhanggui" (福掌柜) for medium-package oil, as well as "Sihai" (四海) and "Xiyinying"

### Biochemical and Biofuel Business



China Agri is a leading biochemical enterprise in China. We are also the main provider and industry leader in bio-energy. Our main products include corn starch, sweeteners, MSG, fuel ethanol, consumable alcohol, anhydrous ethanol, crude corn oil, and feed ingredients.

### Rice Processing and Trading Business



China Agri is the largest rice importer and exporter in China, engaging primarily in the processing, trade, and branding of rice. Our rice brands, including "Fortune" (福临门), "Five Lakes" (五湖), and "Donghai Mingzhu" (东海明珠) are well known in China.

### Wheat Processing Business



China Agri is one of the largest wheat processors in China. Our products include special-purpose flour, general-purpose flour, noodles, and bread. "Xiangxue" (香雪) is our most influential brand.

### Brewing Materials Business



China Agri is the leading producer of malt and leading supplier of brewing materials in China. Our malt products are sold to 30 provinces, cities, and autonomous regions across China, as well as exported to other countries and regions in Southeast Asia.

## 4 HONORS & AWARDS

### In January 2014

COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd. and COFCO Oils & Grains (Chengdu) Industries Co., Ltd. were named "National Demonstration Enterprises of Construction of Modern Logistics of Grain" by the State Administration of Grain (SAG).

### In April 2014

Nine frontline employees from the Bio-Energy Division were named "Skilled Workers of Central Enterprises" by the State-owned Assets Supervision and Administration Commission (SASAC).

### In November 2014

The China National Accreditation Service for Conformity Assessment (CNAS) issued its Laboratory Accreditation to COFCO Malt (Dalian) Co., Ltd.

### In March 2014

The China National Accreditation Service for Conformity Assessment (CNAS) issued its Laboratory Accreditation to COFCO Malt (Jiangyin) Co., Ltd.

### In June 2014

COFCO Flour (Qinhuangdao) Pang Thai Co., Ltd. was named a "National Demonstration Enterprise of Staple Food Processing Industry".

### In November 2014

The China Catering Industry Conference 2014 & Inaugural Conference of Chinese Association's Supplier Committee was held in Beijing. Ms. Yang Hong, Vice President of China Agri and General Manager of Rice Processing and Trading Division, was elected Vice Chairman of the First Supplier Committee of the Chinese Cuisine Association.



## Social Responsibility Management

- 1. Social Responsibility Philosophy
- 2. Social Responsibility System
- 3. Social Responsibility Communications

# 1 SOCIAL RESPONSIBILITY PHILOSOPHY

The sustainable development philosophy of COFCO Group, China Agri's parent company, is "Nature Shapes Us". In upholding this philosophy, China Agri fulfills its responsibilities to employees, consumers, the environment and communities, while creating benefits for its shareholders and investors, as well as fulfilling our responsibilities as a good corporate citizen. We incorporate social responsibility into our corporate strategies and culture. We also pay great attention to humanitarian values and contributions to environmental protection, consumer rights and social welfare in the course of our business operations. We believe that by doing so, we build our corporate reputation, as well as winning the trust, confidence, and of investors, consumers, and employees.

# 2 SOCIAL RESPONSIBILITY SYSTEM

In 2013, China Agri crystallized the concept of a "RESPONSIBILITY TREE" after an intense analysis of key topics concerning social responsibility in the industry. Six key words – faithfulness, integrity, sincerity, virtue, benevolence, and morality, represent six CSR sectors and their corresponding stakeholders. This system is the guiding framework for long-term reference and implementation of our social responsibility practices, which will be summarized, assessed, and improved regularly.

## SINCERITY

Realize win-win development with partners

## INTEGRITY

Support agricultural development, guarantee food safety, and lay the basis for social progress

## FAITHFULNESS

Improve corporate operations, management, and core competitiveness to create value



## VIRTUE

Treasure natural resources, fight environmental pollution, and realize sustainable development

## BENEVOLENCE

Care for employees' rights and interests to support a more cohesive enterprise

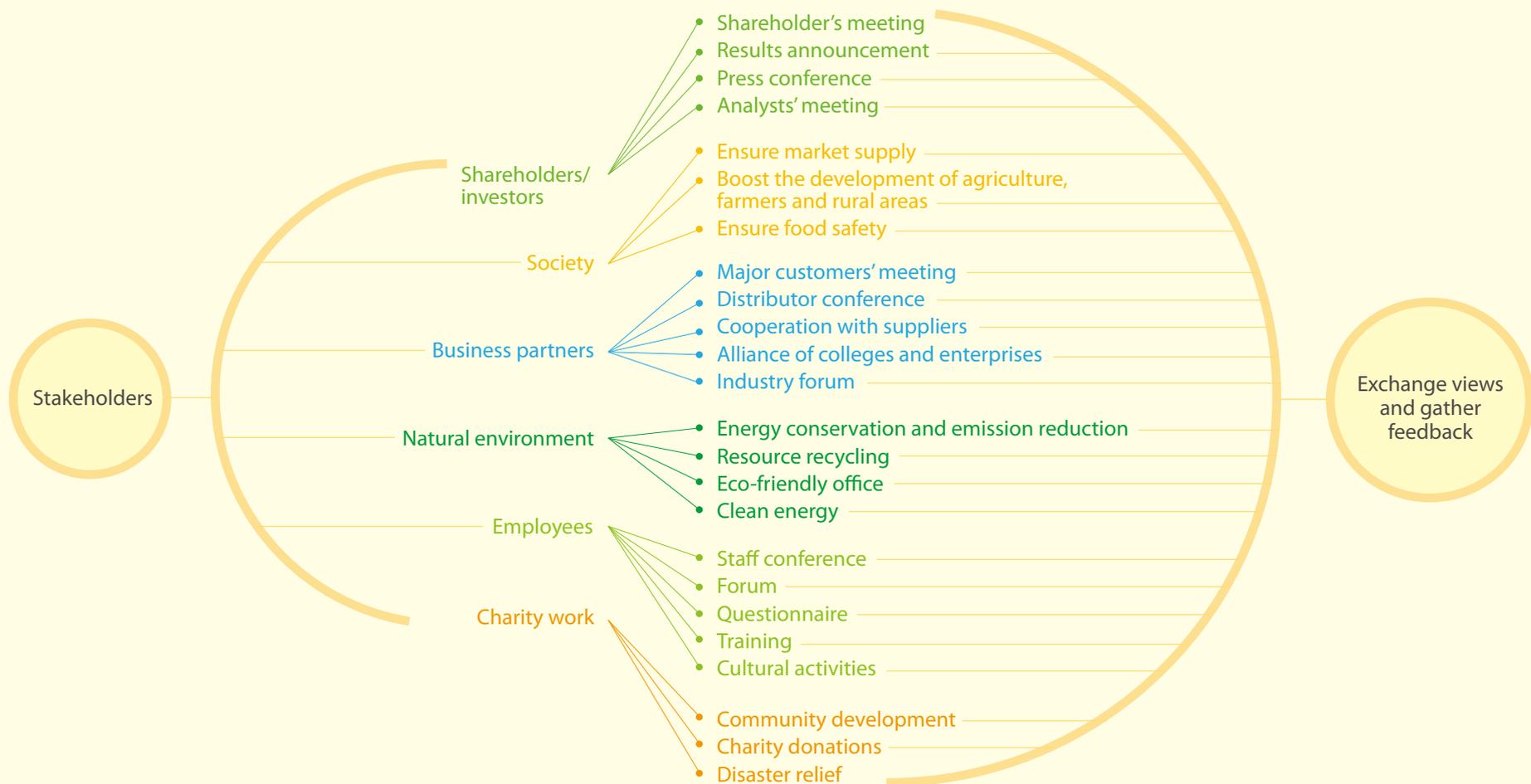
## MORALITY

Actively participate in public welfare activities to build a spirit of charity

### 3 SOCIAL RESPONSIBILITY COMMUNICATIONS

The Company strives to internalize social responsibility as part of its corporate "DNA", by making the philosophy of "Nature Shapes Us" and the Responsibility Tree take root. We have established a Sustainable Development Committee consisting of the corporate management team and department heads in order to conduct overall planning, policy guidance, and management of our CSR work. Professional employees responsible for social responsibility work actively participate in external training

conducted by the State-owned Assets Supervision and Administration Commission (SASAC), the Hong Kong Stock Exchange, and other consulting agencies. We also promote our CSR concept within the company and actively communicate with shareholders, investors, partners, and employees in order to improve participation and accept the suggestions of stakeholders.





## Themes of the Year

- 1. Cover Story  
"Care for Left-behind Children"
- 2. Clear Away the Haze

# 1 CARE FOR LEFT-BEHIND CHILDREN

In China's vast rural areas, "left-behind children" have become a prominent social problem. These are children whose parents have to work outside their hometowns for a long periods of time to make a living, while they are going through a critical stage of growth and development. Absentee parents are unable to take care of their children and give them proper guidance, or teach them their views and values. Without any other options, most of these children live with their grandparents or alone in school dormitories. Due to such circumstances, they lack necessary attention and emotional care from their parents as they grow up. Most become introverted, emotionally depressed, and prone to psychological abnormalities, which then cause behavioral problems.

The road of love →

Themes  
of  
the Year



In 2014, China Agri launched a public welfare campaign titled, "Care for Rural Left-behind Children", focusing on rural education. The Company visited schools in poverty-stricken, mountain villages to understand the study and living conditions of left-behind children. Within the Company, it conducted fundraising events to solicit the donation of desks and chairs, teaching equipment, school supplies, and clothing to those in need.



The Company also carried out two public welfare teaching projects under the slogans, "Enlightenment and Inspiration", and "Broaden Your Horizons, Attain Your Dreams", working together with its subsidiaries. These were aimed at enriching the spiritual life of left-behind children, creating opportunities for them to make contact with the outside world, training better communication skills, and enhancing their confidence in an atmosphere of edutainment. Left-behind

students from poor mountainous areas were invited to visit China Agri's factories, and talk with employees about their studies, life pressures, and hopes for their careers. The Company called on young volunteers to pair up with children who were financially stressed or faced special difficulties, and mentor them to help solve the problems in their lives and give them guidance on values.

**The Company regards the "Care for Rural Left-behind Children" campaign as one of its key CSR projects and will work together with its subsidiaries to continue with the project nationwide on an annual basis.**



## 2 CLEAR AWAY THE HAZE

In 2014, most parts of China suffered from serious air pollution. The number of "haze days" increased, which had many negative impacts on the health and ordinary life. In order to advocate for green energy, China Agri opened an official WeChat public

account called "Clear Away the Haze", which aims to publicize the positive role that fuel ethanol plays in improving air quality.

"Clear Away the Haze" provided information on the following topics on a rolling basis



## Scientific Research Data Shows Fuel Ethanol Plays a Positive Role in Maintaining Environmental Quality

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### Adding a mix of fuel ethanol to gasoline can effectively reduce pollutants such as PM2.5

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The size range of inhalable particulate matters in vehicle emissions is 0.04-0.1 microns, far less than 2.5 microns. These can get into people's lungs and destroy the human respiratory system, causing great harm. Primary pollutants such as HC and NO<sub>x</sub>, which are emitted by vehicles and factories, as well as other means into the atmosphere, react chemically in the presence of sunlight and create secondary pollutants. The smog phenomenon formed by the mixture of primary and secondary pollutants is photochemical smog, more commonly known as "haze". The October 2014 issue of Nature magazine reports that vehicle emissions contributed to 5% to 15% of the formation of haze in China.

The results of repeated tests both at home and abroad over several decades show that the use of ethanol gasoline for motor vehicles can reduce noxious emissions and significantly reduce the content of HC and CO in conventional emissions.

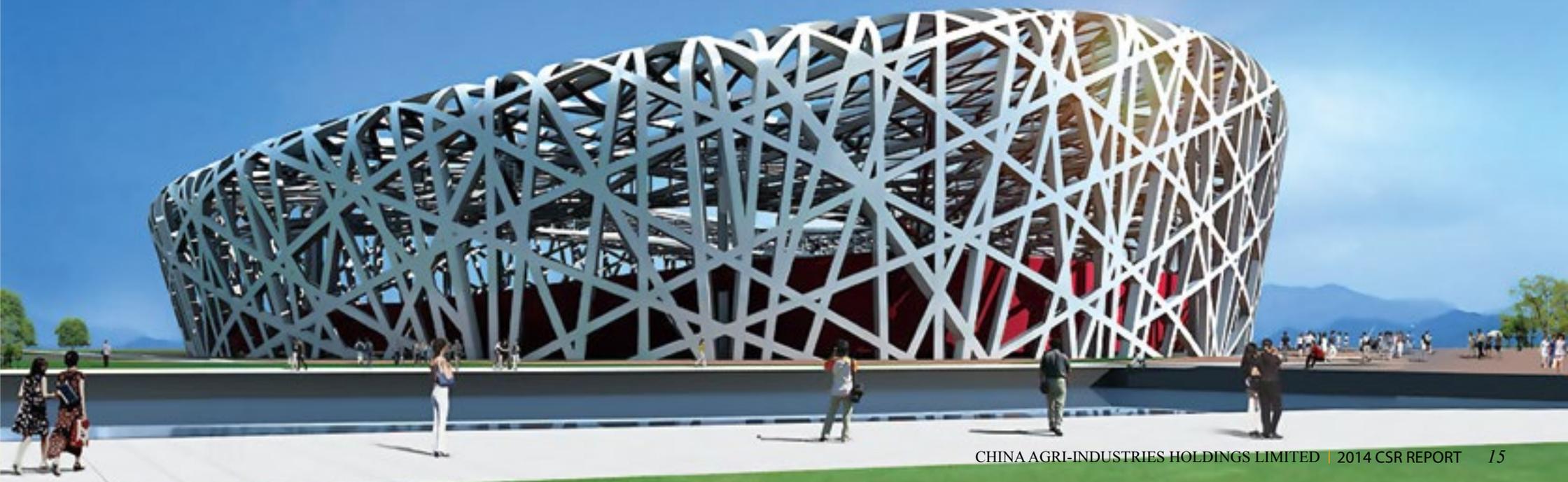
The Auto/Oil Air Quality Improvement Research Program (AQIRP) report shows that compared with conventional gasoline, California's reformulated gasoline, which contains 6% ethanol, has 10% to 27% fewer HC emissions, 21% to 28% fewer CO emissions, and 9% to 32% fewer of other toxic gases.

A report by the Oak Ridge National Laboratory (ORNL) shows that with the use of E10 ethanol gasoline, the HC and CO emissions from vehicular exhaust decreases by 20% and 14% respectively.

