



Power Construction Corporation of China Zambia Sustainability Report



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About This Report



This is the first sustainability report by country released by Power Construction Corporation of China (hereinafter referred to as "POWERCHINA", "Company", or "We"). The report systematically reviews the practice and performance of POWER-CHINA in fulfilling economic, environmental and social responsibilities in its investment and operations in Zambia, which reflects the sustainable concepts of Sino-Zambia joint development.

Report Reference

The report follows the guidance of the Guiding Opinions for Central Enterprises on Fulfilling Corporate Social Responsibility and the Outline of Harmonious Development of Central Enterprises during the 12th Five Year Plan Period, and references the Guidelines for Social Responsibility: ISO26000 issued by the International Organization for Standardization, and the Sustainability Reporting Guidelines (G4) of the Global Reporting Initiative.

Report Scope

The report includes Sinohydro Zambia Limited, POWERCHINA's subsidiary in Zambia. The time period covered is from 1999 to the end of 2014. Some of the content is beyond such time period.

Data Sources

The data used in this report are from official documents and statistical reports of the Company. Financial data in this report are denominated in RMB, unless otherwise specified.

Copies of the Report Available

The report is published in both Chinese and English. Please contact POWERCHINA's General Office or Sinohydro Zambia Limited. for hard copies of the report. More sustainability information is available from the official website of POWERCHINA, and the electronic copy of the report can also be downloaded. Our official website is http://www.powerchina.cn.

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Chairman's Message





Economic globalization is one of the development trends and basic characteristics of the world today, and the re-allocation of key production elements such as resources, technologies and human resources throughout the world has facilitated the common development of global economy. As a pioneer of "going global" among central enterprises, and supported by the state strategies of the "Belt and Road" and "Connectivity", POWERCHINA has proactively participated in globalization, and fully utilized its international business features and its complete hydropower industrial chain advantages in technical know-how, planning and design, construction, and investment and operations. Consequently, we have formed a diversified market network focusing on Asia and Africa, and covering America, Oceania and Eastern Europe. Many of our key large projects have become landmark projects of the relevant countries, which are highly recognized and praised by local governments and people respectively.

Since our entrance into the Zambian market in 1999, we have utilized our own business capabilities to pull export of China's quality resources, and we have made all efforts to support the Zambian government in constructing infrastructure projects such as energy sources, roads and building. As of the end of 2014, we have 10 completed and ongoing projects in Zambia, covering hydropower stations, power transmission lines, roads, housing construction and weighing stations, hence providing guarantee and impetus for Zambia's economic and social development.

Zambia boasts a long history, rich water resources, primitive natural environment, and simple and enthusiastic people. In our operations in Zambia, we have proactively fulfilled our sustainability and social responsibilities, and for the purpose of striving to benefit local people with every project, we have dedicated ourselves to achieving mutual development and creating joint value with Zambia while seeking our own development. We have always adhered to international covenants and business ethics in Zambia, and complied with local laws, regulations and customs. We have stuck to the principle of "sincerity and friendliness, equality and mutual benefit, solidarity and cooperation, and mutual development", and contributed premium projects to the local people supported by large monetary investment and advanced technologies, equipment and management expertise. Besides, we have provided a great number of employment opportunities, improved professional skills of employees, achieved an employee localization rate of 88%, and realized 100% of employee training coverage. We have also abided by environmental regulations, and attached importance to protecting the local natural environment. On top of that, we have carried out overseas public welfare programs, encouraged employees to participate in community cultural exchange, and improved community infrastructure, hence leading the development of local enterprises, and supporting local education.

Zambia Sustainability Report 2014 of Power Construction Corporation of China is our first sustainability report by country. Through this report, we hope to summarize in all respects our social responsibility fulfillment practice in Zambia, actively communicate with stakeholders, and write a new chapter on the cooperation and mutual development with Zambia. As a global leader in the development and construction industry of clean, renewable energy and water resources, we are willing to utilize the advantages of our international brand and the industrial chain integration. By sharing our technologies and experience with peers all over the world based on our five strategic ideas of "mission, opportunity, action, responsibility, hope", we want to further enhance friendship and extensive collaboration. We will support the strategic development of our country's "Road and Belt" initiative, with more contributions to local economic and social development.

Yan Zhiyong

Chairman and General Manager

Approved by the State Council, Power Construction Corporation of China is a state wholly-owned company established at the end of 2011, incorporating 14 provincial (municipal and regional) enterprises engaged in power prospecting and designing, engineering and equipment manufacturing under Sinohydro Corporation, Sinohydro Engineering Consulting Group Corporation, State Grid Corporation and China Southern Power Grid Company Limited. The Company is a comprehensive construction group covering investment and financing, planning and design, engineering construction, equipment manufacturing and operations management in hydropower projects and infrastructure. Its primary business includes construction projects (including prospecting, planning, designing and project contracting); development and operation of power, water conservancy (water engineering) and other resources; and development and operation of real estate, and manufacturing and leasing of relevant equipment. In addition, entrusted by the state's relevant ministries and commissions, the Company undertakes the planning and examination functions for the state's clean energy and new energy such as hydropower, wind power and solar energy. The Company's power construction (planning, design and construction) capability and performance ranks No.1 in the industry globally.

As a pioneer of "going global" among central enterprises, and supported by the "Belt and Road" and "Connectivity" strategies of China, POWERCHINA has actively participated in globalization, and fully utilized our international business features and the advantages of the complete industrial chain. As of the end of 2014, POWERCHINA had offices and branches in 100 countries and regions all over the world, with overseas business focusing on Asia and Africa while covering America, Oceania and Eastern Europe. It had built a diversified market structure of "large civil engineering and large construction" with water conservancy and power construction at the core and involving comprehensive development of road and metro construction, municipal engineering, house building and water treatment. Supported by its business advantages, POWERCHI-NA has constructed a large number of livelihood projects overseas, creating a great number of employment opportunities for various countries in the world. As of the end of 2014, the Company had employed over 60,000 labors in the countries where projects were located and third countries, promoting economic development and progress of social civilization. In 2015, the Company ranked No. 253 among Fortune 500, No. 7 among the Top 250 ENR Global Project Contractors, No. 11 among the Top 250 International Project Contractors, and No. 3 among the Top 150 Global Engineering Design Companies.





(II) POWERCHINA in Zambia

(III) Government Support

Since our entrance into the Zambian market in 1999, we have utilized our own business capabilities to pull export of China's quality resources, and we have fully supported the Zambian government in the construction of infrastructure of energy sources, roads and building. We established Sinohydro Zambia Limited in 2013, an overseas company co-established by and with capital contribution from Sinohydro Corporation Limited. and Sinohydro Bureau 11 Co.,LTD, both of which are subsidiaries of POWERCHINA. The company has its permanent office in Zambia's capital Lusaka. Hydropower Zambia has first-class qualification for state power and communication, first-class qualification for roads, first-class qualification for civil engineering, first-class qualification for house building, and extensive investment qualification in Zambia. As of the end of 2014, over 10 projects had been completed or were under construction by the Company, covering hydropower stations, power transmission lines, roads, house building and weighing stations. While advancing business development in Zambia, the Company has actively fulfilled its social responsibilities, and facilitated the symbiotic economic, social and environmental development of the local community, hence winning appraise and recognition from various stakeholders including local governments, communities and the public.

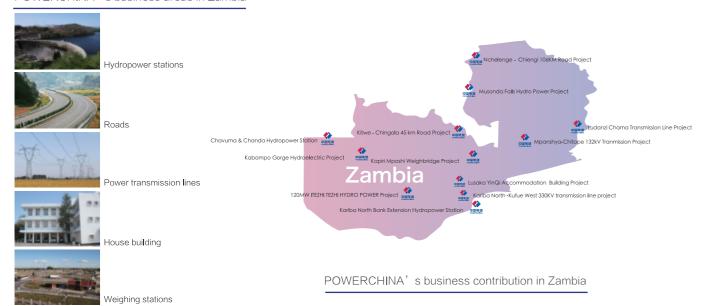


POWERCHINA's organization structure in Zambia

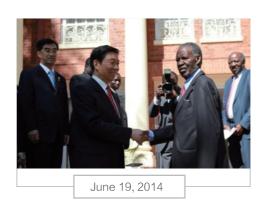


POWERCHINA's organization structure in Zambia

POWERCHINA's business areas in Zambia



POWERCHINA's development in Zambia reflects the care, support and guidance of both Chinese government and Zambian government. It also reflects the friendship between the two governments as well as the mutual sustainable development that both China and Zambia are pursuing.



China's Vice President Li Yuanchao visited Zambia.



Zambia's Vice President Guy Scott attended the completion ceremony of the Kariba North Shore Hydropower Station expansion project.



Zambia's Vice President Guy Scott inspected the Itezhi-tezi Hydropower Station project with other government officials.



Zambia's President Michael Sataattended the opening ceremony of the KC45 Highway (Kitwe-Chingola) project together with the Governor of Copper belt Province and the Minister of Transportation.



(I) Adhering to Business Ethics

In overseas operations, POWERCHINA always adheres to international conventions and business ethics, and constantly improves the international business development management system. We strictly abide by and understand local laws, regulations and customs, carry out compliant operations, and mitigate the Company's overseas operational risks. In 2014, the Company revised and promulgated 17 international business management systems, including the Administration Measures for Overseas Offices, Guiding Opinions on Compliant Operations of International Business, Administration Measures for Emergency Handling of Overseas Non-traditional Safety and Sudden Incidents, and Guiding Opinions on Overseas Labor Service. These systems and measures play an important role in regulating the Company's marketing and contract

performance behaviors in the international strengthening the management of projects under construction. Furthermore, they safeguard employee rights and interests, and promote the healthy and continuous development of the international business.Undoubtedly, these international systems also apply to the branch company in Zambia. In Zambia, POWERCHI-NA earnestly abides by the labor protection laws and regulations of the countries (regions) where the projects are located, as well as anti-monopoly and anti-unfair competition laws, rules and regulations. We promote fair competition, and are opposed to market monopoly behaviors.

