



中国神华能源股份有限公司

CHINA SHENHUA ENERGY COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code: 01088

2013 CSR REPORT



With Three
Well-established Shields,
**Water Secures
Effective Protection**

Cover Story: With Three Well-established Shields, Water Secures Effective Protection



Water is the source of life, the essentials of production and the foundation of the ecology. The severe water resource predicament that China is facing now is one of the major obstacles that constrain sustainable development in the nation's economy and society.

Our development cannot be achieved without water. We have deep feelings for water and have a profound understanding of the protection and utilization of water resources. The guideline of "using water, cherishing water and protecting water" represents our commitment and action to implement and sublime the "most stringent water resource management." It also provides basic security for our sustainable operations.

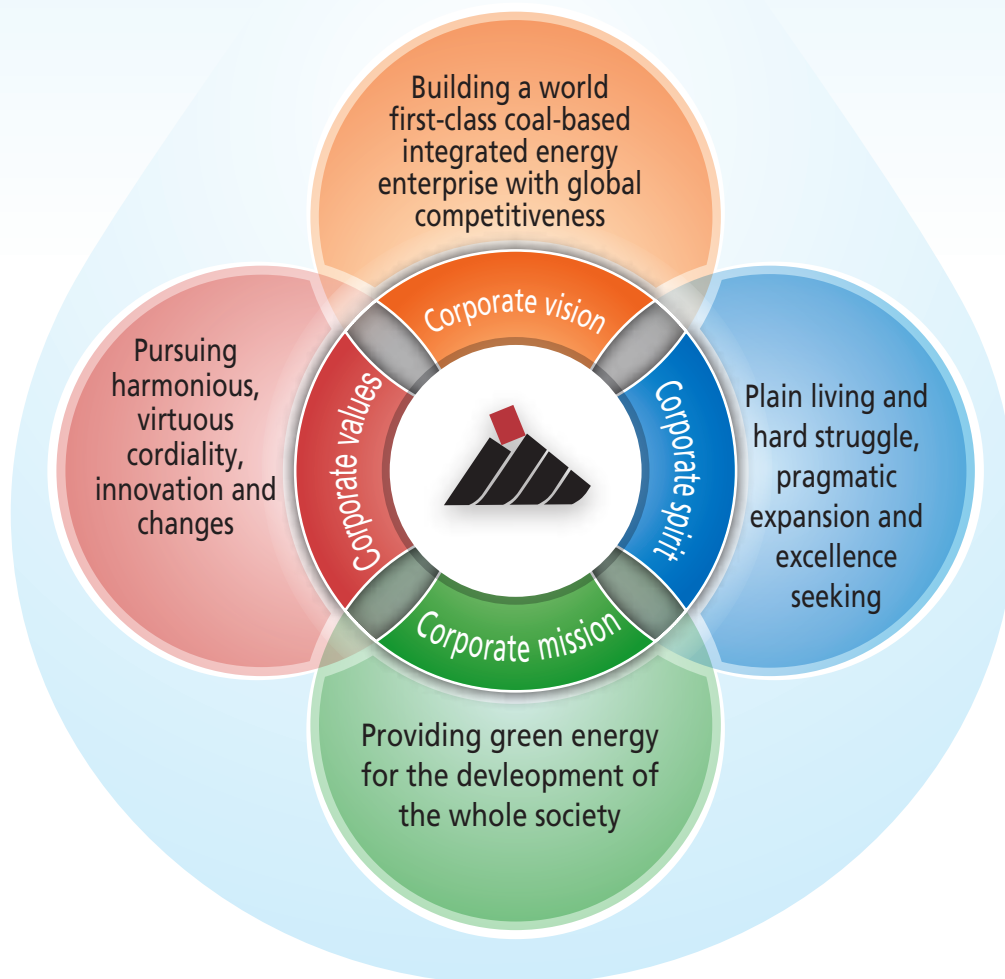
We have built a protective circle outside, where sandstorm is dealt with and soil and water conservation is maintained.

We have constructed a green circle in the surroundings, where vegetation is improved and water areas are cleaned.

We have had the center landscaped, where humanity and water coexist in a green and harmonious environment.

More importantly, in every phase of our production and operations, we implement water-saving transformation, recycle, and meet the water discharge standards. We aim at using water, rather than depleting it; cherishing water, rather than wasting it; and protecting water, rather than polluting it. We strive to rationally utilize and protect water resources, and gradually return purified water to the nature.

Water, with its ecological flow and circulation, has become a unique sight in China Shenhua's green development.



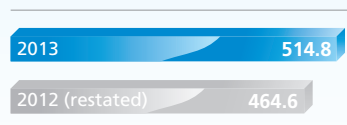
Company Profile

China Shenhua Energy Company Limited is a listed company of H shares and A shares controlled by Shenhua Group Corporation Limited ("Shenhua Group"). The Company is a coal-based energy enterprise that has been carrying out an integrated operation of its coal, power, transportation and coal chemical businesses. It is primarily engaged in the production and sale of coal and power, the railway, port and fleet transportation of coal and the coal chemical business such as coal-to-olefins.

China Shenhua is the largest listed coal supplier and seller both in China and in the world. The Company's coal business has become a role model in China in terms of scale, efficiency and safety production mode. China Shenhua owns the large-scale, highly efficient and rapidly expanding power generation operations, which is complementary to the Company's coal operation to achieve a synergetic development. The Company owns a large-scale integrated rail, port and marine fleet transportation network which provides the Company with tremendous synergy and the advantage of low transportation costs.

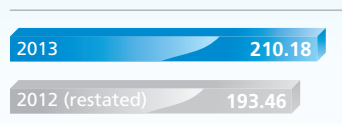
Coal Sales

Unit: million tonnes



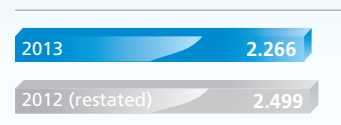
Total power output dispatch

Unit: billion kwh



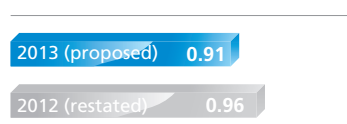
Basic earnings per share

Unit: RMB/share



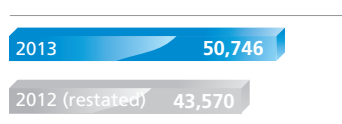
Final dividend (inclusive of tax)

Unit: RMB/share



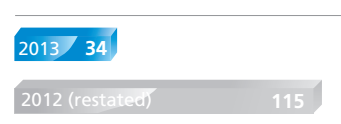
Total tax paid

Unit: RMB million



Donations to the society

Unit: RMB million

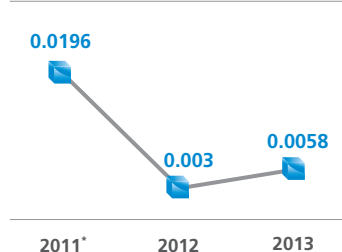


Social contribution value per share

Unit: RMB/share

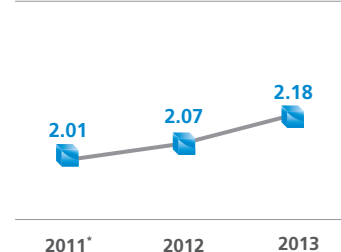


Fatality rate per million tonnes of raw coal output



Comprehensive energy consumption per RMB10,000 output value

Unit: tonne standard coal/RMB10,000



About This Report

The Social Responsibility Report for 2013 ("2013 CSR Report") is the seventh annual social responsibility report issued by China Shenhua Energy Company Limited ("China Shenhua" or the "Company"). This report mainly discloses information on the work of the Company in aspects of corporate governance, operation in good faith, technological innovation, safety production, employees' interests, environmental protection, energy conservation and emission reduction and public welfare, with an aim to enhance understanding and communication with all stakeholders.

The Board and all the Directors of the Company guarantee the content of this report does not contain any false representation, misleading statement, or material omission, and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the content thereof.

Main Scope of the Report

China Shenhua Energy Company Limited and its subsidiaries, including the companies and assets acquired or established in 2013. For details of the main scope of the report, please refer to the section "Equity Structure Diagram".

Reporting Period

The CSR Report of the Company is issued annually (from 1 January to 31 December of each year).

Preparation Basis of the Report

1. "Notice on Strengthening Listed Companies' Undertaking of Social Responsibilities and Issuance of 'Guidelines on Environmental Information Disclosure by Companies Listed on the Shanghai Stock Exchange'", "Guidelines on Environmental Information Disclosure by Companies Listed on the Shanghai Stock Exchange" and "Guidelines on Preparation of 'Corporate Report on Performance of Social Responsibilities'" issued by the Shanghai Stock Exchange;

2. "Environmental, Social and Governance Reporting Guide" issued by the Hong Kong Stock Exchange;

3. The third edition of Sustainability Reporting Guidelines (G3.1) issued by Global Reporting Initiative ("GRI").

Principles of Data Processing

The data disclosed and the reporting period stated in this report are consistent with the reporting period adopted for preparing this report. The financial information contained in this report is sourced from the audited financial report of the Company for 2013. Unless otherwise indicated, Renminbi is used as the denomination currency in this report. The major indicators on safety and environmental protection of the Company are calculated or computed in accordance with the State's regulations or industry standards.

The equity interests or assets acquired by the Company from Shenhua Group Corporation, the controlling

shareholder of the Company, and its subsidiaries in 2013 have been included into the equity interests or assets in this report according to the principle on the treatment of data from business acquisition under common control of the PRC ASBE. The indicative data on social responsibility such as environmental protection, safety, technology and employees' interests throughout 2013 have been included into this report. Data of the previous years included in the relevant indicators of 2013 have been restated whereas data that have not been restated are indicated with "*". Other indicating data on social responsibility for the assets acquired from third parties are included in the 2013 relevant data in this report with the data from operation during the period since the actual delivery.

Assurance

This report has been assured independently by our independent auditor, Deloitte Touche Tohmatsu Certified PublicAccountants LLP. The proof, scope, methodology and conclusion of the assurance are included in the Appendices.

Reporting Language and How to Obtain This Report

This report is published in Simplified Chinese, Traditional Chinese and English. The financial data contained in the Simplified Chinese version are extracted from the A-Share financial report of the Company, whereas the financial data set out in the Traditional Chinese version and English version are extracted from H-Share financial report of the Company. In case of any discrepancies, the Simplified Chinese version shall prevail.

This report is issued to stakeholders and the general public as an electronic document in PDF form. Please email to 1088@csec.com or dial 86-10-5813-3355 to request for a printed copy of this report, or download an electronic document copy from the websites of Shanghai Stock Exchange, Hong Kong Stock Exchange and the official website of China Shenhua (www.csec.com).

We have taken into consideration the interests and requirements of different stakeholders as much as possible in the compilation of this report, and striven to make it plain, clear and easy to read.

The compilation of this report may not be satisfactory owing to a number of objective restrictions imposed on it. The Company shall in the future continue to improve on the content and delivery of information disclosed in the report. You are welcome to express your opinions and suggestions by filling in and returning the Feedback Sheet attached.



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Board of Directors' Statement

Dear Friends,

The supply in the coal market eased as the growth in demand slowed down in 2013, and the coal prices declined as a result. China Shenhua took proactive measures to cope with all difficulties, offsetting market risks and bringing the synergy of coal, power, transportation and coal chemical into full play, and maintained steady operating results despite the sluggish performance in the whole industry in general. The Company recorded revenues of RMB283,797 million, a year-on-year increase of 11.5%, and profit before income tax of RMB68,928 million, a year-on-year increase of 0.1%.

China Shenhua adheres to the social responsibility philosophy of "Safe and Efficient, Clean and Environment-friendly, as well as Mutual Success in Harmony", and realises harmonious development among the enterprise, society and the nature. In 2013, due to the active implementation of strategies in search for excellence, as well as the striking of a balance between the pursuit of self-development and giving due regard to the appeals of all stakeholders, the Company effectively enhanced both its management standards and execution capability in social responsibility, and achieved new progresses in various projects.

The Company strengthens management to become more professional in CSR work. In 2013, the Company, aiming to become more professional and refined, improved its management and enhanced its efficiency. Through the establishment of a "five-model enterprise", the Company incorporated social responsibility into its whole process of corporate operation, leading to stronger social responsibility management, clearer social responsibility objectives and development planning and better indicator systems and assessment mechanisms. With a clear- delineation of responsibilities with regard to major issues in social responsibility, the Company's CSR work became more targeted and professional.



Zhang Yuzhuo
Vice Chairman



Board of Directors' Statement

The Company further improves production safety. By effectively implementing the industry leading safety philosophy of “seeking zero fatality rate and aiming at zero injury”, China Shenhua continues to push forward the establishment of its intrinsic safety system. In 2013, the Company focused on the establishment of risk prevention and process control systems, rectified major potential hazards, reinforced emergency rescue work, promoted innovation in safety technology and cultivated a unique culture on safety. In 2013, the fatality rate of the Company in raw coal production was 0.0058 per million tonnes, far better than the national average of 0.293, and continued to take the lead in international arena. The power, transportation and coal chemical businesses of the Company kept a sound operating record in terms of safety.

The Company insists on green development and achieves significant progress in environmental protection. Targeting energy saving, environmental protection and intrinsic safety, China Shenhua actively promotes the establishment of its management system on energy saving, environmental protection and risk prevention. The Company tightens up its assessment and accountability systems, investigates potential environmental hazards and conducts closed-loop rectification. The Company thoroughly takes forward its actions in energy saving and consumption reduction and strengthens its treatment on emissions. The Company also adopts information technology to enhance monitoring and management standards. In 2013, the Company invested RMB4,014 million in energy saving, consumption reduction and pollution prevention and treatment, focusing on environmental protection projects such as desulphurisation, denitrification and dedusting, waste water treatment and utilisation and ecological construction, as well as energy saving projects such as boiler renovation and cogeneration. The installed capacities of operating desulphurisation units and denitrification units account for 99.5% and 72.0% of the total installed capacity of the Company's coal-fired units, higher than the national average of 90.0% and 28.1% in the thermal power industry^{Note}. The Company invested an aggregate of RMB379 million in ecological construction for the year, adding afforestation area of 16.74 million m².

The Company is committed to technological innovation to facilitate sustainable development. By tapping on public technological resources and drawing strengths therefrom, the Company explores and establishes an open innovation model, building up a new base for technological innovations, which satisfies business requirements, and a platform for nurturing top-notch talents to fuel sustainable development. In 2013, with a total investment of RMB1,569 million in research and development, the Company accomplished a range of key technological achievements of significant importance by overcoming technological obstacles in major areas, such as research on manufacturing of mining equipment and construction of digital mines, and the Company was granted 399 patents for the year, effectively enhancing its self-initiated innovation capability and core competitiveness.

The Company upgrades its development platform and grows together with its employees. Upholding the people-oriented principle, the Company provides its employees with a fair, safe and healthy working environment and diverse career paths. By establishing a multi-level and multi-channel training system, the Company effectively promotes the professional and specialised development of its employees. In 2013, the Company's investment in training amounted to RMB156 million, with approximately 867 thousand employees attending such training sessions. The Company continued taking forward the “happy employee project” to attend to the immediate personal interests of employees through diverse approaches, so as to strengthen employees' sense of belonging and happiness, and thus inspiring corporate vitality and creativity.

^{Note}

The national average of the coal fired power industry is extracted from China Power Industry Annual Development Report 2013 of China Electricity Council, which shows the industry data for 2012.

The Company operates in good faith and achieves win-win situation with stakeholders. China Shenhua protects the legitimate interests of shareholders in accordance with the laws. The Company enhances shareholders' understanding of its business through continuous and standardised information disclosures, and boosts constructive interactions with shareholders through effective communication platforms. With its highly efficient operations, the Company generates value for shareholders and exercises a stable dividend distribution policy. Honouring commercial rules, the Company continues to improve its product quality and expands its electronic trading platform to provide customers with products and services in a responsible manner. The Company forms a good interactive and cooperative relationship with its suppliers by setting up a fair, transparent and standardised procurement model. The Company maximises the value of its business chain to proactively forge a relationship towards mutual success with its stakeholders including customers and suppliers.

The Company dares to shoulder responsibilities, and promotes the harmonious development of society. Greatly valuing its responsibility of "providing green energy", China Shenhua installs secure and stable energy supply systems, protecting the energy safety of China and facilitating the robust development of social economy. The Company makes every effort to create a new sharing system with local communities so as to contribute more to the economic, cultural, educational and healthcare development in communities. The Company embarks on charity campaigns in a systematic manner, sharing its fruits of development with society. In 2013, the Company made external donations of RMB34 million for the year.

China Shenhua's persistent efforts in improving CSR work have been highly recognised by all sectors of society. In 2013, the Company received many awards, such as "Chinese Environment Award" and "Good Practice Award for Corporate Social Responsibility Ranking in China", and subsidiaries (branches) were applauded and recognised in the respective operation locations as well. The support and recognition from stakeholders create a favourable environment for the Company's development, and serve as an endless momentum for the fulfilment of CSR by the Company.