With the use of E10 ethanol gasoline, the CO and HC emissions in vehicular exhaust decreases by 19.7% and 16.4% respectively, according to test results of the monitoring center for energy utilization in the motor transport industry under China's Ministry of Transport.

Since 2008, when a program began to promote the use of E10 ethanol gasoline, the atmospheric environment has improved significantly in Guangxi Zhuang Autonomous Region. According to data released by the local environmental protection monitoring center, after using E10 ethanol gasoline, HC concentration in vehicle exhaust declined by 42.7% on average, while CO concentration declined by 34.8% on average.

The discrepancy between these figures reflects different test conditions. However, the conclusion is the same – using ethanol gasoline for motor vehicles can effectively reduce emissions.



MTBE is a chemical compound produced during oil processing, with a relatively low production cost. It can increase the efficiency of gasoline combustion and improve the octane value of gasoline. MTBE is an oxygenated gasoline additive that was widely used all over the world. At the end of the 20th century however, studies found that it is not readily biodegradable and contaminated groundwater once it seeped into soil. When people are exposed to high concentrations of MTBE, they experience nausea, vomiting, dizziness, and other symptoms. Further research revealed that MTBE had carcinogenic effects on mice. In view of the harm it can

cause, the U.S. Environmental Protection Agency (EPA) banned the use of MTBE in the United States. Other countries are gradually giving up the use of MTBE as well.

Ethanol contains 35% oxygen, is soluble in gasoline, and can increase its octane value. Adding a certain amount of ethanol to gasoline reduces automobile emissions. Given the many merits of ethanol, the United States passed the Energy Policy Act in 2005 and started using ethanol as an alternative to MTBE in gasoline.

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**Replace MTBE  
with fuel ethanol  
as a clean oxygen-  
containing  
additive to  
gasoline**

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## Social Responsibility Practices

1. Value Creation

2. Social Development

3. Cooperation and Mutual Benefit

4. Environmental Protection

5. Care for Employees

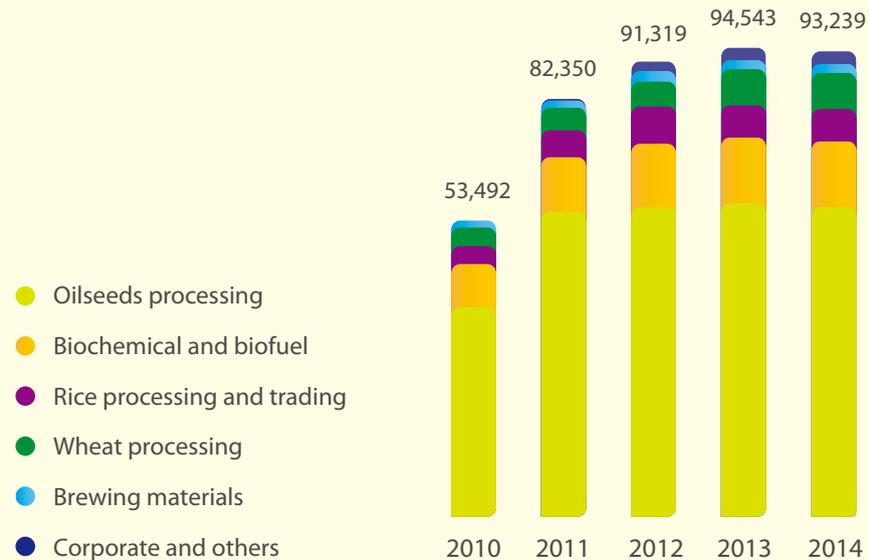
6. Charitable Work

# FAITHFULNESS

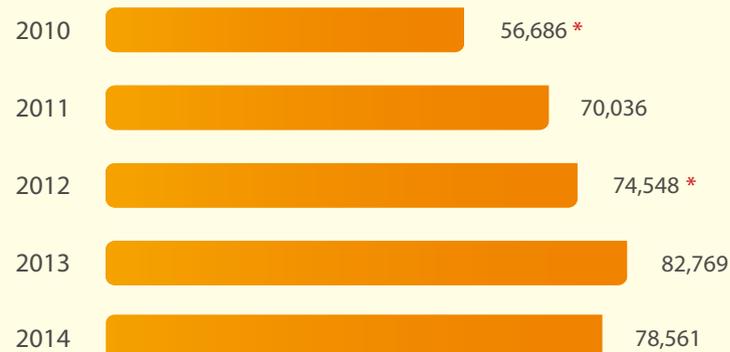
## 1 VALUE CREATION

In 2014, China Agri moved closer to its goal of becoming an internationalized grain, oil, and food processing company in order to "make up for weaknesses in line with benchmarks and strengthen implementation and capability building." The Company intensified its efforts to strengthen operational management and risk control, promote product R&D, and boost operational efficiency and core competitiveness.

### Revenue (HK\$ million)



### Total Assets (HK\$ million)

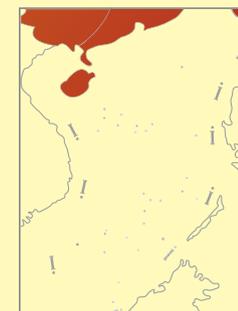


\* Restated due to change in accounting policy on fair value measurement.



### Capacity Distribution

- Oilseeds processing
- Biochemical
- Biofuel
- Rice processing and trading
- Wheat processing
- Brewing materials



## Strengthen Operational Management

In 2014, the Company focused on benchmark management to promote its business units and give full play to the role of overall planning and professional guidance. Using benchmark management, the Company was able to identify bottlenecks, formulate measures for improvement, and inspire grassroots enterprises in terms of self-improvement. Our business teams showed a strong spirit of excellence and competitiveness, which brought performance to a new level.

Enhanced the benchmark management database to provide a strong foundation for analysis



Focused on key areas and weak points of business operations; set up and implemented benchmark management projects to improve performance

Optimized operational management and performance evaluation system of operational units at all levels based on benchmark management

Organized training in benchmark management; conducted workshops; and optimized business procedures via benchmarking

## Enhance Risk Management and Internal Controls

In 2014, China Agri focused on improving its market risk management system and enhancing its risk prevention capability to ensure the fulfillment of its strategic targets.

### 1 / Improved organizational structure to support the risk control system

- ◎ The Company's headquarters and Oilseeds Processing Division established independent risk control departments; the risk control department of the Rice Processing and Trading Division is in development
- ◎ Specified the job responsibilities of risk control staff to ensure they have appropriate qualifications
- ◎ Studied the dual evaluation mechanism for staff in charge of risk control

### 2 / Controlled the operation of business units to avoid operational risks

- ◎ Revised market risk management measures and optimized risk control work flow to improve clarity and establish operational standards
- ◎ Worked with the compliance auditing and supervisory teams at COFCO; encouraged business units to seek compliance

### 3 / Strengthened daily risk monitoring

- ◎ Improved accuracy and quantitative methodology for identification of operational risks
- ◎ Encouraged all business units to record risk control data and improve calibration methodology
- ◎ Conducted contrastive analysis on risk control indexes on a daily basis and assessed the accuracy of data in line with changes in external market environment

## Promote Product R&D



In order to raise the overall level of R&D, as well as the professionalism of its R&D team members, China Agri organized seminars and meetings on rice processing, wheat processing, oils & oilseeds processing, vegetable protein utilization, as well as standards and regulations, with invited industry experts offering lectures and consultation. An external expert database was built focusing on products research and technology.

### Case Study

Measures by COFCO Bio-Chemical Energy (Gongzhuling) Co., Ltd. to Promote Product R&D

A new swirl washing unit and a new antioxidant were put on trial run in the production of corn starch, which reduce the protein content in starch milk, as well as bacteria and sulfur dioxide in wet-processed starch to improve its quality.

In terms of feed processing, a new antioxidant was developed to prevent protein powder from mildewing, adding value to the Company's high-fat glycoprotein feeds.

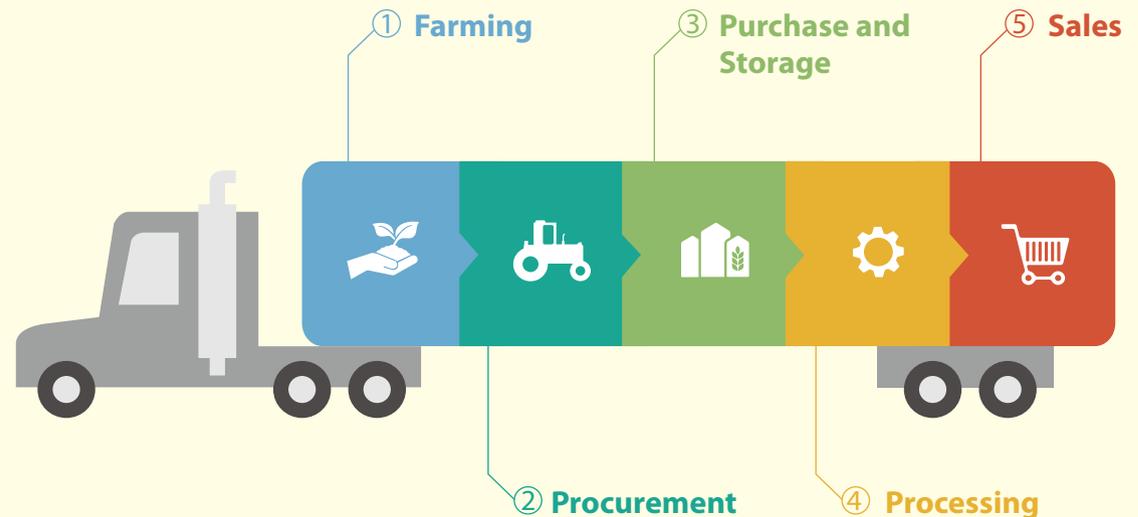
# INTEGRITY

## 2 SOCIAL DEVELOPMENT

The Company is committed to promoting industrial development and social progress while achieving self-development. In 2014, China Agri strengthened its efforts to ensure market supply and food safety as well as to boost the development of agriculture, farmers and countryside to better serve society.

### Ensure Market Supply

Planting, purchase and storage provide the foundation for stable supply and reliable quality of raw materials, and are key to the industrial supply chain. These are the closest links to agriculture and farmers in the entire industrial chain, and are crucial to ensuring grain security. In 2014, the Company promoted large-scale agricultural operations, provided guidance to farmers on ways to improve crop varieties, and helped farmers avoid crop risks and increase incomes by raising the percentage share of contract farming and applying production models such as "Farm + Factory" and "Farmers + Cooperatives + Enterprises". In addition, the Company improved sourcing reliability by applying models such as direct purchase, consignment purchase and storage, bidding and auctions, trade, strategic cooperation and internal collaboration. In terms of processing and sales, the Company refined production management by making use of its national footprint, by adopting a consumer-oriented approach, expanding its sales network, through channel and brand building, by increasing product power, market share and customer satisfaction, and by providing customers with one-stop food ingredient solutions.



Case Study

Global Raw Materials Procurement System of the Oilseeds Processing Division

Oilseeds Processing Division has a global raw materials procurement system, which maintains good relations with Noble Group, ADM, Cargill, Bunge, Louis Dreyfus and other suppliers. In 2014, the Division purchased over 10 million tons of soybeans, rapeseeds, soybean oil and palm oil from Brazil, Argentina, the U.S., Malaysia, Indonesia, Canada, Australia and other countries.

The Division has 13 factories along the Yangtze River Basin, which is a major rapeseed production area; Shandong Province, a major peanut production area; and Xinjiang Uygur Autonomous Region, which is rich in edible oil resources. All of these factories have facilities for loading and unloading, inspection and storage of domestically-produced edible oils, and have established long-term cooperative relationships with local farmers, grain brokers and governments. The Division purchased about 100,000 tons of domestic raw materials such as rapeseeds and peanuts in 2014.

During the year, the Division accelerated construction of the COFCO Guangdong Industrial Park. The project will become a large oilseeds processing, warehousing, and logistics base upon completion, creating an integrated industry chain, increasing market share for COFCO's oilseeds processing business in Guangdong, and providing more stability to the market and prices as well as a reliable supply of grain and edible oils.

Purchased over **10 million tons** of soybeans, rapeseeds, soybean oil and palm oil from overseas in 2014

Purchased **100 thousand tons** of domestic raw materials in 2014





### Case Study

## Contract-farming Operational Model of the Wheat Processing Division

There is a Chinese acronym to convey how precious these assets are to enterprises and individuals whoever gets a hold of them "He who has raw wheat in his hand has the world". In the increasingly fierce competition for the domestic flour market, companies with stable sources of high quality raw wheat will have an advantage. Wheat processing enterprises face common challenges in obtaining a stable source of high quality grain, meeting customer demand for food safety and quality, as well as coping with the pressures that arise from the quality of raw materials and price volatility.

In 2006, Kraft Foods, the world's second-largest food company, introduced a number of requirements to the Wheat Processing Division as the basis for cooperation. In order to meet its own standards for food safety and product quality, Kraft insisted on controlling the entire production process, beginning with grain.

In order to meet Kraft's needs, the Wheat Processing Division went through several stages with high-quality Yangmai 13 wheat, including seed selection, trial planting, marketing promotion, and customized contract farming. The Division was ready to begin cultivating Yangmai 13 on a massive scale. At present, 200,000 of Yangmai 13 are under cultivation (Mu is a standard unit of area for farmland in China. 1 mu = 0.0666 hectares or 0.1647 acres). In 2008, the Wheat Processing Division was engaged in every stage of the process with its contract farmers, from seeds, fertilizers, and pesticides, to agricultural services, giving it complete quality

Planting scale reached

**600** thousand mu

control from "Seeds to Cultivation, Purchase, Storage, Logistics, and Processing, to Food".

Since partnering with Kraft Foods, the Wheat Processing Division has extended the contract farming model to include planting of raw materials for baking flour, as well as the flour used for making noodles, according to the demands of newly added core customers. The division has introduced its contract farming operational model in northern Jiangsu, northwest Shandong, southern Hebei, and northeast China. As of year-end 2014, the scale of plantation using the contract farming model is 600,000 mu.

Domestic contract farming has become ubiquitous over the past few years, helping form closer ties among farmers, enterprises, governments, and the market. However, scale of individual farms remains small and performance limited due to a lack of clarity regarding the responsibilities of the parties concerned, the need for intensive management and inadequate supporting facilities. Operations have become formalistic. The Wheat Processing Division modifies its contract farming operations based on the different situations in each region, in order to attract more participants to the scheme through advantages of scale, standardization, efficiency and other benefits of the model. The Company has been able to achieve win-win outcomes among farmers, enterprises, government and other stakeholders through such flexibility. Contract farming is gradually becoming an important way for the Wheat Processing Division to secure high-quality grain.

