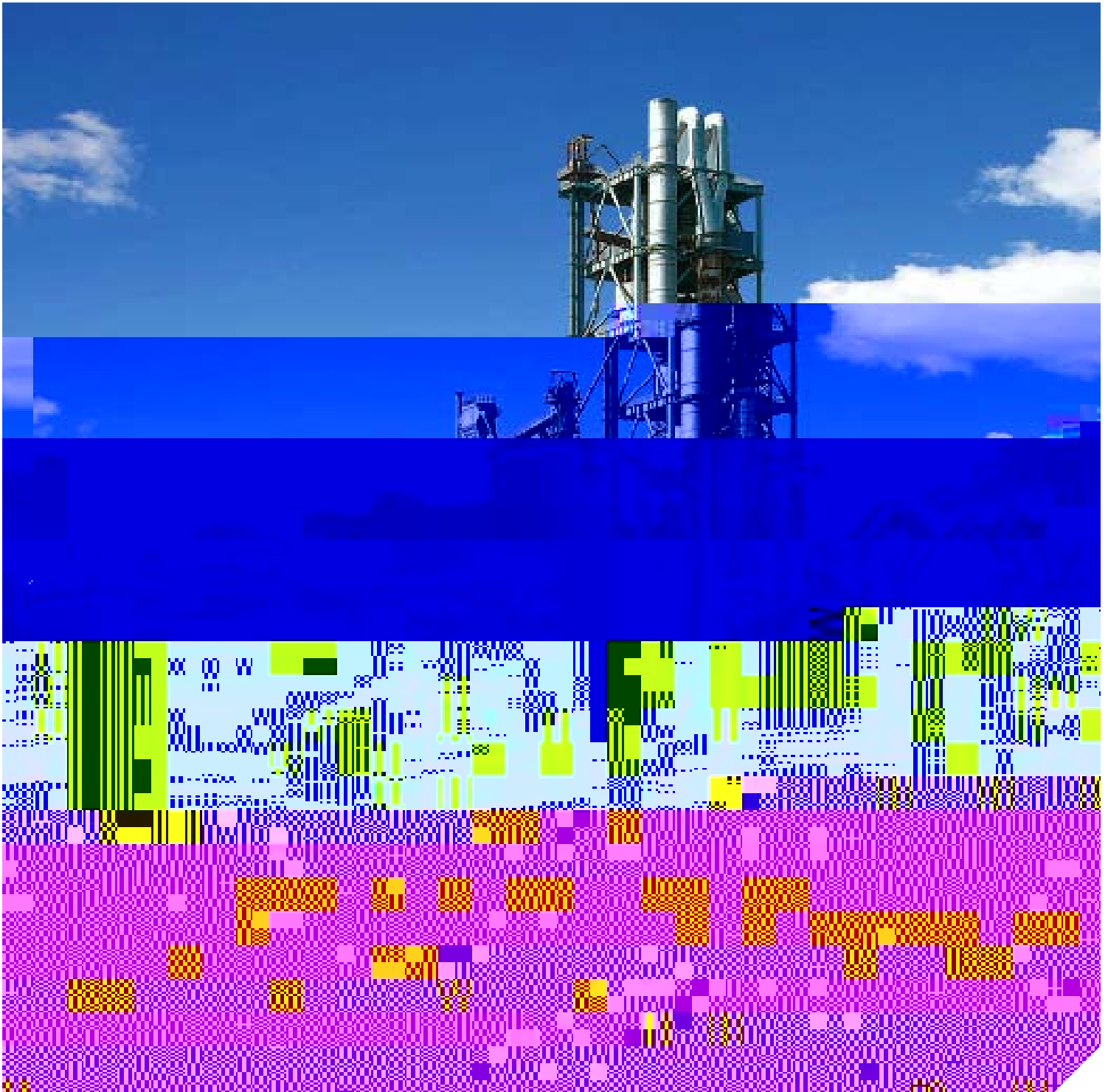




2011

CHINA NATIONAL BUILDING MATERIALS GROUP CORPORATION

Social Responsibility Report



Preparation Notes

This is the third social responsibility report and the first social responsibility report prepared in English language released by China National Building Materials Group Corporation ("CNBM"). This Report gives a true picture of CNBM's commitment to sustainable development.

1 January 2011 to 31 December 2011; given the progressing continuity of certain businesses or projects, some contents relate to the "11th Five Year Plan" period and the first quarter of 2012, the details of which are indicated in the Report.

Annual report.

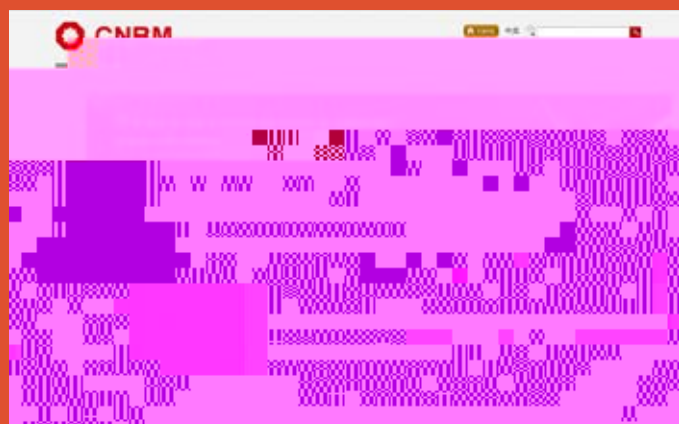
All the wholly-owned or controlled (including absolute and relative controlling) members of CNBM. For the purpose of concise description, the terms "CNBM", "the Group" and "We" are used in the Report to refer to China National Building Materials Group Corporation.

Sustainable Development Report (2006) published by the Global Reporting Initiatives (GRI); Social Responsibility Guide (ISO26000) issued by the International Organization for Standardization (ISO) ; Guide on Performance of Social Responsibilities by Central Government-owned Companies issued by the Stated-owned Assets Supervision and Administration Commission of the State Council; and China CSR Reporting Guidelines (CASS-CSR2.0) issued by the Chinese Academy of Social Sciences.

All information and data used herein are from the headquarters of CNBM and its member companies. Unless otherwise stated, all monetary amounts are expressed in RMB.

The financial data in the Report are derived from the 2011 annual financial statements which have been audited by Baker Tilly China; other key performance data have been verified by Bureau Veritas, an independent third party, who issued an independent verification statement in respect thereof.

Please log onto <http://www.cnbm.com.cn/EN/> to download the electronic version of this Report.







Contents

	Market Performance	Science & Tech Innovation
Chairman's Message	07	
Company Profile	08	
Strategy, Philosophy and Culture	09	
Corporate Governance Structure	10	
Overall Risk Management	12	
Internal Controls	12	
Business Ethics	13	
Responsibility Principle	14	
Responsibility Management	15	
Responsibility Communications	16	
Responsibility Performance	17	
Prospect	68	
Key Performance Index	70	
Indicator Index of the Academy of Social Sciences	78	
Independent Assurance Statement	80	
Rating Report	81	
Feedback	82	
		
	Rewarding Investors with Excellent Financial Results 20	Building Industry R&D Centre 30
	Serving Clients with Quality Products and Services 24	New Achievements in Science & Tech Innovation 33
	Mutual Development with Strategic Partners 25	Promotion of Commercialisation of Technological Achievements 34
	Implementation of Industry Rebuilding Strategies 26	Setting up Standard Specifications 35
	Promotion of "Market-oriented Operation of Central SOEs" 27	Launching Academic Exchange Activities 36
		Provision of Certification and Inspection Services 37
	Sales revenue for 2011 19 .09 billion yuan	Expenditures on science and technology in 2011 . 7 billion yuan
	Total profit for 2011 1 .8 billion yuan	Income from sales of new products in 2011 2 .03 billion yuan
	Tax paid in 2011 1 .07 billion yuan	Number of valid patents possessed cumulatively as of 2011 1, 0

Energy Saving & Environmental Protection



Concepts and Principles of Energy Saving & Environmental Protection	40
Overview of Resources Use and Environmental Impact	40
Improvement of Organizational Structure and Management Practices	41
Reduction in Consumption and Emissions	42
Harmonious Coexistence with Nature and Community	43
Promotion of Green Building Materials and Pre-fab Housing	44
Supporting the Development of New Energy Industry	46
Provision of Energy-saving and Environmentally Friendly Technologies and Services	47

Employee Care



Summary of Employee Policies	50
Protection of Employees' Basic Rights and Interests	
Mutual Growth with Employees	
Protection of Employees' Safety and Health	
Creating Happy Life for Employees	

Corporate Citizen





Chairman's Message

Being the inaugural year of the State's "Twelfth Five-Year Plan", 2011 also marked an extraordinary year in the development history of CNBM. With the concern and support of stakeholders, we became the first building materials enterprise to rank among the world's top 500 firms, indicating an important step on our way to build a world-leading building materials enterprise with international competitiveness. In 2011, our sales revenue and total profit increased by 43% and 100% respectively, and total assets amounted to over RMB 200 billion, making us rank 365th among the world's largest 500 firms.

The building materials industry, which is associated with the national economy and people's livelihood, is a fully competitive industry. As a leading enterprise in the industry, we need to achieve good results, not only for the purposes of preservation and appreciation of the value of the state-owned assets and fulfilment our responsibilities towards shareholders, but also for safeguarding minority shareholders' interests with our best endeavours, offering safer, more reliable and comfortable products to our clients and driving the common development of up-and-downstream enterprises. Furthermore, we also bear a responsibility to lead the transformation and upgrading of the industry and promote the healthy development of the industry.

We were the first to raise the idea of industrial value overweighs corporate value while corporate value comes from industrial value in 2008. Over the years, we have played a sound and self-disciplinary role in practicing what we advocated in the industry to promote value rationality in the industry, thus gaining more and more acknowledgement of and support from our peers. With the concerted efforts of industry peers, profits of the whole cement industry exceeded 100 billion in 2011 for the first time, with all cement enterprises realizing reasonable returns.

We creatively put forward and promoted the mode of "market-oriented operation of central SOEs", implemented diversified ownership structure in the shareholding of central state-owned enterprise, standard governance structure, professional managers system and market-oriented internal systems and operated according to market practices. Much to our delight, under the mode of "market-oriented operation of central SOEs", more and more local state-owned, private and mixed-ownership enterprises are willing to join us. Entrepreneurs wish to give

full play to their talents on the platform of CNBM and create more value for the society. In 2011, "CNBM: Driving the Development of Chinese Cement Industry" was listed in the case base of Harvard Business School.

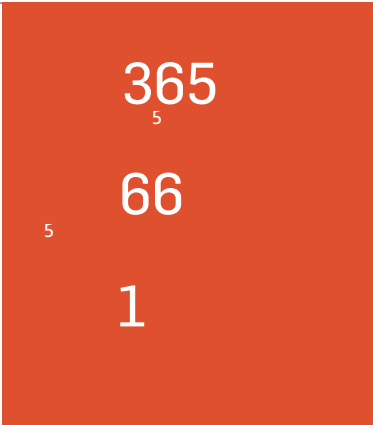
In 2011, we continued to stick to the guidance of science & tech innovation and promoted the progress of industry technologies, academic exchanges and application of achievements. Together with experts and scholars of the industry, we successfully won the battle to host the 14th International Congress on Cement Chemistry (ICCC), which is known as the "International Olympics of Cement Academic Circles", realizing the wish cherished by cement technicians for more than 20 years.

We made great efforts to implement the "Going-out" strategy, building large cement and glass production lines in such countries as Mongolia, Tajikistan and Botswana, and a cement plant in Ethiopia, which is the biggest cement plant in Africa. By this way, we brought our advanced technologies to these countries and provided support for their infrastructure construction, winning acknowledgement from the governments and our partners.

In face of an increasingly complex and volatile economic landscape, we shall continue to adhere to the scientific development, and build a first-class building materials enterprise in the world by transforming our growth mode, quickening business restructuring, sticking to science & tech innovation and raising development quality. As a trustworthy partner, we shall cooperate with industry partners, communities and non-governmental organizations with more sincere, open, inclusive and progressive attitude, to contribute to our long-term sustainable development.



Company Profile

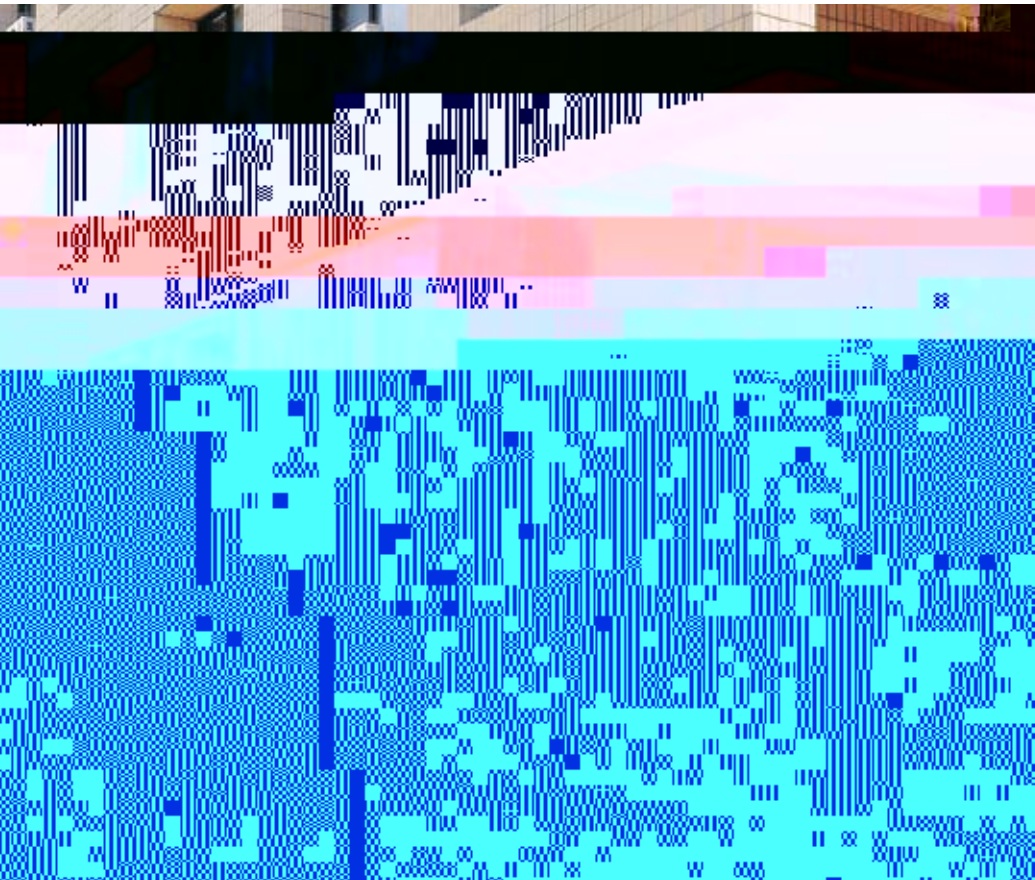


As a leader in the Chinese building materials industry, CNBM is the largest comprehensive building materials industry group in China that integrates four major business segments - manufacturing, scientific research, logistics and set of equipment. CNBM has been ranked first among the top 100 enterprises of the Chinese building materials industry for years, and ranked 66th among the top 500 Chinese enterprises in 2011 and 365th among the Fortune 500 companies in 2012. As at the end of 2011, our total assets amounted to RMB 207.51 billion and the total number of our employees amounted to 126 thousand. We have over 280 key member companies and have controlling stake in 6 listed companies, including two overseas listed companies. In 2011, we achieved revenue of RMB194.09 billion with total profit amounting to RMB15.85 billion and taxes paid amounting to RMB15.07 billion.



During the “11th Five Year Plan” period, CNBM thoroughly implemented the idea of scientific development and earnestly implemented the plans of SASAC, forging ahead with determination and down-to-earth attitude. As a result, its economic indicators saw an upsurge, corporate strengths and comprehensive competitiveness were considerably enhanced. By achieving a leapfrog development and outperforming its goals, CNBM became a leader in the Chinese building materials industry, demonstrating the fantastic strength and spirit of a central state-owned enterprise in the era.

Strategy, Philosophy and Culture



207.51

194.09

15.85

11.87

15.07

We are committed to becoming a world-class comprehensive building materials industry group with sustainable innovation capabilities and strong and outstanding international competitiveness. We take “making best use of resources to serve construction” as our mission, adhere to our core values of “innovation, performance, harmony and responsibility” and create a humanistic environment of “San Kuan San Li” (being lenience, tolerance and ease; and unity, affinity and cohesion) to exist in harmony with our partners.

As a central state-owned enterprise, we strive to serve national key projects, and urban and rural construction. We play a leading role in the restructuring, transformation and upgrading of the industry by seeking corporate value from industry value and achieving win-win

outcomes with industrial partners. We build the “central research institute” of materials industry to research the industrial features and critical technologies and promote the commercialization of achievements, so as to propel the transformation of building materials industry towards being resource-saving and eco-friendly. We put forward and practise the idea of “market-oriented operation of central SOEs”, aiming to create maximum value for our country and people and drive the socialist modernization course of our country with great enthusiasm and endeavours.

Corporate Governance Structure

Being a solely-owned enterprise of SASAC that experimentally established its board of directors since 2005, CNBM has set up its board of directors ("Board") with the majority being external directors, and four board committees, namely Strategy and Investment Committee, Remuneration and Appraisal Committee, Nomination Committee and Audit and Risk Management Committee, of which all the members of the Remuneration and Appraisal Committee and the Audit and Risk Management Committee are external directors.