Looking ahead in 2014, China Shenhua will continue to focus on sustainable development, accelerate improvement to its CSR management system, effectively implement CSR planning, cultivate first-class innovation capability, constantly push forward the course to increase the comprehensive value in the economy, society and the environment, and ultimately create greater value for stakeholders, including shareholders, customers, employees and communities.



張 山 卓

Zhang Yuzhuo
Vice Chairman^{Note}

28 March 2014

Note

On 5 March 2014, Dr. Zhang Xiwu resigned from the posts of chairman of the Board and executive director of the Company. Pursuant to the Articles of Association, the vice chairman of the Board, Dr. Zhang Yuzhuo, shall perform the duties of the chairman of the Board until a new chairman of the Board is elected.



Social Contribution
Value per Share

RMB **6.009** /Share

CSR Management

Integrated into the
Process of Operations

Over the years, China Shenhua has consistently attached equal importance to business development and fulfilment of social responsibility. Through the establishment of a “five-model enterprise”, the Company strives to improve the professional standards of its CSR management in an effort to achieve harmonious development of the enterprise, society and nature.



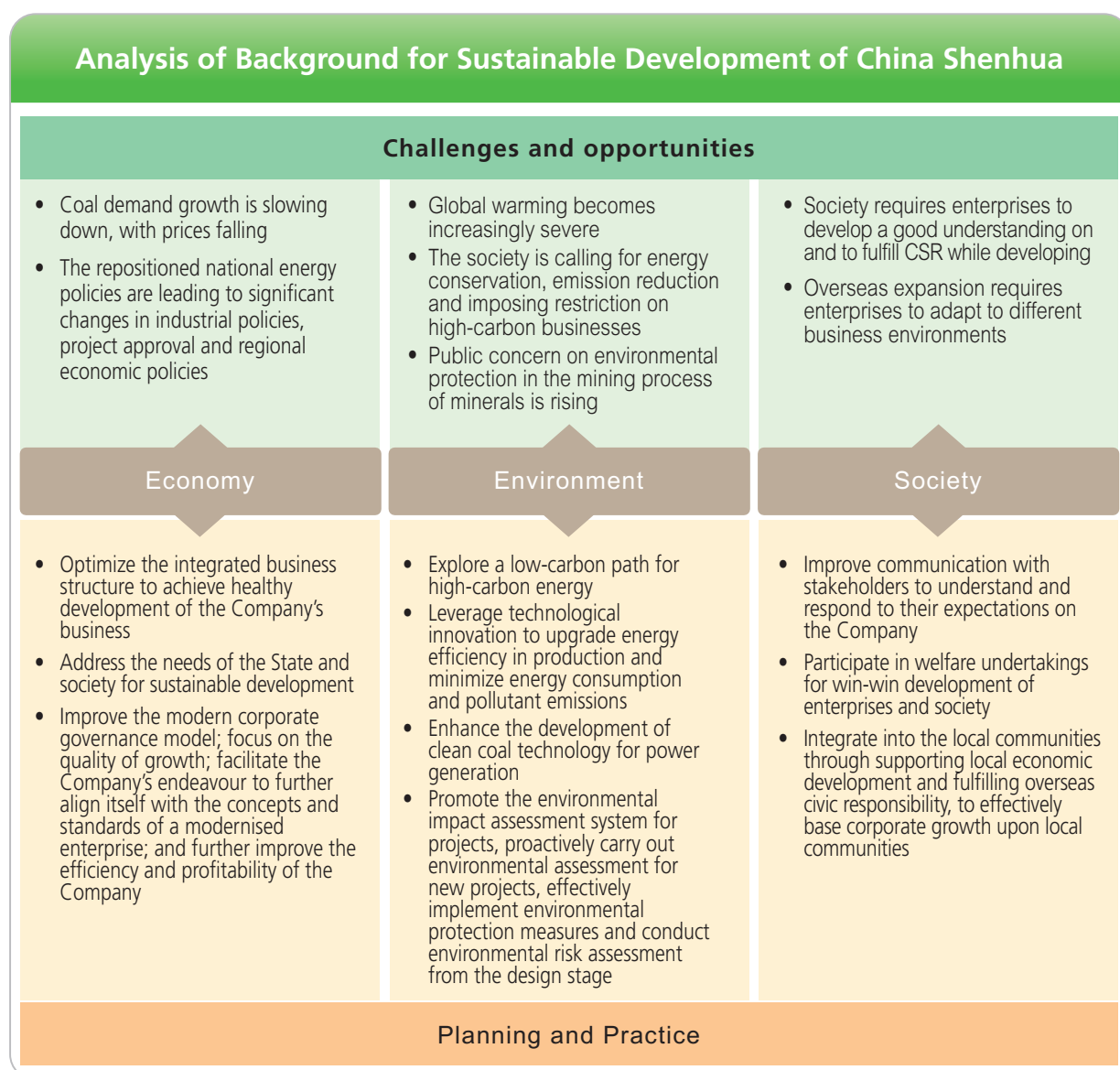


CSR Management

Integrated into the Process of Operations

BACKGROUND FOR SUSTAINABLE DEVELOPMENT

China Shenhua pays great attention to its influence and contribution in the context of sustainable development, and proactively responds to challenges and opportunities through close integration of sustainable development and the medium- to long-term development strategies of the Company, so as to achieve development in harmony.



CSR PROMOTION

- **Philosophy in CSR**

Implementing CSR strategy is an inevitable choice for China Shenhua to build itself into a first class world leading enterprise. Adhering to its mission of “providing green energy to the whole society”, the Company has put forward the CSR concepts of “safe and efficient, clean and environmental-friendly, as well as mutual success in harmony”. Specifically, the concept of “safe and efficient” is regarded as CSR fundamentals, that of “clean and environmental-friendly” serves as a CSR promotion approach, while that of “mutual success in harmony” is considered as a CSR objective.

CSR objective:
Mutual success in harmony

- Create a harmonious atmosphere between enterprises and employees, between enterprises and society, and between enterprises and ecology; shape our corporate image as a “trustworthy and reliable company that honours its commitments, operates legally and pays tax in accordance with the laws”; create an internally cohesive and externally influential development environment.
- Pay attention to stakeholders’ interests and promote co-development of regional economy and local community for creating greater for society.

CSR promotion approach:
Clean and environmental-friendly

- Provide green and clean energy with a high sense of political and social responsibility.
- Cherish resources, protect the environment, conserve energy, reduce emissions and attach importance to the construction of ecological civilization while developing our businesses.

CSR fundamentals:
Safe and efficient

- Establish long-term mechanisms to build an intrinsically safe enterprise.
- Motivated to reform and stay innovative to achieve lean management and efficient operations.
- Strive to achieve high starting points in work, high-tech in production, high quality in products, high efficiency in operation, high quality in management and high profitability in business.

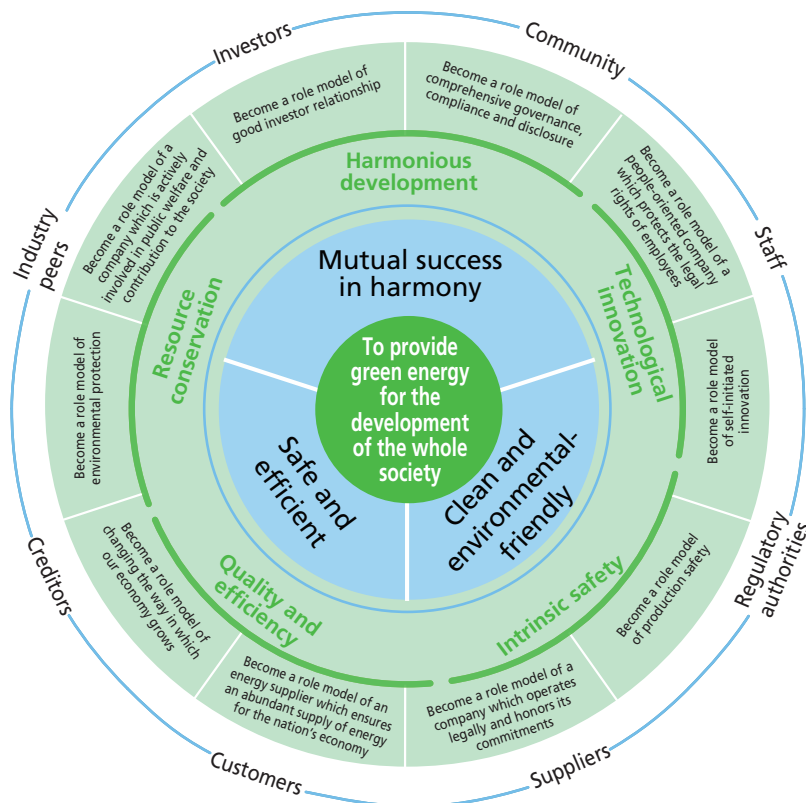


CSR Management

Integrated into the Process of Operations

- CSR Model

In view of its strategic goal of building a first class world leading coal-based integrated energy enterprise with global competitiveness, China Shenhua integrates social responsibilities into its corporate strategies and business management through the construction of a “five-model enterprise”, where the appeals of stakeholders are adequately addressed under a unique CSR model with the characteristics of Shenhua to promote smooth progress of CSR activities.



- CSR Planning and Objective

In 2013, China Shenhua formulated its CSR promotion plan and objective and designed CSR fulfillment roadmap based on its current CSR management fundamentals. In order to improve CSR management, in 2014, the Company will focus on the following four aspects: formulating the organization and management system, building capability to fulfil social responsibility, integrating social responsibility with operations, and communicating with stakeholders on social responsibility.



Formulating the organization and management system

- Improve the social responsibility management organization and establish the CSR Working Committee and the CSR Work Office, requiring subsidiaries and branches to clearly define duties for leaders in charge, implement centralized management and designate dedicated personnel for social responsibility work.
- Optimize the existing management systems and workflows in safety, environmental protection, procurement and sales; and compile the printed materials related to CSR management.



Building capability to fulfil social responsibility

- Launch training programs on social responsibility. Carry out special training programs for the principal leaders in TIRE-2 companies as well as managers and staff engaged in centralized management of social responsibility.
- Conduct social responsibility research. Cooperate with SASAC, Shenhua Research Institute and professional advisory bodies in carrying out CSR research.
- Select outstanding cases regarding CSR practices. Solicit outstanding cases regarding CSR practices, select “Outstanding Cases Regarding CSR Practices of the Company” and compile these cases into brochure, and commend for them.



Integrating social responsibility with operations

- Integrate into strategies. Social responsibility issues are integrated into major decisions, preliminary discussion of major projects and design process of the Company.
- Integrate into operations. Promote the incorporation of social responsibility concepts into the full process of operation, including production, transportation, sales and research and development.
- Integrate into the management of supply chain. Conduct surveys on customer satisfaction and demands; introduce green procurement and responsible procurement among suppliers.
- Integrate into social innovation. Implement a “triple jump” strategy from public welfare to charity and further to participation in social innovation by drawing upon Shenhua Foundation; provide assistance to the local community’s disaster relief efforts to save lives and minimize economic losses by capitalizing on the professional advantages and innovative service model of the Company’s regional rescue team; improve the capability of independent innovation through refined technological innovation system and continuously increased investments in technology, and tackle challenges in major science and research programs in an effort to provide support for the transformation and upgrading of the coal industry and the energy industry as well.
- Integrate into performance assessment. The CSR key performance indicators have been incorporated into the performance assessment indicator system.



Communicating with stakeholders on social responsibility

- Stakeholders’ engagement. Launch the campaign of “Reach to Shenhua” and participate in CSR exchange programs at home and abroad.
- Communicate with stakeholders. Create a social responsibility column on our Intranet; roll out survey programs to reach external stakeholders; conduct surveys on employee satisfaction; publish CSR report (in both Chinese and English) and procure our capable subsidiaries and branch companies to publish their own CSR reports.



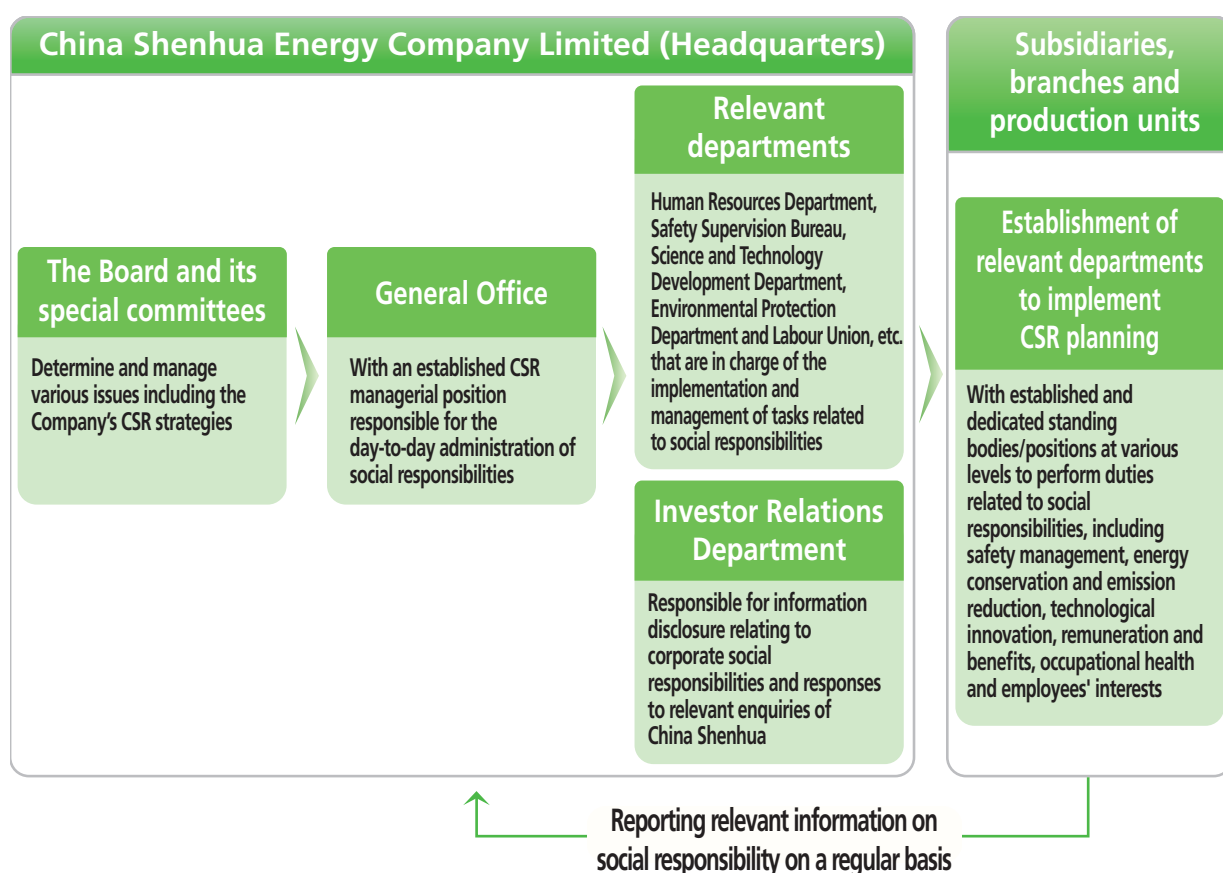
CSR Management

Integrated into the Process of Operations

CSR MANAGEMENT

- CSR Management Structure

China Shenhua integrates the social responsibility into its business strategies, existing management systems and performance assessment. China Shenhua has established a well-organized CSR management structure with clear division of responsibilities. In addition, China Shenhua has standardized its workflows and refined its management and organization systems, thereby effectively improving the professional standard of its CSR management.