## 1. Contract Farming in Jiangsu — the "Government Support" model

In Jiangsu, the Wheat Processing Division has developed a "Government + Purchase and Storage Enterprises + Professional Farmers + Processing Enterprises" operational model with "local governments playing the leading role", thanks to the strong support of government agencies supplying agricultural services in the province. The Division has signed a Contract Farming Framework Agreement with the Zhangjiagang municipal government.

Under this model, the local government provides organization, coordination, direction, and supervision. It is active in promoting land aggregation, in order to transform small grain-growing households into large ones. The government arranges seed auction and designates agricultural committees to provide professional field management services for farmers

in the planting phase. During the purchasing process, the local grain bureau assists the Wheat Processing Division in signing the Wheat Consignment Purchase and Storage Contract with the Zhangjiagang Grain Purchase-Sale Corporation, offering support in purchase and storage. The local government also provides farmers with subsidies for seeds, fertilizer, and pesticides, as well as special subsidies on prices, helping to build their trust and improve their contract fulfillment rates.

The Wheat Processing Division entered into two-year and five-year Contract Farming Framework Agreements with the Zhangjiagang municipal government in 2008 and 2010 respectively, establishing a long-term strategic partnership.



## 2. Contract Farming in Shandong — a “Seamless Connection”

Farmer households in Shandong are geographically scattered and planting efficiency is uneven. The keys to a successful operational model are to ensure plant quality and contract fulfillment.

The Wheat Processing Division first developed a contract-farming operation as model based on "Cooperatives + Farmers + Processing Enterprises + Agricultural Departments + Government" with "cooperatives taking the leading role". It then teamed up with its strategic partner, Guangrao Huitong Corporation, to establish Guangrao Huitong Farmer Professional Cooperative, which is responsible for organizing its members to carry out grain planting based on the Division's requirements, as well as organizing brokers to purchase all grains harvested. All high quality wheat seeds under contract farming come from the Shandong Academy of Agricultural Sciences, and are selected by the experts of the Division. During the production process, the cooperative establish centers for distributing agricultural material, providing the use of agricultural machinery, technology promotion, as well as storage and logistics. This ensures that all wheat is stored and taken care of at the contract warehouses of Wheat Processing Division after being harvested. The wheat is provided on an exclusive basis for the Division's flour plants.

The province's contract farming operation model enables all entities involved to play a significant role at an expanded economic scale. Agricultural resources are highly integrated, together with a standardized management system covering planting, harvest, storage, and sales.



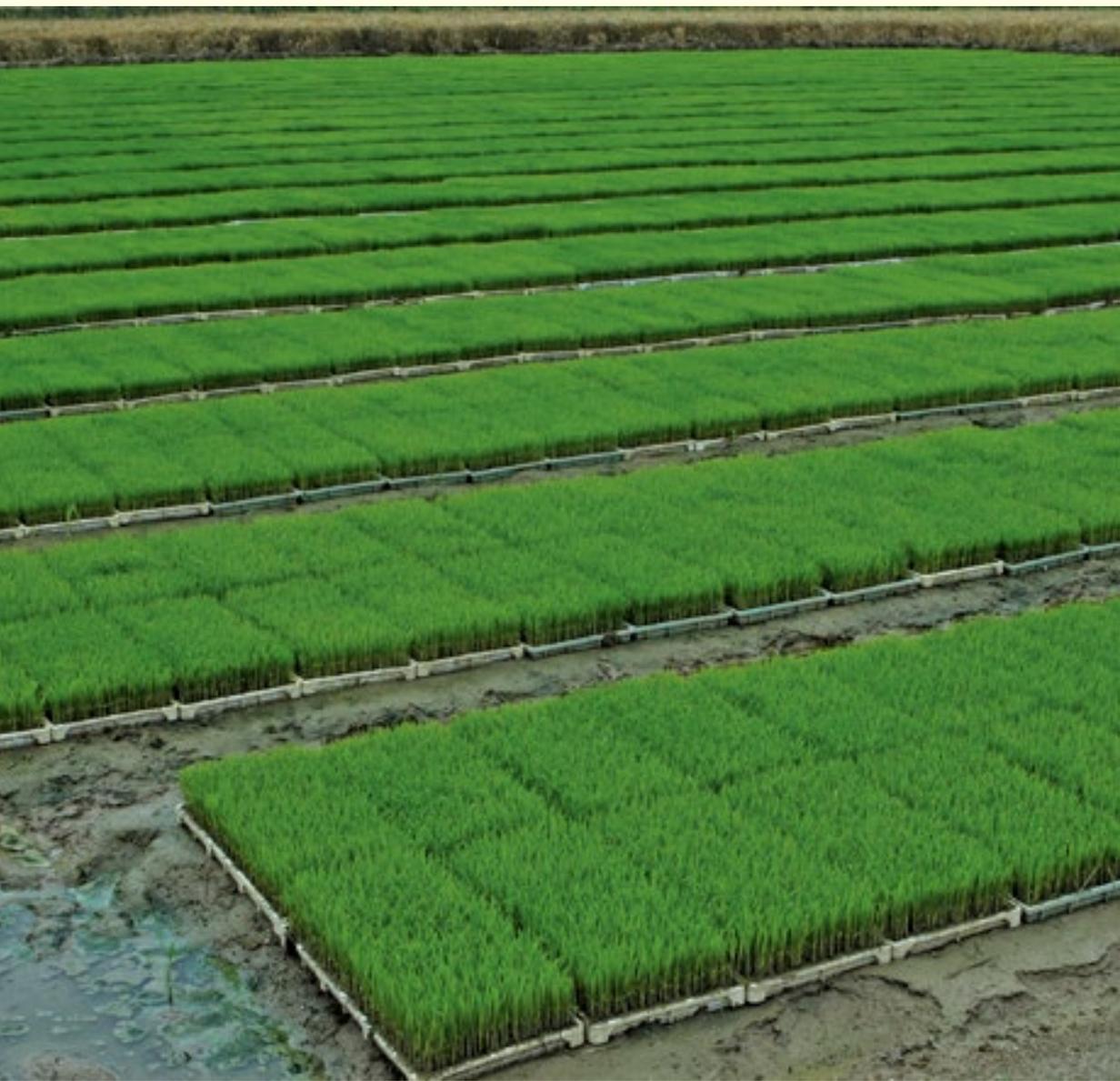
## 3. Contract Farming in Inner Mongolia — the “Axis-driven” Model



The contract farming promoted by Wheat Processing Division in Inner Mongolia is based on the efficient modern household-based farm model. Given the superior natural conditions and abundant land resources in the region, household farms have become the driving force of agricultural development there. They have acquired extensive management experience over many years of operation and play a key role in contract farming.

The Wheat Processing Division entered into the a contract Farming Framework Agreement and the Wheat Purchase and Sale Contract with Hulun Buir Sunshine Farm, under which the latter is responsible for wheat planting, harvesting, and storing according to the Wheat Division's requirements. Under this "Farm + Processing Enterprises" operational mode, the farm assumes the role of management. Thanks to the excellent local environment for crop planting and growing, the farm is able to develop premium products, and uses "pollution-free planting" and "organic planting", to improve the grade and add value to its products. Only wheat seeds of high quality are utilized under the contract farming model. Wheat planting, field management, harvesting, and storage are all under the management of the farm. After harvesteing, all wheat is stored and maintained at the Division's dedicated warehouses, which are reserved exclusively for its flour plants.

The farm-based contract farming model features fewer intermediate links, strong execution, and high operational efficiency. Large-scale planting of a single variety supports stable quality and supply for the Division in its customer-oriented raw materials.



## Case Study

COFCO Rice (Hulin) Co., Ltd. Cooperates with Downstream and Upstream Enterprises to Ensure Market Supply of High-quality Products

COFCO Rice (Hulin) Co., Ltd. located in China's largest commercial grain base, is COFCO Rice Division's major supplier of rice for sale at home and abroad. The company controls the upstream industry chain through its purchasing channels, enabling it to reduce upstream costs of rice as well as purchase costs for the users along the value chain.

COFCO Rice (Hulin) Co., Ltd. uses pollution-free rice grown in the Sanjiang Plain as raw materials, and takes strict quality control measures to ensure the quality of its products. Throughout China, the Sanjiang Plain is the only freshwater wetland that has maintained its original geographic features. Its excellent natural ecology and environment make it a major production zone for rice strains including Kongyu 131, Kenjiandao 7, and Liandao 1.

COFCO Rice (Hulin) Co., Ltd. has contracts with Farm 857 of the Mudanjiang Heilongjiang Agricultural Reclamation Bureau and with Baodong, a town in Hulin city, to grow high-quality rice on nearly 20,000 mu of land. The quality of rice is ensured via professional management. This not only helps to increase farmers' incomes, but also addresses the demand for pollution-free grain in domestic and overseas markets.

COFCO Rice (Hulin) Co., Ltd. makes high-quality products available nationwide via two kinds of channels. The company's 19 sales branches distribute processed products regionally, while the company participates directly in the market through dealerships, major accounts, and catering enterprises. In addition to providing an adjunct to its regular supply channels, direct marketing keeps the company informed on the latest trends in consumer markets.

## Case Study

### COFCO Bio-Chemical Energy (Yushu) Co., Ltd. Participates in Procurement of Temporary National Corn Reserve to Control Grain Sources

Yushu is known as the "Granary of China" for its abundant supply of high-quality corn, of which it produces about 3 million tons annually. However, many new traders have emerged in the region over the past few years, intensifying the competition between processing enterprises and traders for product. In 2013-2014, the government launched a minimum price purchasing policy for corn to prop up the market. Private enterprises also participated in the procurement of a temporary national reserve, which worsened an already difficult situation. In order to exert control over local grain resources and reduce grain outflow to other regions, the company took a series of measures, such as increasing purchase prices, participating in procurement and auctions of the temporary national corn reserve, and launching a "Grain Bank" to ensure its minimum annual average purchase amount of 750,000 tons.

The company was able to counterbalance cost pressures on procurement by taking a number of steps, including diversified operation, profit growth point innovation, and process controls. It participated in the procurement for the temporary national grain reserve, by leasing 30 purchase and storage sites and buying nearly 700,000 tons of grains. As its inventory tightened, it also bought back some grain supplies, helping the government slash its inventory, while meeting its own demands. In addition, subsidies granted by the government played an important role in reducing costs to purchasers along the value chain, providing a sensible solution to farmers with stockpiles issues.



## Support Development of Regional Economies and Agriculture, Farmers, and Rural Areas

Grain and oil enterprises are intimately linked with rural areas and bear a close relationship with the development of agriculture, farmers, and rural areas. In 2014, the Company used technical guidance on planting, machinery operations training, crop variety upgrading, and guaranteed grain purchasing to support

agricultural development and farm incomes. In addition, it promoted the development of grain processing firms in crop growing regions, creating more jobs for farmers and improving the overall economic level of these regions.

Guangxi COFCO Bio-Energy Co., Ltd. has developed an agricultural industrialization model based on "Enterprises + Government + Scientific Research + Bases + Cooperatives (Farmer Households)". Under this model, it set up tapioca planting bases and high-yield demonstration bases; promoted the planting of fine tapioca varieties; provided tractor-plowing services; signed agreements for tapioca purchases at the minimum price; supported the development of professional tapioca agricultural cooperatives; encouraged farmers to develop marginal land for tapioca planting; and built purchasing and storage networks for tapioca. These actions helped to increase farm incomes, improve the efficiency of agriculture, and bring more development to rural areas.

The company has established its own tapioca planting bases, in collaboration with scientific research institutions and agricultural departments, including the Guangxi Subtropical Crops Research Institute, Guangxi Academy of Agricultural Sciences, Agricultural Bureau of Hepu County, and Institute of Agricultural Sciences of Hepu County, together



with authorities on the national tapioca industry agriculture. It introduced 19 new tapioca varieties, and selected and cultivated three new fine varieties of tapioca – Nanzhi 199, Huanan 5, and Guire 4 – and supplied the seed stems of new varieties of fine tapioca plants to cooperatives free of charge. As part of the program, the company conducted technology training, high yield pilot programs, and field technology guidance to promote high-yield planting technology among cooperative members and farmers in neighboring areas. The result was an increase in planting area of fine tapioca varieties to 345,000 mu. The percentage share of fine tapioca varieties increased from 25% to over 80%, and average yield increased by 0.4-0.5 tons per mu. Against the backdrop of scarce land resources, the company was able to reduce its land usage while increasing farmers' incomes by around RMB 490 million.

In order to better service cooperatives and farmers, the company provided tractor-plowing services and took charge of the daily maintenance of tractors during the process of cassava planting. Because of these services, a total of 38,760 mu of land was ploughed, allowing each farmer household from the cooperatives to save around RMB 35 per mu on tractor-plowing, or RMB 1.36 million in total.

The company signed agreements for tapioca purchases at minimum prices with cooperatives and farmers in order to provide them with predictable cash flow. The company paid a total of RMB 860 million to farmers in tapioca purchases, of which RMB 30.68 million was generated via cooperatives. In addition, it created over 600 jobs for local residents and added 79,000 jobs to transport and grain processing industries in the surrounding areas.

During the tapioca harvesting period, intermediary businesses and farmers lined up to purchase tapioca. The company opened "green channels" for them to queue and unload their goods.

### Case Study

Guangxi COFCO Bio-Energy Co., Ltd. Establishes Cassava Breeding Demonstration Bases

Fine cassava planting area reached

**345** thousand mu

Increased farmers' income by

RMB **860** million

Created

**79** thousand jobs

Case Study

COFCO Tayuan Safflower (Xinjiang) Co., Ltd. Supports Farmers

Following the unified deployment plan by the local government, COFCO Tayuan Safflower (Xinjiang) Co., Ltd. sent a working group to assist the agriculture team of the farm of Shanghu Town, Emin County, Xinjiang. The company applied for money from Tacheng's regional government to build up drip irrigation facilities covering 1,000 mu of arable land, which improved yields per mu by over 30%.

Built irrigation facilities for **1** thousand mu of land

Increased per mu yield by over **30** %

Case Study

60,000 mu Rapeseed Planting Base of COFCO Oils & Grains Industries (Jingzhou) Co., Ltd.