(II) Build Premium Projects
Since entering the Zambian market in

1999, we have adhered to the principle of "sincerity and friendliness, equality and mutual benefit, solidarity and cooperation, and mutual development". By fully utilizing our own business capabilities, we have made huge investment, focused on infrastructure construction including energy, roads and building with advanced technologies, equipment and management expertise. Hence, we have provided premium projects for the local community and satisfied the needs of project owners.

As of the end of 2014, we have completed and constructed more than 10 projects in Zambia, and the annual powergenerating capacity of the power station project reached 1 billion kilowatt-hours.

POWERCHINA has made great efforts to improve the infrastructure and increase the energy demand of the countries (regions) where the projects are located. Through project construction, we alleviate to a great extent the contradiction between supply and demand in areas such as power supply in Zambia, and provide energy power for the development of other local industries, hence making great contributions to the improvement of living conditions of the local people. Meanwhile, multiple projects of the Company have won acclaims from various parties including project owners, Zambian government and local people, hence establishing a good brand image of the Company.

In addition, we abide by environmental protection laws and regulations, improve environmental management, focus on clean production, and carry out energy conservation and emission reduction, contributing our share to environmental protection and ecological civilization construction.

Project Quality Performance

Investment in R&D in engineering and technology in RMB10,000)

634.1	544.4	3,843.5
2012	2013	2014

Zambia project quality acceptance rate (%)

100	100	100
2012	2013	2014

Employee quality training (person-times)

368	579	665
2012	2013	2014

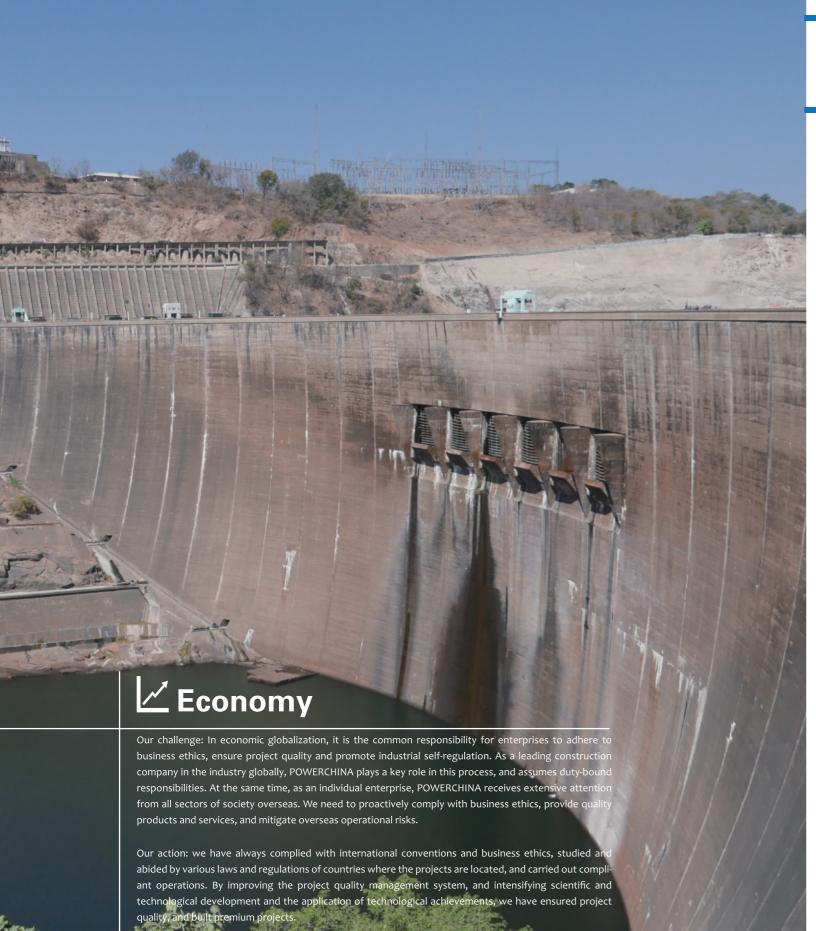
Zambia project contract rate (%)

100	100	100
2012	2013	2014

Customer satisfaction (%)

10	0	100)	100
20	12	201	3	2014





The Itezhi-tezi Hydropower Station project with improved management and project quality

POWERCHINA constantly improves the project quality management system in Zambia by setting up project quality organization and improving project quality management. We also implement project construction quality monitor and project inspection and testing, and conduct project quality training so as to provide organization and system guarantee for intensifying the Company's quality management. For example, in the Itezhi-tezi Hydropower Station project, POWERCHINA's project management team took diversified measures for ensuring project quality.

1) Formulating project quality management system.

We have formulated the Quality Plan and Quality Management Measures, and explicitly specified the quality responsibilities of the project manager, the project management, the supervision department, the construction site and the construction teams. Moreover, we have proposed quality control measures for various stages of the project execution process, and requested various departments to strictly follow the requirements.

2 Optimizing project design and purchasing management.

By establishing a design quality management system covering steps from "internal review" to "external approval" and to design quality control in all respects, we have improved our plan on project equipment procurement, and enhanced equipment monitor, with project quality guaranteed from the source.

(3) Improving project construction quality control.

By formulating the Project Construction Quality Reward and Penalty Administration Measures for Zambia Itezhi-Tezi Hydropower Station and Itezhi-tezi Hydropower Station Construction Quality Procedure to standardizethe construction behaviors of workers, we have motivated all the workers to implement quality control.

worker would timely solve problems found in the production process to effectively ensure Facilitate onsite construction.



(4) Conducting project quality training.

By providing special project quality training and onsite guidance, we have improved employee's operation level and quality.





5 Strictly implementing the project acceptance system.

We have strictly implemented the system of inspection by the construction site, quality inspectors, engineers of the quality supervision station, and project owner engineers in a serious and responsible

manner, where the next process could only be started after the current one has passed inspection.





In 2013, Zambia's Minister of Energy and Water Resources Development Yaluma inspected the Itezhi-Tezi Hydropower Station project, and spoke highly of the project's construction organization, schedule, and onsite safety and civilized construction. He was amazed by the orderly construction organization and the onsite arrangement, and hoped that POWERCHINA would keep up the good efforts to ensure the hydropower station could start operation on time or ahead of

The Kariba North-Kafue West 330kV Power Transmission Line project – the first overseas power transmission and distribution project



The Kariba North - Kafue West 330KV Power Transmission Line project in Zambia is the first overseas power transmission and distribution project undertaken by POWERCHINA. It was also the first power transmission EPC project contract signed by POWERCHINA and Zambia Electricity Supply Corporation (ZESCO). Covering a length of 129.2KM, it is the main power grid connection facility of the power station in Kariba North. The contract was signed and construction started in March 2013. During the construction period, the project management team overcame many difficulties, attached great importance to construction safety and quality, and worked hard to facilitate the smooth execution of the project. In December 2014, the KK330KV power transmission line successfully transmitted power at the first trial, symbolizing the official completion of the project. The successful execution of this project on the one hand enabled the timely connection of the power from the Kariba Station to the grid, alleviating Zambia's existing power shortage, and on the other hand, demonstrated the Company's strong capabilities to the project owner and the Zambian government and intensified their confidence in future cooperation.



"POWERCHINA's project team has made relentless efforts in the entire design of the line and the controlling, protecting and switching equipment. Furthermore, the onsite construction strictly followed the approved construction organization design and quality assurance plan, with which we are very satisfied. Meanwhile, tower erection is being carried out in an orderly manner. We would like to commend POWERCHINA on its vanguard project, and we firmly believe that the project team will continue to make unremitting efforts in building a model project."

Focus

Delivering Satisfying Projects and Alleviating Power Shortage in Zambia

Zambia is relatively rich in water resources, but the development and utilization of water resources is inadequate. At the same time, Zambia has serious power shortage, especially during the peak period of electricity usage, when there are frequent power outages, seriously hampering the local industrial development as well as the work and life of local people. Some enterprises may need to cut their production volume due to power shortage. As a clean and renewable energy, hydropower is the top choice to ease Zambia's existing power shortage situation.

Kariba Hydropower Station is located inside the Kariba Gorge at the midstream of Zambezi River on the border between Zambia and Zimbabwe. With a total capacity of 184 billion cubic meters, the reservoir has one of the world's largest storage capacity. The power station is 192km from Zambia's capital Lusaka, with power generation as its main function. The station's power plant on the north shore is located within the territory of Zambia. Its installed capacity is 600,000 kilowatts; construction started in December 1970, and trial operation started in 1976. The north shore power plant of Kariba Hydropower Station supplied 54% of Zambia's electricity needs. With Zambia's increasing economic development, the country's demand for electricity was increasing, and capacity expansion was put on the agenda. For this reason, POWERCHINA that has the strongest hydropower construction capabilities entered the Zambian market.