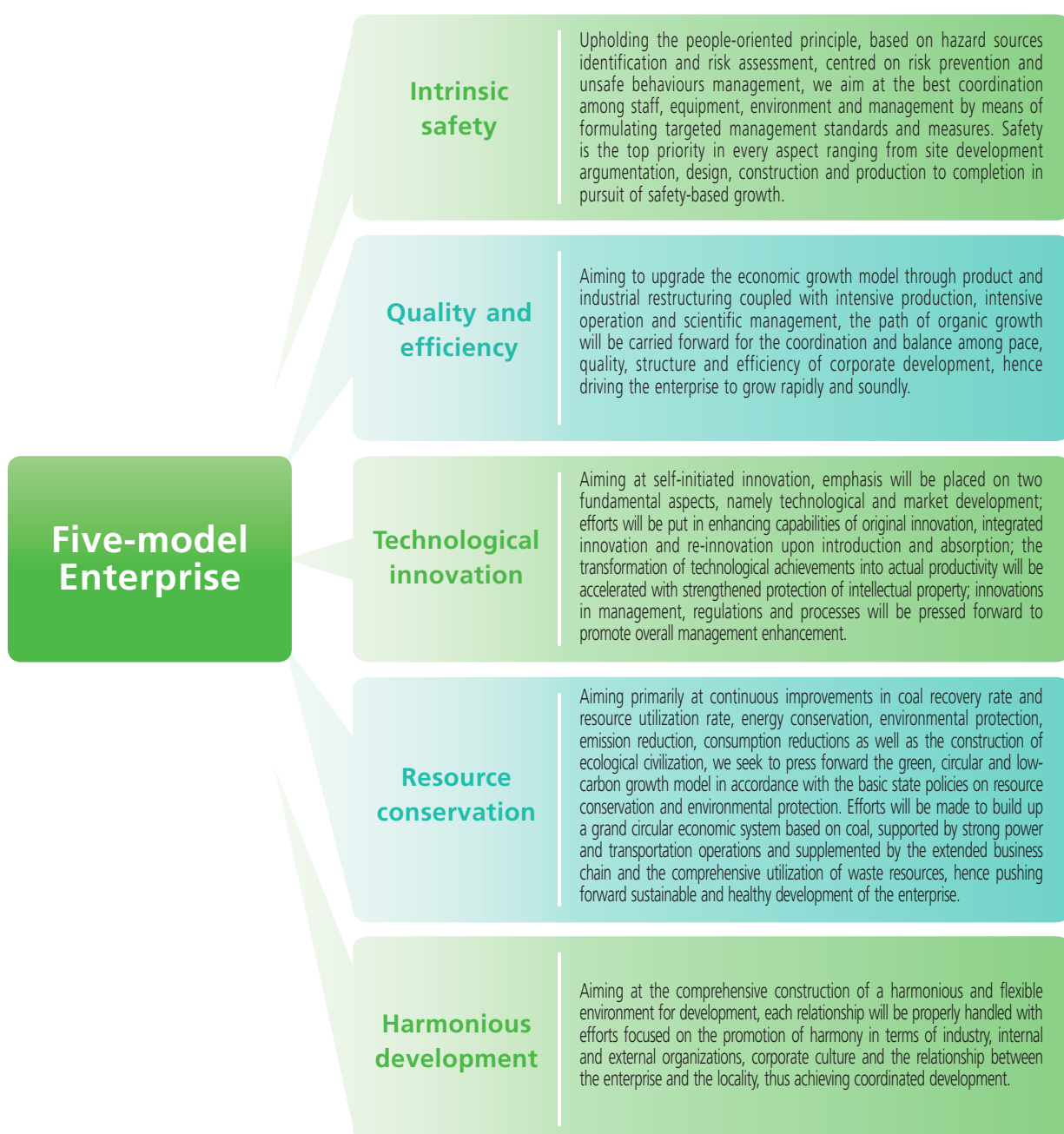
- Assessment on CSR performance

CSR indicator system

China Shenhua has built a CSR indicator system integrating key responsibility elements of all business segments in accordance with relevant CSR standards (please refer to Appendix I for the Company's existing indicator system). In 2013, 39 new indicators were added and implemented in accordance with the "Environmental, Social and Governance Reporting Guide" set out in the Listing Rules of the Hong Kong Stock Exchange, demonstrating that the Company basically realised the implementation of CSR tasks through management of indicators.

“Five-model enterprise” assessment

China Shenhua aims to discharge its social responsibility with a “five-model enterprise” managerial objective. To this end, an assessment model framework has been established based on the “five-model enterprise” assessment, which includes 70 assessment indicators on three main dimensions such as economic benefits, core competencies and social responsibility. In 2013, the Company focused on the optimization of CSR performance assessment indicators with a view to making up deficiencies and improving sustainable development.



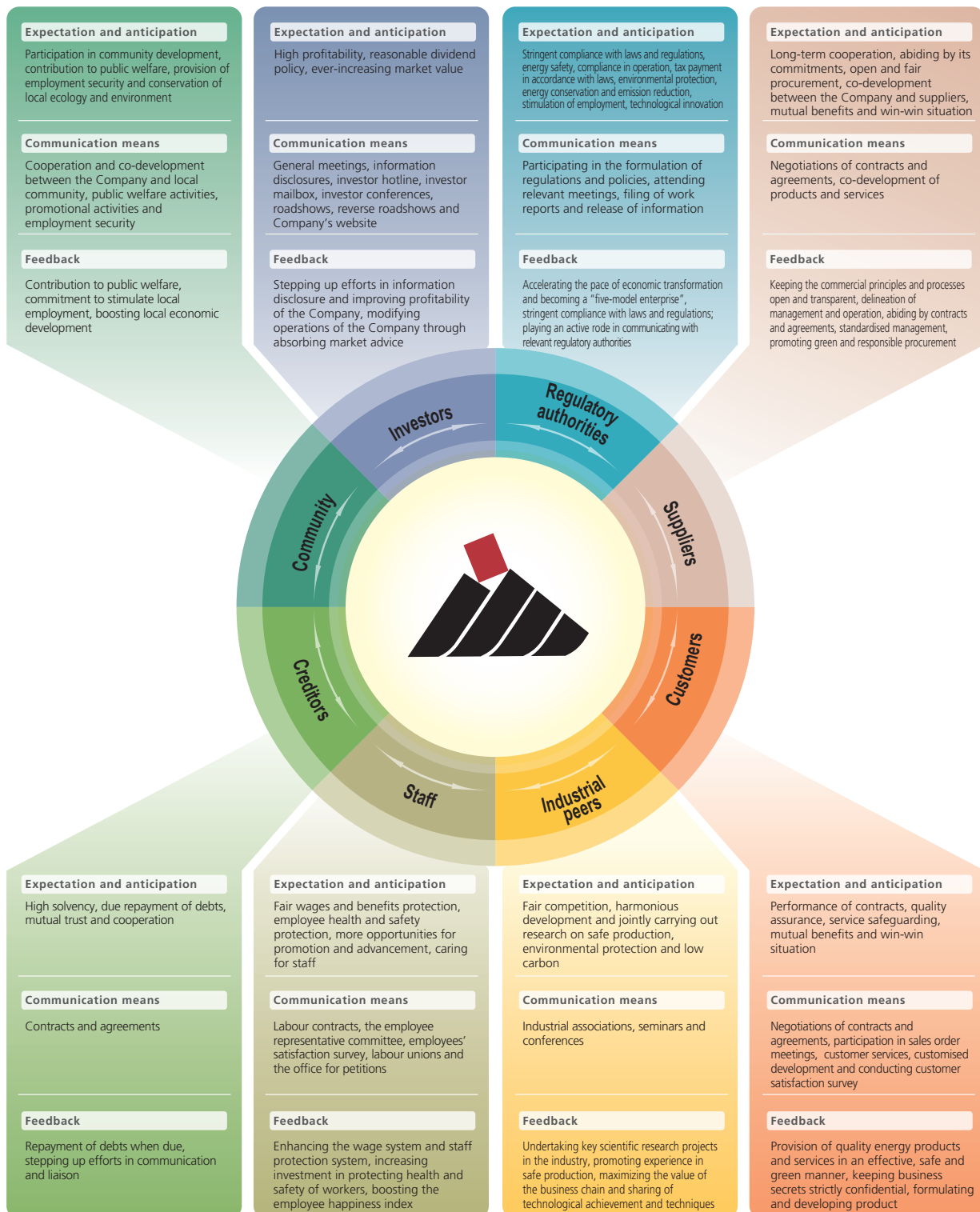


CSR Management

Integrated into the Process of Operations

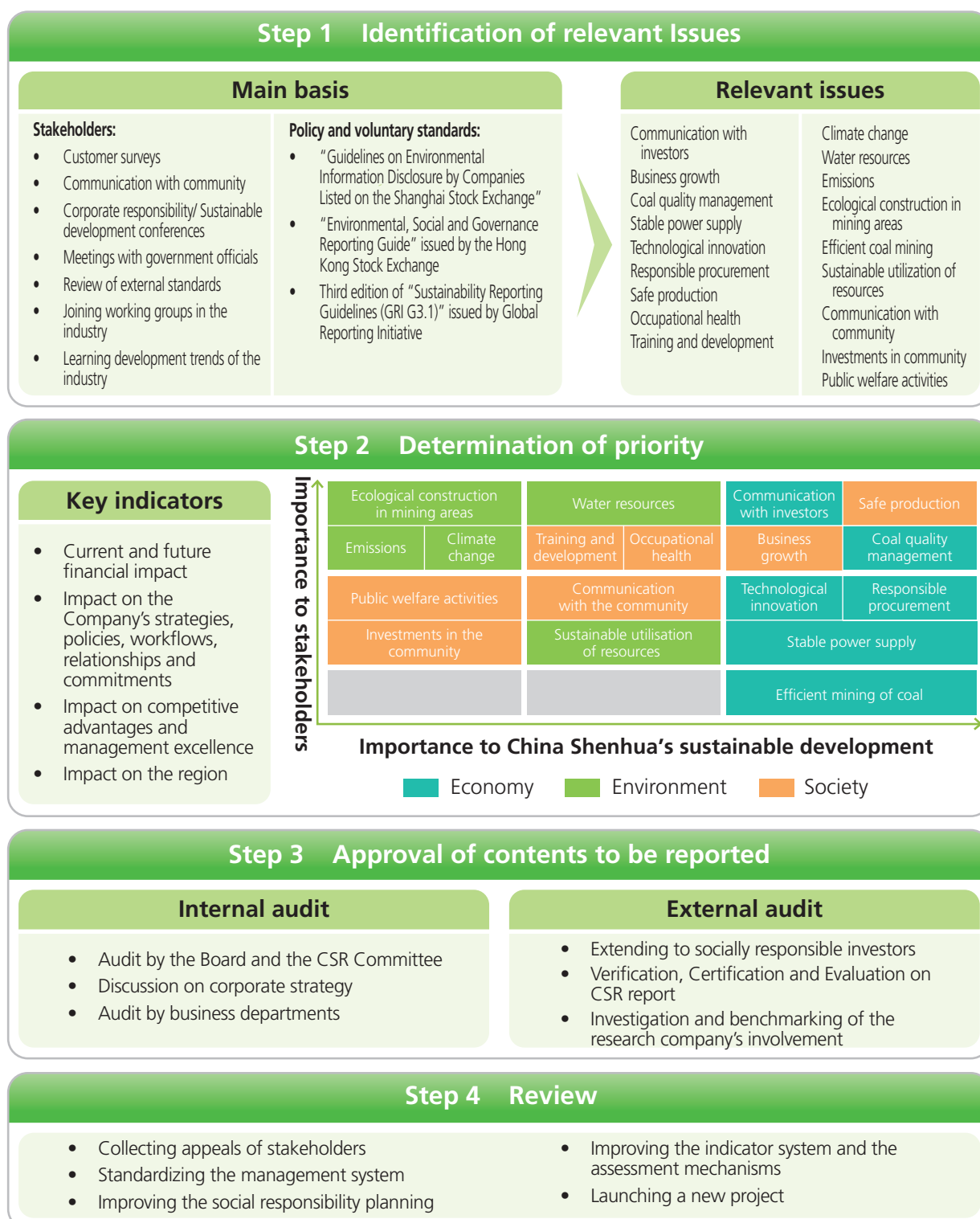
STAKEHOLDERS ENGAGEMENT

Effective stakeholder communication mechanisms are fundamental to the smooth discharge of social responsibility. China Shenhua has established channels accessible to stakeholders for engagement, allowing appeals of stakeholders to be included into the full process of important issues covering decision-making, implementation, assessment and feedback.



IDENTIFICATION OF SUBSTANTIVE ISSUES

In the context of sustainable development, China Shenhua identifies substantive issues by employing an approach of four steps including “identification relevant issues, determination of priority, approval of contents to be reported, and review” based on adequate communication with stakeholders under the principles of substance and integrity. In 2013, the Company carried out relevant CSR work with a focus on important issues, details of which are set out in the subsequent section of this report.





CSR Management

Integrated into the Process of Operations

SOCIAL CONTRIBUTION VALUE PER SHARE

In 2013, the social contribution value per share^{Note} of China Shenhua amounted to RMB6.040 (Accounting Standard for Business Enterprises) and RMB6.009 (International Financial Reporting Standards) respectively.

CSR HONOURS

The Company's vigorous efforts in fulfillment of social responsibility have been highly recognized by stakeholders. In 2013, China Shenhua and its subsidiaries and branches reaped numerous honours in social responsibility.

- China Shenhua ranked the 11th among the "Top 25 Socially Responsible Enterprises" for 2013 by Fortune China.
- China Shenhua's case headed "Striving for Safe Development by Strengthening Risk Pre-control Management" was selected by SASAC as one of the "Outstanding Cases Regarding CSR Practices of Central Enterprises 2013".
- China Shenhua was recognized as a "Gold Bee Enterprise" in the "Gold Bee Award for Social Responsibility".
- China Shenhua was honoured as one of the "CCTV Top Ten Responsible Companies" at the "2013 CCTV Summit for Chinese Listed Companies".
- China Shenhua was awarded "China's Best Mining Company 2013" in the selection of China's best enterprises for 2013 by U.S.-based "Global Finance" magazine.
- Shendong Coal Group and Shuohuang Railway Company were each named as one of the "Outstanding CSR Report Issuers in China's Coal Industry" by China National Coal Association.

Note

Social contribution value per share is calculated on the basis of the Company's basic earnings per share created for shareholders, adding the value of tax paid to the country, salary paid to its employee, interests on borrowings paid to creditors such as banks and value created for other stakeholders such as external donations, and deducting other social costs due to environmental pollution and other factors. Other social costs due to environmental pollution and other factors include the taxes and fees payable and funds provided in accordance with the relevant requirements of the State, including pollutant discharge fee, coal sustainable development fund, compensation for water and soil losses, compensation for land acquisition, security deposits for mine environment control and restoration and provision of reclamation expenses.

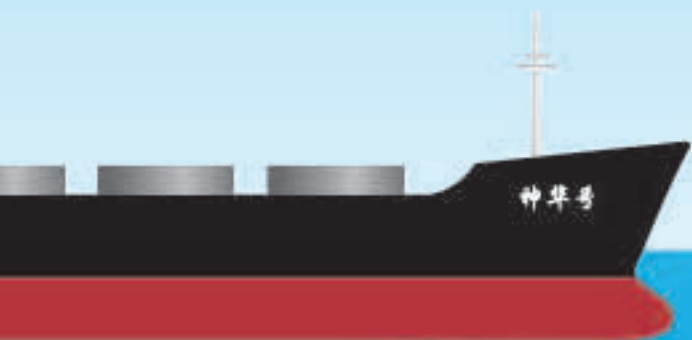






Number of
Patents Obtained

399



Operation and Management

Cementing the bases for
sustainable development

Stable, effective operation and management constitutes the bases for the sustainable development of the Company. China Shenhua follows its strategy and benchmarks against the best, deepening the establishment of a “five-model enterprise” on top of enhancing constantly the commercial and social value of an “integrated” operation model. Driven by technological and managerial innovation, China Shenhua fully enhances its quality of development to secure its rapid yet harmonious development.

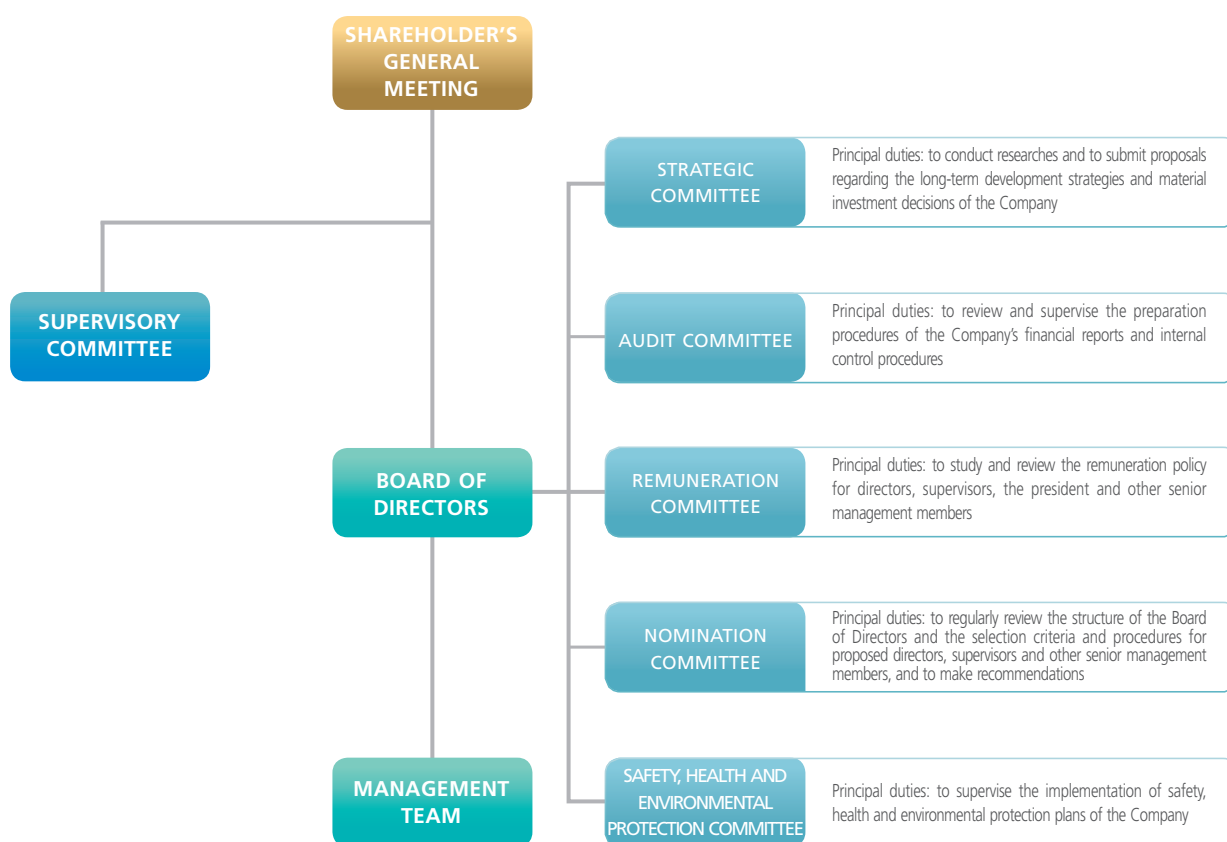


Operation and Management

Cementing the bases for sustainable development

CORPORATE GOVERNANCE

China Shenhua has established a modern corporate governance structure comprising the shareholders' general meeting, Board of Directors and Supervisory Committee as well as senior management, forming a governance mechanism with clearly-defined terms of reference and comprehensive systems for undertaking of responsibilities by those accountable, as well as having effective check and balance in place, successfully improving the standard of operation.