COFCO Oils & Grains Industries (Jingzhou) Co., Ltd. made an agreement with the government of Shizikou Town, Gonggan County, Jingzhou City, Hubei Province, on a 60,000 mu plantation for "Huayouza Series" rapeseeds. It adopted a management model of "unifying seeds, planting on adjacent land plots, utilizing formula fertilization, integrating control over diseases and insects, and receiving order-based purchases". The plantation area is expected to produce 9,000 tons of rapeseed and increase farmers' income by over RMB 900,000.

Signed **60** thousand mu of rapeseeds planting base contract

Estimated yield **9** thousand tons



Case Study

Jiangxi Rice Processing Limited Purchases of Early Indica Rice in 2014

Jiangxi Rice Processing Limited officially started the purchase of early indica rice on 28 July 2014, as part of the national plan establishing a minimum purchase prices for early indica rice. The price increased by RMB 0.03 per Jin (a unit of weight, equal to 0.5 kilogram) from 2014, with Grade III early indica rice serving as the national benchmark. As one of the authorized purchase and storage outlets, Jiangxi Rice Processing Limited had purchased 4,786 tons of grain at the minimum purchase price for national reserves as of 23 August 2014.

According to a survey of early rice production by the agricultural department of Jiangxi Province, total output was 16.4 billion Jin in 2014, the second highest year on record. The grain purchases to prop up the market are playing a positive role in maintaining enthusiasm for growing grain and increasing farm incomes. In the long run, these measures are necessary for national food security. Jiangxi Rice Processing Limited met the national minimum purchase prices for rice, as well as paying higher prices based on quality. The company expanded and refined its services to farmers, including timely payments to allow farmers to return home on the same day as delivering product.



## Ensure Food Safety

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China Agri has a food safety management system that covers the whole value chain. In 2014, it added benchmarking management tools into its quality and food safety management system. The Company worked at improvements by learning from other market leaders, striving to become a model enterprise in terms of internal quality and food safety, and enhanced the depth and breadth of its management standards.



## 1. Source Management

The Company strengthened the quality and food safety controls and management of its suppliers, while eliminating the risks of source systems to ensure food quality and food safety.

The Company classified and graded its existing suppliers, selecting a batch of major suppliers for on-site supervision and examination. It built up its database of strategic suppliers, in order to improve management, with quarterly statistical analysis of changes in the number of suppliers aimed at ensuring a 100% review of all suppliers within the year.

The Oilseeds Processing Division signed a "Food Safety Commitment" with suppliers of food raw materials, additives and packaging, and signed a "Transportation Safety Commitment" with suppliers to manage tanker loading and transportation of hazardous chemicals. The "Transportation Safety Commitment" ensures secure transport of goods and reduce the risk of cross contamination. Agreements on authorized label printing and procurement of bulk commodities also serve to reduce such risks.

The Rice Processing and Trading Division focused on developing long-term suppliers and establishing partnerships, and on signing long-term agreements to

guarantee the supply of goods required for future processing as well as to control costs. The Division constructed a risk map for paddy, and acquired specialist equipment for risk monitoring of raw materials, including heavy metal cadmium-measuring instruments and benzopyrene detectors.

The Brewing Materials Division standardized management of quality and safety of suppliers of barley, and established a "System of Quality and Safety Management of Suppliers in the Malt Industry Chain". The Division established requirements for the selection, evaluation, determination, assessment, and professional improvement of suppliers of raw materials and food additives. It conducted on-site examinations based on ten criteria, including responsibilities of managers, the surrounding environment, warehouse management, pest and rodent management, and inspection and testing. These provided the basis for on-site audits for the procurement of domestic barley.

## 2. Production and Processing Controls

China Agri conducted a comprehensive risk investigation along every industry chain, in order to secure food quality and food safety, and took preventive measures against major actual and potential safety and quality risks.



### 3. Management of End Products

In order to monitor the quality and safety of products during the sales process, China Agri allocated special funds and invited authoritative third-party testing organizations to conduct random checks on products. The Company worked together with COFCO's food quality and food safety departments to conduct surveys on its end product logistics and warehouse partners for the wheat and rice businesses.

### 4. Sharing Knowledge to Promote Sound and Safe Development of Food Industry

In May 2014, at the invitation of the China National Food Industry Association, China Agri took part in an event for China's top 100 food enterprises in Luohe city, Henan province. The Company shared its experiences in the management and control of food safety, which was appreciated by participants in the event.

In August 2014, China Agri sponsored the "Global Food Safety Initiative China Focus Day" organized by COFCO. The Company invited its major clients and strategic suppliers to attend the event for a dialogue on food safety management and control.



Case Study

Oilseeds Processing Division Risk Control System for Food Quality and Food Safety



The basic elements of the Oilseeds Processing Division's risk control system for product quality and safety include source management of raw materials, production process control, quality information reporting, risk prediction and analysis, shelf life information tracking and an emergency traceability system for food safety. The Division has established eight supporting systems including source management, production process management, laboratory construction, complaint management, project research, quality information management, emergency management, and management standardization.

For selection and review of suppliers, the Oilseeds Processing Division adopted a working approach that integrates leadership, uniform standards, zoning, and mutual recognition of results. This approach helped the Division improve its work quality and efficiency by reducing repetitive reviews and the waste of human and material resources. The Division has increased its efforts at source management and quality control. It conducts classified and graded reviews based on the risk management needs of food safety, "fully controlling Class-A materials; selectively controlling Class-B materials; and randomly checking Class-C materials". The Division uses food safety commitments, transportation security commitments, and authorized processing agreements for label printing to ensure food safety, transportation safety, and intellectual property rights.

Case Study

Laboratories of the Brewing Materials Division Receive Accreditation from CNAS for Product Quality Control

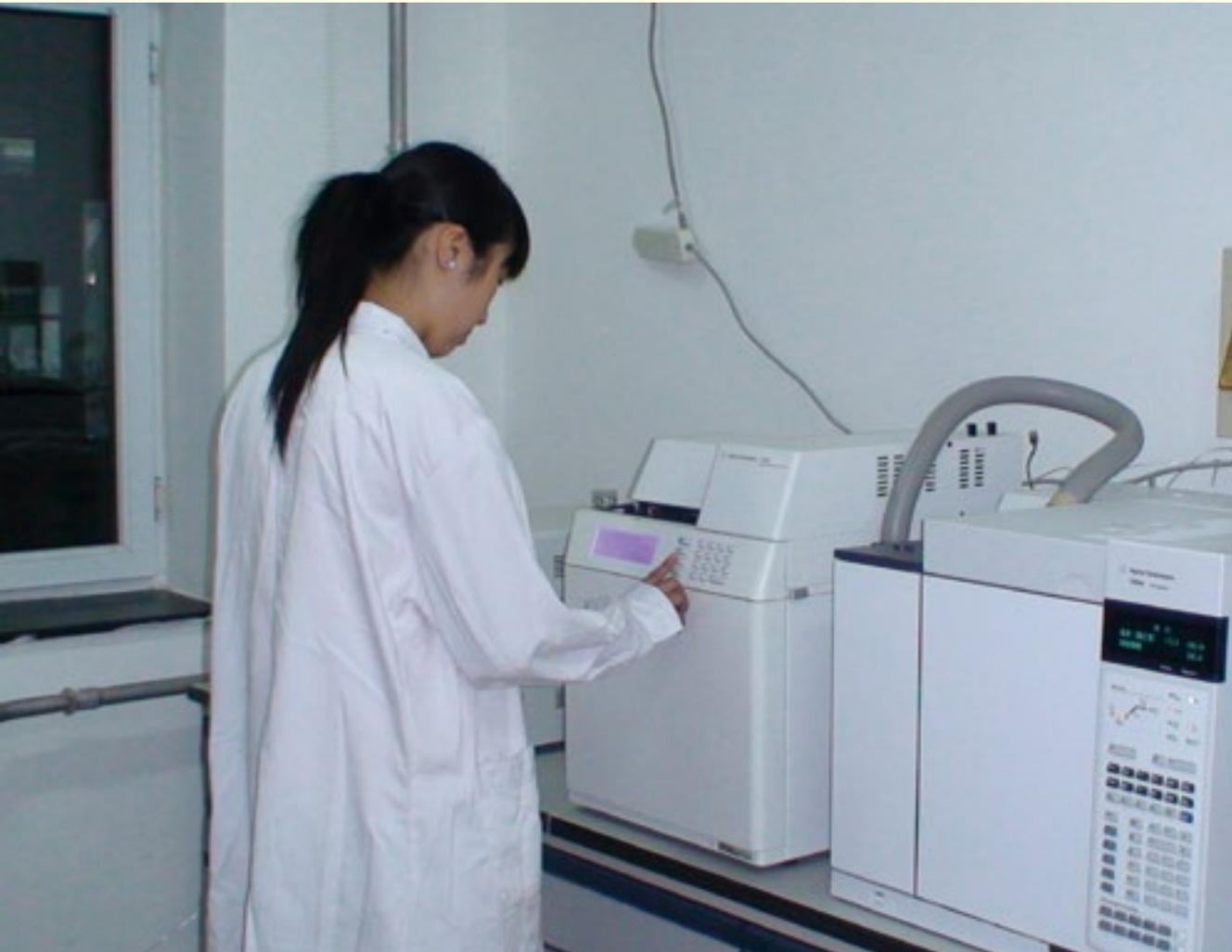
In March and November 2014, the China National Accreditation Service (CNAS) granted COFCO Malt (Jiangyin) Co., Ltd. and COFCO Malt (Dalian) Co., Ltd. its laboratory accreditation certificates. The two malt companies possess third-party testing laboratories that are capable of implementing specific testing and calibration. They use advanced analysis and detection equipment to monitor raw barley, the malting process, and finished malt.

The Brewing Materials Division also established an "Outline of Risk Controls for the Quality and Safety of the Malt Industry Chain". It identifies and analyzes quality and safety risks throughout the industry chain, using standardized management and control models in order to reduce food quality and safety incidents.



Case Study

COFCO Bio-Chemical Energy (Yushu) Co., Ltd. Builds Laboratory Capacity



The quality inspection center of COFCO Bio-Chemical Energy (Yushu) Co., Ltd. currently has 23 inspectors, of which six are senior staff, 11 are mid-level, and six are junior. All inspectors have qualification certificates issued by the Bureau of Quality and Technical Supervision of Jilin Province. The inspection center maintains ten examination rooms with an area of 800 square meters. A bacteria inspection room covers 100 square meters, and two sample rooms for major products and by-products cover an area of 150 square meters. Equipment of the center includes more than 120 detection instruments, with HPLC and GC, NIR analyzers and other high-end testing equipment. Operated by professional technicians, these high-end tools can detect components of feed products. In July 2014, the center obtained accreditation from the Inspection and Quarantine Bureau of Jilin Province.



**SINCERITY**

### 3 COOPERATION AND MUTUAL BENEFIT

China Agri strives to achieve win-win outcomes with key accounts, suppliers, distributors and other business partners. We support overall competitiveness and development of the industry through sustained communications and mutual support.

## Management of Key Customers

Compiled and distributed B2B product manuals to provide multiple customized products, as well as technical support and services to meet personalized demands; changed the price competition on "simple products" into a business mode of "customized products + technical services".

### 1. Systems Building

### 2. Collaboration

The Key Accounts Division conducted 46 joint site-tours and business negotiations with 32 key customers to explore potential customer demands in-depth and help increase business unit sales to key customers.

The rice, wheat and oilseed business units arranged visits to the headquarters of key customers for business reviews and discussions of new forms of cooperation. The visits facilitated development of a business model featuring the integration of industry and finance, demonstrated China Agri's overall strengths, and provided a positive image that led to significant improvements in performance.

### 3. Customer Maintenance

### 4. R&D cooperation

R&D managers encouraged communication and contacts between R&D teams and key customers; invited core customers to visit the COFCO Nutrition and Health Research Institute and arranged high-level meetings on the cooperation in fields such as food nutrition, new product R&D, and environmental technology.

Case Study

Divisions of COFCO Attend the International Catering Exposition

The 2014 China Catering Industry Conference & Founding Ceremony for the Supplier Committee of the Chinese Cuisine Association (CCA) was held in Beijing on 26 November 2014. Ms. Yang Hong, General Manager of the Rice Processing and Trading Division, was elected Vice Chairman of the inaugural Supplier Committee of CCA. The Rice Processing and Trading Division and Wheat Processing Division took part in the third International Catering Exposition 2014 representing China Agri.

Through product displays, sharing customer experiences, and on-site presentations, the two business divisions helped the public learn more about COFCO products, boosting consumer demand through their positive example. Participation helped the divisions tap into customer demand in the catering industry, as well. They used the exposition as a platform to distribute a handbook entitled "COFCO Products and Solutions for the Catering Industry".

CCA acknowledged the importance attached by COFCO to food safety, and that it is currently integrating its global resources. The association is ready to strengthen its cooperation with COFCO to provide better food ingredients and R&D services for Chinese catering enterprises, in order help upgrade and transform the industry.



Case Study

China Agri Hosts "COFCO INSIDE – COFCO Industry Chain Helps Key Customers Provide Better Products" Events



China Agri has many products and brands, as well as providing high-quality raw materials for well-known brands at home and abroad. The Company hosted events under the theme, "COFCO INSIDE – COFCO's Industry Chain Helps Key Customers Provide Better Products", for two weeks from 1 December 2014. B2B key customers were able to get an "inside" look at COFCO through product displays, which presented the Group's corporate culture, vision, brands, and products. This not only enhanced our own employees' understanding and recognition of key customers, but also highlighted the Company as a leading, safe, reliable, and trustworthy one-stop raw materials supplier to major brands. The purpose was to encourage the relationship and transform it from a buyer-seller dynamic to a win-win model that covers food safety controls, new product R&D, and co-marketing.

# Cooperation With Dealers

## Case Study

Rice Processing and Trading Division and Carrefour Supermarkets – Joint Coupon Program

COFCO's rice brand sales branch in Beijing teamed up with Carrefour Supermarkets in a joint coupon event from 17 to 20 January 2014.

During the event, consumers who bought products worth RMB 288 and above at any Carrefour outlet in Beijing were allowed to buy a 5kg bag of "Fortune" brand rice for 1yuan only. Carrefour bought a full-page advertisement in the Beijing Evening News as well as providing point of sale publicity for COFCO rice brands within its outlets to boost their presence online and offline.