The Kariba Power Station expansion project involved adding two 180mw single unit power generators to the original four generators of the same specification. The contract for the project was signed in 2007, and construction started on November 5, 2008. After over five years of construction, the first generator started to generate electricity on November 25, 2013, and the second unit on February 14, 2014; the overall project was completed on July 31, 2014 and started its warranty period. The Kariba north shore expansion project is the first energy development project independently executed after the independence of Zambia, and has set a precedent for the independent hydropower development of the Zambian government. The facilitate execution of the project added 18% of electricity supply for Zambia, effectively alleviating Zambia's power shortage. Zambia's then president, vice president and other officials attended the commencement ceremony, power generation ceremony and completion ceremony, and relevant ministers visited the project site many times. Multiple mainstream media of China, Zambia and even other southern African countries covered the project execution in a very positive way, and the Company has established a good reputation in Zambia and other countries in southern Africa, laying a good foundation for China's development in the power market in southern Africa. The financial evaluation of the expansion project done according to relevant laws of Zambia showed that the internal financial benchmark return rate of all the investment was 8%. As of June 30, 2015, the two new generators had accumulatively generated peak-regulated electricity of about 2 billion kilowatt-hours, brining about USD160 million income for the project owner.

"The completion of the Kariba North Shore Expansion Project will ease Zambia's electricity pressure, and will be of milestone significance to the improvement of the living standard of both urban and rural areas. We welcome enterprises like POWERCHINA to develop electric power business in Zambia."

—Guy Scott, Vice President of Zambia

"The completion of the project provides a buffer for electricity supply. In the past, we had electricity shortage during the peak period; after the two new generators are put into operation, there will be no power shortages anymore, and customers now enjoy better service."

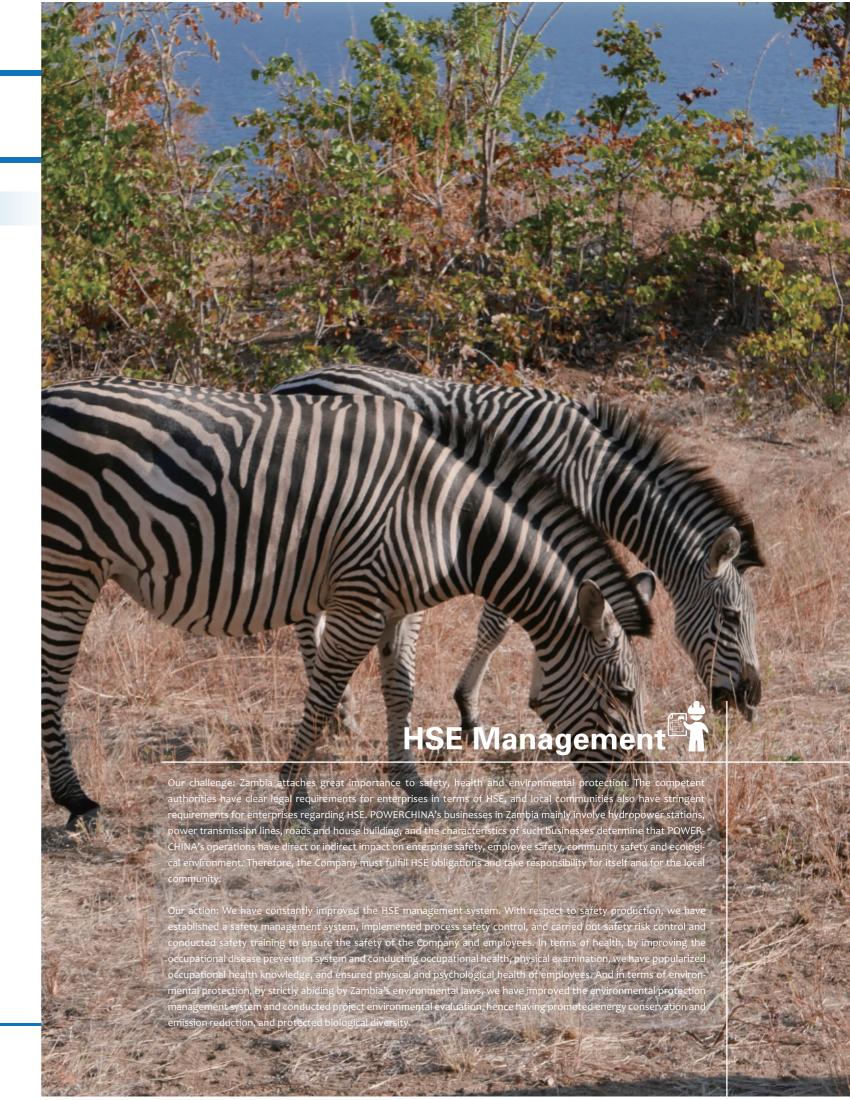
— MahakuMaloza, Maintenance Engineer of Kariba North Power Station

"The successful completion of China's hydropower project is a perfect present for the 50th anniversary of Zambia's independence and for the 50 years' friendship between China and Zambia. Economic development cannot do without power supply. The delivery for operation of the two new generators will make important contribution to Zambia's economic and social development as well as the improvement of people's living standard."

—Yang Youming, Chinese Ambassador to Zambia

"POWERCHINA is a respectable contractor. We are grateful to them for completing the construction of the power station at a high speed with high quality in the face of many difficulties!"

—Senior Executive of Zambia Electricity
Supply Corporation





(I) Safety Production

By strictly complying with Zambia's laws and regulations relating to safety production, POWERCHINA tried to ensure the safety of the Company and employees by establishing a safety management system, ensuring investment in safety, implementing process safety control and safety risk control, and conducting safety training.

1 Establishing a safety management system

POWERCHINA's various project management teams in Zambia have established HSE organization assurance systems with the project manager as the key responsible person, formulated management systems, and hired a safety management personnel with Zambia's safety qualification as the Project Safety Director who works with a safety supervisor. Thus, an overall responsibility system has been established for the HSE management of the project management team, providing organization and system assurance for the Company's safety production and operations.

(2) Identifying and preventing safety risks

With emphasis on ensuring enterprise safety from the source, we actively conduct safety risk identification and prevention. We have formulated various onsite emergency-handling plans, and organized in formulating major hazard source identification, monitoring and prevention measures. We also re-identify and re-assess onsite major risks every month, and prepare evaluation reports. On top of that, we conduct onsite monitor, check, and provide guidance for the correct use of personal protective articles.

3 Carrying out construction process safety control

POWERCHINA strictly implements the technical assurance system, formulates special safety technical measures for highly professional projects and thoroughly communicates them to every personnel on site; and at the same time, we conduct assessment and communication, and carry out onsite tracking and supervision of the execution.









4 Ensuring personnel safety in the construction site

Personal protective equipment for labor service personnel is a focus of attention of the local government and project owners. All project management teams have each established a safety fund special account, strengthened the purchase and use management of protective equipment, and timely replaced protective equipment with unsafe factors.

(5) Conducting safety training and communication

POWERCHINA proactively conducts safety training and communication in various forms to enhance employee safety awareness, including new employee internal safety training and communication, safety training by external experts, and pre-post education and training; posting of safety warning signs in the construction site, posting of safety knowledge pictures, and erecting of warning signs; and preparation of safety blackboard newspaper. As of the end of June, 2015, POWERCHINA had carried out 244 safety trainings accumulatively in Zambia, including drills for common occupational health, safety and emergency incidents. Over 2,360 person-times went through the training, with a coverage rate of 100%.

Safety Production Performance

Investment in safety production (in RMB10,000)

861.26	1,072.52	1,111.11
2012	2013	2014

Number of production safety accidents

0	0	0
2012	2013	2014

Work-related death rate (%)

0	0	0
2012	2013	2014

Number of work-related deaths

0	0	0
2012	2013	2014

Number of hidden safety hazards identified

1463	1627	1925
2012	2013	2014

Number of safety production emergency drills

18	22	28	
2012	2013	2014	

Investment in occupational safety and health training (in RMB10,000)

24	46	58
2012	2013	2014

Number of safety and health training (person-times)

	1372	1816	1532
Ī	2012	2013	2014

Safety and health training coverage rate (%) 100 100 100 2013 2014 2012







(II) Occupational Health

POWERCHINA attaches great importance to employee health, especially in Zambia, where malaria occurs a lot due to the effect of local climate and environment. This, together with the limitation in the local medical and hygiene conditions, creates a challenge for the Company to prevent employees from contracting diseases like malaria. Therefore, in its operations overseas, the Company has improved the occupational disease protection system, reinforced the construction of occupational disease protection facilities, and carried out employee occupational health check. Meanwhile, we have popularized occupational safety and health concepts among employees, prevented the disease risk, and reduced the occurrence of occupational diseases, hence ensuring the health of employees.

1 Carrying out employee health check

Every project management ream carries out health check for every new recruit and sets up a health record for each. Each month every work area completes the List of Personnel Involved in Poisonous and Harmful Construction Operation with Occupational Hazards and records working hours, and the project management team regularly arranges health check for such employees to ensure their health.

2 Conducting first air training

Every project management team signs a mutual medical support and collaboration agreement with the hospital in the place where the project is located to ensure that the rescue team and vehicle can be dispatched as soon as possible after an accident occurs. In addition, the Company actively prevents endemic diseases of Africa (such as malaria) and other diseases, and organizes local employees to go through medical examination in the local hospital in the principle of "early detection and early treatment".







During 14-16 December, 2014, the management team of Musonda Falls Power Station invited members of the Red Cross of Mansa City in Luapula Province to conduct a three-day first aid training for employed of the project management team

Case MC70 Power Transmission Project in Zambia – popularization of malaria knowledge

In order to create a nice and safe working and living environment and further disseminate medical common sense among employees, the management team of the MC70 Power Transmission project in Zambia invited staff from the nearby hospital to educate all the employees about malaria in 2015.