General Meeting

The general meeting is the authority body of China Shenhua. The convening, notification, consideration, voting and disclosure of general meetings are in strict compliance with the Articles of Association and the Rules of Procedures of General Meeting of the Company to fully safeguard the shareholders' rights such as right of information, speaking, inquiry and voting. In 2013, the Company held 1 annual general meeting and 2 shareholders' class meetings.

The Company fully safeguards small and medium shareholders' rights and interests. The Company proactively invites small and medium shareholders to attend general meetings. At general meetings, sufficient time is given to shareholders for consideration of proposals and for Q&A session, to ensure all shareholders enjoy the same right of information and participation for significant events of the Company. Shenhua Group Corporation Limited as the controlling shareholder of the Company duly exercises its shareholder's right through general meetings and board meetings, where shareholders who are related parties are required to abstain from voting when participating in the consideration of related party transactions.

Board of Directors

The Board of Directors of the Company is elected by the general meeting, and is responsible for reporting work progress at general meetings, execution of resolutions of general meetings and making decisions on material issues such as production and operation plans and investment proposals of the Company. There are five special committees under the Board, which will consider and review the items in the proposals prior to the board meeting to enhance the operational efficiency of the Board. The Board of the Company held a total of 8 meetings in 2013, among which 3 were conducted via correspondence while 5 were conducted face-to-face.

During the reporting period, the Board of the Company comprises 9 directors, including 1 female director. Directors of the Company have extensive practical experience in macro economy, specific industries, finance and auditing, legal affairs or strategic management. The mix of knowledge and areas of expertise of the directors are complementary, which plays an important role in ensuring scientific and effective decision-making of the Board. Dr. Zhang Xiwu resigned from the posts of the Chairman of the board and executive director of the Company on 5 March 2014.

Supervisory Committee

The Supervisory Committee of the Company is accountable to the general meeting. Honestly fulfilling its supervisory duties in accordance with the Articles of Association and relevant laws and regulations, the Supervisory Committee duly oversees the operations and financial position of the Company as well as the performance of duties by the directors and senior management and makes recommendations. The Supervisory Committee of the Company comprises 3 supervisors, of whom 1 is an employee representative supervisor. The Supervisory Committee of the Company held a total of 5 meetings in 2013.



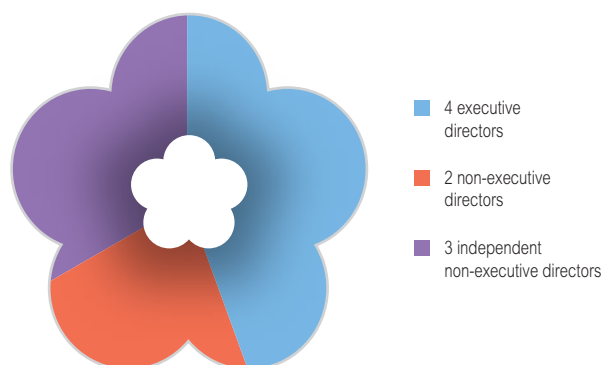
Operation and Management

Cementing the bases for sustainable development

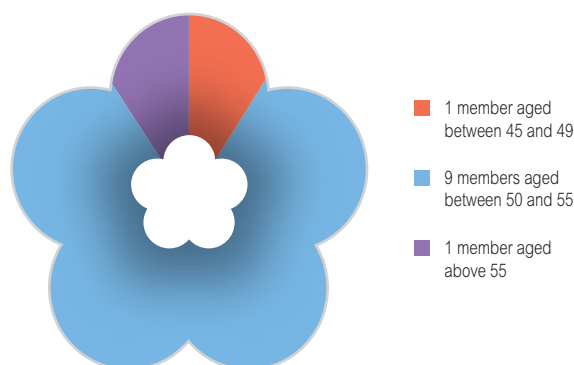
Operational Management

The operational management is the executive body of the Company and is accountable to the Board of Directors. The operational management carries out operational and managerial tasks in accordance with the Articles of Association and as authorized by the Board of Directors.

Composition of the Board



Senior management by age



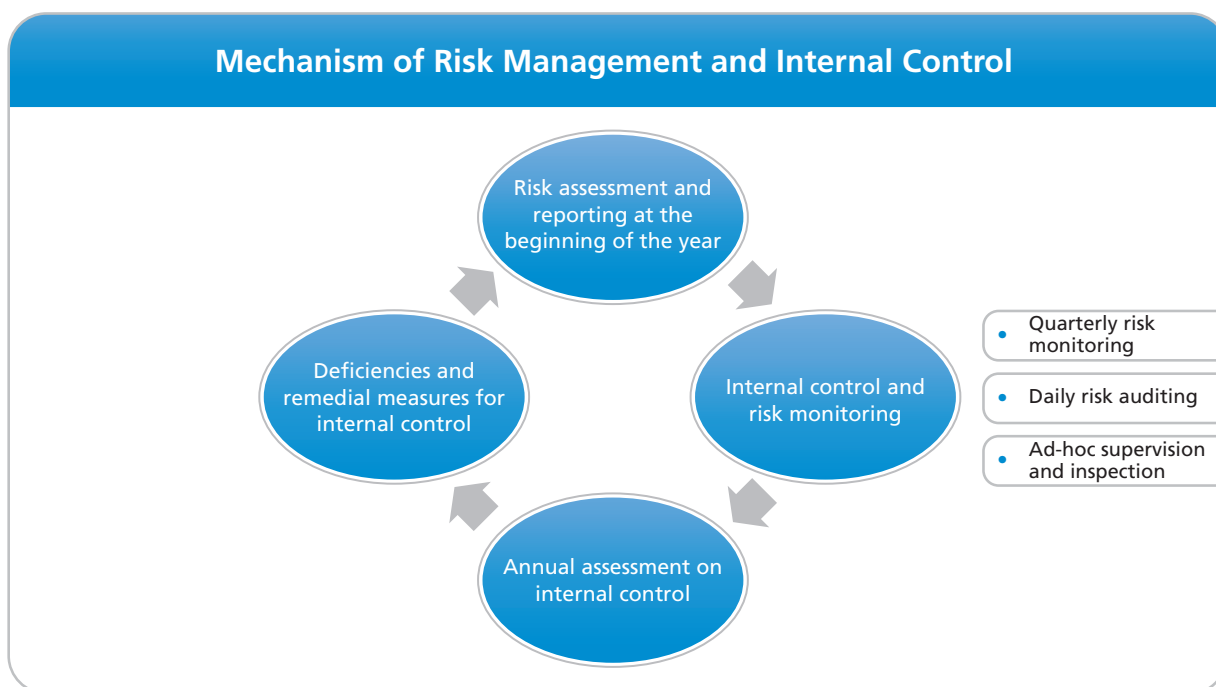
Please refer to the 2013 Annual Report of China Shenhua for detailed information in respect of general meetings, Board of Directors, Supervisory Committee, senior management and corporate governance of the Company.

COMPLIANCE MANAGEMENT

In addition to complying with laws and regulations, China Shenhua also abides by business ethics and constantly improves the internal control and risk management systems. The Company has commenced the establishment of a punishment and preventive system to ensure compliance with laws and regulations in the course of the Company's operations, to safeguard assets, and to avoid and control various risks.

- **Risk Management and Internal Control**

The Company has established a vertical and hierarchical risk management system of "centralized leadership, regional supervision and hierarchical accountability" comprising the Board, the audit committee under the Board, the internal control and audit department and local audit centres, which adjusts and corrects problems encountered in the course of the Company's operations and management timely, thereby controlling and avoiding relevant operation risks.



On top of system constructions, the Company constantly improves its internal control and management standard. In 2013, the Company prepared The Assessment Measures for Internal Control and The Standards on Internal Control Assessment, both substantially increased the institutionalization and standardization of internal control. The Standards on Internal Control Assessment cover 32 business areas including finance, with 589 control standards which basically cover the 18 items under the Application Guidelines for Enterprise Internal Control promulgated by the five ministries and commissions as well as the main aspects of the production and operation of Shenhua.

In 2013, the Company commenced the establishment of the system for economic intrinsic safety management in order to improve the compliance of its economic behaviour. Focusing on the seven key business controls such as finance, property rights, engineering, procurement, sales, tendering and bidding, and overseas operations, the Company identified 48 key control points for business and 171 prohibitive requirements, defining the “line of violation” for the economic field, all for the enhancement of preventive control and risk management of the Company’s economic behaviour.

In 2013, the Company conducted on-site inspection and assessment primarily on 7 departments of the head office and 18 subsidiaries (branches) and reviewed all working drafts of self-assessment, with an aim of assuring the effectiveness of internal control assessment. The internal control system of the Company operated well in 2013, with no material flaw identified in connection with its design or execution. Please refer to the 2013 Annual Report of China Shenhua for the third party audit report on internal control in relation to the Company’s financial reporting.

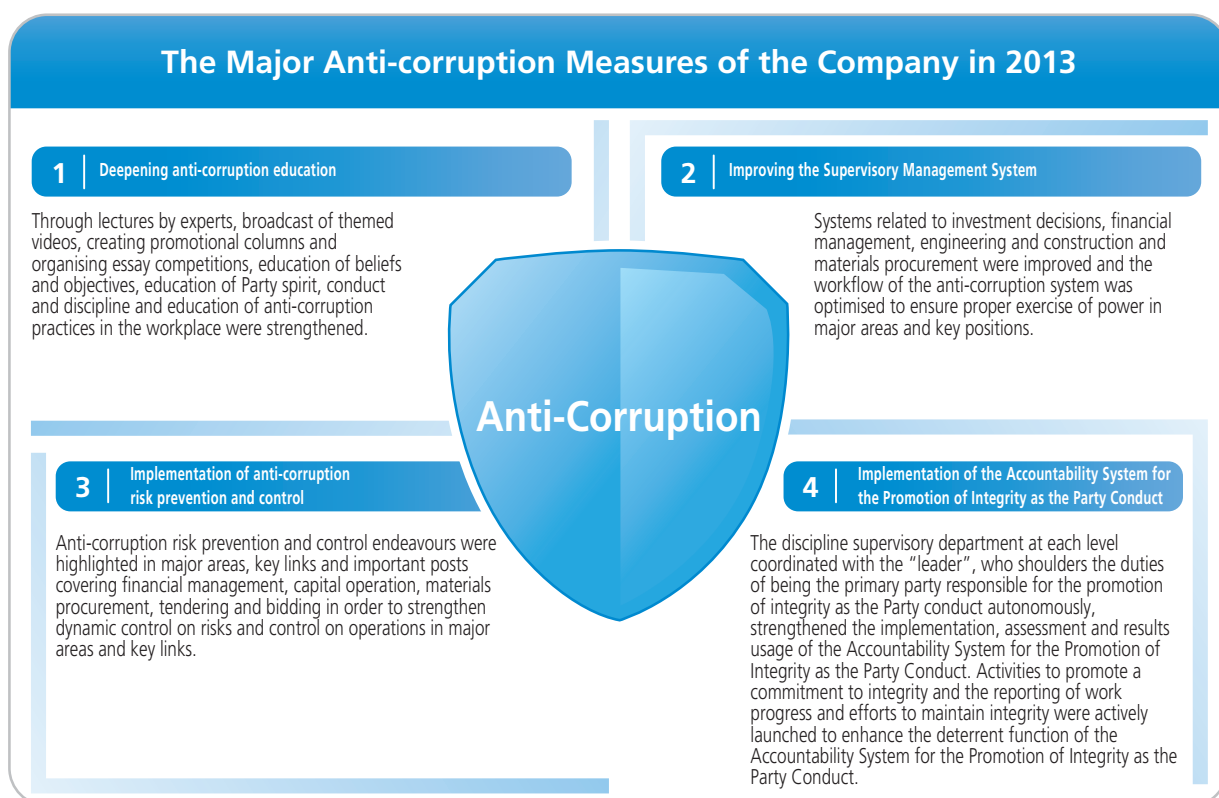


Operation and Management

Cementing the bases for sustainable development

• Anti-Corruption

The Company continuously pushes forward the establishment of the punishment and prevention system. With the coordination of supervision, audit function and delegated Supervisory Committee, the Company enhances its anti-corruption measures through promotion and education, optimisation of systems, risk prevention and responsibility assessment, making great strides in establishing the intrinsic safety system.



The Company actively improves the discipline inspection and supervisory system. Three regional audit centres in Beijing, O'rdos and Yinchuan were established in 2013, successfully improving the efficiency and effectiveness of discipline inspection and supervision.

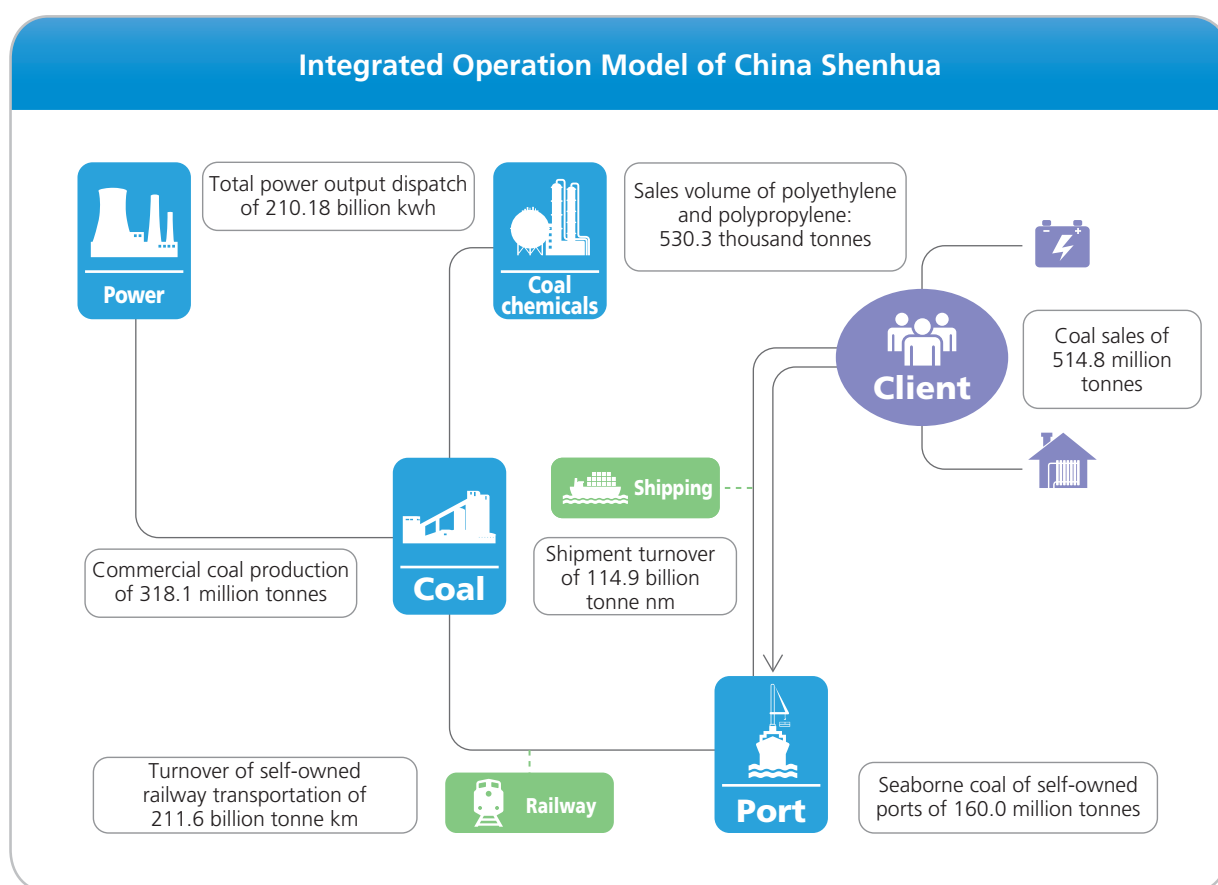
In 2013, the Company received 73 cases reported by petitions, 65 of which were verified, focused on investigating the intelligence from more than 20 cases reported by petitions, and took disciplinary actions against 4 individuals, with no direct economic loss recovered. The Company also launched 404 performance inspection projects, adopted 555 supervision-based recommendations, implemented 202 supervision-based decisions.