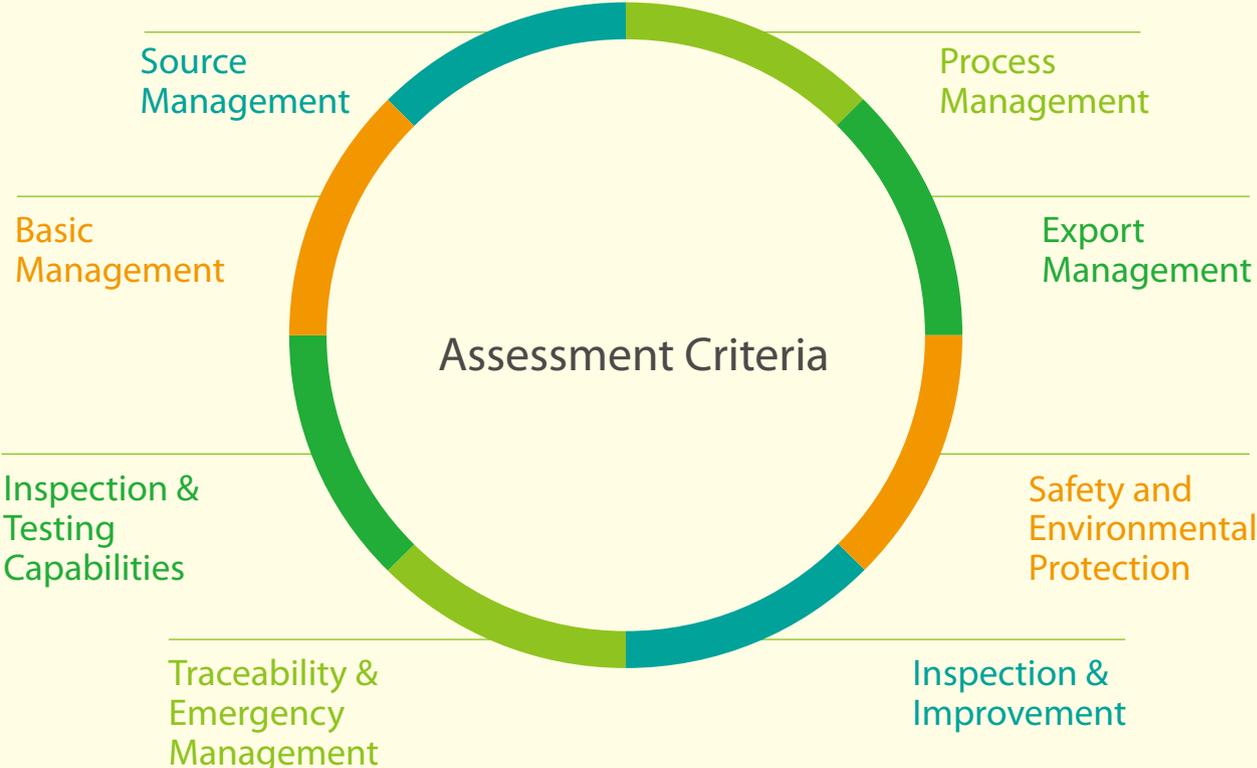
During the four-day event, 800 tons of Fortune rice were sold, a record for Carrefour single-day sales in the category of rice, flour, and cereals. The event benefited consumers and provided unprecedented support to the Fortune brand rice.



# Supplier Quality and Safety

In strict compliance with the COFCO General Standards for Assessment of Quality and Safety of Suppliers, we assess the environmental protection and energy-saving measures taken by our suppliers during the processes of production and operation. This helps us to identify raw material suppliers that have a high reputation, good quality products, and a strong sense of social responsibility. We choose to increase cooperation with such high-performing suppliers in order to advance our corporate strategy of building a whole industry chain.

In 2013-14, we conducted random inspections of 24 suppliers, covering key suppliers of all business divisions. We assessed basic management; source management; process management; export management; inspection and testing capabilities; traceability and emergency management; inspection and corrective improvements; product safety, and environmental protection. According to the results, a total of 269 new suppliers were added, while 92 were terminated in 2014.



## Cooperation With Universities, Scientific Research Institutions and Other Companies

### Case Study

The Oilseeds Processing Division and Universities Collaborate to Develop New Technology

COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd. and Jiangnan University signed a technical cooperation agreement, under which both sides developed a "new oilseeds processing technology for zero trans-fat foods." The technology was awarded the first prize in the category of "Science and Technology" by the Chinese Cereals and Oils Association in May 2014 and the second prize in the category of "Science and Technology Progress" by the Ministry of Education in August 2014. The collaboration provided support for innovative development strategies, innovation capacity in the processing of grain and oil products, higher-level R&D and production of edible oil and staple products, as well as accelerating safety and quality control in the food industry.

In 2014, COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd. established a "Food Safety and Quality Control Collaborative Innovation Center" together with Jiangnan University, Jiangsu University, Nanjing University of Finance & Economics, Yangzhou University, Huaihai Institute of Technology, Northeast Agricultural University and the Chinese Academy of Fishery Sciences. The partnership has carried out key research in new technology for the grain and oil industry, and aims to raise the level of scientific research and innovation in the sector and lay the basis for sound development of the country's food industry.





Case Study

Biochemical and Biofuel Division Partners with Universities in R&D

The Division supports university R&D to meet the needs of the company and the industry.

The Biochemical and Biofuel Division has cooperated with Jilin Agricultural University on several projects under a national scheme for the transformation of scientific and technological achievements in agriculture. The Ministry of Science and Technology gave the Division its Shennong Award for one such project, entitled "Functional Sedimentation of Corn and Its Industrial Demonstration," with a grant of RMB 1 million. The project aims at reducing the costs of domestic functional starch through energy saving methods reflecting international benchmarks. An R&D project on "Key Technology for Industrial Production of Corn as a Staple Food and Industrial Demonstration" under the National Sci-tech Support Plan was also granted RMB 1.35 million, and helped to train more than 20 talented workers. The project aimed at improving the taste of corn and increasing its nutritional value as a staple

food. The Division also completed a project entitled "Producing L-tryptophane Through Zymotechnics Based on Corn Starch" under the same national program for transformation of scientific and technological achievements in agriculture.

By partnering with Jinlin University, the Division has developed advanced technology for online monitoring and software applications for downstream corn processing. If successful, it will greatly save testing time, improve testing quality, help manage production, as well as improve product quality and produce economic benefits.

The Division partnered with the Institute of Microbiology of the Chinese Academy of Sciences (IMCAS) on the development of a  $\beta$ -carotene project to boost industrial-scale production of the isomer. The product will be added to feedstock to enhance animal growth.

## Case Study

Biochemical and Biofuel Division Puts Emphasis on R&D of Downstream Products of Corn Processing - Polylactic Acid Production and Product Craftsmanship

Polylactic acid has been hailed as the world's most promising green and safe biopolymer due to its unique renewability, biodegradability, and non-toxic biocompatibility. In addition, its production technology is highly advanced and its manufacturing costs lower than comparable biodegradable polymers. Made from corn, polylactic acid products can replace all currently available fossil-based plastics. Its waste is thoroughly biodegradable in the short term. If successful, the large-scale utilization of biological materials represented by polylactic acid will fit in with the global trend towards a low-carbon economies in the "post-Copenhagen age", as well as addressing white pollution and food safety problems. Greater use of biodegradable materials will reduce the use of fossil fuels as well as increase farm incomes and support value-added industrial development. Over the years, the government has issued a number of policy briefs supporting biodegradable materials including polylactic acid – including the National Medium and Long Term Technological Development Plan; State Council Decisions on Accelerating the Cultivation and Development of Strategic Emerging Industries; the National

12th Five-Year Plan for Scientific and Technological Development; the National 12th Five-Year Plan for Scientific and Technological Development of Bio-based Material Industries; Bio-industry Development Plan; and the State Council Notice on Publishing the National 12th Five-Year Plan for the Development of Strategic Emerging Industries.

The Biochemical and Biofuel Division investigated the industry prior to selecting as partners Changchun Institute of Applied Chemistry, a leader in polylactic acid processing technology, and PURAC, the world's leading manufacturer of lactic acid, as part of a project to develop polylactic acid production and processing technology. The partnership has developed a 10,000-ton polylactic acid industrial-scale demonstration facility with capacity for another 10,000 tons of polylactic acid products. The National Development and Reform Commission (NDRC) has approved the project, which falls under the National Bio-based Material Special Project and its plan for the First Batch of National Biology Demonstration Cities (Changchun).

Case Study

Brewing Materials Division Strengthens Communication and Cooperation with Tsingtao Brewery Group

Brewing Materials Division and Tsingtao Brewery Group held a business seminar at COFCO Malt (Jiangyin) Co., Ltd. on 4 March 2014, in order to review their collaboration in 2014, review problems, and lay a strong foundation for future work together. Tsingtao reviewed and analyzed its centralized purchasing system, while COFCO Malt explained its logistics system for the benefit of Tsingtao branch managers. During the meeting, Tsingtao representatives visited the workshops, laboratories, and shipment wharfs of COFCO's malt plant in Jiangyin, viewing bulk container shipments of malt, and praised field management of the plant. In recent years, Malt Division and Tsingtao have been working closely to strengthen their partnership, laying a solid foundation for future collaboration.





**VIRTUE**

#### **4 ENVIRONMENTAL PROTECTION**

We are committed to constructing a resource-saving and eco-friendly enterprise by improving product efficiency, placing stringent controls on greenhouse gas emissions, promoting key environmental protection projects, and recycling resources. We are actively cooperating with others in the examination of environmental practices at a national level, setting an example in the industry of being environmentally friendly.

Sustainable development includes a series of issues related to the environment and society that and how they can be balanced with economic development. It has been the focus of corporate attention due to prominent and escalating problems of carbon emissions and environmental pollution, scarcity of natural resources, and decreasing supply of raw materials. China Agri attaches great importance to environmental protection.

## Improve Product Efficiency

In 2014, China Agri continued to optimize product processing technology, with over 60 projects aimed at developing new technology.

### Case Study

Renovation of 12t/h Quintuple-effect Maltose Waste Heat Evaporator at COFCO Rongs Biotech Co., Ltd.



A set of 12t/h five-effect syrup evaporator systems was introduced. The emission recycling system in flash distillation was improved in the project, which cost about RMB 4,297,000. After the new evaporator was put into operation, the recycling of emissions generated in each liquefaction process helped save 0.3 ton of steam for each ton of evaporated water. The project helped to save RMB 1.89 million on steam in 2014. It is able to save about 1,045 tons of standard coal annually.

Save

**1.045**

thousand tons

of standard coal annually

### Case Study

Renovation for Heat Exchange in the Liquefaction and Evaporation of Starch-induced Glucose Surgeat Yellow Dragon Food Industry Co., Ltd.



Liquid at a temperature of 100 °C discharged from liquefiers was cooled through flash distillation and heat exchange with the discharge from hydrolysis and glucose water, with heat recovered by blending glucose water and starch milk. The temperature of the liquid was cooled to 60 °C with water circulation at the last stage. This approach dramatically reduced the use of water and effectively controlled microorganisms in the glucose water container. The project with a total investment of RMB 625,500, is able to save 3,602 tons of steam annually, equivalent to 359 tce of standard coal, creating economic benefits of RMB 247,100 annually.

Save

**3.602**

thousand tons

of steam annually

Case Study

Starch Evaporation Emission Recovery at COFCO Bio-Chemical Energy (Gongzhuling) Co., Ltd.

Closed circulating water (desalinated water) was adopted for heat exchange with emissions from the evaporation process. The circulating water, as a secondary heat source, was sent to a heat exchanger, newly added to the preheating section of a starch dryer for heat exchange. The project, with a total investment of RMB 2.8 million, is able to save 6,501 tons of standard coal annually.



Save **6.50** thousand tons of standard coal annually

Case Study

Renovation of the Vacuum System at COFCO Yellowsea Oils & Grains Industries (Shandong) Co., Ltd.

Conventional water cooling technology is currently used for the vacuum system at the refinery plant, which needs a large quantity of steam and discharges distillates with a negative impact on the environment. It will be replaced by water freezing technology. The project, with a total investment of RMB 5.7 million, can create economic benefits of RMB 948,000 annually.

Create annual economic benefits of **RMB 948** thousand



Case Study

Peeling and De-dusting Systems at the Oil-pressing Mill of COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd.

The introduction of a peeling and de-dusting system for bean peels improved peeling efficiency and output, reducing consumption of production materials and steam. The project, with a total investment of RMB 2.5 million, can save 6.57 million tons of standard coal and generate economic benefits of RMB 1.57 million annually.



Save **6.57** million tons of standard coal annually

Create annual economic benefits of **RMB 1.57** million

Case Study

Phase II Optimization for Feed Production at COFCO Bio-Energy (Zhaodong) Co., Ltd.

The original quintuple-effect evaporator system was changed to a quadruple-effect waste heat evaporation system with a feed rate of 135T/h. Evaporation capacity increased from 80T/h to 110T/h. A double-effect waste heat evaporator was added, serving as Stage One A and Stage One B, in which heat was provided by the secondary steam from seven tube bundle dryers with a heat-transfer area of 1,500 m<sup>2</sup> together with flash distillation steam of the steam condensate from the tube bundle dryers. The original Stage One and Two evaporators were paralleled as Stage Two. The separator was connected as the separator in Stage Two. The original Stage Three, Stage Four, and Stage Five evaporators were paralleled as Stage Three, with the separator connected as the separator in Stage Three. A single-effect evaporator was introduced to serve as Stage Four, setting up a quadruple-effect waste heat evaporation system. Flash distillation steam of the steam condensate water from tube bundle dryers provided heat for Stage One A, while secondary steam from the tube bundle dryers supplied heat to Stage One B. The steam from Stage One A and Stage One B was sent to Stage Two, Stage Three, and Stage Four, as well as the condenser. The feed was supplied in different stages, added in Stage Four and discharged in Stage One A. The discharge concentration was about 30%. The project, with a total investment of RMB 50 million, can save 21,600 tons of standard coal and generate economic benefits of RMB13.48 million annually.

Save **21.6** thousand tons of standard coal annually

Create annual economic benefits of **RMB 13.48** million

## Response to Global Warming

China Agri's factories cut their emissions in response to global warming in 2014 by decreasing energy use and developing new energy applications.



### Case Study

Heat Source Renovation of Corn Drying Towers at COFCO Bio-Chemical Energy (Yushu) Co., Ltd.