Medical care personnel disseminated scientific knowledge of malaria to the employees, and carried out malaria check onsite and distributed mosquito nets. The project management team ensures that a first aid kit is in place in every work area of the construction site, and trained the 9 stuff of the project team in the use of the first aid kit so as to better respond to emergencies on site.



Occupational Health Performance

Occupational disease occurrence rate (%)

0	0	0
2012	2013	2014

New occupational disease by year (case)

0		0	0	
	2012	2013	2014	

Employee medical examination coverage rate (%)

100	100	100	
2012	2013	2014	

General knowledg

Malaria is an acute febrile disease. Those without immunity will start to experience relevant symptoms in 7 or more days after being bitten by infected mosquitoes. Initially the symptoms (fever, headache, chill and vomiting) are likely less severe, therefore it is difficult to detect malaria. If it is not treated within 24 hours, malignant malaria is likely to develop into a serious disease that is often fatal.

96% of the world's malaria cases occur in 35 countries, most of which are in Africa. The cost of treating malaria is on average 1/4 of a family's income. In areas with high malaria transmission, mosquito nets containing pesticide can reduce the transmission rate by 50%. As one of the world's fastest growing economies, Zambia has a very imbalanced medical care system, and malaria has become a public health problem that harms people.



HSE Management

(III) Green Operations

POWERCHINA's businesses in Zambia mainly involve hydropower stations, power transmission lines, roads, house building and weighing stations, and the characteristics of such businesses determine that POWERCHINA's operations have direct or indirect impact on the environment. In the construction process of hydropower stations, power transmission lines, roads, house building and weighing stations, POWERCHINA protects the local environment and promotes natural and harmonious ecological development by such measures as building an environmental management system, reducing the use of energy resources, reducing waste emission, conserving water and soil, protecting biological diversity, and increasing environmental protection awareness.

1 Environmental management

Organization:

POWERCHINA's project teams in Zambia have formulated robust environmental protection systems and the reward and penalty program, and set up the QSHE management department to lead the management;

Environmental system:

we have formulated the Environmental Protection Special Plan, re-identified and re-assessed key environmental elements to generate risk assessment reports, and timely updated the management accounts for dynamic management;

Environmental assessment:

Before starting project construction, we would engage third-party agencies to conduct environmental assessment. During the construction period, the project management teams conduct self-assessment and take rectification actions, and the project owner and relevant management authorities carry out onsite environmental impact inspection.

(2) Environmental protection communication

During the Energy Saving Publicity Week, City Water Saving Publicity Week, World Environment Day and Earth Day every year, we communicate the concepts of energy conservation and environmental protection to all the employees and increase their awareness of conservation;In the project planning and project appraisal goals, we cover such as aspects as developing recycling economy, building a conservation-oriented society and promotion of energy-conversion and emission reduction. We also organize the

dissemination and training of the Energy Conservation Law and the Water and Soil Conservation Law, and carry out recognition and reward activities.

Energy conservation and emission & carbon reduction

Energy conversion system:

According to the Provisional Adminis trative Measures for Statistical Monitoring of Energy Conservation and Emission Reduction, project management teams have formulated systems such as the Provisional Rules for Administration of Energy Conservation and Consumption Reduction and Energy Conservation and Emission Reduction Management System by taking into account the actual situation, and they have also conducted inspection and rectification according to the relevant requirements;

Waste water management:

we have conducted harmless treatment of living and construction water; consolidated and sterilized construction water before discharging it to the designated location; built drainage ditch and sedimentation tank in the concrete mixing place, and discharged waste water into the drainage system after sedimentation treatment;

Exhaust management:

We have strictly tested and managed exhaust emission from vehicles and construction machinery. And it is forbidden to burn stuff that can produce toxic and harmful gases and smoke in the construction site;

Slag muck management:

We have appointed dedicated

personnel to manageconstruction garbage and muck in the construction site, transported all the garbage and muck to the designated dumping site for storage, and cleared construction garbage from the construction site every day;

Hazardous chemicals management:

By sticking to the relevant regulations of the place where the project is located, we have developed a series of measures including Hazardous Goods Warehouse Daily Safety Checklist and Hazardous Good Management Account to enhance the management of hazardous goods; stored hazardous goods in closed containers to prevent secondary pollution, and buried used oil from machinery maintenance in deep soil or handed it over to local qualified units (organizations) for treatment according to local requirements;

Dust removal and noise reduction:

We have adopted controlled blasting technology, and installed silencers in machinery and equipment generating noises such as air compressors and generators to reduce noise. We have also used sealed tank vehicle or installed tarpaulin to prevent bulk material from spilling and floating in the air during transportation and storage.



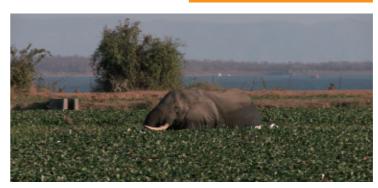
(4) Ecological and biological diversity protection

Zambia attaches great importance to ecological and biological protection, and the Zambian people believe in being "friends with animals". Considering its own business operational characteristics,POWERCHINA strives to protect natural habitats, wetland, forest, wildlife corridors and farmland.

- Before starting construction, we plan well to avoid taking up relevant
- During the construction period, we take relevant protective measures to minimize the impact on the surrounding environment; After completing construction, we
- process biological restoration and treatment, and try to restore the original ecological environment of the place where the project is located as much as possible.







Environmental Performance

Percentage of projects with environmental impact assessment (%)

100 100 2013 2014 Number of environmental emergency

drills 2013 2014 2012

Total investment in environmental protection (RMB10,000)

45 82 77 2013 2014

New project EIA pass rate (%)

100 100 2013 2014

Total pollutant emission compliance rate (%)

100 100 100 2013 2014 2012

Percentage of suppliers with quality, environmental, occupational health and safety management system certificates (%)

100

100

2014

2012 2013 2014 Ecosystem recovery rate (%)

100

2012

100 100 2013 2014 2012

Environmental training (person-times)

2013 Total investment in environmental

training (RMB10,000) 4.7 2013 2014 2012

Focus

Protecting Environment, Preserving Ecological Civilization

The Itezhi-tezi project management team stressed protection of natural resources and the environment, and got the international project certified with the environmental management system. According to the size of the project and the structural characteristics, and considering the key environmental elements, it organized environmental planning, and prepared environmental technical plan, management plan and work instructions based on the planning. During the construction period, laws, regulations, rules and policies relating to environmental protection covering blasting management, waste management, water and soil conservation and wildlife protection were strictly executed.

1 Blasting operation

Considering that operation may affect the environment and public and private properties, we obtained the Permission for Using Explosives before using explosives according to relevant laws, built a warehouse for explosives in the safe area designated by the project owner, assigned dedicated personnel to manage the warehouse, and sent alert signals before the blasting operation; when conducting blasting operation in rivers or close to rivers, we adopted controlled blasting technology to prevent chemicals from polluting waterways; and we tried to conduct blasting operation in the daytime as much as possible to avoid disturbing local residents.

2 Waste management

Rubbish bins were placed in canteens and toilets separating recyclable and non-recyclable waste. Non-recyclable, decomposable and perishable solid waste was put in plastic barrels with polyethylene plastic bags or closed covers, and then buried in the place designated by the project owner. Recyclable waste was classified for collection and storage; materials that could be repeatedly used were reused, and waste that could not be reused was transported in solid waste transportation vehicles that could prevent the waste from spilling and that had rainproof measures, and treated in the area designated by the project owner or local government.

3 Water and soil conservation

Attention was paid to conserving water and soil during the construction period, and protection and drainage facilities were installed around the temporary construction site. When building temporary facilities, damage to the vegetation was minimized, and trees, grass and flowers were planted according to the afforestation plan. Tree felling, cutting or other acts of sabotage outside the construction site was forbidden. For construction involving clearing or ground breaking, the top soil and the bottom soil was cleared in a different way for the site's recovery and natural restoration. Trees that were kept in the construction area or onsite the camp or in the neighboring area were properly protected.

4 Forest protection

In the project construction process, when vegetation of designated area needed to be cleared based on the needs of construction, tree felling, cutting or other acts of sabotage outside the construction site was forbidden. For construction involving clearing or ground breaking, the top soil and the bottom soil was cleared in a different way for the site's recovery and natural restoration. Trees that were kept in the construction area or onsite the camp or in the neighboring area were properly protected.

5 Wildlife protection

In Zambia, wildlife is protected by law. If operators found protected plant species during the construction period, they need to report first to the environment coordinator or engineers on site, and then come up with a specific plan as to how to remove or transport the species. And if passageways with animal trail are found during the construction process, they should be kept unblocked all the time to avoid affecting the passing of animals.





(I) Respecting Basic Rights and Interests

In Zambia, POWERCHINA complies with the local labor law, adheres to the principle of equal employment, and signs labor contract with employees. We treat employees of different ethnic groups, genders, religions and cultural backgrounds in a fair and equitable way, and provide employees with reasonable compensation and benefits. We commit not to hire child labor in the area where the project is located, and reject all kinds of forced labor; we improve the technical skills of local employees through approaches like "teaching, helping and guiding", protect employees' participation right, and solidly safeguard various rights and interests of local employees. In 2014, employee localization rate of POWERCHINA Zambia reached 88%, and labor contract rate and employee training coverage rate both reached 100%.

(1) Compensation and benefits system

POWERCHINA strictly implements Zambia's local labor law and minimum wage standard. We formulate the effective Local Employee Compensation Management Measures, and timely raise the salary of local employees. Employees are entitled to statutory holidays, and are given holiday presents during major holidays (such as Labor Day, Independence Day and Christmas). The Company maintains effective communication with the local government, parliament and the court, seeks opinions and support from the local chief justice and the President of the Region, and exchanges experience in managing the local labor.