The Company adopts a wide range of means to promote anti-corruption education. In 2013, the discipline inspection departments of the Company held a total of 172 anti-corruption education activities with over 2,000 person-times^{Note} attending.

Note The survey period is from 1 December 2012 to 30 November 2013.

SYNERGISTIC DEVELOPMENT

The integration of coal, power, transportation and coal chemicals into an “integrated” business model is the Company’s unique operation and profitability model, which enables deepened cooperation, shared resources, synergy, low-cost operation, a one-stop operation chain of production, transportation and sales, and standardized, professional and all-rounded development, as well as maximizing operating profits from every stage of coal-based production. An integrated business model ensures a stable and reliable supply and internal demand, and provides an edge when competing for new projects, resources and markets.





Operation and Management

Cementing the bases for sustainable development

Under the impact of macroeconomic conditions, the supply in the coal market eased while the growth in demand slowed down in 2013, and the coal prices declined as a result. In face of the challenging circumstances and guided by its persistent strategy of building itself into a first class world leading integrated energy enterprise, China Shenhua continuously optimized its structure and layout of coal, power, transportation and coal chemical business. Based on the operating revenues of all business segments before elimination upon consolidation under the International Financial Reporting Standards, the percentages attributable to the coal, power, transportation and coal chemical segments was 50%, 26%, 22% and 2% respectively in 2013. Further optimisation in business structure and significant enhancement in capability for operational synergy effectively mitigated the risk of decrease in coal price and maintained steady operating results.

Performance indicators	2013	2012	Percentage change (%)
Total assets (RMB million)	513,298	472,085	▲ 8.7
Revenues (RMB million)	283,797	254,575	▲ 11.5
Profit for the year (RMB million)	55,224	57,896	▼ 4.6
Profit for the year attributable to equity holders of the Company (RMB million)	45,079	49,708	▼ 9.3
Commercial coal production (million tonnes)	318.1	304.0	▲ 4.6
Coal sales (million tonnes)	514.8	464.6	▲ 10.8
Turnover of self-owned railway transportation (billion tonne km)	211.6	176.2	▲ 20.1
Seaborne coal of self-owned port (million tonnes)	160.0	124.4	▲ 28.6
Shipment turnover (billion tonne nautical miles)	114.9	82.5	▲ 39.3
Total power output dispatch (billion kwh)	210.18	193.46	▲ 8.6
Coal chemicals (thousand tonnes)	530.3	545.3	▼ 2.8

Please refer to the 2013 Annual Report of China Shenhua for the operation of the coal, power, transportation and coal chemicals businesses of the Company in 2013.

MANAGEMENT ENHANCEMENT

Facing severe market conditions, China Shenhua strived to refine its internal management, with an aim to garner increasing efficiency and benefits from the enhanced management on all fronts.

In 2013, the Company continuously pushed forward management enhancements in 32 specific areas, including investment decision, overall budget and overall risk, etc. and implemented 2,351 rectification measures, leading to a substantial improvement in ten key business indicators in 32 areas, relieving the bottleneck of the Company's management effectively, stepping up the level of fundamental management and management innovation significantly, and laying a solid foundation for sustainable development.





Operation and Management

Cementing the bases for sustainable development

Case Study: *Refined management*

Basing on the philosophy of “continuous elimination of wastage and continuous creation of value”, aiming at “increasing productivity”, China Shenhua has established a people-oriented refined model and managerial structure to enhance the standard of refined management.

In the process of refined management, the Company undergoes self-diagnosis to identify weakness and carry out wastage identification. Feasible measures for rectification are formulated through defining key business indicators. The Company has streamlined the key areas or eliminated the work that does not create value. For example, in the area of coal production, the implementation of “3+X” flexible maintenance to organize and optimize the parallel maintenance workflow so as to reduce the time for planned maintenance and increase the time for planned production. The management and control of production materials have been strengthened through the explicit listing of the price of each material at the workplace to increase employee awareness of materials conservation in addition to the implementation of defined reward and punishment management for materials and a system for returning old materials and receiving new materials.

It is obvious that refined management has substantial contribution to cost reduction and efficiency enhancement. Taking Shendong Group as an example, in 2013, unit output from fully mechanised work face increased by 3.4% year-on-year, continuous mining, anchor excavation and fully mechanised unit roadheading increased by 6.8% year-on-year; comprehensive utilisation rate of fully mechanised shearers increased by 5% year-on-year, and the monthly average of actual operation time increased by 196 hours; and electrical and mechanical failures decreased by 23 cases year-on-year, representing a reduction of 91 hours of impact. It has become a benchmark of China Shenhua, creating an excellent demonstration effect for other coal producers.

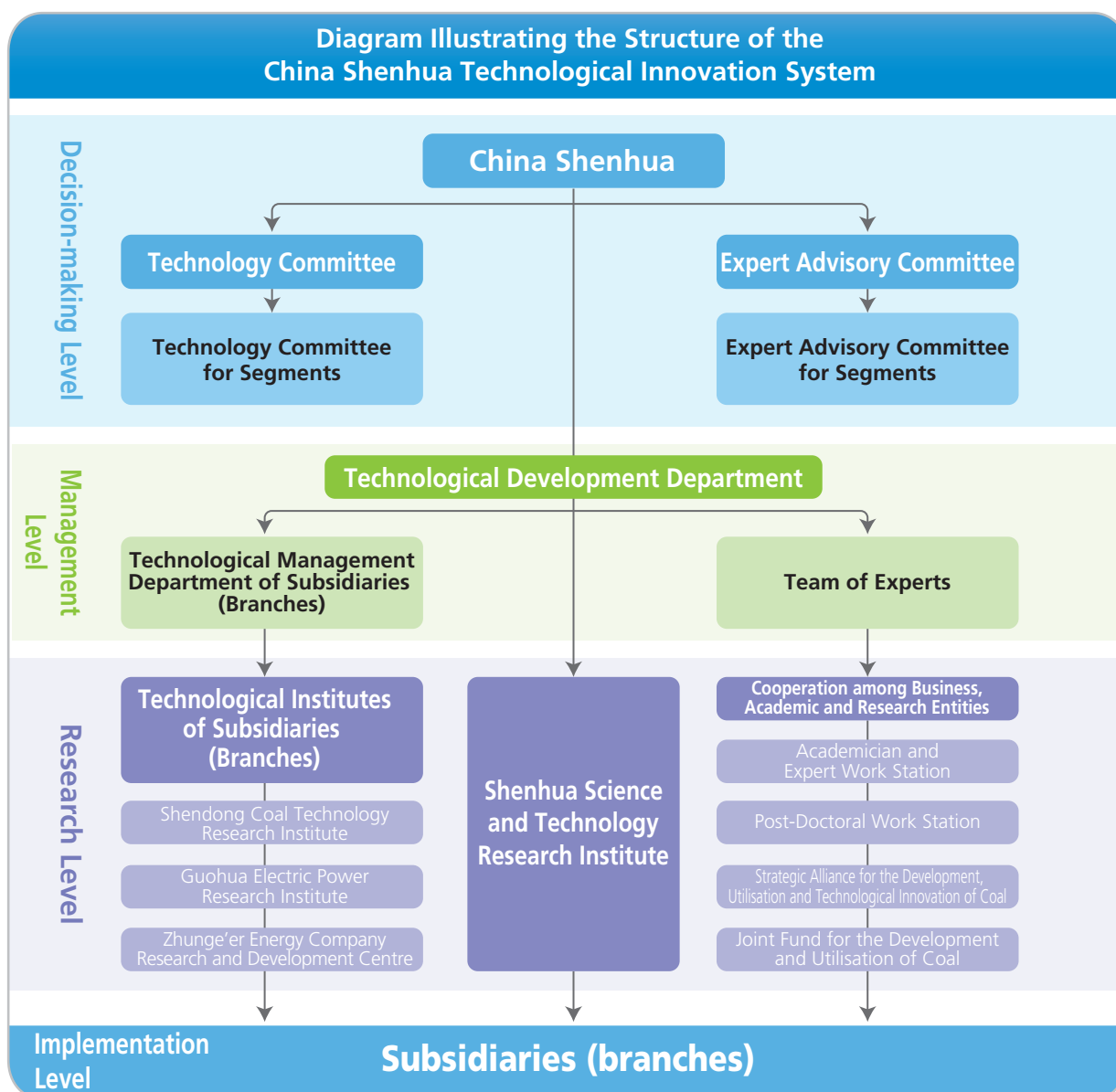


TECHNOLOGICAL INNOVATION

Basing on the philosophy of “leveraging on leading technologies and talents to pursue low-carbon development in a high-carbon industry through technological innovation”, China Shenhua has adhered to an innovation strategy to “support corporate sustainable development, lead industrial technological advancement, strengthen national technological competitiveness and take the lead in global coal technologies”. The innovation system is being constantly improved; efforts are put in enhancing capabilities of original innovation, integrated innovation and re-innovation upon assimilation; and the transformation of technological achievements into actual productivity is accelerated to promote transformation and upgrading through technological innovation with an aim of enhancing the core competitiveness of the Company.

- **Technological Innovation System**

The Company has set up a technological innovation system, establishing a technology committee and an expert advisory committee. With the coordination of the headquarters and the comprehensive management of the technological development department, a system for research and development and commercialization incorporating the technological centres and technological innovation bases of subsidiaries (branches) as research entities has been established. The integrated strength in “business, academia, research and application” is given full play to overcome key technological barriers that hinder the growth of the business segments to support the safe, efficient and environmental-friendly development. Meanwhile, the Company is exploring the possibility of establishing an open innovation model by tapping on the public technological resources to improve its technological innovation capability.





Operation and Management

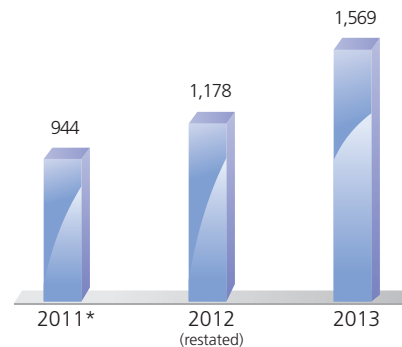
Cementing the bases for sustainable development

The Company has established a series of basic management measures for technological innovation, such as the Measures for the Management of Technological Innovation Projects and Measures for the Tendering and Bidding of Technological Innovation Projects, to progressively develop systematic and standardized measures through organizational management, capital protection, project research and development, and results protection.

In 2013, the Company's investment in research and development amounted to RMB1.569 billion, which was mainly used in research on improving production efficiency, environmental protection, safe production, management innovation, recycling economy and localization of equipment, etc.

China Shenhua's investment in technological innovation

(RMB million)



Case Study: Turning Shenhua Science and Technology Research Institute into a think tank

China Shenhua aggressively explores a diversified R&D model by fully utilising both internal and external R&D capabilities, and incorporated Shenhua Science and Technology Research Institute (the "Research Institute") on 13 April 2012.

As the primary driver of the Company's technological innovation, the Research Institute is committed to forging the brand of China Shenhua as a think tank. The Research Institute focuses on research in areas such as development strategy, application of technology and technical economy for the coal, power, transportation and coal chemical industries, working for the strategic planning and development need of the Company, breaking through the key limitations on technology that hinder the development of the industry. The Research Institute provides the Company with strong R&D support and services in building the Company into a first class world leading integrated energy enterprise.

The Research Institute has completed over 50 research reports and achievements since its establishment, providing the Company with abundant reference on establishing investment systems, optimizing evaluation process, improving appraisal systems and strategy decision making.

In 2013, the Research Institute cooperated with the WCA, National Energy Bureau and Chinese Academy of Engineering in a number of influential projects, such as the Research of the Best Practices for Sustainable Coal Mining and the National Science and Technology Major Project on the Clean, Efficient and Sustainable Development and Utilisation of Coal, etc. which are highly recognized and acclaimed.



- **Achievements in Technological Innovations**

The Company implements the 10 key projects on technological innovation, launches significant key technology research projects and progressively advances its work in intellectual property rights and technology exchange, attaining a number of major and crucial technological achievements and stepping up the support of technological innovation to establish the Company as a first class world leading enterprise.

In 2013, the Company initiated 106 new technological innovation projects while subsidiaries (branches) had 565 self-funded research projects underway, and the Company obtained a series of achievements in technological breakthrough, with the following being major ones: the R&D on the rocker arm with spur gear transmission for easy maintenance (直齒輪傳動易維護搖臂) for coal shearers, resulting in the domestic development of 7-metre rocker arms; and the major technological project of key technological research on the extraction of aluminium oxide from rich aluminium powdered coal and the development of its industrialized pilot device which was jointly recognized by China Coal Association and China Nonferrous Metals Industry Association, with achievements reaching a leading standard around the globe.



"Coordinated Resources Development Technology for 10 Million-tonne Mine Clusters" and "Technology and Application of High Bench Casting Blast and Dragline Bucket Dumping for Open-cut Coal Mines" won the Second Prize of the National Science and Technology Progress Award;

"Development and Application of Complete Set of Industrialised Technology of the Shenhua Baotou Coal to Olefins Demonstration Project" won the Grand Prize in Technological Advancement from the China Petroleum and Chemical Industry Federation;

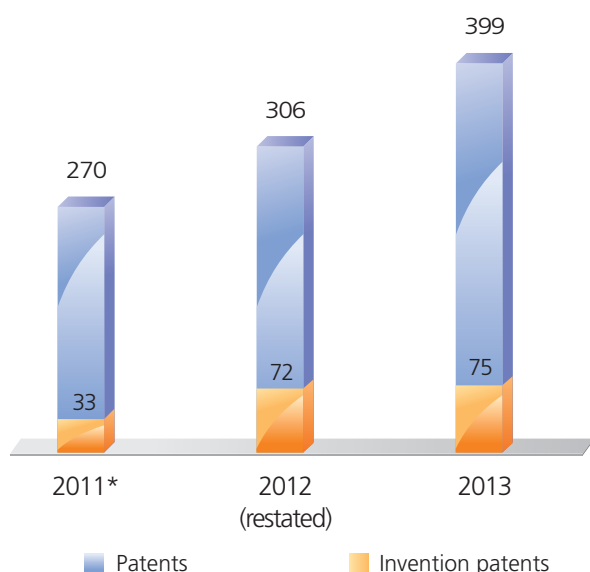
"Technology for the Protection of Underground Water and Surface Ecology in Modern Coal Mining in Areas with Ecological Vulnerability" and "Research in and Application of High-power High-voltage Variable-Frequency Scraper Conveyor" won the First Prize of the Science and Technology Award from the China National Coal Association.



Operation and Management

Cementing the bases for sustainable development

Patents granted to China Shenhua



The Company emphasizes on the application and protection of intellectual property, and actively promotes intellectual property strategies. Through its participation in the national intellectual properties analysis and evaluation projects, the Company initiates comprehensive workflow management on intellectual properties. The Company has introduced patent application classification management and agent resources appraisal systems to control patent application quality and protect intellectual properties of core technologies. It also motivates employees to increase their awareness of intellectual property protection. The numbers of patents reported and granted have dramatically increased year-on-year. In 2013, the Company was granted a total of 399 patents, 75 of which were invention patents.

On 21 November 2013, China Shenhua was listed on the first batch of national intellectual property demonstrative enterprises and enterprises with a competitive edge as announced by the National Intellectual Property Office.

• Commercialization of technological achievements

In the year 2013, the Company continued to strengthen its research and development on technological application projects, as well as promotion of application of new technological achievements. Patented achievements were widely applied in production, which created good economic, environmental and social benefits.

Achievements in the application of the Main Patents of the Company in 2013

Business area	Patented achievements	Benefits
Coal business	Automatic belt floodgates for use in roadways and mines	Applied in the construction of underground roadways and facilities installation and upgrading the safety of hydraulic cylinders, significantly facilitating underground installation and transportation, saving RMB3.1 million every year on spare parts and maintenance fees.
	Method of coal transportation using double shuttles for continuous shearers	Effectively enhances production efficiency by using two shuttles to achieve continuous coal transportation. Based on a maximum loading capacity of 13.5 tonnes for an underground shuttle and transportation distance of 70 metres between the rear of the shearer and the crusher (with roadway excavation at a normal length of 45-120 metres), work efficiency can be increased by more than 50% in comparison with a single shuttle.
Power business	Flue gas denitrification facilities	Applied in improving denitrification in electrical works, with overall denitrification efficiency at 85% or above and nitrogen oxide emission below 100 mg/m ³ , paving the way for new technology of denitrification for coal-fired power plants.
	Low temperature multi-purpose seawater desalination device and usage	Applying distillation for desalination of seawater to meet the increasing demand for fresh water. Possesses advantages like few requirements on pre-processing, low energy consumption, simple design and high operation flexibility, etc. Acquired a major design fee of about RMB16 million.
Transportation business	Device for removing impurities in hydraulic systems	Applied in mechanical hydraulic systems at ports, and beneficial for removing impurities in hydraulic systems to prevent impurities from getting into the tubing and polluting and damaging the hydraulic valve and the hydraulic cylinder, saving RMB0.8 million every year on spare parts fees.
	Automatic isolation system for malfunctioning of the railway electricity circuit and usage	Reduces the electricity suspension time caused by each facility malfunction by 56 minutes and can generate an annual economic benefit of RMB6.72 million.
	Monitoring system for locked rail temperature on seamless railway tracks	Applied in the measurement of locked rail temperature on railway tracks to increase measurement efficiency, saving RMB1.212 million every year on labour and machinery costs.
	Vehicle positioning system	An innovatively designed vehicle positioning system applied in loading at ports. Can reduce the operation time of each train by 15 minutes, saving RMB0.5 million every year on spare parts fees and conserving 350 thousand kwh of electricity.