Our Board is responsible for corporate strategies, important decisions and material events and development direction. It determines important issues such as strategic planning, reorganization, capital operation, performance seeking and sustainable development, guides and motivates the management to maximize

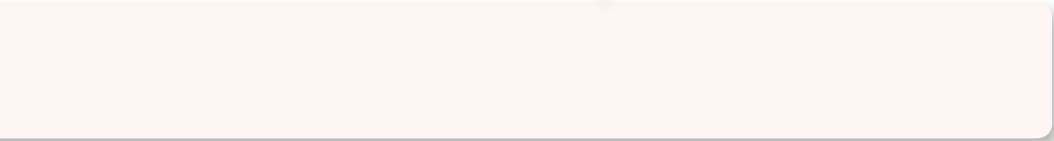
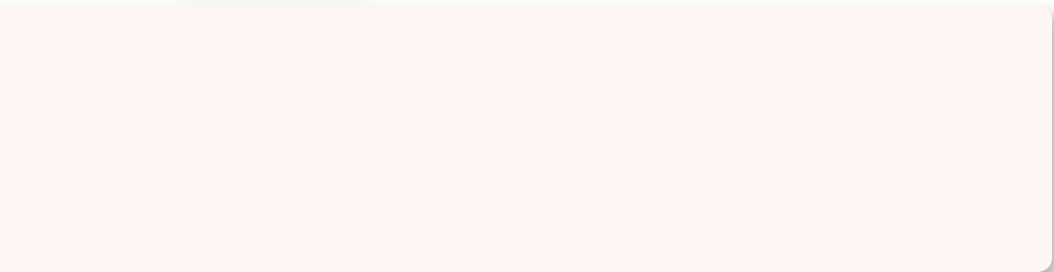
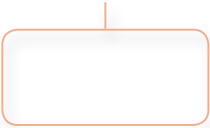
our corporate value and leads our Company to achieve prosperity and sustainable growth. In 2011, the Board held 11 meetings to deliberate such issues as the Group's rolling development strategy, investment plan for setting up Southwest Cement Plant and financial statements, and made 35 significant resolutions.

In September 2011, as the term of office of external directors Cao Desheng and Zhang Ji-ang expired, Zhuang Laiyou and Lu Xiaoqiang were appointed by SASAC as external directors of the Group. Both Zhuang Laiyou and Lu Xiaoqiang used to work as corporate senior executives for years. Zhuang Laiyou used to work as the chief economist of China Development Bank and Lu Xiaoqiang used to work as the director of Citibank Asia and as vice president of Deutsche Bank Greater China.

We have set up a mechanism of "normative decision-making and reasonable authorization" to ensure good communications between the Board and the management, combine internal counterbalance with market efficiency and improve the quality of decision-making and the implementation efficiency. Meanwhile, we also actively explore the approaches that would allow the Party Committee to play a core political role. Our directors earnestly and diligently performed their duties, e.g., carrying out on-site investigation at our member companies and doing market survey, actively guiding our management in expanding businesses and creating outstanding performance.

N

Board of Directors



As one of the enterprises selected by SASAC to implement experimental overall risk management, we have been committed to establishing an independent, comprehensive, vertical and professional risk management system. Under the guidance of the Audit and Risk Management Committee of the Board, the departments and offices of our headquarters and our key member companies have set up a leading team for overall risk management, with the risk management office responsible for its daily affairs. The team checks and examines the implementation of overall risk management tasks and its effectiveness on a regular basis, provides guidance to the Group's functional departments and member companies in enhancing their information col-

lection and risk identification and prevention, and checks the control and handling of each category of risks.

Since we prepared our first report on overall risk management in 2008, we have formed a set of programs for information collection, risk identification, risk response and prevention, risk alert and effect evaluation. In 2011, each of second-tier member companies of the Group prepared an annual report

Business Ethics



We carry out our work in strict compliance with relevant PRC laws and regulations and policies. We insist on integrating legal literacy campaigns with legal affairs management to create synergy. We promote the idea of “compliance creating value” through launching legal campaigns on the national legal publicity day, holding legal training lectures and law knowledge competitions, etc.



Integrity is part of our fundamental principles and a precious spiritual treasure; it comes from our endeavours over the past 30 years and is reflected in the trust and support from our clients, suppliers and partners. It is the value orientation and the code of conduct which we will always hold fast to. Our member companies have gained wide acknowledgement and respect for operating with integrity. Our honest operation also helped us win recognition from various financial and insurance institutions, thus enabling us to enter into cooperation agreements with a number of banks for

comprehensive credit lines. In 2011, China Lianhe Credit Rating Co., Ltd., one of most professional credit rating firms generally accepted in the market, assigned its top ‘AAA’ long-term credit rating to us, with a stable outlook.

We strive to boost fairness and transparency in business transactions, firmly oppose corruption and incorporate the punishment and corruption prevention system into our daily corporate operation management.

In 2011, we put more efforts in building a corruption-free culture, raising the awareness of integrity and creating an honest and corruption-free development environment. We also enhanced the construction of our disciplinary and regulatory team to further raise their duty-performance capability.

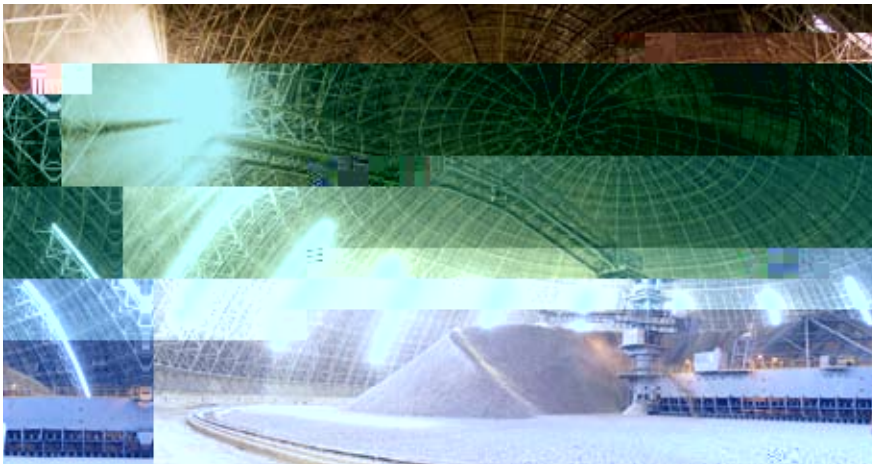
42,000

12



98%

11,000



The leaders of CNBM placed high importance to the implementation of the responsibility system. They earnestly arranged a team to guide its subordinate units, improved the supporting systems of the punishment and prevention system and enhanced their efforts in basic work against corruption, thus providing a guarantee for a rapid and sound development of the Group.

Responsibility Principle

As a leader of the building materials industry of China, we're fully aware of the impact of our development on the economy, the society and the environment and fully understand the demand of our stakeholders. We have set five core topics, namely market performance, science & tech innovation, energy saving & environmental protection, employee care, corporate citizen.

Market Performance	We reward our shareholders and investors with excellent operating results, serve clients with quality products and services, grow together with our suppliers and industrial partners, and try to become a platform for all the stakeholders to create values. Meanwhile, upholding the philosophy of "industry interest overtopping corporate interest", we are dedicated to promoting the industry restructuring, transformation and upgrading and seek to achieve mutual development and create win-win scenarios with the industry and peers along the same industrial chain.
Science & Tech Innovation	We take up the task of industrial innovation with our strong scientific prowess, advance industry transformation and upgrading with our forward-looking vision and state-of-the-art technology, disseminate and share information, devote ourselves to creating greener, more comfortable and intelligent living environment and building a sustainable development future.
Energy Saving & Environmental Protection	We make a comprehensive use of industrial and urban wastes, produce low-carbon products while minimizing consumption and emission; we are committed to providing the society with reliable and green building materials, and rendering products and service support to the new energy industry; we are pleased to share effective technology in energy efficiency and environmental protection as well as management experience, explore development modes for the harmonious coexistence of industries and nature, and advocate sustainable development of the whole industry and the society at large.
Employee Care	We make every effort to safeguard the rights of our employees, respect their differences and make the Company a reliable partner and a happy and comfortable home to our employees. We try to build a sustainable development and better future together with all our employees and deliver happiness in the society.
Corporate Citizen	In the production and operation process, we seek to achieve mutual development and growth with the region where we operate; as we can not get such results and awards without the support and help of the stakeholders and all walks of the society, we reward the society through particular public undertakings; our employees are happy to contribute to the society, actively participate in volunteer activities and exercise the responsibilities of a corporate citizen with practical actions.

Responsibility Management

We integrate the idea of social responsibility into our day-to-day operation. We not only established a leading group for social responsibility and an office for social responsibility, energy saving & environmental protection, but promoted the engagement of all departments, all member enterprises and employees, and improved the social responsibility management systems of member enterprises in 2011. 69 enterprises, including all second-tier enterprises, have set up social responsibility departments; we have gradually standardized the processes requirements for collection, submission, examination and publication of data and information incorporated in social responsibility reports, specified work goals and formulated the plan for advancing the social responsibility work.

In 2011, we established the Indicator System for Management of Social Responsibility and, by reference to domestic and international guiding documents on social responsibility, based on the principles of comprehensiveness, substantiality and comparability, in light of the Group's development of social responsibility as well as internal and external demand and around the five topics of responsibility, developed 304 quantitative indicators which have universal coverage of core topics of social responsibility management.

We focus on and promote the corporate social responsibility work of member enterprises by advocating ideas, deepening understanding, extending the scope and frequency of training, and raise specific requirements for

development of organizational structures and systems, preparation and publication of independent social responsibility reports as well as holding of special campaigns by member enterprises to improve the quality and management of managers on an ongoing basis.

69

Improve responsibility management	Reports publication	Chinese reports	Chinese reports	Chinese reports & English reports
	System establishment	Establishment of leading organ Establishment of preparation and submission department	Establishment of organ and department Information collection system	Establishment of organ and department Information collection system Guidance for grassroots work
	Way of information collection	Extraction of headquarters data	Collection of information of member enterprises	Direct submission online
Promote the work of member enterprises	Department and system improvement	Specify the supporting staff for preparation and submission of reports	Specify responsible departments	Establish leading groups for promotion in key enterprises Specify responsible departments
	Preparation and publication of reports		Listed companies: trial preparation	Pilot companies: preparation Encourage enterprises to publish if feasible
	Training	Staff for preparation and submission	Person-in-charge of key enterprises	Person-in-charge and staff of key enterprises
	Special campaigns	Collection of pictures	Collection of pictures Collection and selection of cases	Collection of pictures Collection and selection of cases Selection of demonstration enterprises or programs
Responsibility communications	Range of communication	Internal communication External communication	Internal communication External communication	Internal communication External communication
	Way of communication	Daily communication	Questionnaire Daily communication Column for social responsibility Special interviews	Questionnaire Daily communication Column for social responsibility Special interviews
External evaluation	Review	International review institution	International review institution	International review institution
	Rating		Chinese Academy of Social Sciences: 4 stars	Chinese Academy of Social Sciences: 4.5 stars

Responsibility Communications

Communication is the best way to enhance understanding and build trust. Effective communication not only enables stakeholders to know whether enterprises live up to their responsibilities, but increases transparency of enterprise operation and allows us to stay updated on the opinions and advice of internal and external stakeholders. We release social responsibility reports, take part in various social responsibility exchanges, participate in the domestic and international research on social responsibility-related topics and standards development and maintain good communication with internal experts. We cherish feedbacks from internal and external related parties, which provide intellectual support for our efforts to improve social responsibility management.

As a member of the world Cement Sustainability Initiative (CSI), we actively attended the CSI annual CEO meetings, annual forums

and events of China region. At the CSI forum 2011, our expert introduced the progress China had made in the development of standards for low-carbon cement and measures to calculate carbon emissions, which attracted great attention from international peers. Li Juan, a senior engineer of China Building Materials Academy, a member enterprise of the Group, is hired as chief liaison officer of CSI's China office. Another 13 of our experts get involved in the work of four working groups relating to climate protection, resources and fuel utilization, health and safety, mine restoration and biodiversity in CSI's China region to help things run smoothly.

In 2011, we continued to maintain communication and exchange with stakeholders, further expanded the scope and channel of communication, timely published information on responsibility fulfillment in the social responsibility column of the Company's web-

site, and solicited opinions and advice with questionnaires. We visited some important stakeholders to understand their demand and improve our work continuously. Stakeholders responded warmly and gave high praise to our efforts to promote responsibility communication. In 2011, based on the daily communication, we set up an internal expert consulting mechanism of the Group and issued over 60 questionnaires to internal experts. According to suggestions of these experts, we modified the structure of the social responsibility report and put the improvement of the management system in the work plans.

Second consecutive social responsibility report



Responsibility Performance

Our drive to live up to social responsibility was encouraged and recognised by our stakeholders. China National Building Materials Group Corporation ranked 15th in the CSR Development Index of Top 100 Firms in China (2011) published by the Research Center for Corporate Social Responsibility of the School of Economics of the Chinese Academy of Social Sciences, making it a leading enterprise in China in corporate social responsibility. The "Joint reorganization and management integration of South Cement" we recommended was chosen as one of the 2011 excellent cases of social responsibility practices among central state-owned enterprises. At the 6th International Forum on Corporate Social Responsibility, the Company was awarded the top honor of the forum "2010 Leading Enterprise of China in Golden Bee Corporate Social Responsibility". The case of China United Cement Zaozhuang Co., Ltd. (a member enterprise of the Group) - "Create an ecological park, work for the harmonious development of the community and the ecological environment" was included in the 2010 Golden Bee Portfolio on Responsibility Competitiveness. At the 2011 (3rd) Annual Conference of China on Corporate Social Responsibility, the Group won

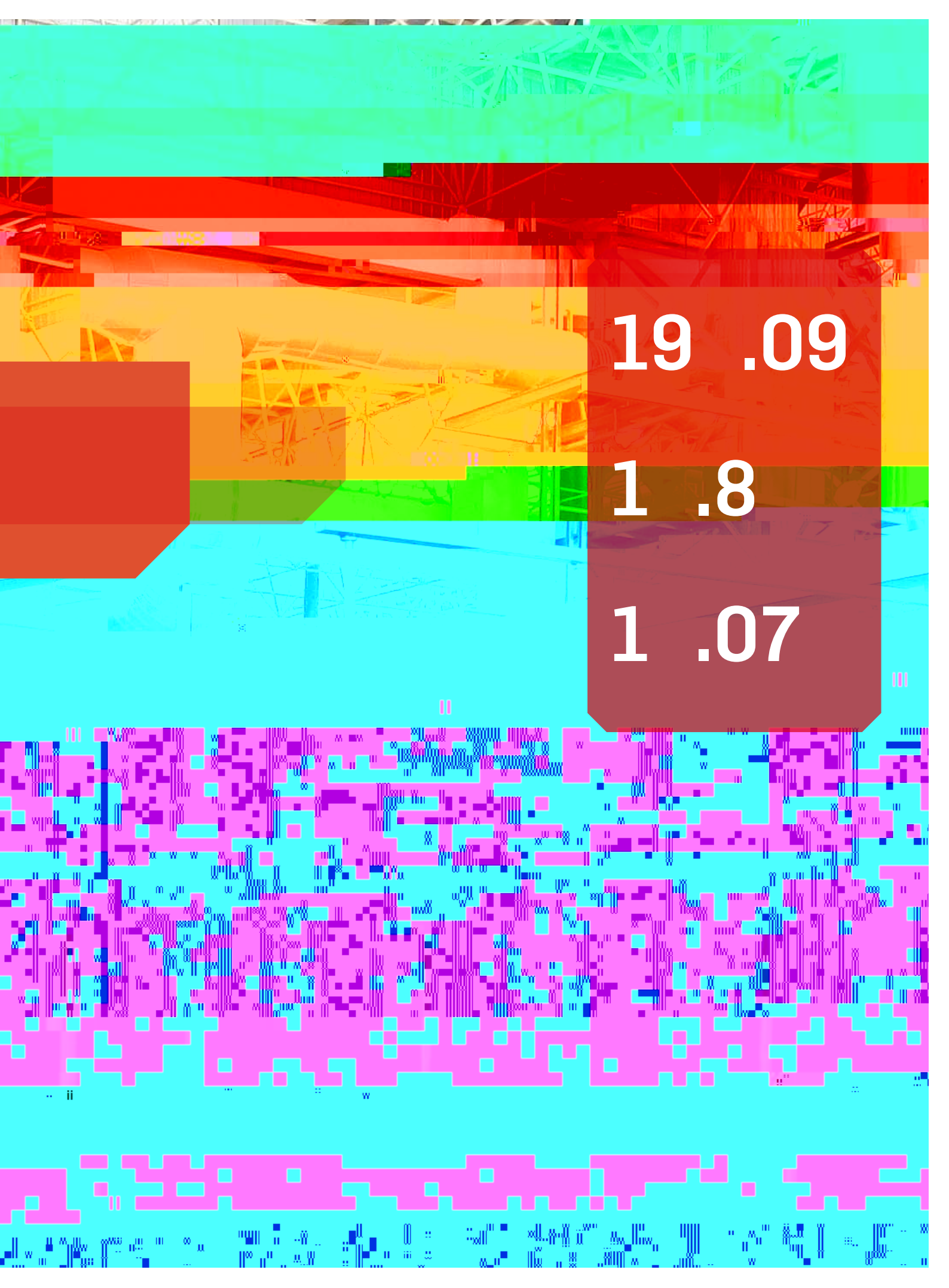
the highest honor - "Special Award for Social Responsibility". The 2010 Social Responsibility Report of China National Building Materials Group Corporation was awarded a four-star ranking by the Research Center for Corporate Social Responsibility of the Chinese Academy of Social Sciences, which is the highest ranking ever given to domestic enterprises in the building materials sector. We know there is plenty of room for improvement in our work and these results will spur us to keep making progress, promote innovation and pursue continuous improvement in social responsibility.

In 2011, the Research Center for Corporate Social Responsibility of the School of Economics of the Chinese Academy of Social Sciences released the White Paper on Chinese Corporate Social Responsibility Report (2011). In the 688 social responsibility reports it evaluated, the 2010 Social Responsibility Report of China National Building Materials Group Corporation ranked 20th with a score of 75.

D

CSR Development Index is developed by the Research Center for Corporate Social Responsibility of the School of Economics of the Chinese Academy of Social Sciences based on the comprehensive assessment of the enterprises' fulfillment of social responsibility, taking account of four factors, i.e. responsibility management, market responsibility, social responsibility and environmental responsibility. The Research Center for Corporate Social Responsibility is the only national research institution and the highest intellectual platform in the field of social responsibility in China. The result of assessment shows that in 2011 one enterprise was at the stage of "excellent player", 23 at the stage of "leading player", 36 "growing player", 35 "starter", and 205 "bystander".

Completeness	18	78.6	4
Substantiality	5	89	4.5
Balance	40	60	3.5
Comparability	61	60.5	3.5
Readability	45	88	4.5
Innovativeness	36	79	4
Total score	20	75	4



19 .09

1 .8

1 .07

Rewarding Investors with Excellent Financial Results

Making into the Fortune Global 500 List



Based on its 2010 financial results, CNBM made its way, for the first time, onto the charts of the Fortune Global 500 2011 issued by the Fortune magazine in the United States, at the 485th place, and ranked the fifth in the global building materials industry. Also on the 2011 Fortune Global 500 charts were 69 Chinese companies and Taiwanese companies, including 38 central state-owned enterprises.