All POWERCHINA's project management teams in Zambia protect the rights and interests of female employees strictly according to Zambia's laws. Female employees are assigned to work in management or less demanding positions; furthermore, they are entitled to one day of physiological leave every month, and paid maternity leave, which is 120 days if employees have worked for over two years.



2 Facilitate employee communica-

The project management team stresses communication with local employees, and communicates with employee representatives every month to understand the needs of the employees. Local management personnel are hired to manage local employees who could communicate their needs with labor management personnel, and the project management team responds to and addresses the issues within a specified time period.



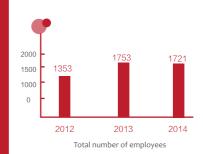
(3) Respecting the religions and customs of local employees

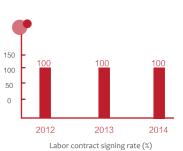
In Zambia, POWERCHINA respects employees' religions and cultural customs. In day-to-day life and at work, employees are allowed to wear clothes with important religious meaning; religious places of worship are provided, for example, the building of a Prayer Room was included in the project plan and built.



"Thanks to the relationship between POWER CHINA and ZESCO (Zambia Electricity Supply Corporation), we have good contact with POWERCHINA. In fact, as far as I know, POWERCHINA's practice relating to labor is compliant with the Labor Law, and POWER-CHINA abides by the laws of Zambia."

 Mutukelwalubita, Secretary General of Zambia Electricity Union (PGAWUZ)

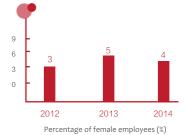


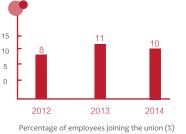


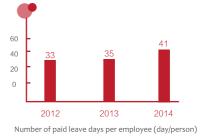


"It is stipulated in Zambian laws that in any company, employees can form their own union as long as there are 25 qualified members. POWERCHINA joined Zambian Employer Union in 2014. We once helped POWERCHINA's Itezhi-tezi project in Zambia to establish a collective negotiation agreement and build a good relationship between the employer and employees. Frankly speaking, we've heard about complaints about some other Chinese companies for infringing on the rights and interests of employees. But there are companies like POWERCHINA that comply with Zambia's Labor Law, respect employees, and encourage employee participation, leading to peace and harmony."

— President of Zambia's Employer







2012 2013 The ratio between minimum wage and local

minimum wageof employees



23





Indicator

Ir	idicator	
Number o	f Zambian	employees
1102	1476	1509
2012	2013	2014
Number o	of Chinese	employees
251	277	212
2012	2013	2014
Employee I	ocalization	percentage (%
81	84	88
2012	2013	2014
Porcontago	of local	employees in
_		employees ii
managemen	it (%)	
7	8	7

Percentage	of local	employees in
managemen	t (%)	
7	8	7
2012	2013	2014
Investment	in empl	oyee training
(RMB10,000)		
24	37	51
2012	2013	2014
Employee to	raining cov	erage (%)
100	100	100
2012	2013	2014
Average per	capita trai	ning time (hour
21	27	26

2013

2014

2012

(II) Employee Localization

By organizing various cultural and sports activities, POWERCHINA's project teams in Zambia enrich employees' life after work, and facilitate cultural communication, integration and inclusiveness. Our activities include employee sports meets, sports competitions between Zambian and Chinese employees, and holiday celebrations. Project teams regularly visit Zambian employees who live in poverty and distribute food to them. All these enhance the mutual trust and understanding among employees, and employees also appreciate the warm atmosphere of the big international family of the Company.

Case

I am very happy working for POWERCHINA!

Through the Kariba project, POWERCHINA has brought many changes to the life of local people. In driving localization management, the Company established new friendship with local people in the interaction. A great number of local workers participated in the construction and management of the project, and have changed their life by working for POWERCHINA.

Banda's home is in a small village not far away from the construction site. Not long after the construction start of the Kariba Power Station in 2008, he came to where the management team of POWERCHINA was stationed and got himself a job as a car driver. Banda and his wife have 4 sons and 2 daughters. This is a big family with heavy economic burden. Banda's stable income was important to support the whole family. In 2010, Banda's eldest son also got a job in the construction site, and the father and son followed POWER—CHINA and worked hard to change the fate of the family. This family of 8 finally had some savings in 2013, enabling the eldest son and the eldest daughter to go to university, and other children to be happily enrolled into local high schools and primary schools.

Banda has worked in the construction site for 5 years now, which has brought changes to his family that "could not be imagined in the past" in his own words. "I am very happy to work for POWERCHINA! If there are other projects after this project is completed, I will follow them and work for them, as long as they are willing to hire me." Saying this, Banda was full of expectations as well as firmness and perseverance.

Banda's family is not the only one that benefits from the project; there are many people who are full of expectations as Banda is. Since the project started, 1,882 local people have been hired and trained, and 735 people have become key technical staff in areas including drilling, brick—laying, carpentering, electric welding and mechanical operation. Like Banda, through their hard work with the Kariba project, they have changed the life of a big family. "POWERCHINA has changed the life of my entire family!"

- Banda, Local Worker

"In 2012, I came to POWERCHINA as a job applicant, and I was hired as a cleaner. I have been working here since then. This job has brought many changes to my life: I can help to support my family; I can even go to school, and sometimes I can help to pay some tuition for my younger brother. This job helps me and my family a lot. After this project is completed, I will follow the project team to the Ndola project."

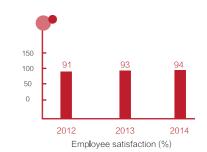
— Muyetamutingna, Employee of the Combined Services Department of KK330 Transformer Station

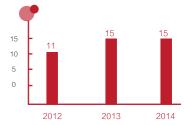
(III) Diversified Care

By organizing various cultural and sports activities, POWERCHINA's project teams in Zambia enrich employees' life after work, and facilitate cultural communication, integration and inclusiveness. Our activities include employee sports meets, sports competitions between Zambian and Chinese employees, and holiday celebrations. Project teams regularly visit Zambian employees who live in poverty and distribute food to them. All these enhance the mutual trust and understanding among employees, and employees also appreciate the warm atmosphere of the big international family of the Company.









Investment in aiding employees living in poverty (RMB10,000)







Teaching a Man How to Fish is Better than Giving Him a Fish



After being hired by POWERCHINA, I came to Itezhi from Livingston. Before I joined POWERCHINA, the building of our family home was not completed. Now it is finished, and I have bought another piece of land and started to build another house. In addition, I have helped to pay schooling for my younger brother and younger sister. My brother has just graduated from university and he is now a teacher. My sister is still attending university.

At the beginning I was hired by POWERCHINA as an electrician, and I did not know much at that time. Later when I became the foreman of the hydropower work area, POWER-CHINA introduced me to safety authorities to study onsite safety, environment and health management, and participate in the first aid training workshop organized by Zambia Red Cross. Through the first aid training, I have obtained the certificate and can give first aid treatment now.

The project team said, "We need a Zambian safety officer who can communicate with local people, especially those who do not speak English." I was then transferred to the HSE office. When I first took the job, they did not let me work on site but let me study safety knowledge in the office. Among the many people participating in the exam, I was the only one who passed the exam, and I have become a qualified safety officer from an electrician. Now I can do many jobs, such as electric welding, safety, health and environment management, and the electrician job.

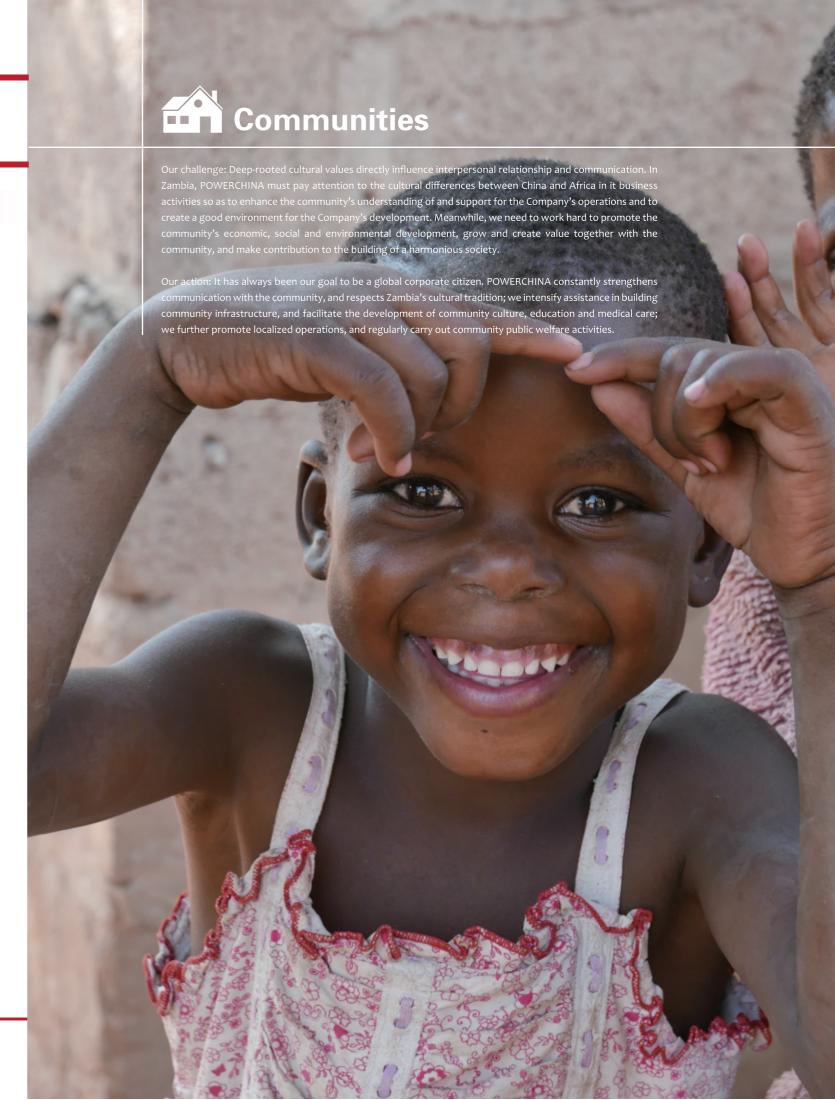
In short, many employees of PowerChina's Itezhi-tezi project started as ordinary workers, and some of them became welders, carpenters, bricklayers and electricians after about one year. POWER-CHINA not only helps my individual development, but also helps the local community and other employees. The Itezhi-tezi project teaches workers skills, and many people can make a living with the skills obtained.