Save  
**960** tons  
of standard coal annually

Reduce SO<sub>2</sub> emissions by  
**6.9** tons  
annually

Reduce CO<sub>2</sub> emissions by  
**2.4** thousand tons  
annually

The factory has two drying towers. Each is able to dry 500 tons of corn per day. Grate boilers served as hot blast stoves to provide heat. By using high-calorie coal to heat the air ( $\geq 650^{\circ}\text{C}$ ), heat exchange efficiency was about 48%. Hot blast drying has now been replaced by steam drying, and the hot blast stoves removed. Steam from the circulating fluidized bed of the company is used for the drying process. Heat efficiency of the circulating fluidized bed boiler is 89% or more, and the boiler itself is equipped with de-sulfurization, dust extraction, and low-nitrogen combustion technology. Its discharge has a much smaller impact on the environment. The renovation project can help save 960 tons of standard coal, and reduce SO<sub>2</sub> emissions by 6.9 tons and CO<sub>2</sub> emissions by 2,400 tons annually.

Case Study

Exhaust Incineration Project of COFCO TECH Bioengineering (Tianjin) Co., Ltd.

RTO exhaust incineration equipment was introduced to incinerate production exhaust from workshops and methane generated in anaerobic treatment at the sewage station.

Case Study

COFCO Shenyang Rice Processing Limited Generates Power with Waste Rice Husks

Rice husks account for a large proportion of waste in rice processing. However, their utilization rate is low, since most are thrown away or used as low-grade fuel, leading to environmental pollution. In order to turn them into a useful resource and add value, COFCO Shenyang Rice Processing Limited uses rice husks as boiler fuel to power engines to generate electricity. The energy created by burning 4,000 tons of rice husks is equivalent to that produced by burning 2,000 tons of coal, helping to conserve energy, reduce emissions, and extend the rice processing chain as part of circular economy.



## Key Environmental Protection Projects

In 2014, China Agri approved an investment of RMB 216 million for five environmental improvement projects in desulfurization, de-nitration, and dust extraction for boilers, based at COFCO Bio-Energy (Zhaodong) Co., Ltd., Guangxi COFCO Bio-Energy Co., Ltd., COFCO Yellowsea Oils & Grains Industries (Shandong) Co., Ltd., and Fei County COFCO Oils & Fats Industrial Co., Ltd.. These projects are expected to cut soot emissions by 630 tons per year, SO<sub>2</sub> emissions by 12,830 tons per year, and NO<sub>x</sub> emissions by approximately 2,050 tons per year upon their completion. They will meet the emissions standards of soot, SO<sub>2</sub>, and NO<sub>x</sub> after China's new atmospheric environmental protection law takes effect in 2015, and contribute to management of air pollution. China Agri subsidiaries have completed a number of environmental protection projects dealing with sewage treatment.

Reduce soot emissions by  
**630** tons  
annually

Reduce NO<sub>x</sub> emissions by  
**2.05** thousand tons  
annually

Reduce SO<sub>2</sub> emissions by  
**12.83** thousand tons  
annually

### Case Study

Sewage Treatment Process Optimization at Yellow Dragon Food Industry Co., Ltd.

Two vertical-flow settling tanks, a horizontal spiral centrifuge, and a plate and frame filter press were added to the company's starch workshop. The aeration equipment in the A/O pond of the sewage station was upgraded, while the internal structure of the UASB reactor was changed. This included the water distribution system, drainage system, and sludge removal system. After renovations, the treatment efficiency of the sewage station was improved, with reduced COD in the final effluent reducing pressure for subsequent aerobic treatment. The renovations make it possible to overhaul anaerobic reactors on a rotating basis, and support long-term operations.



Case Study

Renovation of Workshop No. 1 of the Sewage Treatment Station of COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd.



Nitrogen and phosphorus removal technology were employed, while the frequency control of the draught fan was adapted to optimize the technical process. Water levels of the oil separator, primary sedimentation basin, and floatation tank were raised to create automatic flow and make it possible to reduce the number of operational water pumps. By using the existing PLC for programming, and by introducing an inverter, the lime adding system at the workshop is now able to function automatically by controlling the frequency of the lime pump in response to the pH value of water.

Case Study

Silo Discharge Reconstruction at COFCO Xinsha Oils & Grains Industries (Dongguan) Co., Ltd.

A total investment of RMB 2.68 million was used to reconstruct the dust extraction system for silo discharge, reducing dust-related environmental pollution.



## Recycling, Reuse, and Conservation of Resources

### Case Study

Recycling of Regenerated Liquid in Ion-exchange at COFCO Food Science & Technology (Wuhan) Co., Ltd.

The company developed technology for precise automatic control of the acid and base mixing system to secure stable concentrations, as well as the recycling and reuse of acids and bases. It also introduced a closed circulation system for ion-exchange to recycle and reuse regenerated liquid. The project is able to reduce consumption of hydrochloric acid, liquid caustic soda, and fresh water by 0.95kg, 0.16kg, and 0.15kg per ton, translating into annual savings of 95 tons, 16 tons, and 15 tons respectively.



### Case Study

Waste Heat Utilization in the Special Sugars Workshop of COFCO Rongs Biotech Co., Ltd.

The heat from liquid before cooling in flash distillation was used for the heating of hydrolysed liquid for enzyme deactivation, reducing steam consumption and conserving energy. The project, with a total investment of RMB 413,600, can generate economic benefits of RMB 2.618 million and save 1,053 tons of standard coal annually.

Created economic benefits of  
RMB **2.618** million

Save  
**1.053**  
thousand tons  
of standard coal annually



Case Study

Heat Recycling from Exhausts in Stage Three of Waste Heat Evaporation at Yellow Dragon Food Industry Co., Ltd.

Waste heat evaporation at Stage Three generated absolute pressure of 11kPa and negative pressure steam of 12t/h, with a saturation temperature at about 48°C. The liquid was cooled by surface coolers, with heat released into the atmosphere through cooling towers, resulting in waste heat. It was discovered cold air needs to be heated to 165°C when starch is dried, consuming a great quantity of steam. In modifying the system, cold air is preheated by waste heat, replaces high-quality fresh steam, and improving energy efficiency. The waste heat utilization rate is even higher, especially in winter when the lowest temperatures reach -30°C creating large temperature differentials. The project, with a total investment of RMB 2.3 million, can effectively recycle heat equivalent to 1,884 tons of standard coal annually.

Recycle heat equivalent to  
**1.884**  
 thousand tons  
 of standard coal annually

Case Study

Guangxi Uses Tapioca Vinasse to Produce Yeast Protein Feed

The company conducted a study and pilot project on yeast protein feeds made from tapioca residues or vinasse, including equipment needs and product quality standards. The study produced yeast protein feeds containing 21% or above of crude protein and 13% or less of moisture. In addition, Guangxi conducted an evaluation of the effectiveness of chicken and pig feeds using tapioca vinasse, including a pilot demonstration. The pilot production lines have a capacity of 50 tons of tapioca residue daily. With a total investment of RMB 4.87 million, the project has generated annual economic benefits of RMB 3.92 million.

Created annual economic benefits of  
**RMB 3.92** million

Case Study

Energy-saving Re-engineering of Steam Condensate Equipment at COFCO Malt (Jiangyin) Co., Ltd.

COFCO Malt (Jiangyin) Co., Ltd. purchased steam from Jiangyin Xingcheng Special Steel Works Co., Ltd. as heat sources. A small part of the condensate water produced was supplied to the company's bathrooms, while the rest had to be discharged to sewers, wasting a scarce resource. Through re-design of the system, it was possible to collect surplus condensate water and return it to the boiler system of Xingcheng Special Steel's power station for recycling, reducing wastage and creating new fee revenue. The re-design saves RMB 149,000 per year based on a ratio of 180,000 (tons of water) X RMB (1.03-0.2)/ton, given the use of 200,000 tons of steam and 180,000 tons of condensate water for an annual output of 250,000 tons. In terms of environmental protection, the new system reduces the direct discharge of thermal energy, saving the thermal energy equivalent of 1,200 tons of standard coal per year.



Save heat equivalent to **1.2** thousand tons of standard coal annually

Case Study

Methane Recovery Project of COFCO Food Science & Technology (Wuhan) Co., Ltd.

Since natural gas costs keep rising, COFCO Food Science & Technology (Wuhan) Co., Ltd. decided to use methane to replace natural gas to solve heating problems.

The process began with a plan submitted in early 2014. On 2 September, company professionals succeeded in using methane as a fuel in the No. 1 burner of the No. 2 lithium bromide unit, by adjusting burners, exchanging flame detectors, removing moisture from the methane, as well as increasing the cleaning frequency of side-stream filtration systems for circulating water and the monitoring of exhaust gas. These technical adjustments made it possible to use methane as an energy source in its two lithium bromide units. By the end of October 2014, the project had saved 146,600 m<sup>3</sup> of natural gas in 2014, worth RMB 586,400.

Save **146.6** thousand m<sup>3</sup> of natural gas in 2014



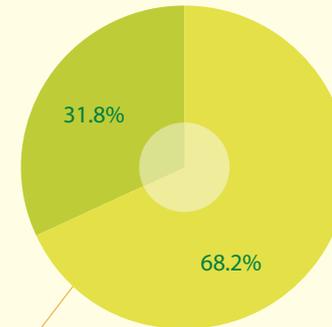
BENEVOLENCE

## 5 CARE FOR EMPLOYEES

China Agri has a people-oriented development model. We are consistent in paying close attention to our employees and their value to the company. We are committed to supporting their rights and interests, and providing them with a sound working environment and room for professional development. We offer a coherent, positive corporate culture, as well as warmth and concern for their lives and livelihood. The Company helps employees improve themselves, achieve their goals, and keep their physical and mental health. By this process, the company and its employees grow together.

## Basic Employee Information

As of 31 December 2014, the total number of employees at China Agri was 29,643.



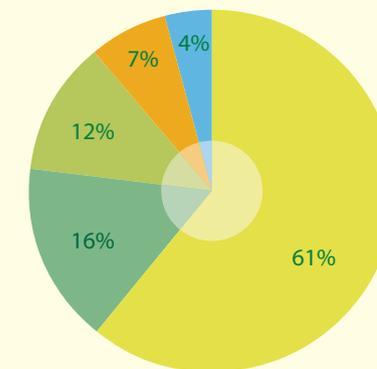
Gender Proportion of Employees

- Male: 20,128 (Person)
- Female: 9,515 (Person)



Employees' Ethnicities

- Han Nationality: 28,161 (Person)
- Ethnic Minorities: 1,482 (Person)



Employees' Age Distribution

- Aged ≤ 35: 18,082 (Person)
- Aged 36-40: 4,743 (Person)
- Aged 41-45: 3,557 (Person)
- Aged 46-50: 2,075 (Person)
- Aged ≥ 51: 1,186 (Person)

## Law-based Employment

China Agri has a law-based, harmonious, efficient, and stable employment system. We respect and protect the rights of our employees, strictly abide by China's Labor Law, Labor Contract Law, and other relevant laws and regulations. We strive to improve our employee management system on an ongoing basis, and have established sound supervisory systems to protect labor rights, including:

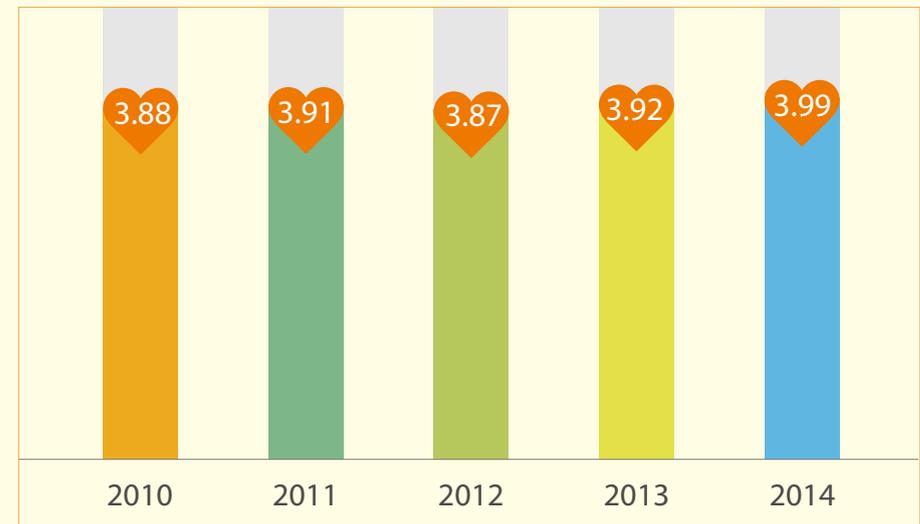
1. The Company signs labor contracts with employees in accordance with national and local laws and regulations, and fulfills its duties according to law and contract. In the process of signing, renewing, and terminating labor contracts, we follow legal procedures and protect the legitimate rights and interests of our employees.
2. Our company formulates rules and regulations of the enterprise in a practical manner. In order to ensure that our employee relations system is in compliance with state laws and regulations, we carry out regular compliance assessments of human resource management at our subsidiaries, using both internal and external audits.
3. We encourage employees to enjoy their legal rights of taking leave. In addition to statutory annual leave, employees enjoy paid leave every year, whose duration is based on the number of years employed.

## Employee Participation

We attach great importance to the employee representative conference system. We have established a labor union to help safeguard employee rights. The employee representative conference convenes at least once a year to give our workers an opportunity to learn about corporate developments and major issues concerning their interests, as well as providing a communication channel for them to express their views, convened by the Communist Party Committee (CPC) of China Agri and its labor union. At the meeting, we solicit opinions and suggestions for corporate development and answer any questions employees may have.

We conduct an employee satisfaction survey with anonymous questionnaires annually. We review opinions and suggestions from employees, analyze problems identified, and put forward measures for improvement in the following year.

Results of Employee Satisfaction Survey:



© Note: A full mark is 5

## Remuneration and Social Security

The Company gives employees competitive salary benefits based on its remuneration management system. We abide by government regulations and provide our employees with appropriate social security and welfare packages. We also provide them with a good variety of benefits, including supplementary

medical insurance (covering dependent children), personal accident insurance, corporate pensions, lunch subsidies, and paid annual leave. We also arrange regular physical checkups, have a medical insurance system for major diseases, and disseminate information on physical and mental health maintenance.