In 2011, the total assets of wholly-owned and controlled enterprises of CNBM amounted to RMB 207.51 billion, up 35% year on year;

realized sales revenue and total profit were RMB 194.09 billion and RMB 15.85 billion, up 43% and 110% respectively; Taxes paid reached RMB 15.07 billion; imports and exports totaled USD 5.65 billion, up 12.8% year on year.

In the first year of implementing the "Twelfth Five-Year Plan" issued by the State, CNBM's 2011 Fortune Global 500 ranking of 485th place is a significant achievement, placing it among the top 500 global companies in the building materials industry.



Market Performance

In offering us material resources and prompting us to optimize management procedures and enhance operational efficiency, investors are one of our most important stakeholders. Through ample information disclosure and exchange, we reinforce our communication with shareholders, analysts and potential investors, and promote investors' understanding and acknowledgement of us; by continuously improving corporate governance, we go all out to safeguard the legitimate rights and interests of all the investors, including minority investors.

Since its listing, China National Building Materials Company Limited ("CNBMCL") has kept at least two global roadshows per year. Ever since 2011, the European and American debt crises have triggered a worldwide slowdown in economic growth and acute turbulence in the capital markets, severely battered investors' confidence, and cast uncertainty over China's macroeconomic conditions, future demands, and the prospect for industry

development. CNBMCL's management has sincerely and genuinely addressed investors' doubts and questions with timely disclosure of material information and detailed data. The year of 2011 witnessed CNBMCL launch two 31-day-long global roadshows, hold 105 sessions, and conduct in-depth exchange and communication with over 50 media agencies and 530 investors and analysts. In the same year, CNBMCL received 210 visitors in total from 85 institutions during its routine course of business, participated in 7 large investors summits, and exchanged views on-site with nearly 200 investors and analysts, addressing and analyzing in detail investors' concerns and winning their broad acclaims.

The outstanding performance and good growth potential of CNBMCL have won extensive recognition from the capital markets. Subsequent to its inclusion into the MSCI and Hang Seng China Enterprises Index constituents, the company became a constituent of the Dow Jones China Offshore 50 Index in March 2011.

194.09

15.85

15.07

5.65

31%

Winning the Golden Bauhinia Award



In 2011, CNBMCL was honored with the China Securities Golden Bauhinia Awards, and Song Zhiping, the Chairman of its Board, received the Most Influential Leader Award. The China Securities Golden Bauhinia Awards is, for the first time so far in 2 decades, the most credible event where the best-performing listed companies from Hong Kong and Mainland China are selected jointly through appraisal by prestigious agencies and experts at both places. During this event, Beijing New Building Materials Public Limited Company and China Fiberglass Company Limited, both with A share listings and affiliated with CNBMCL, obtained the Highest Growth Potential Enterprises award and the Highest Social Responsibility Enterprises award respectively.

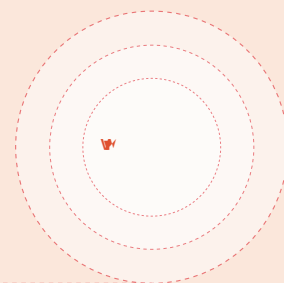
D

CNBM, being transparent, accountable and professional to regulatory authorities, is an outstanding listed company pursuing full compliance with regulatory requirements and self-discipline. As for intermediaries, it is a trustworthy, cooperative, and responsible true partner with team spirit and win-win perspectives.

Industrial Capacity and Distribution

In 2011, with its cement sector focused on strategic deployment and core profit area construction, the Group steadily promoted joint reorganization and industrial chain extension, coordinated and strengthened project construction and planning, and shaped a cement business strategic framework composed of Huaihai, southeast, north and southwest by carrying out large-scale joint reorganizations in Sichuan, Yunnan, Guizhou and Chongqing, while consolidating and advancing the existing strategic reorganizations in the three major areas. As at the end of 2011, our cement production capacity exceeded 260 million tonnes.

Time of establishment: 2011
Strategic target areas: Three provinces and one city, i.e. Sichuan, Yunnan, Guizhou, and Chongqing
Cement production capacity: 25 million tonnes



Beijing New Building Materials Public Limited Company ("BNBM") is the largest gypsum board producer in Asia. Aimed at "a future constructed on greens", BNBM is committed to providing "low-carbon, energy-saving and environment-friendly" green building materials and green building solutions, and being an all-time leader in shaping the future for new building materials and homes in China. Its strategic target is, by 2015, to develop into a world-class neotype building materials industrial corporation with the world's number one core business, proprietary brands and intellectual property rights, and global competitiveness. In 2011, BNBM continuously optimized its production lines distribution nationwide, and proactively proceeded with the construction of the 2-billion-sqm national gypsum board industrial base, which is in smooth progress. As at the end of 2011, its gypsum board capacity reached 1.2 billion square meters.

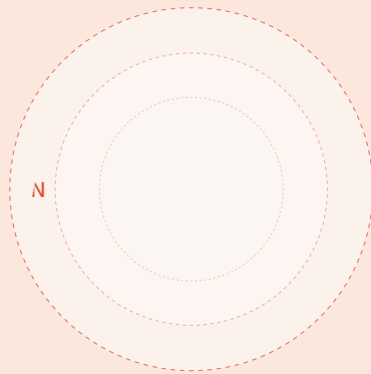
Jushi Group Company Limited, a core member of China Fiberglass Company Limited, is the world's biggest glass fiber manufacturer, with three production bases in Tongxiang of Zhejiang, Jiujiang of Jiangxi and Chengdu of Sichuan and a capacity of over 900,000 tonnes. It possesses world-leading proprietary core technologies and over 50% of its products are for export purposes. Its main products have obtained certifications of DNV from Norway, LR from Britain, and GL from Germany. In 2011, China Fiberglass completed the major reorganization project in respect of Jushi Group, which further optimized its corporate governance structure, unified shareholder interests, and enhanced risk resistance capability, profitability and management capability.

China Composites Group Corporation Ltd. is the largest producer of rotor blades in the PRC, having set up production bases in Lianyungang, Shenyang, Jiuquan, Baotou and Kumul and wholly-owned R&D center in Thuringia, Germany. In 2011, leveraging the abundant regional resources and the cutting edge in research and development, China Composites accelerated pace in research and development of high-end products, in a bid to realize differentiated product positioning. The self-developed 6MW rotor blade, which was the first single rotor blade with such installed capacity in China, was successfully connected and mounted at the end of October 2011. Meanwhile, China Composites launched low-wind-speed rotor blades and low-weight high-strength rotor blades, thus extending the operation life of the generating units.

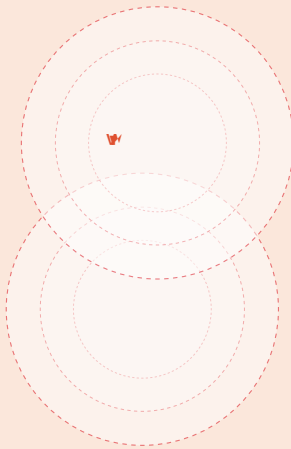
In 2011, the 1,000-tonne T300 carbon fiber project of Zhongfu Shenyang under China Composites was approved by the State and commenced full-scale production, whilst its 2,000-tonne carbon fiber project was progressing smoothly.



Market Performance



Time of establishment: 2009
Strategic target areas: Northeastern regions including Heilongjiang, Jilin, Liaoning, northern Inner Mongolia
Cement production capacity: 25 million tonnes



Time of establishment: 2011
Strategic target areas: Three provinces and one city, i.e. Sichuan, Yunnan, Guizhou, and Chongqing
Cement production capacity: 25 million tonnes

Time of establishment: 2007
Strategic target areas: Five provinces and one city, i.e. Shanghai, South Jiangsu, Zhejiang, Jiangxi, Hunan and Fujian
Cement production capacity: 130 million tonnes

BNBM Integrated Homes Company Limited started its new homes business in the 1990s, has formed its proprietary intellectual property rights and core specialties, as well as special operating capacity with environment-friendly and energy-saving homes as its main products, and the development and design of lightweight steel construction, building envelope, interior and exterior decorative materials, and ancillary construction facilities as its core technologies. It has completed construction of the Beijing base and Sichuan base, with those in Hainan, Jiangsu and Heilongjiang currently in the pipeline. Having undertaken post-disaster reconstruction projects for many times, its products and services now cover more than twenty provinces in China. Its overseas markets extend from North America, East Europe, Middle East to South Asia, South America, South Pacific and African countries and regions.

Ruitai Materials Technology Co., Ltd. is the only enterprise in the PRC with the patent and proprietary intellectual property rights on cast alumina products and mass production capacity. It has completed the construction of the biggest cast refractory materials production base in China and set up production bases in Sichuan, Anhui, Henan, Hunan and Zhejiang.

The Group is a major iron ore and timber importer and photovoltaic module exporter. In 2011, China National Building Materials Import & Export Corporation imported around 14 million tonnes iron ore and became one of the 14 initiators of the "China Iron Ore Spot Trading Platform", exported 380MW photovoltaic prod-



Mutual Development with Strategic Partners

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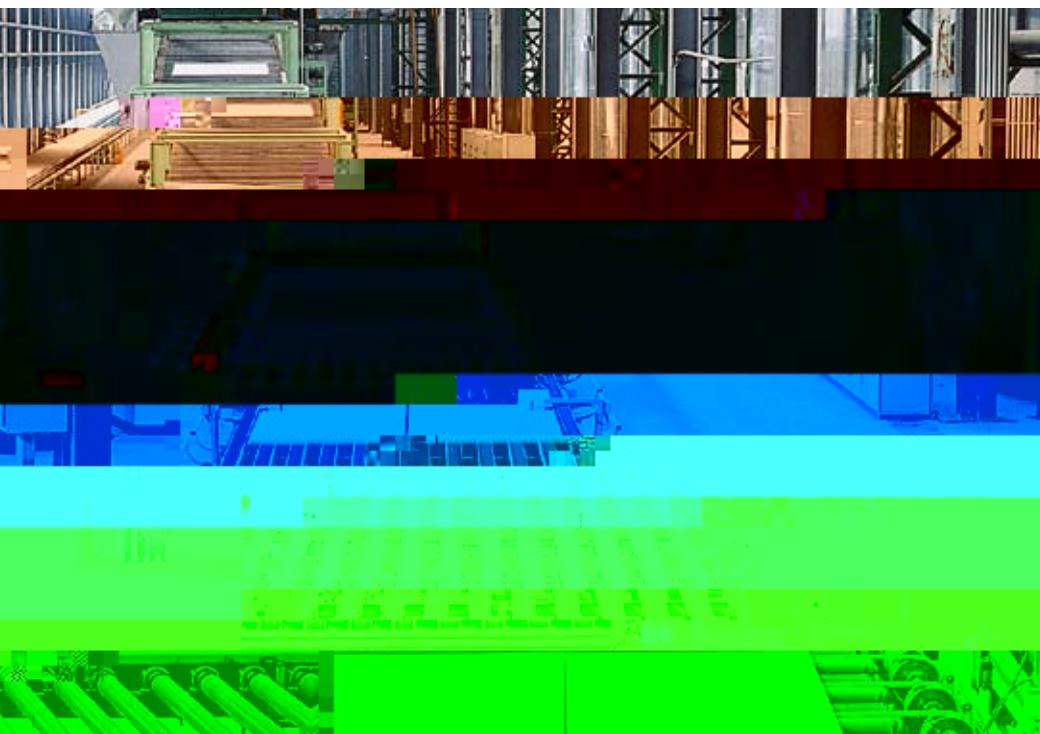
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Procurement and supply chain management is deemed not only as a key part of our day-to-day operation, we also see our suppliers as reliable strategic partners and assist in their development as a way to cultivate external strategic resources. Performance of social responsibility is one of our standards for selecting suppliers, and we appraise our suppliers in such aspects as compliance with laws and regulations, environmental protection, protection of workers' rights and interests, and business integrity, forbidding any form of commercial bribes. We have urged our suppliers to constantly improve product quality, supervise and prompt them to care about employees' physical and mental health, and evaluate the operating conditions of supplier responsi-

bilities on an irregular basis. During tender for construction of production lines, safety, energy saving and environmental protection are included in the tender documents. During the process of construction, we're constantly concerned about occupational health, production safety and the protection of employees' basic rights and interests.

We seek to forge long-term strategic cooperative partnership with our partners and deepen mutual understanding and cooperation through regular high-level reciprocal visits. By fully leveraging proprietary resources on the business platform, complementing with each other's advantages, practicing mutual benefits with a win-win perspective, we've optimized resources allocation and production structure, and reinforced our corporate sustainable competitiveness. We are of the opinion that, a productive cooperative relationship based on free will and equality not only provides shareable competitive advantages to both parties, satisfies their coordinated long-term strategic development demands, but also is of great importance to break technological barriers, allocate global resources, tackle environmental challenges and enhance sustained development capability.

In 2011, we continued to carry out business exchanges and cooperation with our strategic partners, formally entered into strategic cooperation agreements with Guangdong Materials Group Corporation, China National Gold Group Corporation, and China Guangdong Nuclear Power Group. Our cooperation covers a wide range of sectors, including the R&D and promotion of alternative energy products, comprehensive utilization of industrial wastes, promotion of energy-saving and environmental protection technologies and products, and etc.



Implementation of Industry Rebuilding Strategies

"With focus on such industries as automobile, iron and steel, shipbuilding and cement, through control of incremental capacity and optimization of existing capacity, pushing forward enterprises mergers and acquisitions so as to enhance industrial concentration and economies of scale."

—— Government Work Report made by Premier Wen Jiabao at the 5th meeting of the 11th National People's Congress

Over the years, the building materials industry has developed and prospered, but is also faced with prominent problems, including large size with weak strength, great industrial scale but obsessed with overcapacity, scattered distribution of enterprises, low concentration, and fierce market competition. Since the State promulgated the Several Opinions Concerning Containing Overcapacity and Repetitive Construction of Certain Industries and Guiding Healthy Industrial Development in 2009, a total of 463 production lines were built nationwide as at the end of 2011, with added capacity of cement clinker at 547 million tonnes. As evidenced by facts, the aggregate production capacity of cement has gone definitely and fully redundant. Therefore, we've practically transformed the development model by taking the approach of scale expansion through aggregating existing capacity, technological renovation and upgrade through incremental capacity investment, and profit creation through management consolidation, implemented the industry reinvention strategy, and raised industrial concentration in a bid to build a new industrial ecosystem, optimize resources allocation, and share the value with enterprises inside the industry and on the industrial chain.

Rebuilding the philosophy. At the 2008 International Cement Market Summit, we were the first to put forward the idea of "industrial value overweighs corporate value while corporate value comes from industrial value" and actively advocated "giving priority to industrial value". By converting the operational model from Volume-Cost-Profit to Price-Cost-Profit, and painstakingly turning malicious

competition among peer enterprises into a cooperation-and-competition relationship, we have established a new industrial ecosystem and jointly created the maximum value with our partners in the industry.

Rebuilding the platform. Through joint reorganization and capital operation, we've established four large cement corporations (China United Cement, South Cement, North Cement, and Southwest Cement), set a region-based distribution, and used regional companies as a platform to cooperate with industry partners by adopting "five centralizations" (namely, centralized procurement, finance, technology, investment, and marketing), jointly assume risks and share values with local enterprises and build core profit areas.

Rebuilding the assets. We've attracted lots of social capital with a certain amount of state capital, and several hundred local state-owned and private enterprises with regional advantages, by breaking up the bounds of the ownership system and reorganizing existing assets in the industry for maximum synergy effect, and formed our unique competitiveness.

Rebuilding the behavior. We've exercised total capacity control over areas with centralized cement production lines, actively weeded out obsolete capacity, restricted or prohibited investment in new production lines to achieve self-betterment in capacity distribution; adhered to self-discipline by holding hearings on capacity distribution and carrying out market competition in an open and fair manner in the industry. As a constant robust force in the sector, we've promoted continuous optimization

and allocation of industry resources, especially in difficult times when demands drop, taken the lead in maintaining stable prices while restricting production, and ensured a virtuous operational model in the industry.

Rebuilding the resources. We've integrated 12 national converted scientific research institutes of grade-A qualifications and 1 high-tech company, built a "central research institute" in the sector by organically integrating scientific research resources with industrial resources, supported a number of major national scientific research projects and technical research on the generality, criticalness and potential of the industry, while accelerating the combination of production with research and application of technological achievements, addressing key technical issues with the enterprises, and greatly enhancing the industry's technological level at the same time.



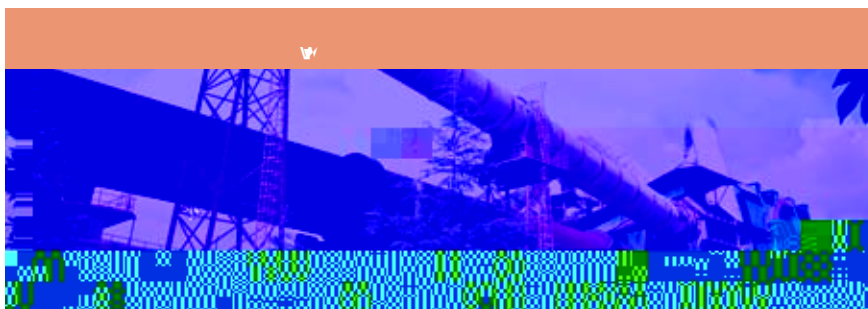
Promotion of “Market-oriented Operation of Central SOEs”

We creatively put forth and implemented the “market-oriented operation of central SOEs” model, which means while maintaining the nature of a central state-owned enterprise, we establish a management system and operation mechanism adaptive to the market economy, which makes it possible for central SOEs and those of different ownership systems to co-grow. The public ownership nature of central state determines that they are dominated by the state, while “market-oriented operation” determines operational model and methods based on the rules of the market economy. “Market-oriented operation of central SOEs” has five connotations: diversified equity structure in the shareholding of central SOEs, standardized governance structure, professional manager system, market-oriented internal mechanism and business operation based on market rules.

The driving mechanism of “market-oriented operation of central SOEs” has triggered industrywide restructuring and upgrad-

ing, achieved co-existence and win-win for enterprises of varied ownership systems, and served as a sample of sustained development for overcapacity-haunted industries. We proposed that “the strength of central SOEs plus the vigor of private enterprises equals corporate competitiveness”, and such an enterprise integration model with Chinese characteristics has been universally recognized and accepted by this industry and all walks of society. In 2011, the case of “CNBM: Driving the Development of Chinese Cement Industry” was included in the case library of Harvard Business School.