At school I learned from books about China a Chinese saying, "Teaching a man how to fish is better than giving him a fish".

At that time, I started to think what it meant. Other companies that come to Zambia give you a lot of money, but they do not teach you skills you need. After they leave, what should you do? Can you make a living? No. The difference between China companies and other companies is: Chinese companies will teach you how to fish, rather than give you fish. Learning how to fish is more important than being given fish, as you will eat up the fish and you cannot catch more fish. To developing countries like ours, skill transfer is very important. Eventually, these skills will stay with Zambians, and these Zambians will use these skills to develop Zambia.







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(I) Conducting Active Community Communication

POWERCHINA attaches great importance to the cultural differences between China and Africa, fully respects the tribal culture of Zambia, and recognizes community traditions and cultural characteristics. The Company vigorously participates in and supports community construction, encourages employees to take part in community cultural exchange and enhance their relationship with local people.

The Company carries out in-depth community communication through regular consultation, survey and discussion to understand the needs of community residents, and strives to satisfy the expectations of residents.

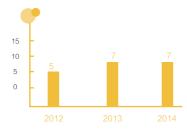




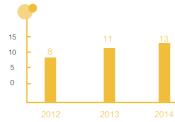


"I think POWERCHINA has a very good relationship with the community. I've seen that POWER-CHINA always publishes actions to be taken in their construction that may have impact on the community, such as where there will be blasting operations. POWERCHINA lets people know what they will be doing. They also participate in community activities. I remember seeing POWERCHINA employees in the newly build senior middle school. We also see POWERCHINA employees taking part in social activities. They have real good social interaction with the community."

— Marasha, Employee of Local Governmen



Number of local community communication events organized by the project ream including consultation, survey and discussion (times)



Number of local community cultural exchange events participated in by the project team (times)

(II) Driving Infrastructure Construction

Infrastructure is the material engineering facilities that provide public services for social production and people's life. Infrastructure guarantees the normal social and economic activities of countries and regions, which is related to national welfare and people's livelihood. In order to improve the weak community infrastructure that restricts development, POWERCHINA builds roads, flats ground and repairs churches for people in the neighboring area, benefiting local community people.





but we did not have construction materials. You were the first one to respond and provided the urgently needed materials. You are a caring company willing to listen and understand. Your respect and care for us, and your response withou hesitation, is valuable to us."

—Muwenga, Employee of the Kariba North Local Government

Built water purification and sewage systems for the Itezhi-tezi area

The Itezhi-tezi project team always attaches great importance to the relationship with the local government and people. It adheres to the concept of "Completing the Itezhi-tezi project well to benefit local people", and supports local infrastructure construction.

When the Itezhi-tezi project team moved in the station camp, it found that there was no sewage treatment system in the local community, sanitary wastewater of every family was directly discharged without any treatment, and the living condition was terrible. Although when the dam was first built in the 1970's the British built a small sewage treatment plant, as the local people did not maintain it, the pipes were already abandoned and could not be used anymore, and the sewage treatment pool was dry. The Itezhi-tezi project team built a sewage treatment plant beside the original one with a treatment capacity of 300 cubic meters/day, and repaired and restored the old plant. Currently, total sewage treatment capacity reaches 450 cubic meters/day. The sewage system built by the Company solves the problem of sewage treatment for over 10,000 people in the mountain top area on the left shore of the Itezhi-tezi Dam, covering a few schools in the Katapa town, the local government, bank, police station, and the office and repair factory of ZESCO.

Zambia has a great number of rivers and a dense water network within its territory, so its water resources are abundant. However, due to the lack of infrastructure in most areas, people did not have convenient access to water, and had to spend a lot of time everyday getting water from nearby rivers. In addition to the sewage treatment system, the Itezhi-tezi project team built a water supply system and purification treatment plant for the town of Katapa, significantly improving water supply for both production and living of the local people, and winning acclaims from the local people.

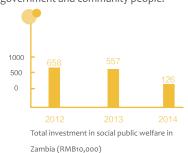


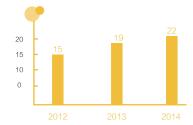




(III) Serving Regional Economic and Social Development

In the process of constantly expanding our cooperation with Africa, POWERCHINA includes the fulfillment of social responsibility into our important agenda, seeking economic benefits while stressing business ethics, and more importantly, and emphasizing the comprehensive social and environmental benefits. The Company actively participates in local social development and public welfare activities, and establishes a harmonious relationship with the Zambian government and community people.





Number of public welfare events that employees participated in (times)



"We choose to work with Chinese companies because we feel that they have reached a certain level. They are very competitive and are first-class from the perspectives of technology, cost and customability."

—Emmanuel Rigaux, CEO of Lafarge Group

1 Supporting the development of local companies

POWERCHINA is committed to building a fair, equitable and sustainable supply chain. The Company strictly selects qualified suppliers and contractors, and enhances the supervision and management of contractors in areas including quality, safety production, environmental protection and labor management. In 2014, 100% of the Company's contractors were ISO9001 certified. The Company implements responsible purchasing in its purchasing process, encouraging and supporting suppliers that actively fulfill social responsibility. In order to build an uninterrupted and stable supply chain, the Company provides training for suppliers and contractors, and leads suppliers and contractors in actively fulfilling social responsibility and facilitating mutual development.





Build a sustainable supply chain

Lafarge Group is a major cement producer in central Africa. The Group has a vision of "building beautiful cities", and has been supplying to the local market quality products and construction solutions for many years.

When the companies started to work together, POWERCHINA reviewed the sustainability concepts and practices of Lafarge Group, a major supplier to POWERCHINA in Zambia. At the same time, Lafarge believed that this Chinese enterprise not only had good project quality, but also had leading sustainability concepts, and stressed environmental protection during project construction. For this reason, the two parties have established continuous, good cooperation relationship.

In order to build a sustainable supply chain, POWER-CHINA has formulated a standard bidding process to further improve the bidding work; we reviewed the bidding process design to fully enable sunlight purchasing and ensure fair and equitable project construction bidding.



"Since Spectra Oil was founded, there has not any accident in which a customer's vehicle or equipment is damaged because of us. Such accident will never happen. This is a record we are proud of. As we believe in win-win, we strive to benefit both parties with our safe products and services. We hope that our own company will realize healthy development, and hope that POWERCHINA will enjoy better development."

—Chisala Mulenga, Regional Sales Manager of Spectra Oil

Case

Develop together with local suppliers

"Where there is business, there is friendship." The regional sales manager of supplier Spectra Oil thus described their relationship with POWERCHINA. "We are now friends. I often spend time with my Chinese friends. I learn about Chinese culture from them."

Spectra Oil is one of the suppliers of POWERCHINA in Zambia, mainly supplying fuel and lucrative oil. In order to ensure the continuous and high quality supply of products, in the process of qualifying suppliers, POWERCHINA not only conducts detailed investigation of the suppliers' product quality management and supply capability, but also adds suppliers' social responsibility fulfillment assessment as an investigation indicator.

Spectra Oil has the business philosophy of "achieving win-win with customers". It emphasizes safety production management and safety training. The company has never had any product accident since its establishment. With safety it guarantees customers' productivity and protects well customers' machinery and equipment. With regards to the use of oil products, improper handling will cause environmental issues like air pollution. Spectra Oil conducts various production operations strictly according to the requirements of Zambia's Environmental Protection Bureau. If customers cannot meet certain requirements, Spectra Oil will also help them to make improvement.

It was after investigating Spectra Oil's sustainability concepts and practices that POWERCHINA has established good cooperation relationship with Spectra Oil. Both parties are working together to create economic benefits, achieve sustainability of both companies, and repay Zambia.

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2 Supporting local education

Education is a noble public welfare cause, and schools are an important base where talents are trained. In Zambia, the backward school infrastructure significantly impacts the education level. In recent years, project teams of POWERCHINA have provided great support to local schools; they have also acted as the messengers for the cultural exchange between China and Zambia, and made contribution in driving the development of Zambia's education cause.



The KK330KV power transmission project team making donation to a community primary schoo

3 Aiding and supporting regional society

POWERCHINA sticks to the purpose of "benefiting local people with every project undertaken", and supports the harmonious development of regional society in Zambia through actual actions based on the project under construction. Internally, the Company encourages employees to carry out volunteer service and repay the society with their actual efforts, enhances community integration, and repays the society with enterprise interest; externally, the Company participates in public welfare by helping the disadvantaged groups, participating in emergency rescue and disaster relief, and making charity donations, while actively calling on Chinese enterprises and all walks of society to participate in public charities, and helping to increase the living standard of the Zambian people.