Proposed Final Dividend
for 2013

RMB **0.91** /Share (inclusive of tax)

Cooperation for Mutual Success

Sharing the achievement
with partners

Mutual success in harmony and sustainable development are the ultimate objectives of China Shenhua's performance of social responsibility. Operation in good faith is our solemn commitment to each of the stakeholders. Through division of responsibilities and collaboration with partners, the Company has been pooling their efforts to integrate resources, create mutual value and share the achievements in order to ultimately achieve development in harmony.





Cooperation for Mutual Success

Sharing the achievement with partners

WE CARE ABOUT OUR INVESTORS

To constantly improve the protection mechanism for interests of investors, the Company continues to enhance the transparency and takes the initiative to disclose information in full consideration of investors' needs, with an aim at ongoing improvements in professional and standardized investor relations activities. The Company maintains a stable cash dividend distribution policy to bring steady returns for shareholders.

- **Information Disclosure**

In 2013, on the basis of compliance disclosure and with a view to fulfilling investors' needs at greatest strength, the Company continued to improve the quality of information disclosure in six aspects, namely comprehensiveness, authenticity, timeliness, accessibility, understandability and legitimacy. China Shenhua was named the excellent enterprise in the disclosure of "Management Discussion and Analysis" of 2012 annual reports by the Shanghai Stock Exchange (No. 1 in the public review).



Comprehensiveness

- A total of 182 A-share and H-share announcements, including resolutions of the Board and monthly operational data, were disclosed in the course of business;
- Based on thorough understanding of investors' needs, an investor relations reference book containing approximately 150,000 words was completed to provide investors with professional guidelines.

Authenticity

- The Company's financial statements were audited by Deloitte Touche Tohmatsu (Certified Public Accountants LLP). and Deloitte Touche Tohmatsu.

Timeliness

- Through workflow optimization, the procedures not accommodating the Company's actual conditions were removed and the processes with extended cycle and less efficiency were renovated.

Accessibility

- Online communication platforms were fully utilized to reduce the barrier to communications;
- The Rules of Investors Reception of China Shenhua Energy Company Limited were amended in order to improve reception efficiency and provide investors with a convenient access to information as well as flexible receptions.

Understandability

- Customized services specific to different characteristics and needs of investors were provided to enhance the effectiveness and professionalism of information communication;
- Corporate information was illustrated in plain and understandable manners combining charts, spreadsheets, tables and pictures.

Legitimateness

- Financial statements were prepared in accordance with Accounting Standard for Business Enterprises and International Financial Reporting Standards;
- Information disclosure was made in strict compliance with regulatory requirements.



Cooperation for Mutual Success

Sharing the achievement with partners

- **Investor Interaction**

Adhering to the philosophy of “professional operations, systematic services and quality attitudes”, the Company continues to improve work practices of investor relations. Based on efficient handling of daily calls and reception of investors, the Company updated and streamlined its investor database to send announcements, reverse roadshows and other information to investors from time to time, thereby establishing a virtuous and dynamic investor interaction system.

In 2013, the Company focused on the introduction about the risk resistance capacity and investment value of the integrated operation mode to investors so as to deepen their understanding on the Company’s business while forming positive interaction with the investors. The communications between the Company and the investors were participated by more than 1,000 person-times, among which more than 400 person-times were from roadshows, more than 300 person-times were from forums and more than 300 person-times were from company visits and telephone conferences. China Shenhua was awarded the “Best Investor Relations Company” across the Greater China Region by “Institutional Investor”.

Case study: Leveraging on the “e-Interaction” platform for corporate communication

The “e-Interaction” platform is a “social platform” established by the Shanghai Stock Exchange for all participants in the stock market, which can help achieve “zero-distance” communication between listed companies and investors.

In 2013, the Company made use of the “e-Interaction” platform of the Shanghai Stock Exchange to publish online presentations for projects, monthly investors Q&As and other activities, tapping on the convenient and efficient online platform to improve the effect of information communication.

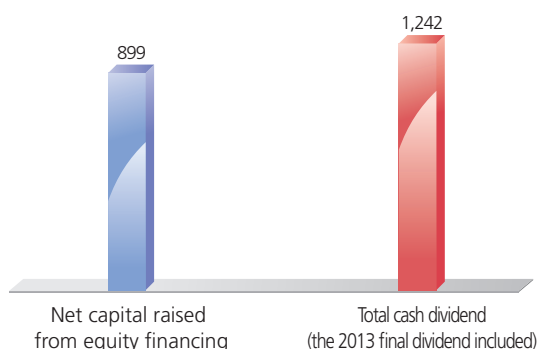
In December, the Company acquired Baotou Coal Chemical Company and Jiujiang Power. The Company utilized the “e-Interaction” platform to facilitate online communication with investors with respect to the fifth round of asset injection, while circulating the Company’s business updates to them. Investors actively participated in the interaction and put forward their suggestions and opinions on the Company’s business.



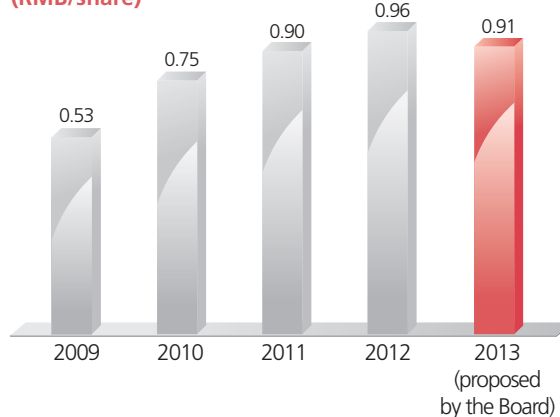
- **Investor Returns**

The Company is committed to safeguarding investor interests on the basis of sound business results. The Company adopts a consistent and stable cash dividend distribution policy. In 2013, the Board recommended the payment of a final dividend of RMB0.91/share (inclusive of tax) in cash, representing 40.2% of its basic earnings per share under the IFRSs. The accumulated cash dividends distributed by the Company have exceeded the sum of its proceeds collected from H-share and A-share offerings.

**Accumulated cash dividends
(RMB 100 million)**



**Historical final dividends
(RMB/share)**



SERVICES TO OUR CUSTOMERS

Upholding the concept of “delivering customer-focused and customer-oriented services”, the Company provides customers with responsible products and services to improve our competitiveness. The Company proactively protects legitimate interests of customers and strives to meet their reasonable expectations to achieve mutual benefits and success with customers.

The Company's major products include thermal coal, power and coal chemical products. The customers mainly include power, metallurgical, chemical and other enterprises for our coal operations; power grid operators for our power operations; intra-group members for our transportation operations; and chemical companies for our coal chemical operations (for major products of polyethylene and polypropylene). In 2013, total revenue from the sales to top five customers of the Company amounted to RMB47,651 million, representing 16.8% of the total revenues of the Company.



Cooperation for Mutual Success

Sharing the achievement with partners

- **Product Quality Improvements**

Coal products

Coal market witnessed a prolonged recession with slight oversupply through 2013. In light of the concept of “quality-based survival, growth and profitability”, the Company strengthened whole-process management on coal quality under a strict product quality management system, ensuring consistent quality of commercial coal across important links including production as well as procurement, transportation, port handling, sales and after-sales services. In 2013, the Company had no serious breach of product and service standards and rules.

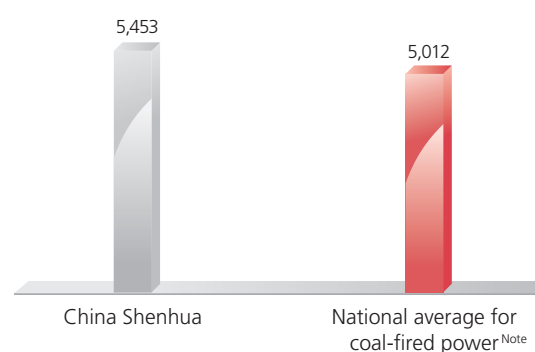


To enhance the control over the quality of purchased coal, the Company developed management methods and implementation rules on coal purchased from third parties, and exercised strict coal quality management across the links including station acceptance, loading, transportation, port handling, yard storage and shipping. Comparison of coal testing results at sources and station/port destinations was strengthened. All these measures effectively ensured the quality of commercial coal. In 2013, the Company had no quality dispute or product recall due to quality issues.

Power products

Leveraging on the efficient integrated coal and power supply system, and the continuous and stable operation, the Company achieved reliable power supply in the summer peak. To reduce emissions from power plants, the Company reinforced its efforts in desulfurization and denitrification by renovating power generators, reduced emission of nitrogen oxides and provided green power products. The Company also proactively implemented boiler renovation to adapt to low grade coal in a clean manner so as to save high grade coal resources.

Average utilization hours of coal-fired generators



Customer's expectations

Tongling Nonferrous Metals Group Holdings Co., Ltd.

- Supply quality and cost-efficient power;
- Lower costs for nonferrous operations.

Stable Grid Anhui Electric Power Company

- Observe the dispatching of power grid;
- Collaborate with power plants to ensure the safety of power grid;
- Guarantee stable power supply.

Our responses

- Make reasonable generator overhaul plan and monthly generation plan for power plant according to customer's production schedule;
- Provide timely settlement for direct power supply at the direct electricity tariff provided in the contract;
- Realign direct power supply plan with customer's revised production plan to ensure a deviation within $\pm 3\%$ from its monthly and annual power consumption plans.
- Implement dispatching orders such as peak/idle load balancing, emergency standby and frequency modulation under the Grid Accession and Dispatching Agreement to ensure power system operation on a safe, stable and economical basis;
- Give full play to the strengths in integrated coal and power operations to become an uninterruptible power source of Anhui power grid;
- Implement risk pre-control and management and steadily push forward the intrinsic-safety management system to prevent safety accident;
- Actively participate in power transactions organized by the power grid company, to support it in reasonable resource allocation through the market mechanism.

^{Note:} The national average for coal-fired power business is extracted from 2013 Analysis of the Operation of the Power Industry in the PRC and the Prospect for 2014 of China Electricity Council.



Cooperation for Mutual Success

Sharing the achievement with partners



The “open day” event at Zheneng Power, where stakeholders were invited to pay a visit to the plant

Coal chemical products

Baotou Coal Chemical Company focused on production scheduling and management as well as standardization of production process in strict accordance with national and industry standards, thus ensuring stable product quality. In 2013, the qualification rate of both polyethylene and polypropylene reached above 99%.

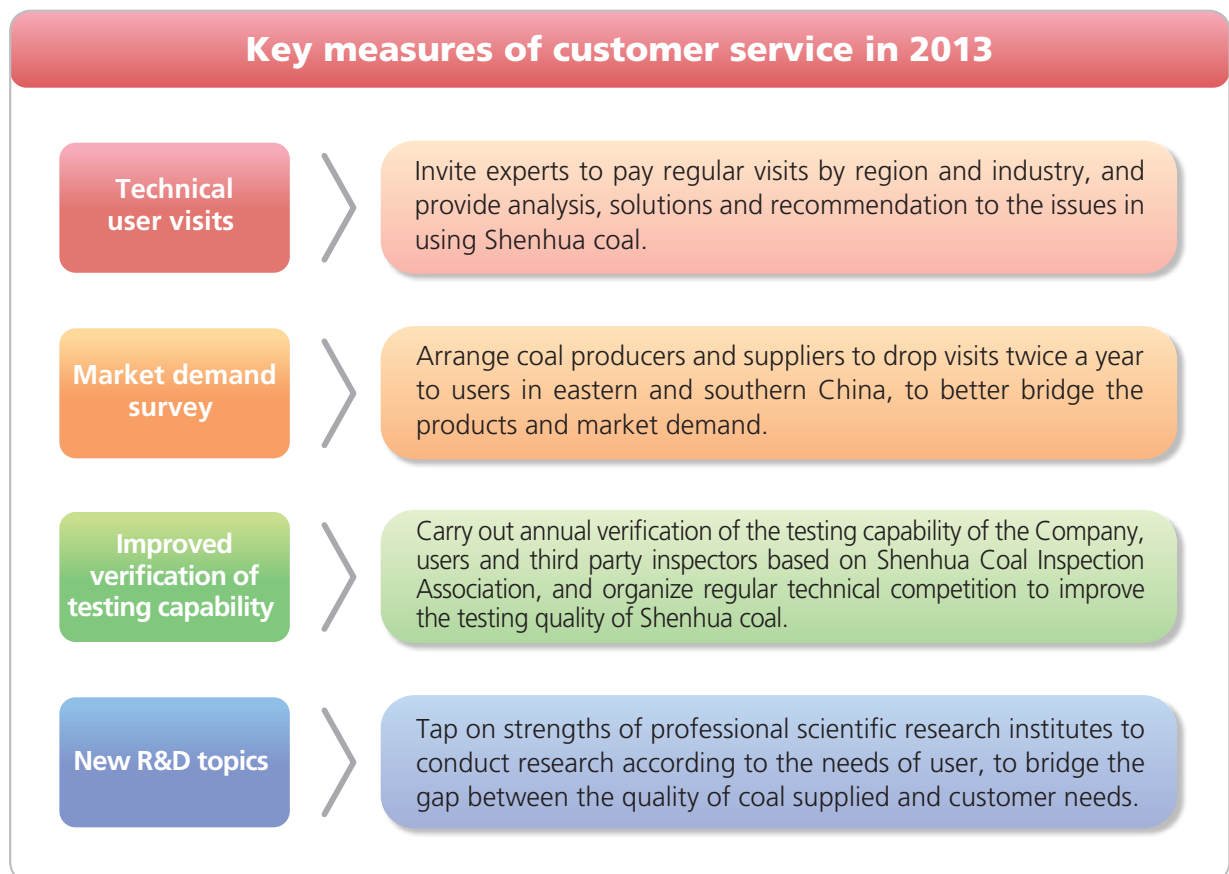
- **Protection of Customers' Interests**

In 2013, the Company launched SH217 Information Engineering Flow Rectification, a programme unifying management platform, framework, mechanism and modeling which provides a new platform for customer information management and privacy protection. Leveraging on ERP, CRM and other international leading information standardization systems in managing customer information, the Company prevented leakage of customer information and privacy to ensure the security of customer information effectively while dynamically updating customer information.

- **Optimization of Customer Services**

A sound customer management system has been established in the Company, featuring common standards and duties specific to different levels and regions. An institutional system mainly including the Management Provision on Customers of Commercial Coal and Coal Chemical Products has been established as a guideline, supported by implementation rules such as the Management Rules on Coal Customer Services and the Management Rules on Long-term Contracted Coal Customers by each sales unit to govern management practices of customer services.

Taking the satisfaction of customer demand as the starting point and footing of its production and operations, the Company optimizes technical services and improves complaint and emergency management to improve customer services continuously. The Company stays close to and proactively communicates with customers, seeking to meet their individual needs and effectively enhance customer satisfaction. In 2013, the Company invited experts to pay over 10 visits to customers in eastern, southern, northern and northwestern China, covering power generation, metallurgy, coal-water slurry, cement and direct arrival customers. In September 2013, the Company held a summing-up meeting for the quality and capability verification of Shenhua coal where the Company summarized work experience in verification and rectified any deficiencies in a timely manner.





Cooperation for Mutual Success

Sharing the achievement with partners

Case Study: *Electronic trading platform -- delivering the best user experience in electronic trading*

Shenhua Coal Trading Network (www.e-shenhua.com) is an online bulk stock trading network designed mainly for the sale of Shenhua's self-manufactured coal and coal chemical products. Since its operation in May 2013, this platform has mainly targeted at customers of thermal coal, coking coal and coal chemical products, and utilized sales methods such as listing, bidding and service channel, and adopted informatized measures to realise convenient and fair sales.

Electronic trading platform transformed China Shenhua's traditional method of sales and management model. It is conducive to exploiting potential market demand, while at the same time reducing purchase threshold and simplifying sales procedures, thus providing a convenient sales channel for coal-buying customers.

As at the end of 2013, the aggregate trading volume completed through Shenhua Coal Trading Network amounted to 95.78 million tonnes, including 95.455 million tonnes of thermal coal and coking coal and 325 thousand tonnes of coal chemical products.