CNBM made successful experiments with restructuring of the cement industry, as evidenced by its strategic reorganization in East China and South Central China, thus amassing rich experience and becoming a paragon of the whole industry. Meanwhile, by completely breaking up the bounds of theoretical concepts such as “state-owned enterprises”, “private enterprises”, “public ownership”, and “ownership system”, CNBM has created a brand-new interest mechanism and economic operation system, and such positive explorations have offered a new approach to the reform of the economic system in the PRC.



At present, cement industry in southwest China enters into a phase of overcapacity. According to incomplete statistics, the existing cement capacity in the southwest region reaches 0.37 billion tonnes; the capacity under construction and planning is approximately 100 million tonnes; but cement consumption in 2010 only stood at 0.31 billion tonnes. In 2011, CNBM set up Southwest Cement Company Limited, consolidating a number of cement enterprises in Yunnan, Guizhou, Sichuan and Chongqing through joint reorganization, which greatly contributed to the rational and healthy development of the cement industry around this region.

Science & Tech Innovation



We assume the task of industrial innovation by virtue of our solid scientific research strengths, push forward industrial transformation and upgrade through forward-looking perspectives and advanced technologies, disseminate and share technological information, and are committed to creating a greener, more comfortable and intelligent residential environment and building a future capable of sustainable development.

- 30 Building Industry R&D Centre
- 33 New Achievements in Science & Tech Innovation
- 34 Achievements
- 35 Setting up Standard Specifications
- 36 Launching Academic Exchange Activities
- 37 Provision of Certification and Inspection Services



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Building Industry R&D Center

As a national innovative enterprise, we have always enshrined innovation as the key to enhancing our core competitiveness and achieving sustainable development. We give top priority to science and technology innovation strategy in order to complete the State's major technology breakthrough projects, regard the research over general, critical and forward-looking technologies as our mission, proactively explore the new model for coordinated development between enterprises and research institutes, establish effective platforms for industrialization of scientific research results and independent innovation of enterprises by taking a market-driven approach, effectively integrating science and technology resources and forcefully facilitating combination of production with research, fully exert and maintain the initiative of our research team, and endeavor to become a pioneer and role model in scientific and technological achievements and application of technologies in the building materials industry.

Bent on developing an innovation engine in the industry, and by integrating 12 national converted scientific research institutes of grade-A qualifications and 1 high-tech company under the Group, we've established a

science & tech innovation platform centered on China Building Materials Academy ("Building Materials Academy") and become a comprehensive scientific research and development organization of the largest scale and strongest capability in the building materials and inorganic nonmetallic materials sectors in the PRC.

By closely linking scientific research platforms with manufacturers, we've set up the CNBM Enterprise Technology Center which has been certified by the State's five ministries and commissions as a national enterprise technology center, and established an innovation organizational system combining production with research. In 2011, based on the principle of highlighting principal business, combining research institutes with enterprises, complementing mutual advantages, reinforcing application and serving the industry, we adjusted the number of our affiliated institutions to 7, and realized dynamic integration of production and research in three major sectors, i.e. R&D and design, products manufacturing and equipment manufacturing.

In 2011, we continued to support industrial innovation with scientific research resources, with a batch of research platforms receiving acknowledgement from the State and the industry. The technology center of Hefei Shen-

ma Technology Co., Ltd. was jointly certified by the State's five ministries and commissions as a national enterprise technology center; up till then, the Group had owned 5 national enterprise technology centers. The national key laboratory on green building materials set under the Building Materials Academy has commenced operation; construction of the national key laboratory on new float glass technology is in smooth progress; we became one of the first enterprises that were approved by the Ministry of Industry and Information Technology to set up quality control and technical assessment laboratories on green building materials, ceramic sanitary wares, and light industry machinery; the "academician work station" of Building Materials Academy was officially established; we successfully applied for the setup of Beijing key laboratory on solar power and building energy saving glass in the "Future Technology City", and obtained approval to establish an international technological cooperation base on green building materials in Beijing; a State-local united engineering research center on energy saving technologies for the glass industry under the Bengbu Institute was approved for construction.

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The National Key Laboratory on Green Building Materials is one of the first national key laboratories approved by the Ministry of Science and Technology to be set up within enterprises. The laboratory, focusing on the world's cutting-edge science issues over green building materials, greening of building materials and other fundamental application theories in urgent need of solution during development of our national economy, deals with such key phases as materials extraction, products manufacturing and utilization, and disposal of wastes in the life cycle of green building materials, and the most representative core subjects in this domain.





New Achievements in Science & Tech Innovation

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We shoulder the mission of industry's major technological research and development. In 2011, we fully completed the "Eleventh Five-Year" National Science and Technology Support Plan Project which successfully passed inspection and acceptance and obtained a number of achievements, some of which reached international advanced level in terms of technological and economic indicators and were affirmed by the Ministry of Science and Technology. We implemented 38 new "Twelfth Five-Year" National Science and Technology Projects, including National Science and Technology Support Plan, National Key Basic Research Development Plan (973 Plan), National High Technology Development Plan (863 Plan), National Natural Science Foundation, International Science and Technology Cooperation and National Defense Science and Technology, etc.

We accomplished great achievements in scientific and technological innovation in the building materials industry. In 2011, we made 630 patent applications, including 170 invention patents; and obtained 487 approved patents, including 80 invention patents. As of the end of 2011, we possessed up to 1,606 patents, including 288 invention patents and 42 copyrights, and had formed a large number of scientific and technological innovations with intellectual property rights.

In 2011, the Group had 132 provincial and ministerial level and above science and technology awards, including two National Science and Technology Progress Awards. In addition, the Group obtained 46 provincial and ministerial level technical innovation awards and 37 Outstanding Engineering Consulting Achievement Awards.

1,606

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National Science and Technology Progress Award is one of the highest awards in the scientific and technological circles of China for Chinese citizens and organizations with creative contributions in technological research, technological development, technological innovation, application promotion of advanced scientific and technological achievements, industrialization promotion of high-tech technologies, and completion of major scientific and technological projects, plans, etc.



The results of "R&D and application of critical grinding equipment for large NSP cement production line" of Hefei Cement Research & Design Institute play an important role in the wide promotion of NSP cement production technology and in promoting the research and development of large energy-saving grinding technology and equipment and have fundamentally reached international advanced technical level. Enterprises including Bengbu Design & Research Institute for Glass Industry and China Triumph International Engineering Co., Ltd. have achieved important breakthroughs in respect of "development of complete technology and industrialization of micro iron & high transmittance glass for solar cells" led to the emergence and rapid development of PV glass industry in China and satisfied the urgent needs from the high-speed growth of solar industry for critical materials. Both achievements won 2011 National Science and Technology Progress Award.

Our positioning of scientific and technological innovation lies in the research of application technology in the field of base materials. We not only emphasize on the research and development of critical and prospective technologies with common features of the industry, but also endeavor to apply and promote the achievements of scientific research and technological development until new products, new technical processes and new materials are developed.

We obtained a number of significant scientific and technological achievements in new inorganic nonmetallic material and advanced composite material for aerospace and significant national defense projects, new renewable building materials such as



Setting up Standard Specifications

We actively participate in the formulation of national and industrial standards and contribute to improving the quality and performance of building materials, reducing pollution and safeguarding employees' health.

In 2011, we formulated and amended 1 international standard, 15 national standards and 12 industrial standards, and the applications for 2 international standards obtained approval for project initiation. Fine Ceramics (Advanced Ceramics, Advanced Technical Ceramics) –Test Method for Adhesion Strength of Ceramic Material Interface (ISO 13124-2011) was drafted with China Building Mate-

rials Academy as the applicant and Professor Bao Yiwang as the leader of the working team. This standard is the first international standard in the field of inorganic materials with independent intellectual property rights of our country and the promulgation of this standard marks a milestone in formulation of international standard in the field of inorganic materials for our country.

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It marks the significant breakthrough in participation in the formulation of international standards that Fine Ceramics (Advanced Ceramics, Advanced Technical Ceramics) –Test Method for Adhesion Strength of Ceramic Material Interface (ISO 13124-2011), etc. proposed by our country become international standards.

In 2007

China Building Materials Academy, as the applicant, made application to the secretariat of ISO Technical Committee on Fine Ceramics (ISO/TC 206) in Japan on the formulation of international standard of Fine Ceramics (Advanced Ceramics, Advanced Technical Ceramics) –Test Method for Adhesion Strength of Ceramic Material Interface.

In October 2008

The above draft proposal was discussed and voted at the 15th annual conference of ISO Technical Committee on Fine Ceramics (ISO/TC 206) held in Seoul, Korea. The standard was officially approved for project initiation by the ISO Technical Committee on Fine Ceramics (ISO/TC 206). A new working team was established and China was the convener.

In November 2008

The standard draft was considered by experts of the working team and the modified standard draft was determined.

In June 2009

The technological scheme and work progress in respect of the standard was reported at the annual conference of ISO Technical Committee on Ceramics convened in London, England.

In December 2009

The draft stage of international standard came after referring to experts' opinions and revisions.

In December 2010

At the 17th annual conference of ISO Technical Committee on Ceramics held in Malaysia, experts from member countries conducted voting and review, bringing it to the stage of final version of international standard.

In May 2011

The international organization for standardization officially released the international standard Fine Ceramics (Advanced Ceramics, Advanced Technical Ceramics) –Test Method for Adhesion Strength of Ceramic Material Interface (ISO 13124-2011).

Launching Academic Exchange Activities

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We've established extensive cooperative relationships in various fields including joint tackling, technological cooperation, academic exchanges, talents training, incubation and transformation of results, etc., with over 10 scientific research institutions and key higher education institutions including Chinese Academy of Sciences, China Academy of Building Research, Tsinghua University, Tongji University, Wuhan University of Technology and Nanjing University of Technology, composed industry-academy-research alliance with higher education institutions and formed technological innovation system integrating industry, academy and research, to provide organizational guarantee for innovation.

We attach importance to the communication and exchange of industrial scientific research

information and utilize our own influence to regularly organize domestic and international experts to explore the ideas and direction of industrial scientific and technological development, to build a platform for enterprises to expand visual field and learn and understand international scientific research achievement and to provide help for the sustainable development of building materials industry. In 2011, we successfully obtained the right to host the 14th International Conference on Cement Chemistry in 2015. It's the first time for such an international academic conference known as the "Olympics" in the international academia of cement that has the longest history, the highest academic level and the most participant countries and individuals in the field of global cement science and technology. The convening of international cement chemistry conference in China will show the world the scientific and technological achievements of our country in the field of cement and concrete, promote the international status of our country's cement science and technology and will also introduce international advanced theoretical and technological achievements into China to promote international cooperation in this field.

In 2011, the new technical committee applied by us was approved at the annual conference of RILEM (French acronym of "International Union of Testing and Research Laboratories for Materials and Structures"). In 2011, we held GPD China for the ninth consecutive times and jointly discussed with over 300 domestic and overseas experts on new technologies of architectural glass and solar glass.

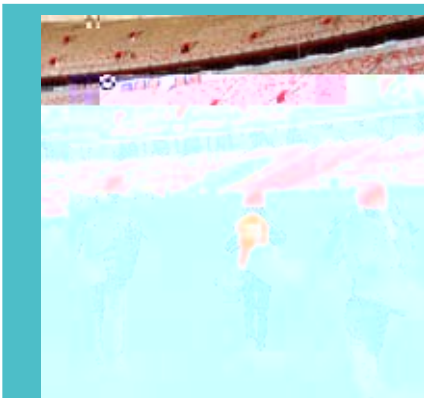
At the 13th International Conference on the Chemistry of Cement (ICCC) held at Castillio Castle, Madrid, Spain, on July 7, 2011, Angel Palomo, Chairman of the Conference, announced that: "The 14th International Conference on the Chemistry of Cement will be held in Beijing in 2015" I Yao Yan, President of China Building Materials Academy, accepted the ICCC hosting certificate granted by the Chairman of the Conference on behalf of the Chinese Bidding Delegation. The Chinese Bidding Delegation cheered and international friends expressed their congratulations. The aspiration of several generations of cement scientists for decades was realized at this moment. The first International Conference on the Chemistry of Cement was held in London, England in 1918. Up to now, it has been held for 13 times. The conference's authority and influence has been recognized by counterparts in all countries around the world. Nearly one thousand experts, scholars, engineers and technicians participated in the recent conferences. About 900 representatives from 68 countries attended the 13th International Conference on the Chemistry of Cement and 434 reports and papers were discussed at the conference.

Over the years, China's cement science and technology workers have always hoped to hold the International Conference on the Chemistry of Cement in China and have paid two decades of hard work. China participated in the bidding successively at the conferences held in India, Brazil, South Africa and Canada and failed in the end. This was the fifth bidding. The bidding delegation was co-organized by The Chinese Ceramic Society and China Building Materials Academy and nearly 40 scholars from more than a dozen of universities and research institutes participated in the bidding and conference. After fierce competition, China became the winner among 4 bidding countries with absolute advantages and successfully obtained the right to host the conference.



Science & Tech Innovation

We not only promote independently researched and developed advanced technologies, but also utilize our rich scientific and technological resources to promote the development of the industry.



Energy Saving & Environmental Protection



We comprehensively utilize industrial and urban waste resources and manufacture low carbon products at minimized consumption and emissions; We are committed to providing the society with green and environment-friendly building materials with reliable quality and providing product and service support for new energy industry; we are happy to share effective energy saving technology and management experience, explore the development mode with industry in harmony with nature, and advocate sustainable development of the whole industry and society as a whole.

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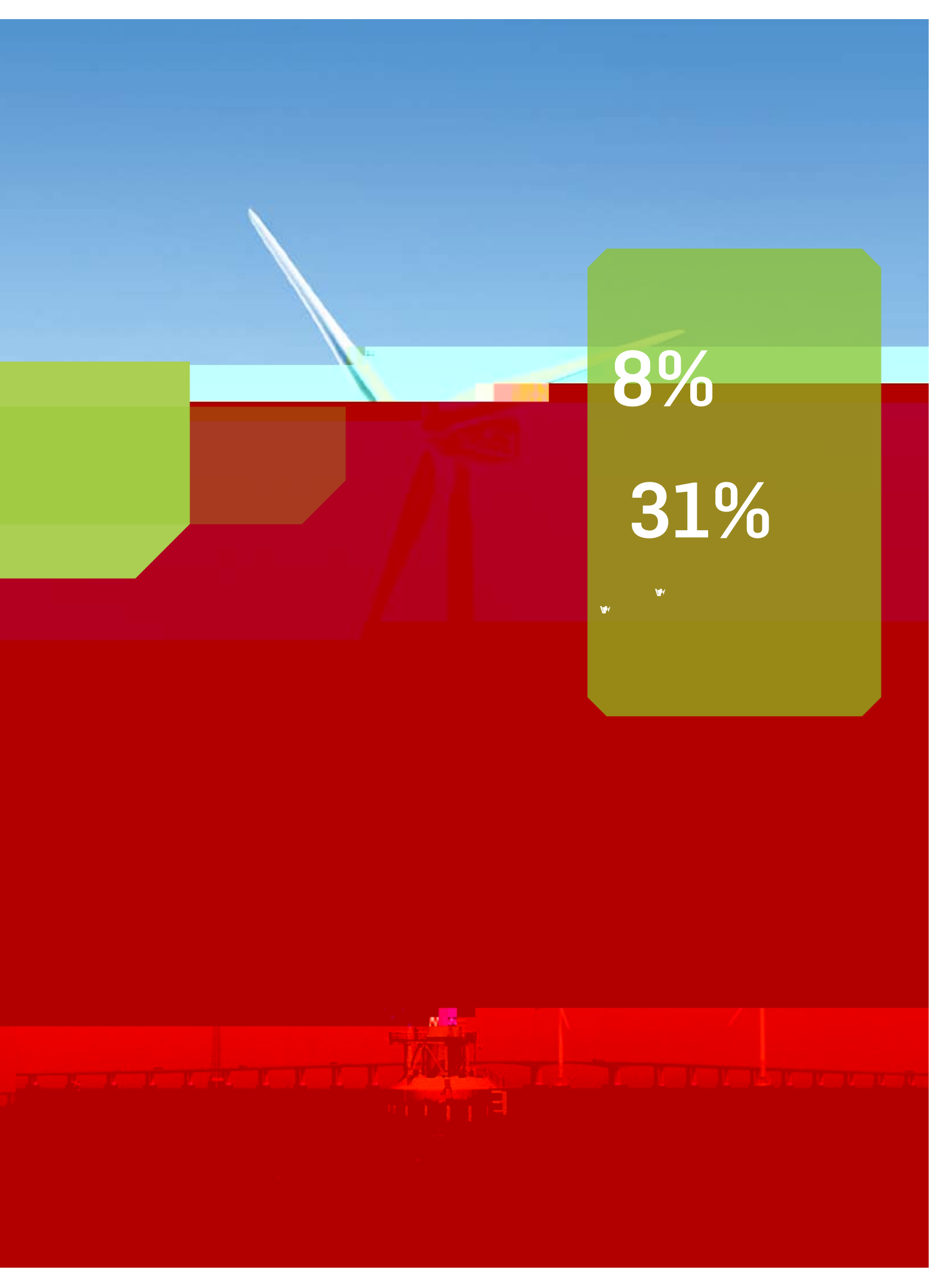
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8%

31%



Concepts and Principles of Energy Saving & Environmental Protection

We try to reduce resource and energy consumption in the manufacturing process and reduce the emissions of various pollutants to the natural world; continuously expand ways to achieve safe and efficient utilization of industrial waste resources in the building materials industry, and provide service support for efficient and hazard-free disposal of urban wastes; we maintain a clean production environment and protect the ecological environment, to achieve a harmonious coexistence with the nature.

We utilize reliable techniques and production processes to produce and manufacture green and environmental-friendly building materials, promote pre-fab housing system, advocate green consumption of building materials and provide materials to protect energy conservation for buildings; we provide new energy products and services including wind turbine blades and solar PV modules to help the wide and efficient application of clean energy.

We initiatively share low-carbon product manufacturing processes, energy saving tech-

nology and management experience, provide detection, diagnosis, and system optimization solutions in respect of energy efficiency and environment protection, and constantly strive to achieve sustainable development jointly with our industrial partners through our efforts and professional services.

Overview of Resources Use and Environmental Impact

8%

86%

Our raw materials are from mineral resources and industrial and urban waste resources and are made into final products through grinding, calcination, etc. Coal, electricity and some oil, gas and other energy are consumed in production. The residue heat can be recycled from waste gas for power generation to replace part of purchased electricity.