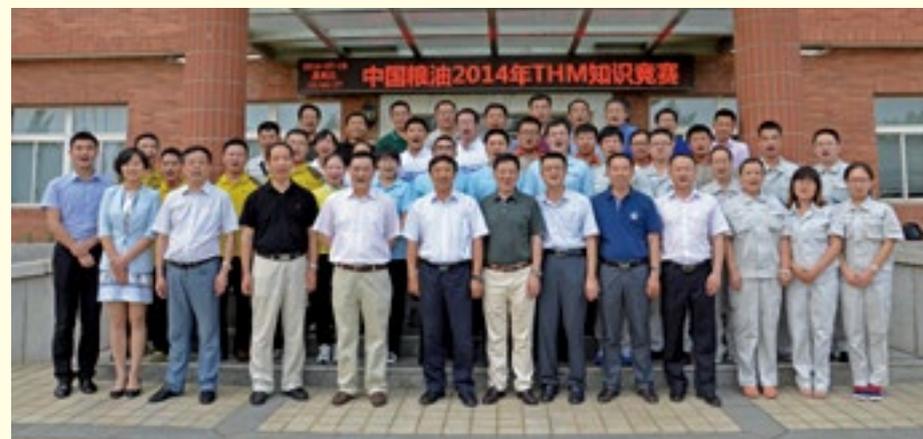
## Employee Development and Value Realization

### 1. Development Resources

China Agri provides diversified resources for professional and personal development of its employees. We look for ways to nurture professional and managerial talent, based on a two-track system for management and professionals. In 2014, reflecting uniform standards of COFCO, China Agri established a career development program and released a "Guide to Career Development" for employees. As part of the new program, we created a growth ladder that showed clearly our grade system and qualifications associated with each level of the hierarchy. We introduced a "China Agri Production Management Trainees" program, identifying workers who showed potential for interning in different parts of the company. At the same time, we expanded the front-line management team by identifying professional middle management personnel with rich theoretical and practical experience who could benefit from on-the-job training, centralized training, reading, online learning, and action learning over a two-year training period.

### 2. Employee Training

China Agri regards professional skills development as a strategic investment. We have a unique employee training and professional skill improvement system and create learning opportunities to ensure that employees are able to upgrade their skills and knowledge on an ongoing basis. We have improved the competencies of the management team, as well as their leadership and professional skills, at all levels. We have pay special attention to the development of young and key employees.



In 2014, China Agri conducted a series of training activities in areas including leadership development, production management, R&D, safety and environmental protection, risk control, discipline inspection, auditing, and finance. Basic production skills were also a focus, and training programs helped to build an inclusive learning atmosphere and culture. We increased both the number and quality of skill training programs at the factory level, and developed an Internet based education system with encouragement for all employees to join our online courses.

### Employee Training Categories

	Technical Training	Management Training
Training Participation (Persons)	23,198	13,346
Training Time (Class Hours)	169,365	69,258

### Training Conditions of Employees at All Levels

	Ordinary Employees
Training Participation (Persons)	36,544
Training Time (Class Hours)	238,623

### Employee Training Methods

	Internal Training	External Training
Training Participation (Persons)	31,121	5,423
Training Time(Class Hours)	204,939	33,684



### 3. Back-up Talent Cultivation System

China Agri pays great attention to establishing and improving its back-up talent cultivation system, using a variety of methods. This year, after reviewing and optimizing key roles and positions, the Company developed a backup talent list for key management positions, and conducted training programs at different levels. These included the "Morning Glory Project( 晨光計劃)", "Dawn Project( 晨曦計劃)", "Starlight Project( 星光計劃)", and "Morning Star Project( 啟明星計劃)". The Company used accelerated training techniques including job rotation, thematic training and probation. All of these have helped to build an eligible back-up echelon in a short time frame.



### 4. Performance Assessment

Given the market-oriented business environment in 2014, the Company used principles of maximizing interests of enterprise, shareholders, investors, and employees as the basis for performance assessment, under the motivational headline slogan of "expanding market presence and boosting growth." Net profit attributable to the parent company was used as the core indicator, taking into consideration the scale, developmental stage, and industrial characteristics of the business units. The basic requirement for assessment was achieving annual budget goals, and the special examination indicator was enhancing ROE and motivation. Based on these indicators and requirements, the set basic assessment goals and customized incentives for each business unit. These methods helped reduce the impact of market fluctuations on business performance, and stimulated management teams and individuals to generate new ideas, explore new business models, and look for ways to make products more competitive in order to create profit sustainability and stability.

In 2014, China Agri set operational indicators in accordance with requirements for strategic planning and sustainable development, and put emphasis on long-term growth businesses. Performance assessment is one of the basic pillars in realizing annual as well as long-term goals and sustained corporate development. It entails issues that are both foundational and developmental, subject to quantitative analysis and observation as well as intuitive understanding of achievements by individuals and business units.

The Company links performance assessment to individual development at the same time as applying common requirements for all staff, by using ways to benchmark talent development and goals. One of the new performance assessment measures added in 2014 was one for annual management assessment, based corporate strategy and annual goals, and focusing mainly on bottlenecks affecting corporate development. Production safety and legal observance are two of the overarching principles used to assess manager. They are assessed based on production safety, corporate governance by laws, integrity and self-discipline using a point-deducting system for management failures and weaknesses.

## Care for Employees

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### 1. Workplace Safety and Health

The Company is committed to ensuring workplace safety and health. Safety and environmental protection management is set up in every business unit and subsidiary to implement an accountability system for safety and environmental protection at all levels. In 2014, China Agri maintained and improved management and controls for occupational health and production safety. In 2014, there were no reports of accidents causing death, major traffic accidents, or major fire incidents.

#### © Standardized Safety System

China Agri supports work safety standardization certification in accordance with the requirements of the State Administration of Work Safety. Nine of our subsidiaries have passed the work safety standardization certification level 1; 17 have passed the work safety standardization certification level 2; and 12 have passed the work safety standardization certification level 3. Seventeen subsidiaries have met the requirements of the work safety standardization certification level 1 and have applied for certification. We are improving overall safety management through building capacity for meeting the national certification standards.

#### © Train Employees in Safety Management and Encourage a Proactive Attitude to Workplace Safety

China Agri encourages all employees to learn how to identify, evaluate, and control hazardous sources, map out visual operation procedures and on-site disposal plans, as well as put forward improvements in control measures, through its Total Hazard Management (THM) system. This helps our employees acquire production safety skills and develop an awareness of workplace safety, fostering an environment in which production safety comes first.

#### © Initial Emergency Response Capacity via Production Safety Emergency Drills

China Agri regards emergency response capacity as the key to production safety. We allocate emergency response supplies for different industrial chains based on a standard formula, which has improved the availability of emergency response supplies in our subsidiaries. In 2014, we organized 2,448 emergency response drills centered on production safety that involved the participation of 63,523 employees. The drills identified key weaknesses in the supervision and management of production safety, and focused on such hazardous chemicals as n-hexane and alcohol in these exercises, with meticulous planning and experts in place for reviews. We established a liaison network with local authorities, fire department, safety supervisor, and hospitals for effective emergency response.

#### © "Three Special Actions" and "Three Special Administration Projects"

China Agri initiated "three special actions" for production safety – the optimization of Safety Critical Control Points (SCCP); management of equipment examination and maintenance; and behavior-based safety observation. We also launched "three special administration projects" involving hidden pipelines and hazardous chemicals, dust explosion prevention, and in-and-out warehouse operations. All of these have greatly improved management of production safety.

## 2. Corporate Culture Building

China Agri attaches great importance to corporate culture building under the corporate motto, "pleasant life". In 2014, the Company encouraged its employees to exercise, look for means of self-cultivation, work with passion and live happily. It created activities and events in which employees could conduct physical activities,

study, and take part in entertainment, through training in corporate culture and various cultural events. These enrich the leisure life of our employees, enhance cohesion and loyalty of team members and offer a sense of belonging to our enterprise.

Case Study

"Good Fortune This Way" Campaign

In 2014, China Agri held a "Good Fortune This Way" campaign to greet the Year of Horse, calling on all employees to promote COFCO's products in their home towns. Beautiful moments created were documented in photos and the written word, and shared with all employees.

The campaign had four themes: COFCO's Products in Home towns, Faithful COFCO Employees, the Joy of Reunion, and Everybody Says "My Hometown Is Beautiful". Each employee was able to show the moments that moved them the most from different angles during the Spring Festival. Over 100 photographs and written works were collected during the event, with the most excellent photos exhibited in the corporate office.



Case Study

Haze Reduction Campaign

In March 2014, the Company initiated the Haze Reduction Campaign under the theme, "Share the Air and Take Joint Responsibility". More than 30 young employees went to a Tree Planting Base in Huairou to plant trees. The campaign call upon young adults to start with themselves and take practical measures to promote environmental protection, as well as contribute to haze reduction.



Case Study

“Rice Seller for A Day” Activity

On 30 August, the Company gathered some of its young employees for an activity entitled, "Rice Seller for One Day". Over 20 employees sold 200 bags of rice in seven hours at four large residential areas in Beijing. The event helped them gain a deeper understanding of the specific business and experience of frontline employees and give them a greater sense of belonging to the Company, as well as their responsibilities to it.



Case Study

COFCO Bio-Energy (Zhaodong) Co., Ltd.'s Cultural Activities for Employees



COFCO Bio-Energy (Zhaodong) Co., Ltd. bought fitness equipment, including running machines, ping pong tables, pool tables, and more to place in activity rooms and provide support for the physical and mental health of employees. The company expanded the book selection in its library to help build corporate culture and provide learning opportunities during employees' time off. Currently, the library has more than 2,000 books and periodicals. It is open to all staff from Monday to Friday. The company has assigned a librarian to be responsible for book lending and new orders. It encourages employees to select books they prefer according to their business requirements, interests, and ambitions. In addition, it encourages them to cultivate their tastes, pursue personal interests, improve quality of life, and grow through By promoting Total Hazard Management (THM), reading.

### 3. Caring for Employees in Financial Difficulty

China Agri is concerned with the most basic interests of each of its grass-root employees. We speak with workers in financial difficulty and provide them with assistance to help ease their pressure. This allows them to feel the warmth and care of our enterprise family.

#### Case Study

Guangxi COFCO Bio-Energy Co., Ltd. Donates Money to Sick Child of Employees



The child of a married couple, both employed by Guangxi COFCO Bio-Energy Co., Ltd. required immediate surgery for life-threatening congenital heart disease (CHD) and pulmonary hypertension (PHT), which the family could not afford. The company collected over RMB 110,000 through donations across all departments, for the child's cardiac surgery.

Case Study

COFCO ADM Oils & Grains Industries (Heze) Co., Ltd. Cares for Employees in Financial Difficulty

During the Spring Festival in 2014, COFCO ADM Oils & Grains Industries (Heze) Co., Ltd. visited employees in financial difficulty and donated RMB 7,000 as part of the "Warmth and Love for COFCO Employees" initiative. In late January, the company organized a donation drive for one of its members in the production department after learning the person was suffering from leukemia. It collected RMB 37,571 in total and gave it to the employee's family in a timely manner.



Case Study

Brewing Materials Division Visits Employees in Financial Difficulty



In January and August of 2014, COFCO Malt (Jiangyin) Co., Ltd. and COFCO Malt (Dalian) Co., Ltd. helped six employees in financial difficulty in the year, donating more than RMB 6,000 in total.

Case Study

COFCO Bio-Energy (Zhaodong) Co., Ltd. Purchases Major Illness Insurance for Female Employees

COFCO Bio-Energy (Zhaodong) Co., Ltd. purchased major illness insurance for its female employees. Those that are insured will be covered for between RMB 1,000 and RMB 20,000 based on the illness. This is the fourth consecutive year the company has purchased this insurance for its female employees, which has reduced their financial burdens in a significant way. By the end of the year, 13 of the women that were insured received compensation totaling RMB 33,000.

The company also visited employees in financial difficulty and distributed rice, flour, oil, and other daily necessities, as well as money. It distributed RMB 105,000 to eight employees in financial difficulty in 2014.



Case Study

Yellow Dragon Food Industry Co., Ltd. Supports Children of Employees in Financial Difficulties



In 2014, Yellow Dragon Food Industry Co., Ltd. provided educational and living allowances totaling RMB 328,500 for 271 children of its employees in financial difficulty, reflecting the company's benevolence and care for its employees and their families.

# MORALITY

## 6 CHARITABLE WORK

As a good corporate citizen, China Agri seeks out appropriate charities that promote social harmony, while focusing on business development. We take benevolence as our guiding principle for charitable work.

### All for Charity

#### Case Study

COFCO Bio-Chemical Energy (Longjiang) Co., Ltd. Donates Money to Poor Areas

COFCO Bio-Chemical Energy (Longjiang) Co., Ltd. donated RMB 100,000 to poor areas as part of a program organized by the county committee of the Communist Party of China and the local government of Longjiang on 8 November 2014.



#### Case Study

COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd. and COFCO Malt (Hulunbeier) Co., Ltd. Organize Blood Donation

COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd. initiated a "Devoting Love to Save Life" blood donation drive on 23 April 2014, in order to meet the needs of the Zhangjiagang Red Cross Blood Center.

A total of 185 eligible donors among over 230 participating employees donated 42,950 ml of blood in total in 2014. One of the employees donated blood 16 times, setting a record in the company. Many have actually donated blood 10 times or more.

The labor union of COFCO Malt (Hulunbeier) Co., Ltd. organized a blood donation drive on 17 October 2014, with 29 employees donating up to 10,100 ml of blood.



## Community Construction

### Case Study

#### COFCO Bio-Energy (Zhaodong) Co., Ltd. Supports Community Construction

COFCO Bio-Energy (Zhaodong) Co., Ltd. has a special working group that was set up immediately following a conference held by the municipal committee of the Communist Party of China and the local government in Zhaodong to mobilize support for rural areas and residents, which included a citywide implementation plan. The COFCO team investigated Xin'an, a village in Haicheng, and the Huarun Community of the Dongsheng Sub-district Office and developed specific implementation schemes for each village, investing a total of more than RMB 800,000 in the projects.

The company spent RMB 226,000 building a red brick road with a length of 1,335 meters for Huojiaweizi village in Xin'an, solving the area's most prominent problem regarding transportation difficulties on rainy days. The road was officially named "COFCO Road" after it was completed on 10 July.

The company also invested more than RMB 500,000 to refurbish the shabby service center building of Huarun Community, as well as visiting six families that had fallen into poverty due to illness. The company's actions have been warmly welcomed and praised by the local residents.



## Healthy Lives

### Case Study

COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd. Supports Community Reading



On 12 April 2014, COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd. launched a reading program at the Defeng Community in Zhangjiagang to "Enrich Community Culture, Promote Parent-child Reading, and Increase Childrens' Knowledge". The company built a new promotional platform and new models to reach out to the community, in order to support family reading and parent-child reading time. A dozen domestic media outlets, including Gmw.cn and the Jiangsu Economic Daily, reported on the program, which won the "Outstanding Program Award" at the 9<sup>th</sup> Suzhou Reading Festival.