Care for children

Children are the future and hope of any nation. POWERCHINA cares for local children, and visit them on important holidays.





➤ Visited children in the Kabwata Orphanage

Zambia is one of the countries with a higher level of AIDS infection in southern Saharan Africa. Statistics show that AIDS infection rate is as high as 14.3% among people aged from 15 to 49 in Zambia. Tens of thousands of people die from AIDS every year, leaving a great number of children orphaned. Many of these children end up on the streets without basic food and clothing, let alone education and medical care. The Kabwata Orphanage in Lusaka was established in 1997, and is the home to 52 orphans at the moment. Some of the children are here because their parents are dead, some have parents that are prisoners, and some others are the children of refugees from other African countries.

For a long time, POWERCHINA has paid close attention to the living condition of these orphans. For four consecutive years, the Company has worked with the Confucius Institute of Zambia University and China Medical Team to organize sympathy activities, providing basic living support and education assistance. On May 31, 2015, the team brought stationery and food for the children and staff in the orphanage, and celebrated the children's holiday with lively and exciting Chinese traditional cultural performance. In addition, China Medical Team provided free physical examination for the children and staff of the orphanage.





"We are very happy to be able to help these poor and lovely children. We hope that they can grow up healthy and happy."

— PengZhaohui, Vice General Manager of Sinohydro Zambia Limited

"POWERCHINA is a great team. They bring a lot of Chinese food, rice and cooking oil. Our children and I like them very much. We would not be able tosurvive without the company, without POWERCHINA and without the support of the Chinese community."

— Angela Miyanda, Founder of the Kabwata Orphanage in Lusaka

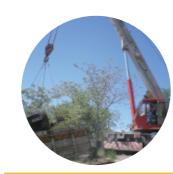
"We'd like to thank Chinese uncles and aunties. We are a loving family."

— Representative of the Orphans

■ Emergency rescue and disaster relief

Project teams of POWERCHINA actively provide help in the event of local emergencies. They participate in disaster relief, assist in handling traffic accidents, and transport materials, hence ensuring the life and property safety of local people.





Social donation

POWERCHINA strives to benefit the local people with every project it undertakes. We actively participate in public welfare activities where the project is located, and donate food and articles for daily use to local people to reduce their life burden, benefiting local people.







Focus

Aid in Building Siavonga Senior Middle School

Siavonga Senior Middle School is located in the Siavonga area of Sothern Province of Zambia. It was built in 1995. The original facility of the school was outdated with only one classroom and one teacher dormitory. The teaching condition was terrible, and there was no boarding for students. Students of higher grades had to attend boarding schools in the far-away Chikankata or Monze.

Between 2010 and 2013, POWERCHINA actively supported the local government to expand 50 buildings including classrooms, teacher dormitories, student dormitories, the library, the multi-media room and the conference center. The terrain was complicated, and there were many difficulties in the construction. Workers worked hard to overcome one after another technical difficulties. In order for students to have a comfortable learning environment in the hot climate of Zambia, the Company installed heat insulation on the roof so that classrooms would remain cool even under the scorching sun outside. In addition, the Company donated USD 80,000 worth of teaching equipment to the school including computers, desks and chairs.

The new Siavonga High School now boasts first-class teaching facilities in the country. The renovated school has 12 classrooms and a professional lab, as well as special tools and facilities necessary for the various professional courses it offers. With its actual actions, the Company has not only benefited over 1,000 students and teachers, but also promoted cultural exchange between China and Zambia, and more and more local students have started to study the Chinese language. POWERCHINA has brought about drastic changes to Siavonga, and has won wide acclaim from students, teachers and local residents.





"It is very hot here. When POWERCHINA was expanding our school, it did a good job treating and designing our roof. Now it is cool inside our classrooms. We appreciate very much POWERCHINA for building such a good school. POWERCHINA No.1!"

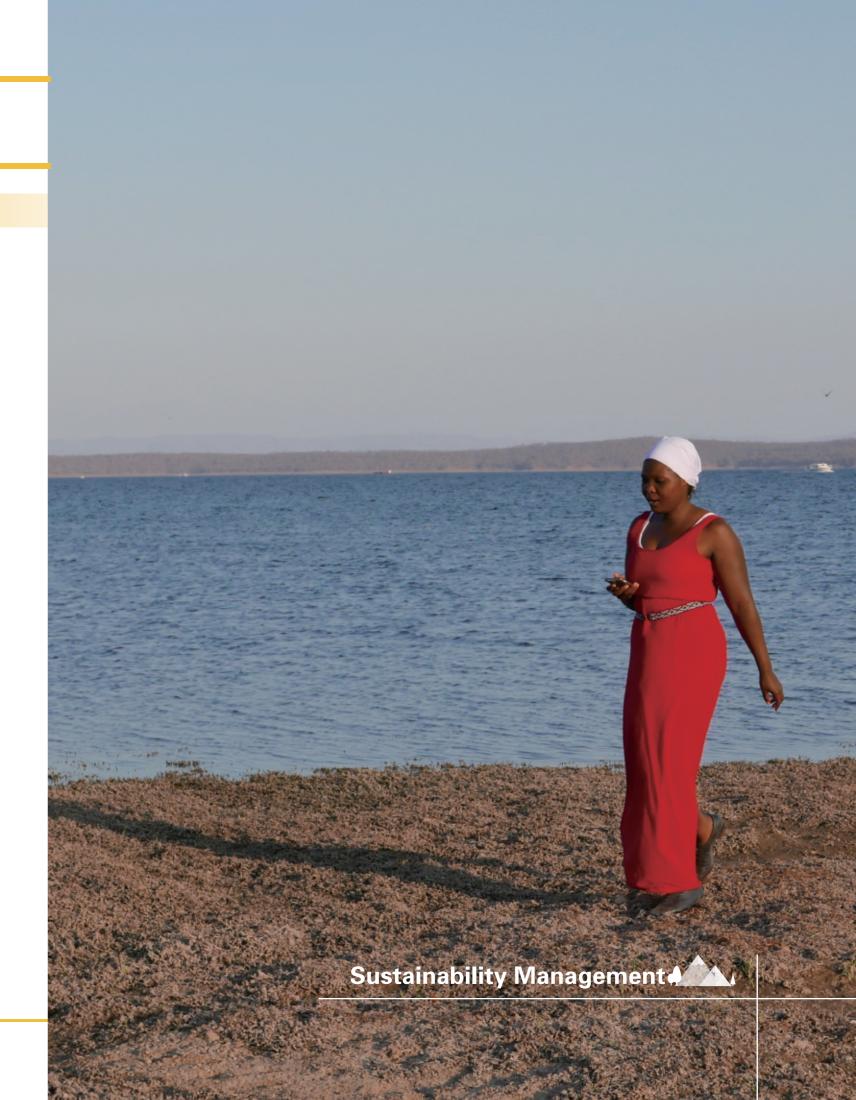
—Malumo Shandele, Headmaster of Siavonga Senior Middle School

"There were only 6 buildings when the school was founded. POWERCHINA has brought great changes to the school. They have not only built more buildings, but also donated many hardware facilities, including sewing machines for teaching and helping students to develop their skills, planning and cutting machines for the woodworking course, and equipment and materials for the lab. Our school is expanding, and there will be more students. We hope that in the future POWERCHINA can build more school buildings for us."

Monde Muliwana Mwenya, English
 Teacher of Siavonga Senior Middle School

"Other schools in Zambia are all old-fashioned schools with dust everywhere, while our school has become a modern school. We have an advanced computer room, with computers donated by POWERCHINA. You will also find that we have all the materials and equipment needed in our lab. We would like to extend our hearty thanks to POWERCHINA."

Mmimbo Mapulanga, Student
 Representative





(I) Sustainability Concepts and Strategies Based on Globalization

POWERCHINA persists in the sustainability concept of "what we do is for improving people's livelihood and promoting social progress", and incorporates sustainability and social responsibility into our corporate development strategy and day-to-day operations. We have formulated the 2014-2015 rolling development plan, and clearly defined our social responsibility goals. We define "implementing harmonious development and fulfilling social responsibility" as one of our strategic moves, establish a social responsibility performance mechanism on a strategic level. Besides, we set up a robust social responsibility management system, increase interaction with stakeholders in a transparent way, and practice sustainable development.

Sustainability is a global concern. For multinational companies, one of the priorities is to attach importance to the sustainable development of places where they operate in. POWERCHINA has highly valued corporate social responsibility during its development process in Zambia. In its 16 years of operations in Zambia, POWERCHINA has adhered to the Company's social responsibility concepts and the principles of "honesty and friendliness, equality and mutual benefit, solidarity and cooperation, and joint development", and enhanced communication with the governments, community residents, local employees, cooperation partners, suppliers and contractors, and NGOs, hence having full understanding of their needs and giving responses to their expectations. In Zambia, POWERCHINA utilizes its business advantages to construct livelihood projects, which not only improves local infrastructure but also facilitates local employment and economic development. With emphasis on resources conservation, recycling economy, ecological recovery and environmental protection, we actively carry out social responsibility activities, help local disadvantaged groups, and support alleviation of social problems, hence eventually promoting local economic growth and the harmonious development of environmental protection and social progress.