The natural mineral resources in our raw materials include limestone, clay, iron powder, silica sand, gypsum, etc. Other industrial waste resources available for comprehensive utilization include slag, steel slag, coal ash, desulfurization gypsum, etc. The vast majority of self-produced solid wastes, such as waste glass fibers, glass fragments, light weight board pieces, etc., can be comprehensively utilized in production.

The water resources used in cement manufacturing process are mainly used for cooling the circulatory system and the water resources in other manufacturing segments are used for

flushing, spraying or other purposes. Effective recycling of water resources can be basically achieved through the recycling system, settlement system, sewage disposal system, etc.

The major pollutants discharged to the environment in the manufacturing process vary with industrial segments. The major emissions of cement segment include nitrogen oxides, carbon dioxide, dust, sulfur dioxide, etc.; the glass segment mainly discharges sulfur dioxide; the major emission of gypsum board, fiberglass, and composite materials segments is COD in wastewater. The self-produced solid wastes of each segment can be fundamentally recycled. The construction of effective emission reduction devices and systems and implementation of strict operation maintenance and control ensure our compliance with emission standards for various pollutants.



Reduction in Consumption and Emissions

1,210.5

0.72

100%

We strive to improve energy efficiency and level. Through ensuring investment in energy saving and environmental protection, we actively implement effective technological transformation of energy-saving and environmental protection, with an aim to achieve continuous reduction in consumption and emission levels per unit of products. We eliminate backward production equipment in a timely manner and continuously improve the combustion efficiency and power consuming efficiency. We strive to reduce use of fossil energy in the production process and make full use of low-grade energy and resources to produce building materials of reliable quality. We make comprehensive utilization of coal gangue, sludge, urban wastes and other combustible wastes to replace fossil energy including coal at our production lines. In addition, we construct supporting residue heat power generation systems at all our qualified cement and glass production lines to recycle and convert the residue heat in the production process into electricity for production use, which reduces the amount of purchased electricity.

We attach importance to the recycling of water resources. The water for residue heat system and cooling system is recycled. Other water resources for flushing and other auxiliary processes are recycled through the settlement and sewage systems.

We attach importance to environmental governance, strictly implement relevant national laws and regulations, policies and standards on environmental protection, and strive to reduce the emissions of wastewater, waste gas and waste residue in the production process. The pollutant monitoring indicators of most member enterprises of the Group are far below national emission limits, basically realizing 100% recycling of self-produced solid wastes. We reduce the formation and emission of pollutants such as SO₂ and NO_x in waste gas through the procurement of clean energy and increase of oxygen content in combustion system. The dust in waste gas is effectively reduced through dust removal technologies, e.g. bag type dust removal, etc. We strive to achieve “zero” discharge of wastewater through the construction of sewage treatment and recycling system.



Henan Zhonglian Glass Co., Ltd., a member enterprise of the Group, constructed a residue heat power generation system for its production line. The residue heat of waste gas discharged from the melting furnaces in the float glass production line will be recycled and converted into electricity to be used for its glass production. The system's installed capacity is 7.5MW. After completion, its annual electricity production and annual power supply will be approximately 52.17 million KWH and 44.01 million KWH respectively, which can reduce emission of carbon dioxide of approximately 54 thousand tonnes and save standard coal of approximately 23 thousand tonnes each year.



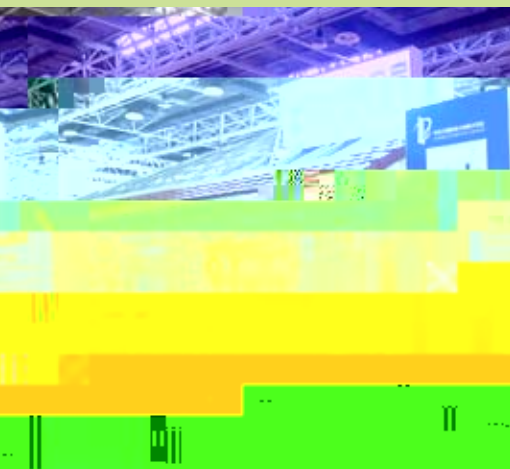
Promotion of Green Building Materials and Pre-fab Housing

We are committed to providing new low-carbon building materials for our clients. The production and use of the products are environmentally pollution-free and pose no harm towards people's health. The energy consumption generated in the production of products and usage is lower than that in the traditional building materials. The raw materials of our products are mainly from industrial and municipal waste resources, which can be recycled after the end of the product lifecycle.

Our enterprises which manufacture basic construction materials such as cement and glass have all passed the quality system certification. Most of them have passed environmental management system certification, which ensures the quality of products and low-carbon and environmental protection in the manufacturing process. We dedicate ourselves to promoting green packaging for basic building materials in bulk, and insist on promoting bulk packaging for cement products and bare packaging for glass products, all serving the purpose of reducing package waste.

We provide our clients with green building materials products, including the wall and suspended ceiling system composed of gypsum board, metal frames, acoustical panels and ancillary products, the architectural energy conservation and environment protection system which consists of housing components such as doors and windows, radiators, "Dragon"-branded paints, sound-absorbing pipelines, as well as pre-fab housing with lightweight steel structures, pre-fab housing with timber structure and exterior building envelope system decorated with fiber-cement wall board and fiber-cement tile. Most of our products have acquired China Environmental Labeling Scheme certification.

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BNBM Science and Technology Museum of Energy Conservation for Buildings demonstrates a collection of new products, new technology and new applications of green building materials of BNBM, a member company of the Group, through exhibition of new energy-saving buildings. The demonstration stresses on five major technologies, namely "integrated solution for energy-efficient buildings, 'Dragon'-branded phase transition energy-saving gypsum board, level A non-ignitable exterior wall outer insulation technology,

integration of photovoltaic systems and architecture, as well as full set technology for pre-fab housing". The intuitive insight given by the format of presentation, the focused exhibition system and professional introduction of technologies have made the museum a systematic demonstration center of green building materials products and an important platform and model base for industry practitioners to communicate and display technology, stimulating clients' consumption of green products and promoting green energy saving knowledge.



Energy Saving & Environmental Protection

We aspire to provide the construction industry and residents with systematic construction product solutions and building schemes and actively develop and promote pre-fab housing products. Through years of exploration and development, we have gradually established our proprietary intellectual property rights and core competence. We have already possessed the professional operation capability to construct environmental-friendly and energy-saving buildings as our main products, and to take the development and design of light-weight-steel structure, building envelopes, interior and exterior decoration components and materials, thermal insulation, water, heating and electricity systems, as well as equipment and amenities as our core technology.

Our pre-fab housing includes three main structural systems, which satisfy various needs at

different levels, ranging from new farmhouses to high-end villas and from office buildings to industrial plants. Through an industrialized operation mode featuring industrial design, production, and field-assembly, the energy and time consumption during housing construction has been reduced. The building products integrate the environmental protection and energy conservation products in the green construction material system, which presents no harm to the environment and human body and lowers energy consumption. The design of houses is scientific and reasonable, occupies less land and features higher space utilisation. The houses so constructed are extremely safe and enjoy long service life. Even after the life cycle, about 90% of the materials can be(Thes at)T-

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Supporting the Development of New Energy Industry



Developing clean energy is one of the effective ways to reduce the use of fossil energy and the emission of greenhouse gas. Currently, wind energy and solar energy are the clean energy extensively in use. We research and manufacture new energy materials and energy utilisation technology and product system, in order to provide high quality products and technology support in large scale for the new energy industry development.

China Composites Group Corporation Limited, a subsidiary of the Group, is the largest megawatt-class wind turbine blades manu-

facturer in the country and has reached the world-class level in the field of wind turbine blades manufacturing. Its products are already in use in hundreds of wind farms in the country.

We spare no effort in the thin film solar cell industry chain integrating scientific research and development, equipment manufacturing, product sales and application as a whole. Bengbu Design & Research Institute for Glass Industry, a subsidiary of the Group, dedicates itself to the research and development and manufacture of thin film solar cell modules.

established an overseas research and development center through acquiring a German company, CTF Solar GmbH. The world's largest single solar photovoltaic glass production line which is designed and constructed by the company has been officially put into operation. The transparent conductive oxide glass (TCO) products specific for solar cells developed by the company have passed inspection and are up to standard.

Bengbu Institute and Anhui Tianzhu Green Energy Science & Technology Co., Ltd. have jointly designed and constructed the "Pilot Grid-connected Solar Photovoltaic Power Station with BIPV Sunroof and Single Crystalline Silicon Solar Cells" which can transmit 5,000 kwh to the grid per annum, reducing about 50 tonnes of carbon dioxide emissions. In 2011, Bengbu Institute and Sunlogics Inc of the United States jointly constructed a 10-kilowatt Solar Power Charging Station for Electric Vehicles for the headquarters of General Motors in China, being the first conceptual solar power charging station for electric vehicles in China.



Provision of Energy-saving and Environmentally Friendly Technologies and Services

solutions, we provide integrated services to enterprises for energy saving and emission reduction.

We capitalize on the advantages of technology innovation, strictly adhere to the main trend of low-carbon economic development and commit ourselves to independent innovation and serving the community, with a view to enhancing energy efficiency and environmental protection standards of the building materials industry. We actively carry out research and development of energy-saving and environmental-friendly equipments and products, whilst providing production techniques and technologies which are highly effective and environmental-friendly. Those efficient and environmental-friendly technologies, including the residue heat power generation, desulfurisation and DeNOx, oxygen-fuel combustion and integrated utilisation technology of solid waste are extensively in use. These technologies facilitate the provision of services including system testing and diagnosis, technology transformation for emission reduction for building materials and relevant industries. By formulating systematic and professional

We set foot in the field of building materials and construction engineering. Leveraging on our testing and certification resources, we prioritize low-carbon and environmental-friendly practices when providing professional, standardized and international services by leveraging our resourceful testing, inspection and certification resources. We strive to provide testing, certification, research and development of test equipment, technical research and evaluation, trainings and other

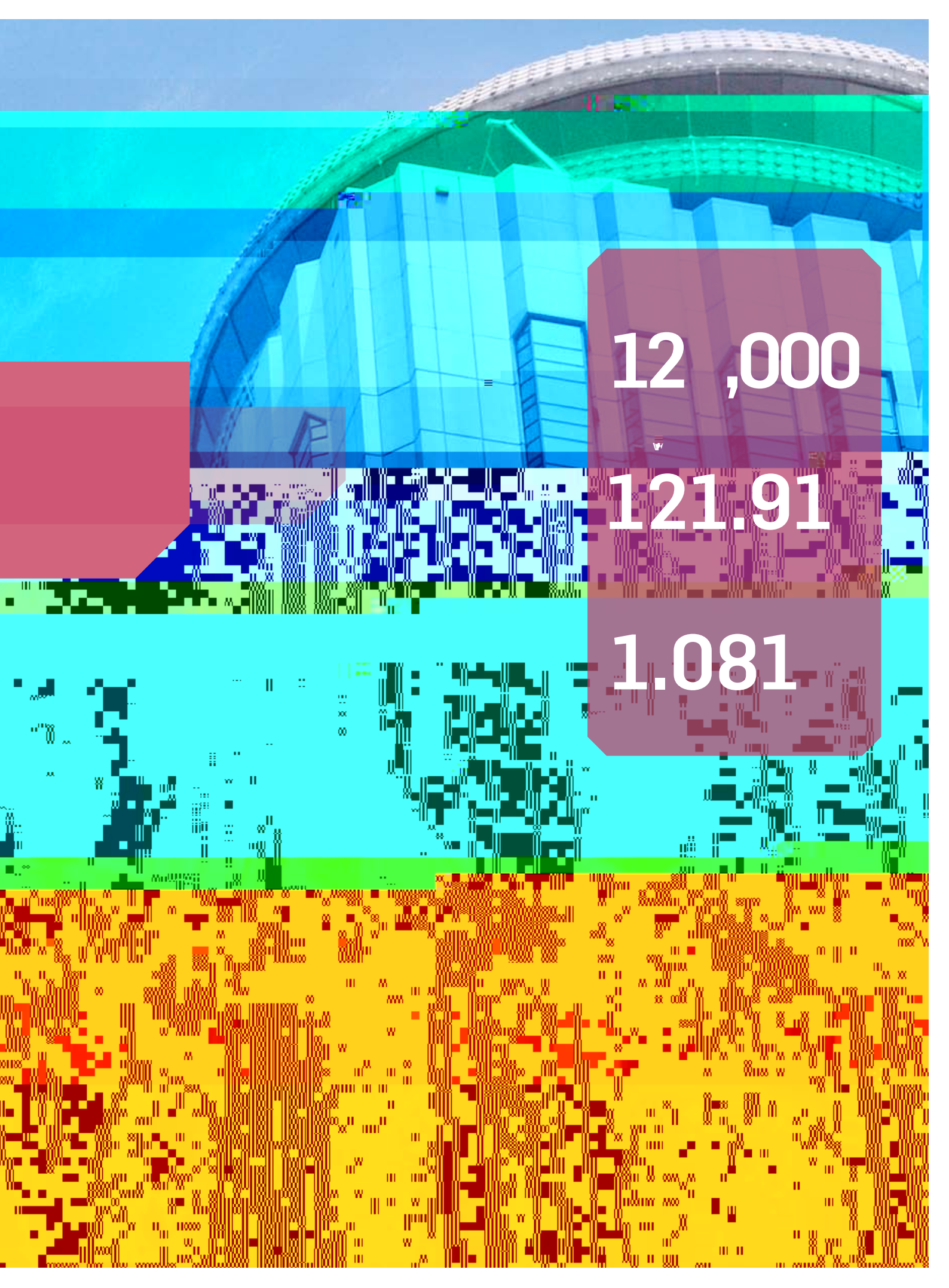
Employee Care



We make the best endeavor to safeguard the rights of employees and respect their diversities, making the enterprise a reliable partner and a happy and comfortable home for employees. Acting in concert with all our staff, we create a better future with sustainability, and deliver our inner happiness to the society.

- 50** Summary of Employee Policies
- 51** Protection of Employees' Basic Rights and Interests
- 52** Mutual Growth with Employees
- 53** Protection of Employees' Safety and Health
- 56** Creating Happy Life for Employees



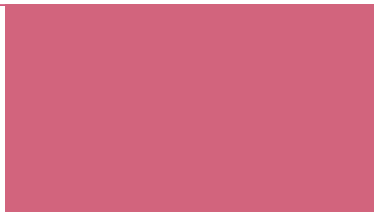


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Summary of Employee Policies







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Creating Happy Life for Employees

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The sincere care and financial support given by the leaders, trade union and colleagues of the Company warmed the hearts of my families like the bright sunshine in winter. Your kindness greatly encouraged me in my struggle against disease and made me feel the precious life, true love under heaven and the warmth of our company.

We continuously improve the employee support and relief system, and help employees by various ways to overcome difficulties met in their life. We do practical things, solve tricky problems and do good deeds for employees in difficulty, and make such actions regular, institutionalized and standardized. We create, maintain and improve the records of poorest employees to keep track of the accurate conditions of poor households and give them timely assistance through many channels and in various forms. We help employees suffering serious and severe illness by setting up a mutual fund for combating serious illness; we help the employees' children in need to finish school with the "Golden-autumn Grant-in-aid" program; we implement the "Sunny Employment Project" and give assistance to the "households with nobody working" to help the employees' children in need to complete education and find jobs and help their laid-off family members to find new jobs; we stick to the system of visiting, in winter and the two major festivals, groups in need, mainly including childless and widowed elderly people, families of martyrs and poor retired employees.

We care for the health and life of female employees, value their professional growth and treat them equally with male counterparts in salary, management position, vocational training and professional development opportunities. We are concerned about the work, life and mental needs of young employees. We bring together young people through the communist youth league and provide a platform for them to demonstrate their talent and exchange ideas. We care for the work and life of expatriates, especially those who are permanently stationed abroad or in the communities of minority ethnic groups, offering regular home leave, holding special after-work activities and providing mental health



counseling to relieve their pressure and add to their happiness.

In an effort to make the Company a reliable partner and a happy and comfortable home of the staff, we establish the gymnasium, recreation room, reading room and psychological counseling room to provide the staff with places for recreation activities; we organize colorful cultural activities and sport competitions to offer a big stage for the staff to show the full extent of their gifts; we arrange various types of visits and trips and pay attention to the development of the staff's abilities in self-improvement, family care and giving back to society as well as enhancement of such ideas.