The company gave RMB 10,000 to seven charity reading rooms in Zhangjiagang to hold lectures and exchange activities for young people under the slogan, "Happy Reading, Happy Growth," as well as offer services such as after-school tutoring and reading instruction.

### Case Study

COFCO Jilin Rice Processing Limited Publicizes Food Security

COFCO Jilin Rice Processing Limited organized an event for primary school students to experience its facility firsthand and learn about food security under the slogan, "Treasuring Food, Starting with Me", in April and June 2014. Consumers, students, and teachers were invited to visit the company's rice plant to learn about rice processing and food safety, as well as taste its rice products. The project helped to cultivate greater awareness and respect for food safety.





Case Study

Chengdu Industrial Park Initiates "Trustworthy Grains and Oil for Communities" Program

The Chengdu Industrial Park initiated the "Trustworthy Grains and Oil for Communities" program on 18 October 2014. More than 100 kinds of products were available at the market fair, including Fortune rice and edible oil, Xiangxue fine dried noodles, and Fuzhanggui edible oil. Sales exceeded RMB 200,000. Management of the industrial park visited 20 families in financial difficulty in Xinjin, a county in Chengdu, on the day to give them products free of charge, including rice, flour, and edible oil products.

The industrial park is committed to providing healthy grains and oil for residents. It will build capacity for grain and edible oils, develop a sound network for wholesale supply, delivery, and distribution of grains and edible oil, and continue to expand the coverage of grain and edible oil service outlets to enable residents to buy COFCO's products easily and conveniently.

Case Study

Community Marketing of Fortune Rice

Zhejiang Branch, COFCO Rice, organizes a "Fortune Rice Brings Fortune to Homes" community campaign on weekends. The campaign provides free tastings and home deliveries. It has been successful in demonstrating the outstanding quality of Fortune rice and helps to improve the company's image in society.



Case Study

COFCO Oils (Qinzhou) Co., Ltd. Offers Internship Opportunities to College and University Graduates

COFCO Oils (Qinzhou) Co., Ltd. has offered internship opportunities to new graduates every year at its internship base in Qinzhou. There are both short-term and long-term internships available at the company. The company provides students with training in its corporate culture, management model, safety knowledge, job skills, operating procedures, and one-to-one apprenticeships during their internships. The internships include accident insurance, free accommodation, and a stipend. The company granted nearly 100 internships to graduates from the neighboring regions in 2014, and signed labor contracts with 17 of them in July, contributing to the local economy. The company has provided jobs for 1,027 new graduates since the launch of the program.



## Vulnerable Groups



### Case Study

COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd. Supports Physically Challenged and Underprivileged Students

In 2014, COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd. donated RMB 150,000 to set up a grant for underprivileged students at Jingang Central Primary School, Zhongxing Primary School, and Deji Primary School in Zhangjiagang, with RMB 50,000 for each school. The company also donated RMB 60,000 to carry out its "Caring for Juveniles – Blue Sky Plan," organizing groups of physically challenged and underprivileged students in Jingang for trips to the cinema, city and plant tours, and cooking food, in an effort to bring some warmth to their lives. It donated RMB 50,000 to organize a "Love in Schools and Support for Dreams" program, providing schoolbags and other study supplies to 200 underprivileged students, left-behind children, and migrant workers' children in Jingang.

### Case Study

COFCO Bio-Energy (Zhaodong) Co., Ltd. Visits Seniors' Home before the Lunar New Year



In January 2014, COFCO Bio-Energy (Zhaodong) Co., Ltd. visited the seniors' home in the Songliao community, donating RMB 30,600. The company has donated more than RMB 230,000 to the "five guarantees" service center and seniors' home over the past four years.

Case Study

COFCO Rice (Yueyang) Co., Ltd. holds "Golden Autumn Education Aid" Event



On 27 August 2014, COFCO Rice (Yueyang) Co., Ltd. held the "Golden Autumn Education Aid" charity event and donated RMB 8,000 in total to two underprivileged senior middle school graduates with excellent grades, to help them go to college.

Case Study

Jilin COFCO Biochemistry Packaging Co., Ltd. Donation Drive

On 5 September 2014, Jilin COFCO Biochemistry Packaging Co., Ltd. organized a "Warmth in Golden Autumn and Warmth from Donated Clothes" donation drive in order to help the residents of a village it supports, in the spirit of "borderless love." More than 10,000 items of clothing were collected at the event.



Case Study

Rice for the elderly in Hong Kong to celebrate the Dragon Boat Festival

On 24 May 2014, the Hong Kong office of China Agri celebrated the Dragon Boat festival by donating rice to the elderly living in public housing estates. By making a gift of our branded rice products, we helped them celebrate the traditional festival in a special way.



Case Study

COFCO Flour Industry (Haining) Co., Ltd. Organizes Clothing Drive

COFCO Flour Industry (Haining) Co., Ltd. partnered with the Haining Volunteer Commission to organize a clothing drive for needy people in the mountain areas of Yunnan Province to survive through the winter. More than 300 items were donated and sent to Baoshan, a city in the province, in 2014.



## Disaster Relief

### Case Study

#### China Agri's Subsidiaries Support Earthquake-stricken Area in Yunnan

A 6.5-magnitude earthquake hit Ludian, a county in Zhaotong, Yunnan province at 16:30 on 3 August 2014. COFCO immediately set out to donate disaster relief materials to the region. The Chengdu Industrial Park first delivered 61 tons of rice and 610 boxes of edible oil to the area on 4 August, and an additional 142 tons of rice and 1,420 boxes of edible oil in the following days.

COFCO Rice (Yueyang) Co., Ltd. immediately mobilized all of its departments, including operations, production, storage and transport, as well as logistics upon receiving the order from COFCO. After production scheduling, processing and loading, the company sent two trucks with a total of 72 tons of disaster relief materials to the quake-hit area at 11:00 on 17 August.



# GRI Index

Strategy and Analysis				
No.	Indicator	Type	Relevance	Page
1.1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy	-	High	
1.2	Description of key impacts, risks, and opportunities	-	High	04
Organizational Profile				
No.	Indicator	Type	Relevance	Page
2.1	Name of the organization	-	High	04
2.2	Primary brands, products, and services	-	High	04, 05
2.3	Operational structure of the organization	-	High	06
2.4	Location of organization's headquarters	-	High	
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	-	High	04, 05
2.6	Nature of ownership and legal form	-	High	04
2.7	Markets served	-	High	04, 05
2.8	Scale of the reporting organization (Including number of employees, operating income, market value and etc.)	-	High	18, 58
2.9	Significant changes during the reporting period regarding size, structure, or ownership	-	High	
2.10	Awards received in the reporting period	-	High	06
Report Parameters				
No.	Indicator	Type	Relevance	Page
3.1	Reporting period	-	High	01

3.2	Date of most recent previous report	-	High	01
3.3	Reporting cycle	-	High	01
3.4	Contact point for questions regarding the report or its contents	-	High	01, 83
3.5	Process for defining report content	-	High	01
3.6	Boundary of the report	-	High	01
3.7	State any specific limitations on the scope or boundary of the report	-	High	01
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	-	High	01
3.9	Data measurement techniques and the bases of calculations	-	High	01
3.10	Explanation of the effect of any re-statements of information provided in earlier report, and the reasons for such re-statement	-	High	01
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	-	High	01
3.12	Table identifying the location of the Standard Disclosures in the report	-	High	01
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider	-	Medium	

Governance				
No.	Indicator	Type	Relevance	Page
4.1	Governance structure of the organization	–	High	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	–	High	
4.3	For organizations that have a unitary board structure, state the numbers of the highest governance body that are independent and/or non-executive members	–	High	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	–	High	59
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives	–	High	
4.6	Processes in place for the highest governance's body to ensure conflicts of interest are avoided	–	High	20, 59
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	–	High	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	–	High	08, 09
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	–	High	09
4.10	Processes for evaluating the highest governance body's own performance	–	High	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	–	High	

4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	–	High	01
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations	–	High	34, 36 39
4.14	List of stakeholder groups engaged by the organization	–	High	08, 09
4.15	Basis for identification and selection of stakeholders with whom to engage	–	High	08, 09
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	–	High	09
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	–	High	

Economic Performance Indicators				
No.	Indicator	Type	Relevance	Page
EC1	Direct economic value generated and distributed	Core	High	48–57
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Core	High	51, 52
EC3	Coverage of the organization's defined benefit plan obligations	Core	High	59, 60
EC4	Significant financial assistance received from government	Core	Low	
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	Add.	High	
EC6	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation	Core	Low	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	Core	Low	

EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	Core	Medium	69–77
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	Add.	Medium	

#### Social Performance Indicators

No.	Indicator	Type	Relevance	Page
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#### Labor indicator

LA1	Total workforce by employment type, employment contract, and region	Core	High	
LA2	Total number and rate of employee turnover by age group, gender, and region	Core	High	58
LA3	Benefits provided for full-time employees, which are not provided for temporary or part-time employees, by major operations	Add.	High	59, 60
LA4	Percentage of employees covered by collective bargaining agreements	Core	High	
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	Core	High	
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programmes	Add.	Low	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	Core	High	60
LA8	Education, training, counseling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases	Core	High	63, 68
LA9	Health and safety topics covered in formal agreements with trade unions	Add.	High	60
LA10	Average hours of training per year per employee by employee category	Core	High	61

LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Add.	High	60–62
LA12	Percentage of employees receiving regular performance and career development reviews	Add.	High	62
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Core	High	58
LA14	Ratio of basic salary of men to women by employee category	Core	High	

#### Human right index

HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	Core	Low	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	Core	Low	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Add.	Low	
HR4	Total number of incidents of discrimination and actions taken	Core	Medium	
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	Core	Low	
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour	Core	Medium	
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour	Core	Low	

HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	Add.	Low
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	Add.	Low
<b>Social indicators</b>			
SO1	Nature, scope, and effectiveness of any programmes and practices that access and manage the impacts of operations on communities, including entering, operating, and exiting	Core	High
SO2	Percentage and total number of business units analysed for risks related to corruption	Core	High
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	Core	High
SO4	Actions taken in response to incidents of corruption	Core	High
SO5	Public policy positions and participation in public policy development and lobbying	Core	Medium
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	Add.	Not applicable
SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	Add.	Medium
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Core	High
<b>Product responsibility indicators</b>			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Core	High
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	Add.	High

PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements	Core	High
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Add.	High
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Add.	High
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications	Core	High
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications	Add.	High
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Add.	High
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Core	High

#### Environmental Responsibility Indicators

No.	Indicator	Type	Relevance	Page
EN1	Materials used by weight or volume	Core	Medium	48-57
EN2	Percentage of materials used that are recycled input materials	Core	High	55-57
EN3	Direct energy consumption by primary energy source	Core	High	48-50
EN4	Indirect energy consumption by primary source	Core	High	48-50
EN5	Energy saved due to conservation and efficiency improvements	Add.	High	48-57
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Add.	High	55-57

EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Add.	High	48–57
EN8	Total water withdrawal by source	Core	High	
EN9	Water sources significantly affected by withdrawal of water	Add.	High	
EN10	Percentage and total volume of water recycled and reused	Add.	High	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Core	Medium	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Core	Medium	
EN13	Habitats protected or restored	Add.	Low	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	Add.	Low	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Add.	Low	
EN16	Total direct and indirect greenhouse gas emissions by weight	Core	High	51–53
EN17	Other relevant indirect greenhouse gas emissions by weight	Core	High	51–53
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Add.	High	51–53
EN19	Emissions of ozone-depleting substances by weight	Core	High	51–53
EN20	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions by type and weight	Core	High	51–53
EN21	Total water discharge by quality and destination	Core	Medium	
EN22	Total weight of waste by type and disposal method	Core	High	
EN23	Total number and volume of significant spills	Core	High	

EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Add.	Low	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	Add.	Medium	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Core	Medium	48–57
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Core	Low	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Core	High	
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	Add.	High	
EN30	Total environmental protection expenditures and investments by type	Core	High	48–57
<b>GRI Food Processing Sector Supplement</b>				
No.	Indicator	Type	Relevance	Page
FP1	Percentage of purchased volume from suppliers compliant with company's sourcing policy	Core	High	
FP2	Percentage of purchased volume which is verified as being in accordance with credible internationally recognised responsible production standards, broken down by standard	Core	High	42
FP3	Percentage of working time lost due to industrial disputes, strikes, and/or lockouts, by country	Core	High	

FP4	Nature, scope and effectiveness of any programmes and practices (in-kind contributions, volunteer initiatives, knowledge transfer, partnership and product development) that promote access to healthy lifestyles; the prevention of chronic disease; access to healthy, nutritious and affordable food; and improved welfare for communities in need	Core	High	69–76
FP5	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognised food safety management system standards	Core	High	
FP6	Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and added sugars	Core	High	
FP7	Percentage of total sales volume of consumer products, by product category, that contain increased nutritious ingredients like vitamins, minerals, phytochemicals or functional food additives	Core	High	
FP8	Policies and practices on communication to consumers about ingredients and nutritional information beyond legal requirements	Core	High	
FP9	Percentage and total of animals raised and/or processed, by species and breed type	Core	High	
FP10	Policies and practices, by species and breed type, related to physical alterations and the use of anaesthetic	Core	High	
FP11	Percentage and total of animals, raised and/or processed, by species and breed type per housing type	Core	High	
FP12	Policies and practices on antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments, by species and breed type	Core	High	

FP13	Total number of incidents of non-compliance with laws and regulations, and adherence with voluntary standards related to transportation, handling, and slaughter practices for live terrestrial and aquatic animals	Core	High	
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# Reader's Feedback Form

Dear reader ,

Thank you for reading this report. To improve our work on corporate social responsibility and promote our social responsibilities, we would appreciate your valuable opinions and suggestions for further improvement of this report.

You may choose any of the following means to provide your feedback:

Fax: +852 2833 0319

Post: 31st Floor, Top Glory Tower, 262 Gloucester Road, Causeway Bay, Hong Kong

Email: ir@cofco.com

Please provide your feedback below:

1. Have you obtained information that you need from the Report? ..... Yes  Fair  No
2. Do you think that the Report covers the economic responsibilities China Agri takes? ..... Yes  Fair  No
3. Do you think that the Report reflects the environmental responsibilities China Agri takes? ..... Yes  Fair  No
4. Do you think that the Report reflects the social responsibilities China Agri takes? ..... Yes  Fair  No
5. Do you think that the Report discloses adequate quantitative data? ..... Yes  Fair  No
6. Do you think that the layout of the Report helps you comprehend the Report? ..... Yes  Fair  No
7. Please specify here your opinions and recommendations to the Report:

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