China Shenhua has received favorable feedbacks from customers regarding the functionality and service that Shenhua Coal Trading Network provides. Customers commented on the overall ease of use of the trading platform, the convenient and flexible payment methods, practical functionality and excellent service, and expressed hopes in further increasing trading volume through the use of Shenhua Coal Trading Network.

In the future, through improving the electronic trading platform and increasing the scale of trading, China Shenhua aims to bolster its coal sales, revenue, profit, market share and customer base comprehensively.



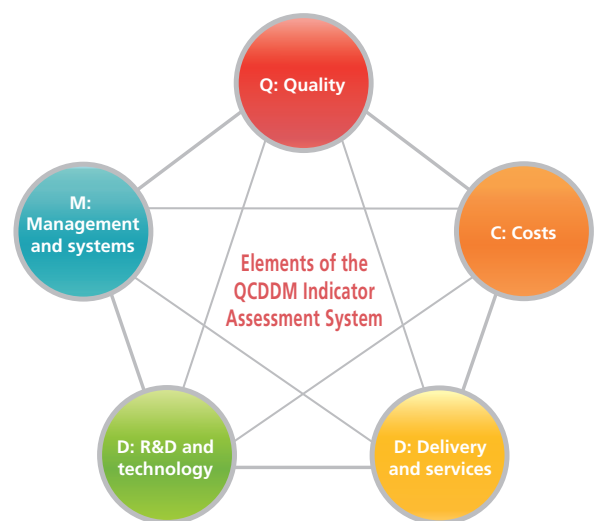
SYNERGY WITH SUPPLIERS

The Company adheres to the principle of “arm’s-length negotiations and achievement of mutual benefits” to establish a purchase model on an impartial, transparent and standardized basis. Focusing on compliance management on its suppliers, the Company sticks to the establishment of long-term strategic partnership with the suppliers possessing proven qualifications, reputation, product quality and environmental performance, to build up an efficient and green supply chain with its suppliers. The Company’s top five suppliers in 2013 were domestic suppliers, to whom the Company paid a total of RMB29.208 billion for purchases, representing 17.7% of the Company’s total annual purchase.

- **Supplier Management**

With the Purchase Retracing and Supplier Relationship Management System (SRM System) in place, the Company continues to improve the management at each stage of a supplier’s lifecycle.

Suppliers are assessed by users of materials in terms of actual business data in five aspects under the “QCDDM Indicator Assessment System”. Objective data and subjective ratings are combined to obtain valid information regarding equipment running quality and costs, environmental protection and integrity, allowing objective and scientific assessment on suppliers and supply chain management. In 2013, the Company assessed a total of 103 suppliers.



- **Protection of Suppliers' Interests**

In a perspective of “Rooted in Shenhua and serve the industry”, the Company has established Shenhua Bidding Network (www.shenhuabidding.com), a platform for publishing and managing bidding information. With distinctive features, the integrated portal provides “Bidding Bulletin”, “Bid Winners”, “Laws Center” and other channels and has become an open, fair and impartial trading platform for suppliers.



Cooperation for Mutual Success

Sharing the achievement with partners

- **Growth of Suppliers**

To establish sound interaction and collaboration, opinions and suggestions of suppliers are collected and summarized through various manners including after-sales service information briefings, supplier satisfaction surveys, information window for suppliers, etc.. The Company joins the efforts with suppliers to tackle the difficulties in equipment running and discuss industry and market trends, with an aim at mutual promotion and growths.



Jiang Hanjun

Chairman of Changzhou
Development & Manufacture
Centre Co., Ltd.

"As a first class world leading energy company, China Shenhua has been an industry pacesetter by virtue of its high starting point and high standards. We work with China Shenhua in technical, management, process and service innovations, accomplishing the transition from all imported to all domestically-made ancillary transportation vehicles to jointly promote sustainable business development."

Since 1995, we have provided more than 2,000 sets of ancillary transportation vehicles to China Shenhua which contributed to its mission of forging a green and resource-conservative enterprise."

CAPITAL MARKET HONOURS

List of Capital Market Awards of China Shenhua in 2013

No.	Name of Award	Awarder
1	"Best Investor Relations" Award of Coal Industry in the Greater China Region	Institutional Investor
2	2013 CCTV Financial 50 Governance Leading Index Sample Company	CCTV Finance Channel
3	Top 100 Companies Listed on the Main Board of China in terms of Market Capitalisation	Securities Times, New Fortune and China Association for Public Companies
4	Ranked the 14th in Platts Top 250 Global Energy Companies, the 4th in Overall Performance in Asia and the 1st in Global Coal and Consumer Fuel Companies	Platts
5	Ranked No. 1 in the public review of "Management Discussion and Analysis" by the Shanghai Stock Exchange	Shanghai Stock Exchange
6	"Best Corporate Governance Disclosure" and Special Mention Award in the category of Sustainable Development and Social Responsibility Report	Hong Kong Institute of Certified Public Accountants
7	2012 Best Investor Relations Award	China Securities Journal
8	2012 Sustainable Return Award	Shanghai Securities News
9	ARC Design: Gold Award in Printing and Production, and Bronze Award in Specialised Report	ARC





**Fatality rate per million tonnes
of raw coal production**

0.0058

Production safety

**leveraging science and
technology to set high standards**

China Shenhua always attaches paramount importance to safety issues and puts safety in top priority. The Company proposes the advanced safety concept of "seeking zero fatality rate and aiming at zero injury rate" in the course of development, and compiles the "five ones" strategy out of its safe production experiences. The ultimate goal is to build an intrinsically safe enterprise by continuing to improve the safety management system, strengthening the control over significant potential dangers, insisting on leveraging technology innovation to improve the safety management level and promoting workers' safety awareness.



Production safety

leveraging science and technology to set high standards

Production safety principles:

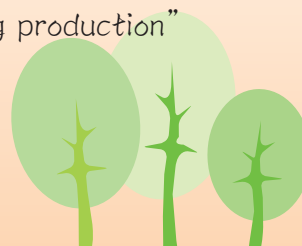
"No accident is unavoidable and no risk is uncontrollable"

"Zero injury in coal mines is possible"

"No excuses for excessive methane gas emission during production"

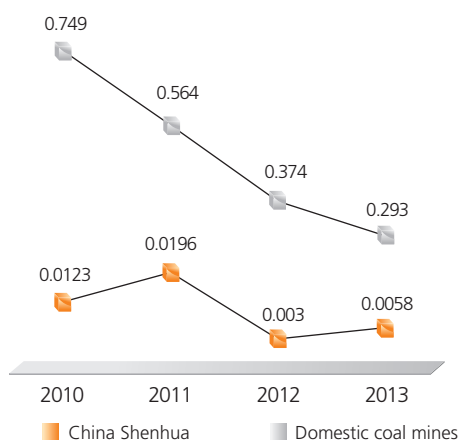
"No excuses for abnormal shutdown in power plants"

"No excuses for railway and port equipment failures"

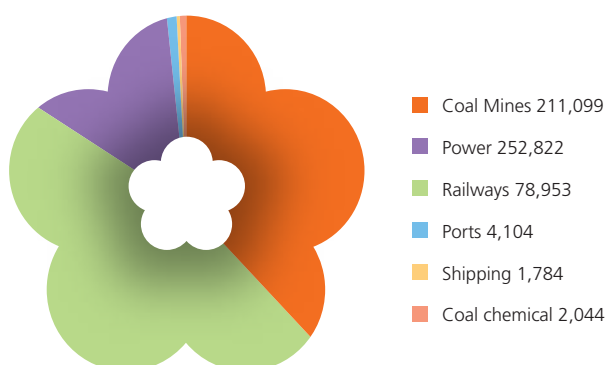


In 2013, China Shenhua invested RMB5,508 million in production safety, representing a year-on-year increase of 32.7%. No major production safety accident was reported throughout the year, while two deaths occurred during the production of raw coal. The Company retained a leading position in the world with a fatality rate per million tonnes of raw coal output at 0.0058, which was much lower than the national average. A number of mine pits and enterprises have been able to fulfilled the objective of "zero death and zero injury" for a long time. Of which, 17 coal mines have maintained safe production consecutively for over 1,000 days, 2 shaft mines for more than 10 years, the railway and port segment for over 4,600 days, and the power segment for over 350 days.

Fatality rate per million tonnes of raw coal production



Amount spent in each segment for production safety (RMB10,000)



SAFETY MANAGEMENT SYSTEM

China Shenhua establishes a safety management system that can be adapted to diversified operations. A decision-making mechanism for safety management was established, and a tiered production safety management system comprising the headquarters, subsidiaries (branches) and mines (plants, divisions and sections) was put in place according to the management principle of “the headquarters supervises, the subsidiaries in charge, collaboration and coordination and all staff participate”. The Company clarifies the duties and positions of each tier, establishes a safety management network extending to all levels and covering all aspects with specific roles and ensures each procedure and link is safe and controllable, forging a safety management system that nothing is left unattended, unimplemented and unassessed and that everyone has his tasks, responsibilities and is supervised.





Production safety

leveraging science and technology to set high standards

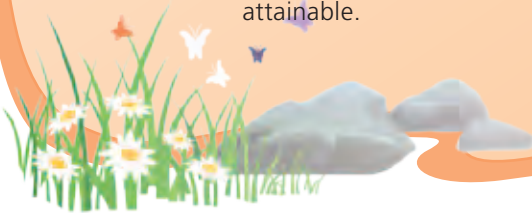
Case Study: *Striving to achieve the goal of “zero fatality” and “zero injury”*

Shenhua Bulianta mine is currently the largest underground coal mine (single mine) both domestically and internationally. Its world-class performance has made it excel in numerous performance indicators covering yield, safety, efficiency, technology, etc., and was named Safe (High Yield) and Efficient Coal Mine in Coal Industry Sector for 9 consecutive years. Since September 2000, it has produced a total of 240 million tonnes of raw coal and has entered the 13th year of safe production. By the end of 2013, it has achieved “zero injury” for two straight years.

In relation to safety management, Bulianta mine aggressively rolled out an intrinsic safety management system and stepped up efforts in standardizing the safety of its coal mine. By implementing the policy of “Six Commitment, Six Strengthening”, Bulianta mine was able to focus on safety management and realized “double success” in both safety and raw coal production.



The 13 years of safe production in Bulianta mine proves that by adhering to the two guiding principles of “zero death is achievable in coal mines” and “methane gas emission above the restricted level causes accident”, and through stronger management and implementation of policies, “zero fatality” in coal mines is attainable.

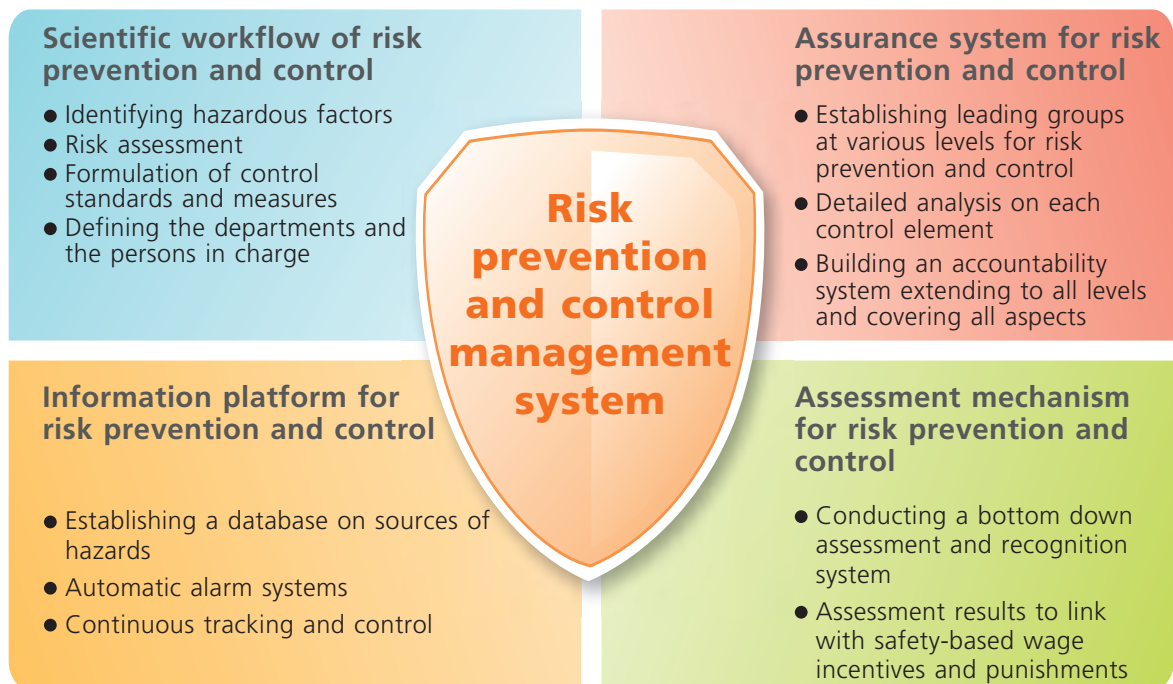


RISK PREVENTION AND PROCESS CONTROL

China Shenhua implemented a closed cycle risk management model which was based on hazardous sources identification, centered on risk prevention and emphasized on regulating unsafe behaviors.

In 2013, the Company focused on the establishment of risk prevention and process control system, perfected certain safety management systems, such as the Risk Prevention Management System for Subsidiaries and Branches, Assessment and Evaluation of Risk Prevention Management System and Risk Prevention Management System for Pit Workers and Coal Mines. The Company also conducted hazardous sources identification and risk evaluation at all levels to improve risk prevention measures and standards; guaranteed each level assume its respective responsibilities and enhanced the early prevention of risks to strive to achieve fundamental transformation from “the handling of hidden danger identification” to “the elimination of production with hidden dangers” and from “management and control during and after production” to “early prevention”.

RISK PREVENTION AND CONTROL MANAGEMENT SYSTEM OF CHINA SHENHUA



Risk prevention and control management system is a comprehensive operating model covering plan, do, check and adjust (PDCA), which primarily includes management guidelines, risk prevention and control management, safety guarantee management, regulation of unsafe behavior of staff, management of safety elements in production system, comprehensive management, inspection, assessment and evaluation.

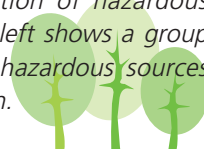


Production safety

leveraging science and technology to set high standards

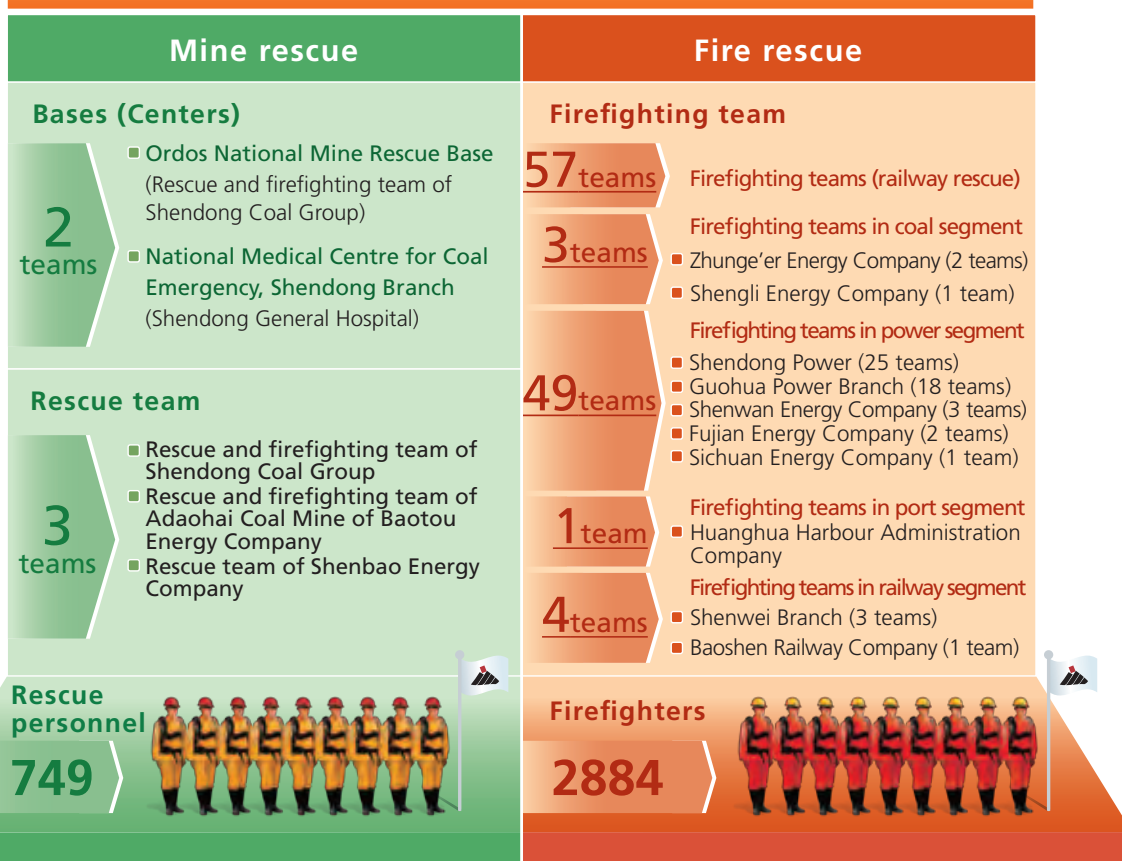


To sort out new hazardous sources, improve safe operation skills of new staff and strengthen the safety awareness of existing staff as soon as possible, the second squad of Shigetai Mine of Shendong Coal Group adopted a "paired up" mode to re-identify hazardous sources and provide pre-job training to new staff on identification of hazardous sources. The image on the left shows a group of staff re-identifying the hazardous sources during an inverter inspection.