128,000



Employee Care

We always adhere to the "people-oriented" management concept, advocate the human environment of "San Kuan San Li"(being lenience, tolerance and ease; and unity, affinity and cohesion), vigorously implement the strategy of "talents helping the enterprise grow stronger" and strive to create a "one-CNBM-family" corporate environment. We safeguard the staff's legal rights, implement democratic management, ensure the staff's vocational health and safety, value the common growth

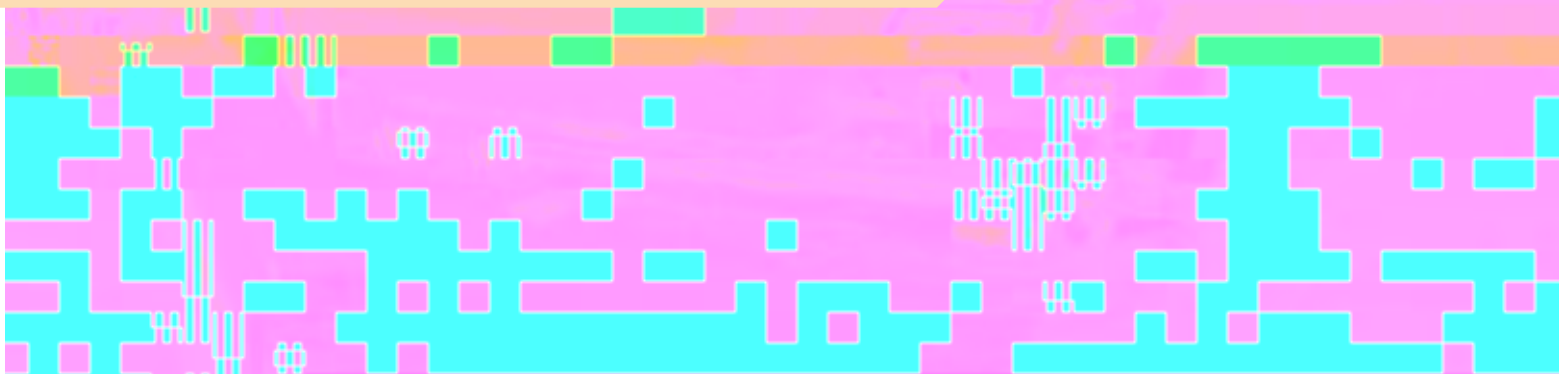
of the staff and the enterprise, and support the staff's legal rights, implement democratic management, ensure the staff's

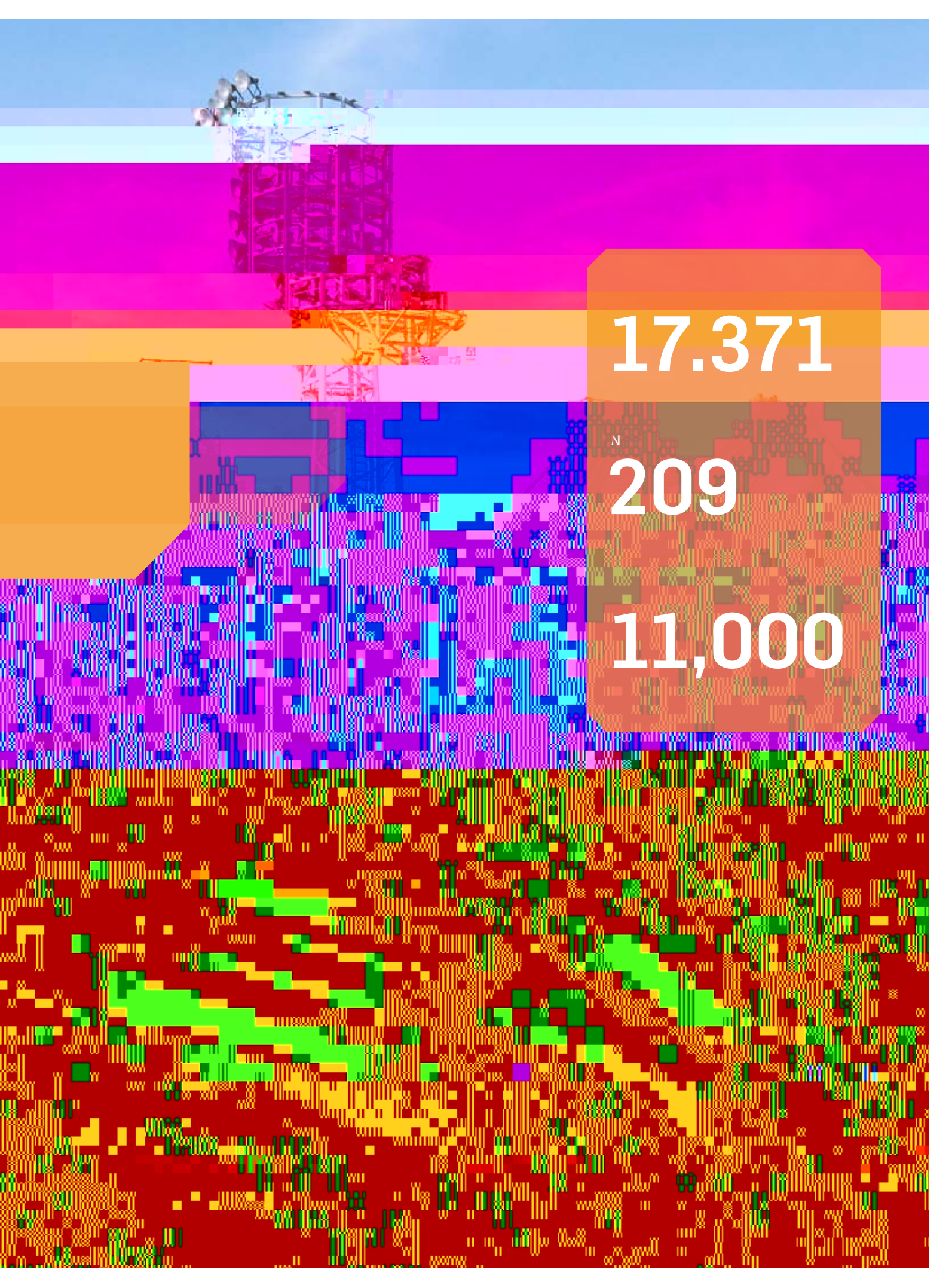
Corporate Citizen



In the production and operation process, we seek to achieve mutual development and growth with the regions where we operate; as we can not accomplish such results and awards without the support and help of the stakeholders and all walks of the society, we reward the society through particular public undertakings; our employees are happy to give, actively participate in volunteer activities and exercise the responsibilities of a corporate citizen with practical actions.

- 60 Driving the Development of Developing Countries
- 62 Mutual Development with the Areas Where We Locate
- 63 Supporting Delivery of Building Materials to Rural Areas and New Rural Construction
- 64 Commitment to Public Welfare
- 65 Incentives to Young Students
- 66 Employees' Voluntary Services
- 67 Actively Undertaking Social Duties



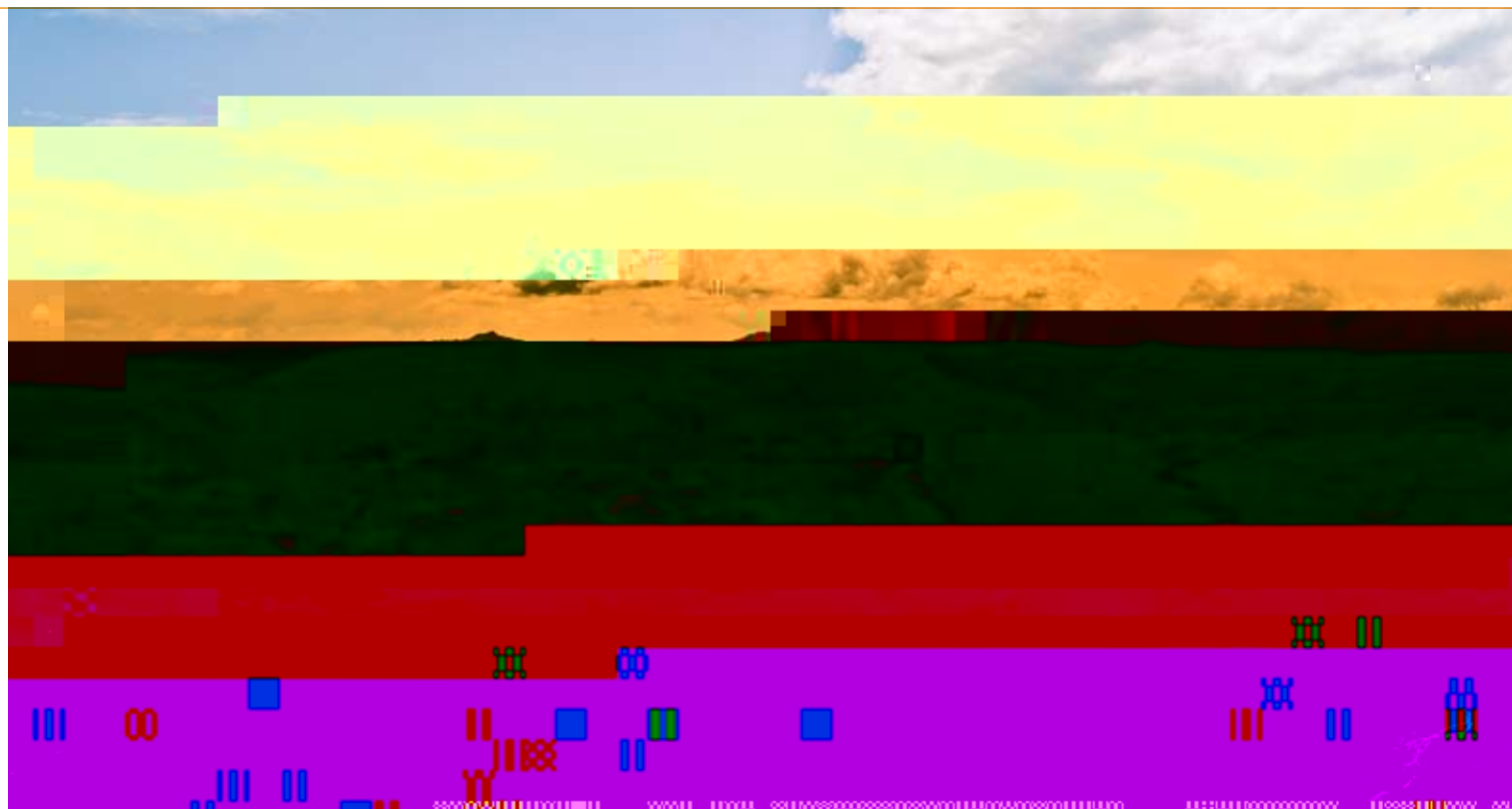


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Driving the Development of Developing Countries



We've been proactively expanding our international business, and contributed to local economic prosperity and development through our local activities during implementation of our internationalization strategy. By building cement and glass production lines for developing countries and regions with advanced technology, quality services and reasonable prices, we've fully supported local construction, created job opportunities, trained local employees, promoted new products, new technologies and management philosophies, realizing co-growth and healthy development with the local society and environment and winning the recognition of local governments for many times. We've actively promoted new building materials and home products systems, advocated green consumption, and provided effective guarantee and channels for building energy-saving products. We've been active in community charities and done our best to contribute to local public welfare.

Having taken root in Papua New Guinea for 19 years, we are lauded by its prime minister Michael Somare as the "'company ambassador' between China and Papua New Guinea." We built a 1 million-tonne per annum cement project for Mongolia, which favorably promoted bilateral friendship between our two countries. CNBM International Engineering Co, Ltd. has built a cement grinding station in Iraq for the purpose of serving local construction and development.



We've been concerned about the development of Africa. Overcoming various kinds of difficulties in respect of geography, climate and economy, CNBM Import & Export Corporation completed the largest African cement factory project in Ethiopia, and thus ensured large-scale local infrastructure construction. BNB Integrated Homes Company Limited plans to build new energy-saving and quakeproof houses with a total area of 600,000 square meters for the Zambian government for the purpose of improving living conditions for the local people, China New Building Materials Industry Hangzhou Design & Research Institute designed a float glass production line with daily capacity of 450 tonnes for Botswana; this project is the first large industrial production project for the country and of epoch-making significance for its industrial and economic development. Beijing New Building Materials Group Co., Ltd. built a building materials logistics center in Tanzania to provide high-quality building materials products to major local engineering projects. Hefei Cement Research & Design Institute ("Hefei Institute") built a cement clinker production line with daily capacity of 3,000 tonnes in Ethiopia, which commenced production in 2011. The Ethiopian premier Meles Zenawi attended the project completion ceremony and conferred the outstanding contribution award to Hefei Institute as a reward for the close cooperation and international friendship it showed during implementation of the project.

China National Building Materials Import & Export Corporation, a member of the Group, entered into a contract to construct the DMC cement factory project (the "DMC Project") in Ethiopia. Total investment for the project was around 140 million Euros, with designed daily clinker capacity of 5,600 tonnes and cement capacity of 7,000 tonnes. It is the largest cement factory project ever completed in Africa as well as the largest industrial project completed in Ethiopia. After two years of intense construction, the project was finally officially put into production in early 2012.

During the construction of the DMC Project, more than 1,000 local jobs were created successively. We respected the human rights of local employees as well as their faith and national customs, provided them remuneration, benefits, occupational health and safety insurance as well as technical training and management training. In 2011, approximately 400 technicians of different types received training under the DMC Project.

As full consideration was given to the rational utilization of local natural resources and effective protection of the ecological environment for the DMC Project, we ensured all indicators satisfied and complied with relevant policies, regulations, standards and requirements in terms of design, construction, later-stage operation and maintenance. By proactively promoting our clean production and harmonious industrial construction experience locally, we ensured harmonious co-existence between the cement factory project and local communities and environment.

The theme for the first "Five-Year Plan" of Ethiopia is "economic development and riddance of poverty", with great investments in such infrastructure construction as roads and electricity. By 2015, the cement demand in Ethiopia will reach 18 million tonnes, with enormous capacity gaps. The smooth commencement of production of the DMC Project has not only provided materials for local construction, but also served as a model and guide for the local basic industries.



Mutual Development with the Areas Where We Locate

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By means of localized operation, we've always been devoted to integrating enterprise growth and development with local economic and social construction and prosperity. By creating revenue, driving the development of supply chain enterprises and small- and medium-sized enterprises, providing jobs, supporting local infrastructure construction, actively participating in public welfare activities, we have continuously contributed to the harmonious development of the areas where we are located.

We've vigorously advanced localization of human resources, especially for enterprises producing bulk building materials products (such as cement, glass and gypsum boards) and offering relatively lots of jobs, over 90% front-line workers are local employees. We've relentlessly promoted the procurement localization strategy, the implementation of which has driven co-growth of supply-chain enterprises and fostered a great number of good suppliers and retailers. The taxes we paid and prosperity brought to local economy have won us extensive recognition from local governments and all walks of life, and we

have established long-term strategic win-win cooperation mechanism with nearly one hundred local governments.

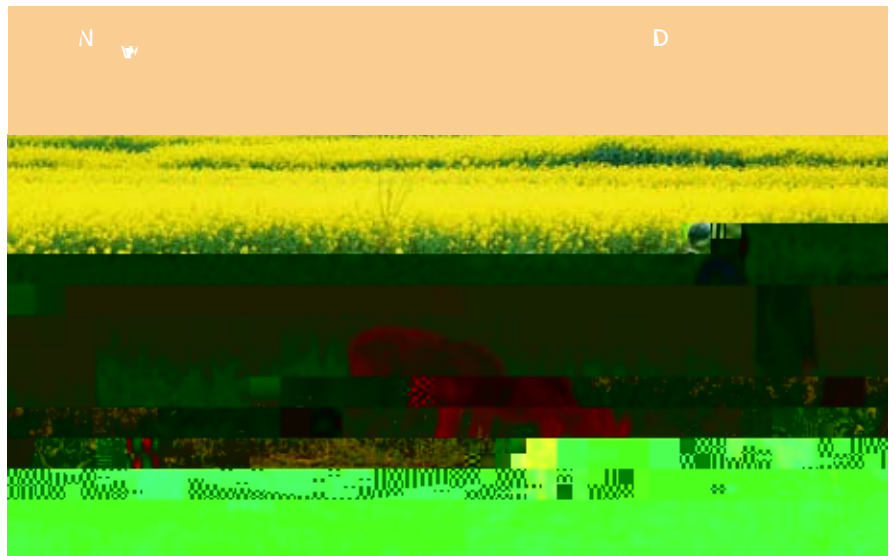
With great concern for regional public welfare, we've innovated the poverty relief and assistance mechanism, and actively implemented technology- and industry-based poverty relief by effectively combining poverty relief to specified assistance recipients with strategic corporate distribution, and combining local resource advantages with corporate premium resources. In 2011, Bengbu Design & Research Institute for Glass Industry and Hefei Cement Research & Design Institute, both members of the Group, were selected as "National Advanced Corporation for Poverty Relief and Development".



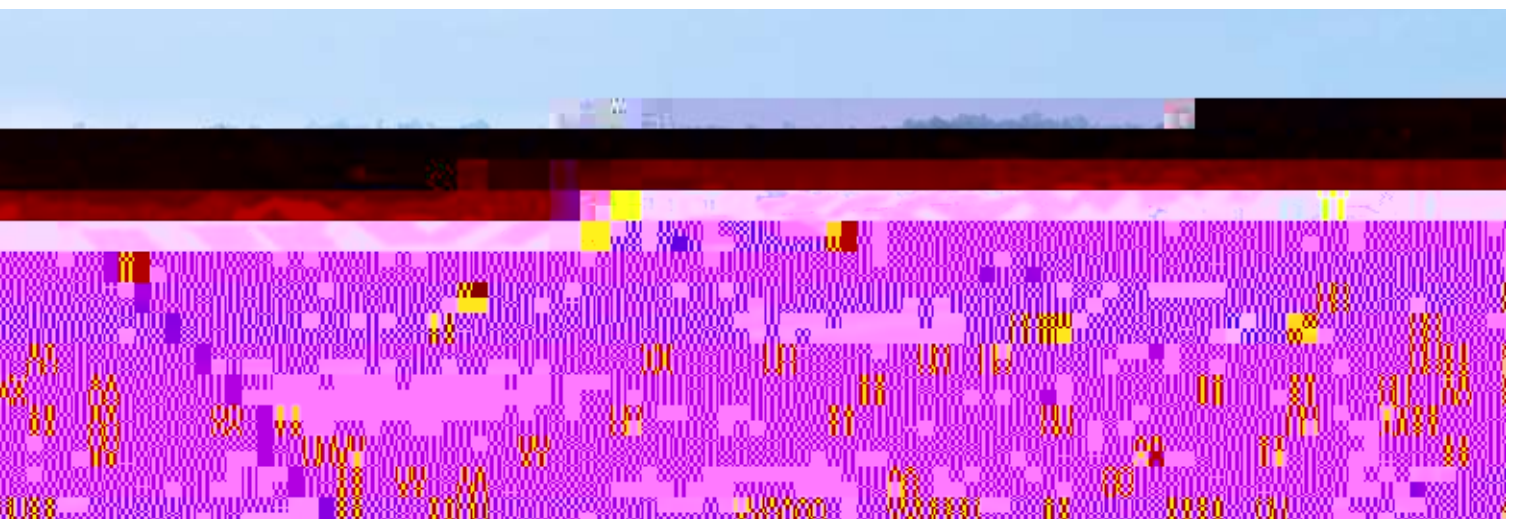


Supporting Delivery of Building Materials to Rural Areas and New Rural Construction

In active response to the call of the State for delivery of building materials to rural areas, we've offered strong products support to the construction of a new countryside. Through the "delivery of building materials to rural areas", we've promoted low-carbon, energy-saving and environment friendly building materials products. Based on the pricing level, usage habits and folk customs for the construction of rural houses, we've carried out the R&D and plan design for a series of products and provided systematic solutions of new building materials and pre-fab housing products.



Beijing New Building Materials Public Limited Company ("BNBM"), a member of the Group, has been proactively promoting "delivery of building materials to rural areas" all the time, and was selected as an advanced pilot organization for delivery of building materials to rural areas at the end of 2010. Having developed high-quality and reasonably priced building materials products and new energy-saving and quakeproof housing systems, BNBM has delivered environmental-friendly, energy-saving and low-carbon building materials, especially new building materials, to rural areas, which helps improve the living conditions of rural residents and reduce living costs. At the end of 2011, BNBM was honored the advanced organization for "Delivery of Building Materials to Rural Areas" for the Benefit of the People Competition by China Mechanical Metallurgy and Building Materials Trade Union and China Building Materials Circulation Association.