(II) Sustainability Organization and Governance

In order to effectively propel the Company's sustainability and social responsibility work, POWERCHINA has established a Social Responsibility Leadership Team with the General Manager of the Group Company and the Vice General Manager in charge of social responsibility as the team leaders, which is responsible for the leadership, decision-making and overall deployment of the Group Company's social responsibility fulfillment. The General Office of the Group Company is responsible for the overall planning, coordination and day-to-day management of social responsibility, including formulating the social responsibility plan and the annual development plan, conducting social responsibility study, training and exchange, and compiling and releasing the Company's annual responsibility report.

(III) Communication with and Participation of Stakeholders

POWERCHINA believes that proper handling of the relationship between enterprises and stakeholders is an important basis for enterprises to achieve sustainable development overseas. Based on the Company's actual operation status, POWERCHINA deeply studies issues that stakeholders are concerned with, attaches great importance to communication with stakeholders, and transfers relevant appeals to corporate social responsibility action targets and plans. Meanwhile, we strengthen our own capability building, update stakeholders on the corporate responsibility concepts and performance through various channels and means, and strive to satisfy reasonable expectations and requirements of various parties to increase stakeholder satisfaction.

Stakeholder	Expectations for the Company	Communication Channel and Method
The Chinese Government	Deepen the friendship between China and Zambia Operate in compliance with laws Ensure safety production	Regular reports Submission of work reports
The Zambian Government	Operate honestly and in compliance with laws Pay tax according to the law, and create employment opportunities Promote local economic and social development Protect local environment	Abide by international covenants and local laws and regulations Pay tax according to the law, and provide employment opportunities Regular visits and reports Attend important meetings and events
Shareholders	Maintain and increase asset value Manage and control risks Safety production Maintain information communication	Improve value creation ability Enhance overseas operational risk management Strengthen safety production and operation Important meetings and performance reports
Customers	Guarantee product and service quality Perform contracts honestly	Reinforce product quality and service management rovide quality products Timely follow up on customer feedback Deliver products on time
Local Employees	Respect local tradition and culture Protect employee rights and interests Employee career development Employee care	Promote cultural exchange and integration Provide competitive compensation and benefits Career development training and promotion channels Solicit comments and suggestions Help employees living in poverty
Suppliers, Contractors and Cooperation Partners	Adhere to business ethics Transparent, fair and equitable purchasing Mutual benefit, win-win and joint development	Deliver products on time Supplier communication Publicize purchasing information
Community	Community public cause development Respect tradition, culture and customs Maintain facilitate communication Provide employment opportunities	Establish community communication mechanism Participate in community infrastructure construction Carry out community public welfare activities Participate in important local holidays and events Implement employee localization
Environment	Abide by environmental protection laws and regulations Protect local environment Protect ecological and biological diversity	Establish a robust environmental management system Promote energy conservation and emission reduction t respond to climate change Protect aquatic and terrestrial organisms Protect biological diversity
Media/Social Organizations	Proactively publicize company informa- tion	Publicize information in the Company's website Accept interviews

Outlook

Appendixes Key Performance Indicators



Nowadays, the concept of "sustainability" is widely accepted and practiced, and the performance of sustainability and social responsibility has become an important path for achieving globally sustainable economic development, which is also an important path for enterprises to last. In the 15 years of operations in Zambia, POWERCHINA has relentlessly pursued and practiced "going global, adapting to environment, and winning together". With the proposition of the "Belt and Road" initiative, the cooperation between China and Zambia will be further deepened. We believe that by integrating the development potential of China and Zambia through "consultation, joint construction and sharing", we can create an even brighter future together with the Zambian people.

With regards to business, we will fully understand Zambia's national characteristics, resources characteristics, and livelihood needs, and fully consider Zambia's sustainable development in order to seek or create projects that are suitable for Zambia. We believe that we can meet the needs and improve the development level of Zambia, hence injecting new vitality into the development of Zambia.

With regards to HSE management, we will cherish the natural environment of Zambia, ensure safety production and the health of employees, strictly abide by and implement local environmental protection laws, regulations and international standards, and actively adopt the safe, green and conserving development

With regards to localized operation, we will nurture local medium and small companies to be our qualified suppliers, and accelerate cooperation with investment and construction enterprises in Zambia. We will further improve the technical skills of local employees, increase the percentage of local employees and local management personnel. And we will effectively integrate company advantages with local social resources, and improve the quality and scale of localized operation.

With regards to community integration, we will continue to respect Zambia's culture and tradition, enhance communication with local communities, and listen to the opinions and appeals of local people. We will improve community assistance plan, propel community

cultural, educational and medical care development, enable better integration between POWERCHINA and the Zambian people, and create real "people-to-people bonds".

Moving forward, we will continue to perform social responsibility, improve sustainability management, and promote Zambia's economic and social development with our business. And we will establish a bridge of friendship between China and Zambia with our sincerity, and strive to become a responsible Chinese enterprise that is trusted and recognized by the Zambian people.

ket Performance Indicator	Unit	2012	2013	2014
Operating revenue	RMB10,000	51,906.71	96,490.22	55,260.38
Total profit	RMB10,000	1,012.60	16,473.66	5,274.40
Profit growth rate	%	-2.07	1.97	-0.07
Total local taxes	RMB10,000	629.84	1,142.60	2,584.59
Investment in R&D in enginnering and technology	RMB10,000	634.1	544.4	3,843.5
Project quality acceptance rate in Zambia	%	100	100	100
Customer satisfaction	%	100	100	100
al Performance Indictor	Unit	2012	2013	2014
Total number of employees	person	1353	1753	1721
Labor contract signing rate	%	100	100	100
Paid leave days per employee	day	33	35	41
Ratio between minimum wage and local minimum wageof employees	%	1.24	1.35	1.33
Employee localization percentage	%	81	84	88
Employee training coverage	%	100	100	100
Employee medical check coverage	%	100	100	100
Employee satisfaction	%	91	93	94
Investment in safety production	RMB10,000	861.26	1,072.52	1,111.11
Number of safety accidents	case	0	0	0
Safety and health training coverage	%	100	100	100
Total public welfare donation	RMB10,000	658	557	126
ironmental Performance icator	Unit	2012	2013	2014
Percentage of projects with environmental impact assessment	%	100	100	100
New project EIA pass rate	%	100	100	100
Total pollutant emission compliance rate	%	100	100	100
Ecosystem recovery rate	%	100	100	100
Percentage of suppliers with quality, environmental, occupation al health and safety management system certificates	%	100	100	100

G4 Indicator Comparison

Third Party Comments

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Zambia Sustainability Report 2014 of Power Construction Corporation of China is POWERCHINA's first country-specific sustainability report. In the principles of "objectiveness, normativeness, integrity and transparency", and with concise language, full and accurate data, clear diagrams and rich cases, this report has fully disclosed the company's practice in sustainable development in Zambia through four major topics including "economy, HSE management, employees and communities". It has also demonstrated the company's efforts and strengths in proactive communications with stakeholders, response to their demands and mutual development.

Under the context of economic globalization and under China's strategy of "OBOR Initiative", it has become a consensus which the company should "go abroad" in a responsible way. The practice of sustainable development and fulfillment of social responsibilities is an important way for the enterprise to create better image, win recognition and respect from the local society., expand overseas business and also enhance China's reputation. As a central enterprise, POWERCHINA has insisted on its mission by proactively practicing sustainable development and fulfilling its social responsibilities abroad while supporting the national strategy and promoting its overseas business development.

POWERCHINA has always adhered to international conventions and business ethics, and strictly followed and studied local laws, regulations and customs in Zambia. By taking its business advantage, the company has provided premium projects and enhanced the energy supply capacity of Zambia, which improving local production and living conditions. It has also established the HSE management system, and as indicated by the data and cases disclosed in the Report, the effective operation of the system has significantly improved the company's safety production and reduced the negative impact of production on environment. Furthermore, to promote joint growth and development of the staff and the enterprise, the company has safeguarded the legitimate rights and interests of its employees, and provided equal opportunities of career development for employees by sticking to the strategy of employee localization and respecting human rights. By promoting local infrastructure construction and supporting the development of local enterprises and community education, the company has fostered local economic and social development and integrated into the local community better.

Above all, this report boasts of rich content, comprehensive agendas, and distinctive features, and it shows that POWERCHINA has practiced sustainable development by fully utilizing its own resources and professional advantages. I hope that POWERCHINA could take this opportunity to enhance its efforts in sustainable development abroad, keep on improving its management of sustainable development, and create more values for all stakeholders. I also hope that POWERCHINA could play a leading role in performing corporate responsibilities abroad among Chinese enterprises and making contributions to the implementation of the national "OBOR Initiative" strategy.

Director of the Research Center for Corporate Responsibility, Chinese Academy of Social Sciences





Feedback and Suggestions

This report is the first sustainability report by country publicly released by Power Construction Corporation of China. In order to continuously improve our sustainability work, and constantly improve our sustainability capability and level, your comments and suggestions are highly appreciated. Please help answer the questions in the Feedback Form, and give us the feedback in the following way:

Tel: 010—58368986/58368567 Mail: 22 Chegongzhuang West Road, Haidian District, Beijing

Your information

Name:

Employer:

Position:

Contact No.:

E-mail:

Your comments

- 1、Your overall assessment of the report
- Very Good Good Average
- 2. In your opinion, how well does the report reflect the Company's significant impact on economy, society and environment?
- ○Very Good Good Average Poor Very Poor
- 3. In your opinion, are the information, data and indicators disclosed in the report clear, accurate and complete?
- Very good Good Average Poor Not sure
- 4、 In your opinion, in which area of social responsibility does the Company do a good job?
- Economy ○HSE management Employees Community Sustainability management
- 5. Which part of the report do you like the most?
- 6、What additional information do you need?
- 7. What are your suggestions on the future publication of our sustainability report?