Commitment to Public Welfare

17.371

209

Subscribing to the principle of making donations on a voluntary basis, with clearly defined responsibility and subject to our resource capability, we provide support for disaster-affected areas, poverty-stricken areas, science, education, culture, and hygiene causes, welfare projects, and environmental protection causes in kind and capital. We put our best efforts in supporting social development by facilitating mutual development in areas where we run our business. In 2011, the Group and its member companies carried out 209 donation projects, with an amount of donations up to RMB17.371 million, 34% of which was donated for construction of public utilities, 17% for public welfare relief and public welfare, 14% for education and 12% for aid of construction and development in Xinjiang region.

We believe that a comprehensive donation management system is not only beneficial for us to play a better role in national disas-

ter relief, help the distressed, promote social equality and fulfill the social responsibility as a centrally-administrated state-owned enterprise, but also important for safeguarding contributor's interests and national assets. We have formulated measures for donation management which facilitate unified management of our member companies. The donation outlay has been incorporated into the budget management system to keep donation budget strictly under control. On the other hand, limits and authorities relating to donation expenditure are specified, while a donation approval process has also been established. We carry through the filing system of donation approval and report periodically the project progress, and evaluate effects and conduct return visits when the project ends. We provide statistical analysis of donations made in each quarter, and strengthen internal control to guarantee that donation projects serve public welfare purposes as expected and are effectively implemented.

Donor(s)	Targets for donations and details	Amount of donation
China National Building Materials Group Corporation	Aid construction and development of Xinjiang region	2,000,000
Taishan Gypsum Company Limited	Support the economic and social development in minority regions	2,000,000
Hunan Pingtang South Cement Co., Ltd.	Donation to social infrastructure construction (road traffic)	1,500,000
Beijing New Building Materials Public Limited Company	Wuhan University of Technology Fellowship	1,000,000
Jushi Group Company Limited	Tongxiang Charity Federation	500,000
China National Building Materials Import & Export Corporation	Education development of targeted poverty-relief units in Shitai County, Anhui province	500,000
China Building Materials Academy	Support China Guanghua Foundation "Chang'e 2" lunar probe non-profit program	300,000
Hunan Hengnan South Cement Company Limited	Support local drinking water projects' construction	300,000
Hunan Lechang South Cement Company Limited	Capacity building and upgrade and renovation of the public service platform for Guangdong Association of Resource Comprehensive Utilization	300,000



Incentives to Young Students



We cooperated closely with famous universities and colleges, and have consecutively entered into strategic cooperation agreements with Wuhan University of Technology, Tongji University, Nanjing University of Technology, Xi'an University of Architecture and Technology, Anhui Science and Technology University, pursuant to which fellowship and scholarship are founded to help poor students finish their studies and for brilliant students to make their dream come true. In 2011, we provided 27 special scholarships which subsidized 727 students.

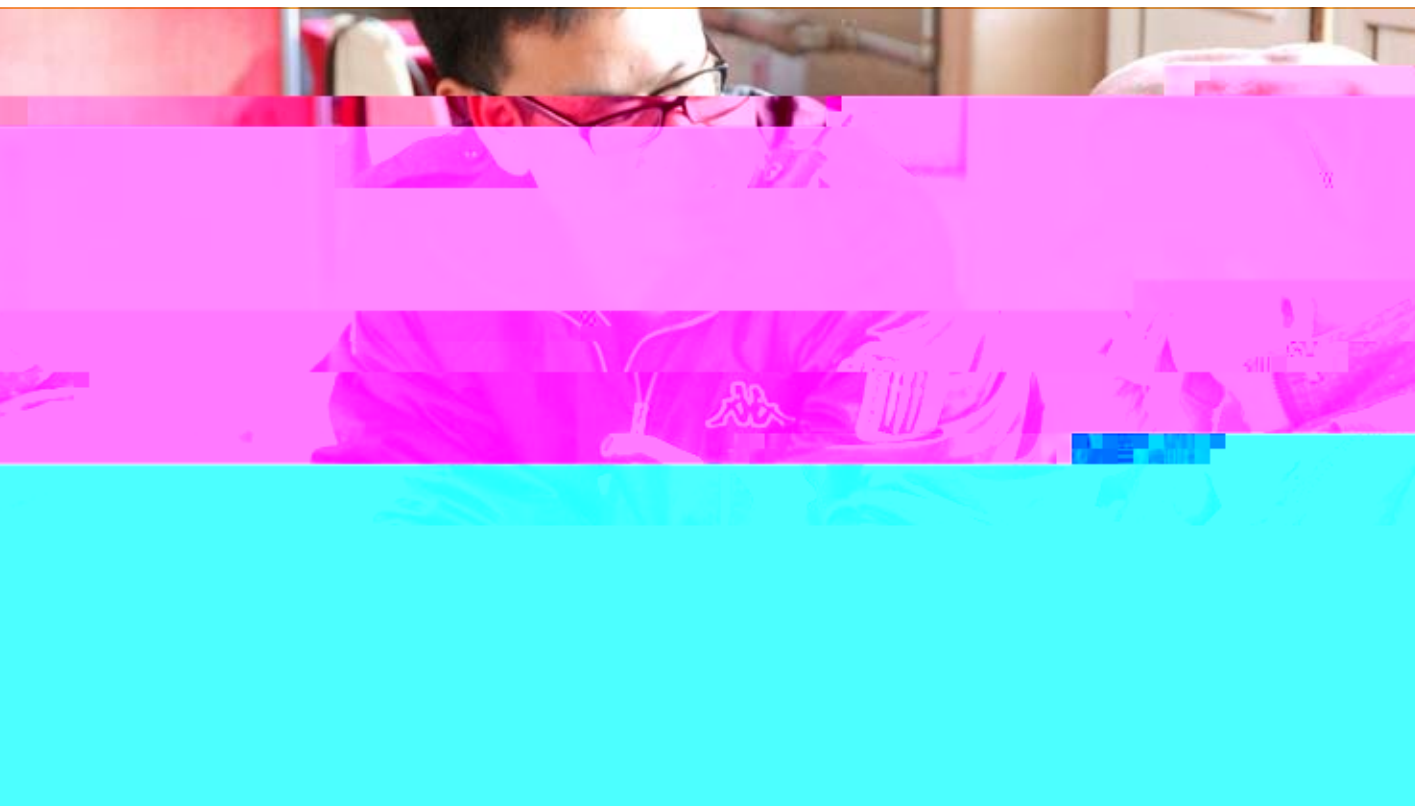
We take advantage of our best-in-class production, experiment and application platform and provide opportunities for young students to practise or even start their own business by establishing an experimental teaching base for teenage students and an internship base for the employment and business making of universities or colleges graduates, through which teenage students get access to combine their knowledge with production and corporate management.

88



Time flies in one week's internship, but the things I learned beyond books will not fade as time goes by. Jushi's culture stresses that everything is for people, relies on people, belongs to people, and shapes people. This culture has made Jushi attained such great achievement and glory and now become the unrivalled leader in the glass fibre industry. I am deeply touched by Jushi's staff, Jushi's rich cultural foundation, and success. The experience will be a valuable spiritual treasure for me in my future life, study and work.

Employees' Voluntary Services



We advocate a harmonious social atmosphere. To this end, we encourage and support our employees to participate in social welfare activities and provide voluntary services. We have established an extensive platform to guarantee and support the launch of voluntary activities, in terms of organization, work mechanism, time arrangement, capital support and communications. Various member enterprises within the Group rely on the communist youth league organizations to kick-start and promote voluntary services, as part of our efforts to spread love to the whole society.

11,000

China National Building Materials Import & Export Corporation, a subsidiary of the Group, has established a youth volunteer association to advocate the volunteering spirit of "Love, Devotion, Tolerance and Fraternity" and encourage young employees to serve the community. The association holds the principle of "Serve the society, Spread civilization" and has gradually carried out various public welfare activities since its establishment. For instance, it donated mosquito nets for the disaster-hit area in Yingjiang, Yunnan which prevented the spread of disease caused by insect bites; donated books for poor children in Qinghai province which helped provide a communication channel for the local children to know the outside world. In addition, it visited and expressed its care to children with special needs in Bethel: an organization dedicated to supporting blind children and orphans, Sun Village in Shunyi and Beijing second welfare center. It also visited Qianhe Senior care center in Xiangshan, delivered daily necessities and spent a quality time with the elderly. Various activities were well received and widely participated by young employees. Up till now, more than 500 people have taken part in different activities. In 2011, "Plant Green, Harvest Hope" tree planting activity held by the association was awarded the 1st "gold-medal volunteer service project of state-owned enterprises" by the SASAC of the State Council.





In 2012, in face of a more complicated and volatile international economic landscape, and the multiple challenges posed by the slowdown in economic growth and higher requirements for energy conservation and en

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Key Performance Index

Industry Overview and Market Performance

Chart Showing the Relationship between Growth rates of Main Output of Building Materials and GDP

Distribution Chart of Demand in the Downstream of the Cement Industry

Chart Showing the Relationship between Cement Prices in the World's Main Cement Market and HHI

2009-2011 Cement Output

2009-2011 Ranking in Main Ranking List

2007-2011 Total Assets

2007-2011 Revenue from Main Operations and Total Profit

2007-2011 Rate of Preservation and Appreciation of State-owned Assets

2007-2011 Rate on Return of Net Assets

2011 Performance of the Listed Companies Held by the Group

Performance of Technology Innovation

Resources of Scientific Institutions in China National Building Materials Group Corporation

2009-2011 Technology Awards at Provincial and Ministerial Levels

2008-2011 Awards Regarding Engineering Design or Consultancy

2007-2011 The Standards of Presiding or Participating in Preparation or Amendment

2009-2011 Patents and Copyrights

2009-2011 Expense on Research and Development Activities

2009-2011 Income of Technological Innovation

2009-2011 Sales Revenue of New Products

Performance of Energy saving and Environmental Protection

2011 Energy Consumption

2011 Energy Consumption Structure

2007-2011 Comprehensive Energy Consumption per 10,000 yuan Turnovers

2007-2011 Emission Levels of SO₂ and COD per 10,000 yuan Turnover

2007-2011 Cement Product Unit Consumption

2007-2011 Glass Product unit Consumption

Year 2011 Performance of Solid Waste Disposal and Resources Recycling

Year 2011 Structure of Equity Contribution to Energy Conservation and Emission Reduction of Pollutants

Performance of Staff Caring

2010-2011 Staff Overviews

Year 2011 Staff Training

2010-2011 Progress of Enterprise Annuity

2009-2011 Equity Contribution to Safe Production

2009-2011 Recordable Accident Rate per 1,000 Employees

2009-2011 Number of New Occupational Disease Cases

Performance of Corporate Citizenship

2009-2011 Total External Donations

2009-2011 Number of External Donations

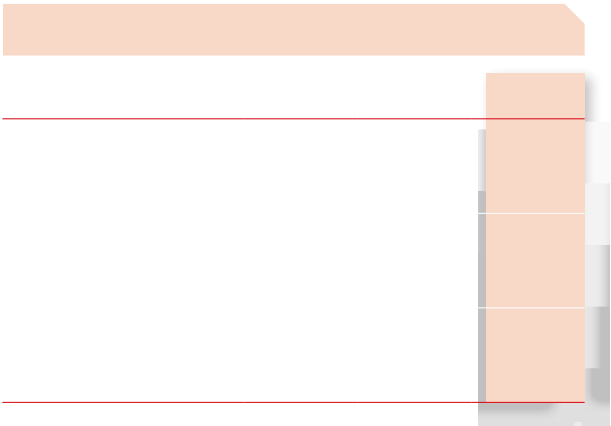
Year 2011 External Donations Structure

2007-2011 Taxes Paid

Year 2011 New Jobs

2010-2011 Volunteer Services Provided

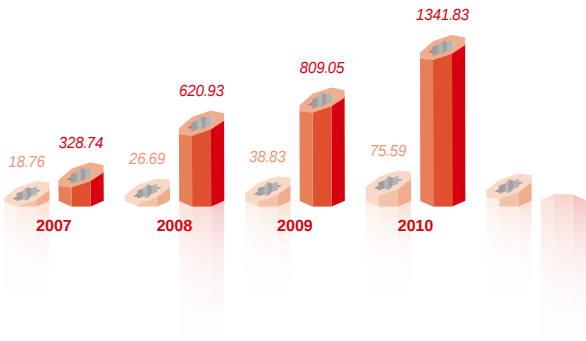
Industry Overview



Market Performance

2007-2011 Revenue from Main Operations and Total Profit

- Main Operating Income
- Total Profit



Science and Technology Innovation Performance

National –level research centers

National Glass Deep Processing Engineering Research Center

National Resin Matrix Composite Engineering Research Center

Glass Industry Energy Saving Technology National and Local Jointly-build Engineering Research Center

National-level laboratories

State Key Laboratory of Float Glass New Technology

State Key Laboratory of Green Building Materials

National Engineering Laboratory of Pulp and Papermaking

Industry (building materials) Product Quality Control and Technology Assessment (CTC) Laboratory

Industry (building & sanitary ceramics and bathroom accessories) Product Quality Control and Technology Assessment Laboratory

Industry (light industrial machinery) Product Quality Control and Technology Assessment Laboratory

Post-doctoral research center

China Building Materials Academy Post-doctoral Research Center

Academician workstation

China Building Materials Academy Academician Workstation

Post-doctoral research workstations

China Building Materials Academy Post-doctoral Research Workstation

Jushi Group Post-doctoral Research Workstation

BNBM Sub-station, Zhongguancun Haidian Science Park Post-doctoral Workstation

Harbin FRP Institute Post-doctoral Research Workstation

Zhongfu Lianzhong Composites Group Co., Ltd. Post-doctoral Research Workstation

Bengbu Design & Research Institute for Glass Industry Post-doctoral Research Workstation

Zhongfu Shenyang Carbon Fiber Co., Ltd. Post-doctoral Research Workstation

China Luoyang Float Glass Group Co., Ltd. Post-doctoral Research Workstation

National-recognized enterprise technology center

China National Building Materials Group Corporation Technology Center

Beijing New Building Materials Group Co., Ltd. Technology Center

China Luoyang Float Glass Group Co., Ltd. Technology Center

Lianyungang Zhongfu Lianzhong Composites Group Co., Ltd. Technology Center

Hefei Smarter Technology Group Corp. Technology Center

The United Nations technology development and promotion centers

International Materials Technology Promotion Center

China Glass Development Center

China Wall and Roof Materials Development Center

China Building & Sanitary Ceramics Development Center

China Light Building Materials Research and Development Center

Information Center of China Horologe Association

National level

China Building Materials Quality Supervision and Inspection Center

China Building Materials Test Center

National Cement Quality Supervision and Inspection Center

National Safety Glass and Quartz Glass Quality Supervision and Inspection Center

National Glass Quality Supervision and Inspection Center

2009-2011 Technology Awards at Provincial and Ministerial Levels

	2009	2010	2011
Provincial level or above scientific and technological awards	90	63	132
Of which: National level	1	0	2
Technical innovation awards	21	17	46

2008-2011 Awards Regarding Engineering Design or Consultancy

Number of Awards

	2008	2009	2010	2011
Outstanding engineering consulting achievement award	21	22	14	14
Outstanding engineering design award	-	30	-	37
Outstanding engineering exploration computer software award	6	-	3	-

Note: Outstanding engineering design award and outstanding engineering exploration computer software award are selected every other year.

2007-2011 The Standards of Presiding or Participating in Preparation or Amendment

Number of Standards

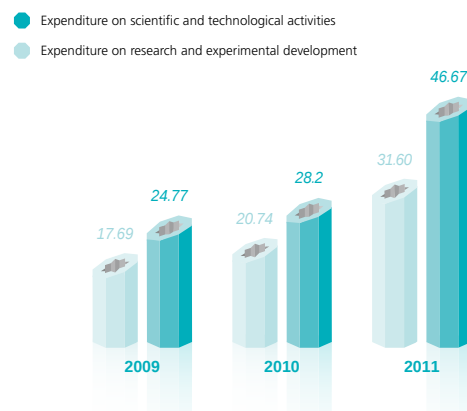
	2007	2008	2009	2010	2011
Total number of standards	146	161	100	79	28
International	0	0	0	0	1
National	43	90	62	30	15
Industrial	103	71	38	49	12

2009-2011 Patents and Copyrights

	2009	2010	2011
Number of newly applied patents	430	514	630
Of which: invention patent	144	173	170
Number of newly granted patents	202	420	487
Of which: invention patents	34	54	80
Accumulative patents owned	971	1232	1606
Of which: invention patents	207	227	288
Accumulative copyrights owned	30	37	42

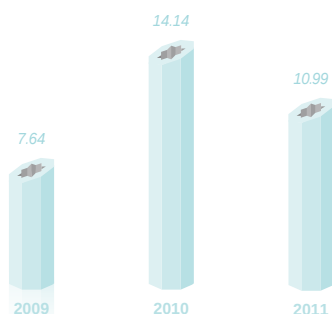
2009-2011 Expense on Research and Development Activities

Unit: RMB100 Million



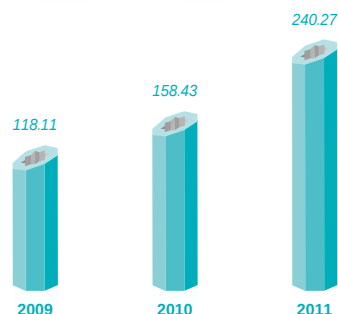
2009-2011 Income of Technological Innovation

Unit: 100 Million yuan



2009-2011 Sales Revenue of New Products

Unit: 100 Million yuan



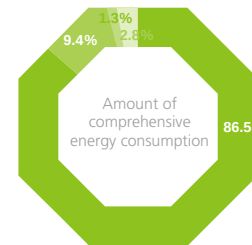
Performance of Energy Saving and Environmental Protection

2011 Energy Consumption

Indicator	Unit	Amount
Total amount of energy consumption	10,000t standard coal	1685.31
Of which: Coal	10,000t standard coal	1454.49
Electricity	10,000 KWH	1289167.05
Natural gas	10,000 standard cubic meters	19966.43
Other energy	10,000t standard coal	45.83

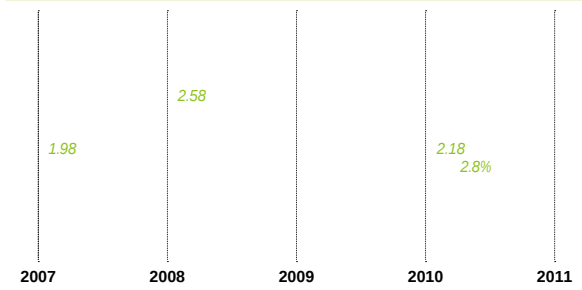
2011 Energy Consumption Structure

- Coal
- Electricity
- Natural gas
- Other energy



2007-2011 Comprehensive Energy Consumption per 10,000 yuan Turnovers

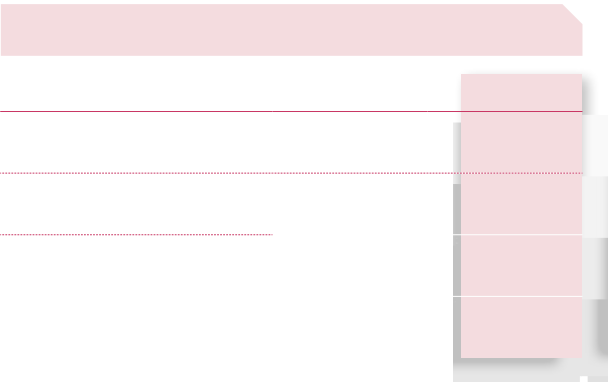
Unit: Ton standard coal/ 10,000 yuan



Year 2011 Performance of Solid Waste Disposal and Resources Recycling

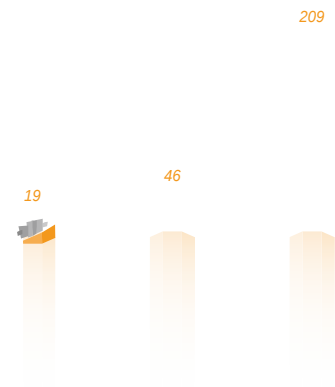
Indicator	Unit	Numerical value
Approximate disposal rate of self-produced solid waste	%	100
Approximate disposal amount of solid waste	10,000t	6500
Installed capacity of residue heat power generation	MW	1211

Employee Care Performance



Corporate Citizen Performance

2009-2011 Number of External Donations Unit: Number



Indicator Index of the Academy of Social Sciences

No.	Content of Indicator	Position in Report	Nature of Indicator
Part 1 Preface of Report (P series)			
(P1)	Report scope		
P1.1	Time range of report	P1	Core
P1.2	Organization range of report	P1	Core
P1.3	Release cycle of report	P1	Core
P1.4	Interpretation of data in report	P1	Core
P1.5	Reference standard of report	P1	Core
P1.6	Reliability assurance of report	P1	Core
P1.7	Contact person in charge of answering problems regarding the report and its contents and contact content	Back Cover	Core
P1.8	Way of obtaining the report and extended reading	P1	Core
(P2)	Address by executives		
P2.1	Statement of relationship between enterprise and social responsibility	P7	Core
P2.2	Summary of achievements and deficiencies of annual corporate social responsibility	P7	Core
(P3)	Model of responsibility		
P3.1	Model of enterprise responsibility	P14	Core
(P4)	Company profile		
P4.1	Company name, nature of ownership, and location of headquarters	P8	Core
P4.2	Major products and services of enterprise	P8	Core
P4.3	Region and structure of enterprise's operation	P8/P22-23	Core
P4.4	Enterprise scale	P8/20	Core
P4.5	Corporate governance body	P10-11	Core
P4.6	Structure of the board of directors of enterprise	P10-11	Core
(P5)	Table of critical performance		
P5.1	Comparison table of social responsibility work performance	P15	Core
P5.2	Table of critical performance data	P70-77	Core
P5.3	Table of corporate honours during the reporting period	P17/21/33 /41/43/55	Core
Part 2 Responsibility Management (G Series)			
(G1)	Responsibility strategy		
G1.1	Philosophy of corporate social responsibility	P14	Core
G1.2	Topic of core social responsibility	P14	Core
G1.3	Planning of corporate social responsibility	P15	Core
(G2)	Responsibility governance		
G2.1	Leadership organization of social responsibility	P10/11/15	Core
G2.2	Organizational system of social responsibility	P10/11/15	Core
G2.3	Management system of social responsibility	P15	Core
G2.4	Training of social responsibility	P15	Extended
(G3)	Responsibility fusion		
G3.1	Promoting transformation of specific work	P17	Extended
G3.2	Promoting social responsibility work of subsidiaries	P15	Extended
G3.3	Promoting the performance of social responsibility by partners of supply chain	P25	Core
(G4)	Responsibility performance		
G4.1	Constructing indicator system of corporate social responsibility	P15	Core
G4.2	Conducting performance assessment based on the indicators of corporate social responsibility	P15	Extended
G4.3	Excellence selection of corporate social responsibility	P17	Extended
(G5)	Responsibility communication		
G5.1	Expectations of relevant interested parties on enterprise and response measures of enterprise	P16	Core
G5.2	Communication mechanism of corporate internal social responsibility	P16	Extended
G5.3	Participation of corporate senior management in communication and exchange of internal social responsibility	P16	Core

S2.5	Forbidding forced labour	P51	Core
S2.6	Protecting personal information and privacy of employees	-	Extended
S2.7	System and measures for guaranteeing decent work	P51	Extended
S2.8	Social dialogue mechanism and collective bargaining mechanism	P51	Extended
S2.9	Rights and interests protection for part-timers, temporary workers and employees of subcontractor	P25	Extended
S2.10	Providing competitive remuneration for employees	P52	Extended
S2.11	Number of annual per capita paid vacation	-	Core
S2.12	Equal employment system	P51	Core
S2.13	Ratio of male employees to that of female employees	0.3274614100911812 (E3)	Core
S2.14	Proportion of female managers	-	Core
S2.15	Ratio or number of employment of the disabled	P50	Core
S2.16	Occupational disease prevention and treatment system	P54	Core
S2.17	Training of occupational safety and health	P53	Core
S2.18	Proportion of new occupational disease cases	P76	Core
S2.19	Mental health system/measures for employees	P56	Core
S2.20	Coverage rate of physical examination and health records	P54	Core
S2.21	Employee training system	P52	Core
S2.22	Employee training efforts	P52	Core
S2.23	Career development channel for employees	P52	Core
S2.24	Democratic management and making public the affairs of enterprise	P51	Core
S2.25	Channel for conveying employee opinions to senior management	P51	Core
S2.26	Investment in aiding and supporting employees in difficulties	P56	Core
S2.27	Providing special protection for special populations (pregnant woman, nursing woman)	P56	Extended
S2.28	Ensuring work and life balance	P56-57	Core
S2.29	Employee satisfaction	-	Core
S2.30	Employee Turnover Rate	-	Core
S2.31	Negative information on responsibilities in respect of employees	N/A	Extended
(S3)	Safety production		
S3.1	Safety production management system	P53	Core
S3.2	Safety emergency management mechanism	P55	Core
S3.3	Safety education and training	P53	Core
S3.4	Safety training performance	P53	Core
S3.5	Investment in safety production	P53	Core
S3.6	Number of employee casualties	P53	Core
S3.7	Negative information on safety production	N/A	Extended
(S4)	Responsibilities in respect of community		
S4.1	Assessment of impact of corporate operation on local place	P62	Core
S4.2	Supporting education and learning of community members (particularly vulnerable groups)	P65	Extended
S4.3	Employee localization policy	P62	Core
S4.4	Proportion of local employment	P62	Extended
S4.5	Local procurement policy	P62	Core
S4.6	Proportion of local procurement	-	Extended
S4.7	Donation policy or system	P64	Core
S4.8	Corporate public welfare fund/foundation	-	Extended
S4.9	Total donation	P64/77	Core
S4.10	Policy and measures supporting volunteer activities	P66	Core
S4.11	Data of volunteer activities of employees	P66-77	Core
S4.12	Overseas public welfare	-	Extended
S4.13	Negative information on responsibilities in respect of community	N/A	Extended

Part 5 Environmental Performance (E Series)

(E1)	Environmental management		
E1.1	Environmental management system	P40-41	Core
E1.2	Green procurement	P41	Core
E1.3	Environmental protection training	P41	Core
E1.4	Environmental protection training performance	P41	Core
E1.5	Total investment in environmental protection	P42	Core
E1.6	R&D and application of environment protection technology and equipment	P47	Core
E1.7	Environmental assessment system for new projects	P41	Core
E1.8	Environmental protection commonweal	P64	Core
E1.9	R&D and sales system of environmental protection products	P44-45	Core
NME1.10	Protecting natural habitats, wet lands, forests, wildlife corridors and agricultural lands in engineering construction	P43	Extended
NME1.11	Management of Hazardous Chemical Substances	-	Core
E1.12	Negative information on violation of environmental protection regulations	N/A	Extended
(E2)	Resources and energy conservation		
E2.1	Energy conservation policy and measures	P40	Core
E2.2	Energy consumption and conservation per unit output value	P40/75	Core
E2.3	Water conservation system / measures	P42	Core
E2.4	Water consumption and conservation per unit output value	-	Core
NME2.5	Utilization amount of fresh water per unit product	-	Core
NME2.6	Policy and measures for utilization of renewable energy	P42-43/75	Core
NME2.7	Utilization ratio or amount of renewable energy	P42-43/75	Extended
E2.8	Policy and measures for waste water recycling	P42	Core
E2.9	Utilization rate of recycled water	-	Core
NME2.10	Policy and measures for product and package recycling	P44	Core
NME2.11	Policy and measures for solid wastes and waste residue recycling	P42-43/75	Extended
NME2.12	Policy and measures for waste energy and heat recycling	P42/75	Core
E2.13	Utilization rate of residue heat of waste gas	P42	Extended
E2.14	Policy and measures for green office	P41	Extended
E2.15	Green office performance	-	Extended
(E3)	Pollution and emission reduction		
E3.1	Policy, measures or technologies for reducing waste gas emission	P40	Core
NME3.2	Emission and emission reduction of sulfur dioxide	P75	Core
NME3.3	Emission and emission reduction of nitric oxides	-	Core
NME3.4	Emission and emission reduction of dust and fume	-	Core
E3.5	Policy and measures for reducing waste water discharge	P42	Core
NME3.6	Emission and emission reduction of COD	P75	Core
E3.7	Policy and measures for reducing waste residue	P42	Core
E3.8	Emission amount /unit emission reduction of waste residue	P75	Core
E3.9	Actively coping with climate changes	P42-47	Core
E3.10	Emission and emission reduction of greenhouse gases	Core	



Independent Assurance Statement

Introduction and objectives of work

BUREAU VERITAS has been engaged by CHINA NATIONAL BUILDING MATERIALS GROUP CORPORATION (hereafter referred to as "CNBM" to conduct an independent assurance to 2011 SOCIAL RESPONSIBILITY REPORT (hereafter referred to as "the Report") of CNBM. This Assurance Statement applies to the related information included within the scope of work described below. It is the third time for CNBM to publish CSR report and apply for independent verification.

This information and its presentation in the report are the sole responsibility of the management of CNBM. Bureau Veritas was not involved in the drafting of the Report. Our sole responsibility was to provide independent assurance on its content.

Scope of work

Data and information included in the report for the report period from 2011.1.1 to 2011.12.31;

The assessment team visited CNBM head-office in Beijing and China United Cement Xuzhou Co., Ltd, BV did not visit external stakeholders.

Appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported.

Excluded from the scope of our work is any assurance of information relating to:

- Activities outside the defined assurance period;
- Positional statements (future intention by the company and statements of future commitment);
- Much of the operating financial data in this Report is taken from CNBM Annual Reporting and accounts, which is separately audited by an external auditor and therefore excluded from the scope of the Bureau Veritas assurance.

Methodology

As part of its independent assurance, Bureau Veritas undertook the following activities:

Interviews with relevant personnel of CNBM ;

- Review of documentary evidence produced by CNBM;
- Visit sites including CNBM head-office in Beijing and China United Cement Xuzhou Co., Ltd.
- Audit of sampled performance data;
- Review of data and information systems for collection, aggregation, analysis and review.

Our work was conducted against Bureau Veritas' standard procedures and guidelines for external Assurance of Sustainability Reports, based on current best practice in independent assurance. For this assignment, we have used the verification rules and instructions IASE3000, AA1000 and GRI G3.

The work was planned and carried out to provide reasonable, rather than absolute assurance and we believe it provides a reasonable basis for our conclusions.

Our findings

On the basis of our methodology and the activities described above, it is our opinion that:

- The information included in the report is objective, reliable and free from material mistake or misstatement;

During the process of assurance engagement, BV also identified some improvement opportunities to be included in the "Key areas for ongoing development".

Objectivity : The information and data presented in the report is objective, reliable and traceable. CNBM has established and implemented CSR indicator management system to collect, analyse, check and compile information in all domains covered by the report.

Completeness: The Report describes CNBM social responsibility strategy, underlying management systems, actions and performance in six areas of corporate governance, economic performance, technical innovation, environment protection, employee care and corporate citizenship with a more reasonable framework and more complete content. Especially CNBM uses CSR indicator system to collect information and disclose many quantized data of CSR key issues. So it is easy for stakeholders to compare and evaluate objectively.

Materiality: CNBM identifies and discloses many core issues of environment, society and economy as per GRI G3 requirements. The report gives prominence to the key issues which stakeholder concerned and shows good materiality.

Responsiveness: By way of stakeholder surveying and communication, CNBM identified its stakeholders and key issues which stakeholders concerned, These key issues were generally disclosed and responded objectively in the report.

Sustainability: The report describes various aspects of CNBM sustainability and relative management, such as corporate internal controls and risk management, technical innovation ability, obsolete equipment elimination, R&D of new building materials, increase of operational data etc. CNBM has better sustainability.

Key areas for ongoing development

Based on the assurance work conducted, the following opportunities for improvement have been identified for CNBM:

- It is better for CNBM to improve CSR statistical skills and CSR awareness training of employees on the basis of the existing CSR quantitative indicators system, in order to reduce CSR data's uncertainty and to improve CSR management level.

CNBM shall consider to farther integrate existing management system with CSR principle, procedure and KPI data to improve management efficiency according to ISO26000 requirements.

Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Society and Environmental management with almost 180 years history in providing independent assurance services. No member of the assurance team has a business relationship with CNBM. We have conducted this verification independently, and there has been no conflict of interest.

D N
Director for Greater China Region
Bureau Veritas Certification
2012-7-20

Assurance Team Leader
Bureau Veritas Certification
2012-7-20



Rating Report on CNBM CSR Report 2011

Upon the request of CNBM, the Research Center for Corporate Social Responsibility of School of Economics of Chinese Academy of Social Sciences ("CSR Center") selected experts from Chinese Expert Committee on CSR Report Rating to form CNBM CSR Report 2011 ("Report") Rating Team.

Basis of rating

Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 2.0) published jointly by the CSR Center, the China Enterprise Confederation, the China Petroleum and Chemical Industry Association, the China Light Industry Federation, the Sino-German Corporate Social Responsibility Project, the China WTO Tribune and the China Committee of Corporate Citizenship.

Conclusions

Completeness

The Report discloses the key indicators of "Market Performance", "Technology Innovations", "Energy-saving and Environmental Protection" and "Corporate Citizen", covering 74.5% core indicators of non-metallic mineral products industry, and can be regarded as fairly complete.

Materiality



President of Executive Council of the CSR Center
Member of the Standing Committee of the NPC
Director of the School of Economics, Chinese Academy
of Social Sciences

陳佳貴

Head of the rating team
Vice President of Executive
Council of the CSR Center
Director General of the Research
Bureau of SASAC

郭海

Dear Stakeholders,

Being the inaugural year of the State's "Twelfth Five-Year Plan", the year of 2011 earmarked an extraordinary year in the development history of CNBM. In the year, under the support and assistance of you and other interested parties, CNBM focused on its strategic goal of creating a world-class, strong and outstanding comprehensive building materials industry group with sustainable innovation capabilities and international competitiveness, firmly seized opportunities and strived to achieve top standards in all respects, thus obtaining new growth at its fresh starting point and becoming the largest cement manufacturer in the World and the first Chinese building materials enterprise to rank among the Fortune 500. Thank you for your constant support and assistance to the growth of CNBM!

In 2011, we adhered to scientific development by promoting consolidation and restructuring and structural adjustment and actively coped with the complicated domestic and international economic situations. In the year, we achieved revenue of RMB194.09 billion with profit amounting to RMB15.85 billion and taxes paid amounting to RMB15.07 billion. We endeavoured to create reasonable returns for investors and three of our listed companies won the "Golden Bauhinia Awards". By sticking to the technological innovation strategy and promoting the collaboration between industrial enterprises and research institutes, we became the propellant of technical advance in the industry with a number of our technologies being successfully applied to the national key projects like "Tiangong-1" and "Shenzhou-8". We propel industrial upgrading through innovation in energy-saving technologies, promote energy-saving and eco-friendly equipment and products, develop and produce new energy materials and explore the harmonious coexistence between industry and nature, aiming at creating an energy-saving society with industrial energy-saving. We safeguard our employees' rights and interests, care about their health and safety and create a platform for their growth to become their reliable companion. We seek for mutual development with developing countries and poverty-stricken areas, support post-disaster reconstruction and award scholarship to young students, striving to become a trustworthy corporate citizen.

We released in succession our 2009 and 2010 CSR reports, which gave systematic coverage of our social responsibility performance practices and gained wide attention from all circles of the society. In order to better perform our social responsibilities and create more value for stakeholders, we sincerely expect your precious opinions and advice on our social responsibility efforts.

Please inform us of your opinions and suggestions on the Report and of what information you wish to get from our CSR reports. We shall keep improving to meet your expectations and give responses to your suggestions in our next CSR report.

We would like to thank you once again for your support and concern to CNBM and you are welcome to contact us at any time.



For the purpose of better performing our social responsibilities, we would love to hear your comments and advice and earnestly invite you to put forward your opinions on our work and report. If the blank space is insufficient for your response, please use the reverse side or attach an additional page; if you want to reply by electronic means, please log onto our website at www.cnbm.com.cn, click on "Social Responsibility" and then click on "Social Responsibility Communications - Feedback":

1. Your overall evaluation of CNBM CSR Report 2011:

☐ Very good ☐ Good ☐ Average ☐ Poor ☐ Very poor

2. Your views on CNBM CSR Report 2011:

Contents: ☐ Adequate ☐ Fairly adequate ☐ Average ☐ Inadequate ☐ Very inadequate
Number of Pages: ☐ Appropriate

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**Address: No. 2 South Zizhuyuan Road,
Haidian District, Beijing**

	Stick stamp here
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Office of Social Responsibility and Energy Saving and Environmental Protection
China National Building Materials Group Corporation

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