The purpose of strengthening risk prevention is to take precautionary measures to prevent potential risks from happening, while enhancing the emergency management is to minimize hazards from unexpected incidents. In 2013, the Company prepared the Comprehensive Contingency Plans for Production Safety Incidents (2013) in consideration of the characteristics of its six segments, conducted overall information survey on emergency responding resources, and drew the Distribution Map of Emergency Responding Teams which included the detailed information on rescue teams, firefighting teams and emergency responding teams of all business segments. The Company intends to share the managing data concerning Distribution Map of Emergency Responding Teams, emergency supplies and emergency rescue equipment through online information platform.

Distribution of Emergency Responding Teams of China Shenhua



Case study: *Full coverage of emergency refuge system within Shendong Coal Group*

Underground refuges serve as emergency shelters to protect trapped miners against toxic and harmful gases in the event of accident. In 2013, 21 sets of underground refuges were built and put into operation in 3 stages by Shendong Coal Group at coal mines and underground mines in areas including Daliuta, Shangwan, Bulianta, and Halagou, achieving “full coverage” of the emergency refuge system.

Each refuge contains two transition chambers, one at each end to allow evacuees to get in. The transition chambers are constructed with double outward opening doors. The first one is a blast resistant airtight door protecting against pressure from external shocks; and the other is an airtight door preventing toxic gases from entering into the refuges. The life-supporting compartment is equipped with oxygen supply system, cooling and dehumidifying system, air purifying and discharging system, personal protective equipment, water supply and drainage system, etc. The refuge is designed to house 100 people, with an effective protection period of more than 96 hours. In the event of disasters in underground mines such as blasts, outbursts of coal and gas and roof collapses, these refuges can serve as temporary shelters for miners as well as temporary command and control centers. The refuge system maximizes the chances of survival and safeguards the life of employees, laying a foundation for the safe and effective production of Shendong Coal Group.





Production safety

leveraging science and technology to set high standards

INNOVATIVE SAFETY TECHNOLOGIES

In light of its strategy of "Basing safety upon technology", China Shenhua adopted a leading mine design approach to strengthen researches on key safety technical problems, push forward commercialization of technological achievements and improve safety information system, thus technically ensuring the elimination of major potential safety hazards for safe production.

- Breakthroughs in Major Safety Technical Problems

Leveraging on integrated operation of technical resources from fundamental research to commercialization based on Shenhua Research Institute and Scientific and Technical Corporation, the Company pressed ahead with the breakthroughs in key safe production technologies and processes to improve safety equipment and rescue gears for higher equipment reliability and safety performance.

Major equipment and technology

The Company launched a string of technological projects for major equipment in 2013, such as localization of high coal seam shearer and researches on underground dual-powered ancillary transportation facilities, single-point driver for 6,000m retractable belt conveyor and other coal excavating equipment, as well as development of explosion-proof vehicles for mines. Coal mining machines were effectively upgraded to ensure safe and efficient production of coal mines.

Research and engineering application of liquid-nitrogen efficient fire control technology for complex large-scale coal mines

It is a sub-project of the "R&D of Key Technology and Equipment for Prevention and Control of Water Inrush, Fire and Other Major Accidents in Coal Mines", a project undertaken by the Company in 2013 under the "Twelfth Five-year" National Science and Technology Support Program. It is designed for large-capacity, long-distance and high-efficiency transportation of liquid nitrogen, achieving an effective underground delivery rate of liquid nitrogen of more than 70% and shortening the fire area control cycle by over 30%. With complete sets of technology and equipment based on the project, at least 5 model mines with sizable application of liquid-nitrogen fire control technology are expected to be established to further upgrade the Company's safe production performance.



"I am impressed by your advanced underground equipment and safety margin. I can rest assured for my child working here."

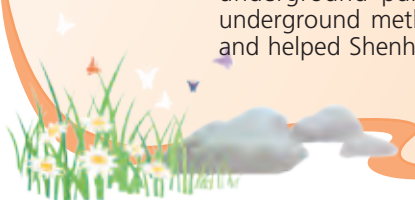
— By mother of Ren Wei, a worker at Daliuta Mine of Shendong Coal Group, after visiting its underground working face

Case Study: *Baode mine built China's biggest mobile methane gas pumping station in terms of volume of gas vented*

Methane gas is a primary cause of mining accidents. Ground-based methane gas pumping is safer than underground pumping, and Baode mine of Shendong Coal Group has a high methane gas content.

On 30 September 2013, with an aim to dilute methane gas concentration, Baode mine successfully connected the ground-based, high negative-pressure and low negative-pressure methane gas pumping station in Zaolin. This symbolizes that China's biggest mobile methane gas pumping station was operational. The station's high negative-pressure pumping system has a rated flow of 900 m³ per minute, whereas the low negative-pressure methane gas pumping system has a rated flow of 1,480 m³ per minute. This realized source-separating high/low negative pressure methane gas pumping.

The use of ground-based methane gas pumping station completely phased out underground pumping station and eliminated the significant safety risk posed by underground methane gas venting. It improved the safety factor of underground mines and helped Shenhua grow in a safer manner through the utilization of technology.



- Safety Information System

Information technology is integrated into safe production schedules of China Shenhua under a cross-region, multi-level and network-based safe production supervision information system, which is established through cooperation with institutes and colleges with reference to safety management experience of international leading coal enterprises. Information technology across staff, equipment, environment and management has helped to minimize the unsafe behaviours and factors in the production process.

Coal segment	Power segment	Transportation segment
Safety monitoring and control system	Production real-time data presentation platform	Total dispatching command system (TDCS)
Communications and liaison system	Risk assessment information system platform	Decentralized self-scheduling and centralized command (CTC) system
Water supply and rescue system	Safe production assessment system for thermal power plants	Heavy-haul railway integrated transportation information system
Personnel positioning system	Mobile industrial video surveillance system	Truck failure dynamic image analysis system
Ventilation and self-help system	Safety management information sharing	
Emergency refuge system		



Production safety

leveraging science and technology to set high standards

SAFETY CONSCIOUSNESS OF STAFF

Safety consciousness cultivation is highly valued in China Shenhua, where tailored program are provided for different posts with an emphasis on introduction of talents. To build up a fleet of first-rate group leaders, the Company focused on the role of mine managers in safe production to improve their safety management standards and on-site execution capability. Efforts were also taken to establish a first-class workforce by enhancing safety skills and compliance operation capability of frontline workers, seeking to

translate the pursuit of "Safety Foremost" into conscious behaviors of each employee. In 2013, China Shenhua organized 2,315 safety training courses with 221,097 person-times of participations and a total of 469,342 training hours, which effectively improved safety awareness and consciousness of the staff. The headquarter of the Company organized a total of 12 training sessions for safety assurance specialist staff in respect of duties and work procedures of different positions with nearly 400 person-times of participations, which effectively enhanced the capabilities of our safety assurance staff and created a harmonious and safe working environment.



"Safety is a topic of systems engineering. Without mobilizing all our potential with a mindset of "safety vetoing", we would be unable to improve safety consciousness of the staff through the shift from "safety requirement" to "safety initiative". "

— By Ren Shuiquan, manager of Shendong Wanli No.1 Mine



UNIQUE SAFETY CULTURE

China Shenhua focuses on fostering the "Life Foremost" safety culture to establish a strong safety consensus. A variety of safety-themed mass cultural activities specific to the business characteristics of the branches and subsidiaries were organized to expand safety implication and improve safety awareness of the staff. The omnipresent constraints to safeguard safety allow employees to be more self-disciplined in safety practices.

Safety art shows. During the "Month of Safe Production", Zhunge'er Energy Company delivered 4 art shows to primary production units with a theme of "Strengthening safety fundamentals for better safety performance". By making reference to safety practices of the Company and adhering to the theme of "Month of Safe Production", the pertinent art shows enlightened and cautioned the staff in a relaxed and pleasant atmosphere.

Safety culture square shows. At Yu Shen Energy Company, the previous commonplace safety educational activities were repacked into ingenious safety culture square shows according to mining practices, presenting a cultural fest for the staff to look into, stay on guard for and ensure safety. The singing contests, self-rescuer drill competitions and first-aid competitions allowed effective interaction among participants and employees present to enrich their safety knowledge and skills as well as their safety awareness, responsibility and consciousness.



Production safety

leveraging science and technology to set high standards

Safety culture festivals for work groups. At Yujialiang Mine of Shendong Coal Group, safety culture festivals for work groups are staged each year to provide the staff with a self-presentation platform through variegated and inspiring activities. A unique safety culture has been established through identifying excellence and fostering positive hobbies of the staff amid a sound competitive atmosphere in which making comparison with others, learning from others, keeping up with others, providing others with assistance and surpassing others are encouraged.

• Safety Art Shows



• Safety Commitment



• Safety Rescue Exercise



"In addition to field visits and on-site family cares, the Family Participation Committee encouraged empathy between frontline workers and their family members through letters and 'small talks'. Family harmony and mutual support have laid the second line of defense for safe production."

— By Zhang Xiaojuan, a member of the Family Participation Committee



SAFE PRODUCTION HONOURS

Safe Production Awards of China Shenhua in 2013

Name of award	Awardee	Awarder
The National Safety Culture Demonstration Enterprise	Shenhua Beidian Shengli Energy Co., Ltd.	State Administration of Work Safety
The National Safety Culture Demonstration Enterprise	Shenhua Tianjin Coal Dock Co., Ltd.	State Administration of Work Safety
The National Safety Culture Demonstration Enterprise	Guohua Jinjie Energy Co., Ltd.	State Administration of Work Safety
Third Prize of the Scientific Progress Award	Zhejiang Guohua Yuyao Gas-fired Power Co., Ltd.	China Occupational Safety and Health Association
Third Prize of the National Competition on 600MW Russian (Eastern European) System Thermal Power Generators (2012)	Tianjin Guohua Panshan Power Generation Co., Ltd.	National Committee of China Energy and Chemical Trade Union, Chinese Electricity Council
Winner of the Safety & Health Competition Cup	Tianjin Guohua Panshan Power Generation Co., Ltd.	All China Federation of Trade Unions, State Administration of Work Safety
Winner of the Safety & Health Competition Cup	Shenhua Baorixile Energy Co., Ltd.	All China Federation of Trade Unions, State Administration of Work Safety
Winner of the Safety & Health Competition Cup	Shuohuang Railway Development Co., Ltd.	All China Federation of Trade Unions, State Administration of Work Safety



Growth of Employees

Building up the Stage for Dreams

In light of the principle of "Human resource is the primary resource", China Shenhua adheres to the human resource strategic philosophy of "Recruiting talents flexibly to make full use of human resources", aiming to forge a first-class team in energy sector. Taking the Happy Employees Project as a carrier, the Company provides a safe and healthy workplace and unimpeded growth paths to build up a stage for employees to realize their dreams.



Total number of employees attending
training sessions in 2013

866,758 person-times





Growth of Employees

Building up the Stage for Dreams

WORKING ENVIRONMENT

In compliance with national labor laws and regulations, the Company adopts open and impartial employment policies and maintains transparent and open communication channels in order to protect legitimate rights and interests of employees and strive to create a harmonious working environment. In 2013, the Company had no serious breach of any standards, rules or regulations on working environment of employees.

- **Labor Standards**

In compliance with laws and regulations including the Labor Law, the Labor Contract Law and the Interim Regulation on Labor Dispatch, the Company extends respects to employees to earnestly foster a fair and lawful working environment. With reference to its business characteristics, the Company issued "Labor and Employment Management Regulations" and "Management Measures on Dispatched Labor (trial)" to govern management of contracted employees and labor workers, preventing any discrimination due to gender, race, religion, political affiliation, age or other differences.

The Company observes the laws and regulations and relevant administrative policies against child labor or forced labor. With a labor oversight system in place, the Company makes random checks irregularly on labor practices to identify any issues in labor management. The Company also takes initiatives to accept supervision and guidance of labor administrative authorities, to ensure elimination of child labor and avoidance of forced labor. In 2013, the Company had no serious breach of any standards, rules or regulations on child labor and forced labor.

- **Democratic Management**

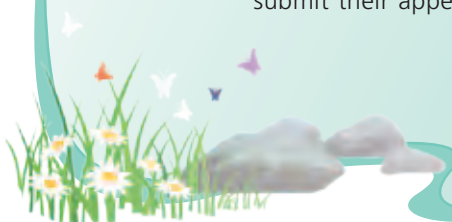
With employee representative committee system and labor union established according to laws. On the basis of equality, mutual benefit and mutual agreement, collective contracts are entered into with the Company by labor union on behalf of employees to safeguard the legitimate rights and interests of employees. The formulation and implementation of systems closely involving employees' interests are subject to consideration at meetings of the employee representative committee in accordance with legal procedures, to provide adequate protection to employees' right to know, express, participate and supervise. Through the appealing channels in place such as labor union and office for petitions, the employees' right of appeal is safeguarded by the Company. In 2013, the employee representative committee published the responses to and implementation progress of the proposals on housing, schooling of children, healthcare, registered residence and other concerns of employees.

The platform and mechanism for communication between employees and the management are one of the Company's focuses, which provide a speedy access to employees' opinions and suggestions to facilitate the solution of their working and living difficulties. Through internal website, periodicals and newspapers, announcements and notices, employees may keep informed of the Company's major operations and updates.

Case study: *"Mine Manager Hotline" to facilitate democratic communication*

At Liuta Mine, "Mine Manager Hotline" is available for certain less educated and elderly employees who have no computer literacy to submit their feedbacks and appeals. Through this easy and speedy channel, employees can submit their feedbacks directly through short messages or calls. Meanwhile, short messages involving employees' interests and major corporate decisions are sent to each employee through the channel, keeping them updated about the company and the mine to safeguard their interests.

Since its inception in July 2013, the "Mine Manager Hotline" has collected 53 opinions, suggestions and appeals from employees, of which 49 were solved and the remaining are being dealt with. It provides a platform for a broader employee base to submit their appeals and hence facilitates the democratic management practices.

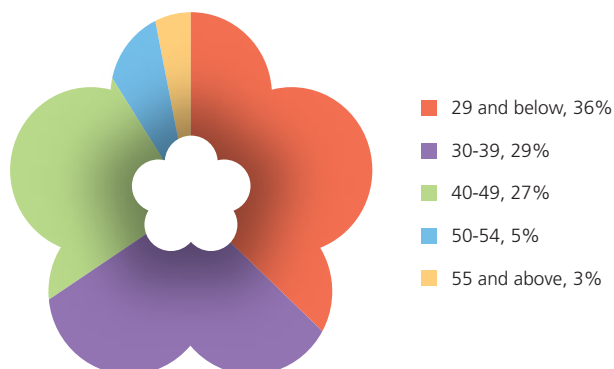




Growth of Employees

Building up the Stage for Dreams

Employees by age



Basic information of employees

As at the end of 2013, the Company had a total of 91,487 employees (including a few part-time employees), where the percentage of university graduates or above increased from 27.2% in the previous years to 29.1%, together with more rational age mix and specialty mix.

Employees by specialty

Specialty	As at the end of 2013 (pesons)	As at the end of 2012 (pesons)	Year-on-year change (%)
Operation and maintenance	60,762	59,813	▲ 1.6
Management and administration	12,769	12,613	▲ 1.2
Finance and accounting	1,531	1,416	▲ 8.1
R&D and technical support	9,587	8,044	▲ 19.2
Sales and marketing	2,302	2,331	▼ 1.2
Others	4,536	4,927	▼ 7.9
Total	91,487	89,144	▲ 2.6

Employees by education background

Education	As at the end of 2013 (pesons)	As at the end of 2012 (pesons)	Year-on-year change (%)
Postgraduate or above	2,440	2,071	▲ 17.8
University graduate	24,155	22,140	▲ 9.1
College graduate	24,201	23,025	▲ 5.1
Vocational school graduate	15,330	16,971	▼ 9.7
Technical school and high school graduate or below	25,361	24,937	▲ 1.7
Total	91,487	89,144	▲ 2.6

- **Interests of Minority Employees**

To respect and value female employees, the Company endeavors to arrange positions for female workers according to workload and working conditions. As at the end of 2013, the Company had 18,824 female employees, accounting for 20.6% of total employees. Female worker committees have been established in the headquarter and subsidiaries (branches) of the Company, primarily responsible for the matters relating to female workers. Special Collective Contract for Female Workers was implemented at the headquarters while the subsidiaries (branches) introduced specific measures on rights and interests of female employees in order to effectively safeguard their legitimate rights and special interests.

The Company fully respects the custom and habit of ethnic minority employees, and takes the initiatives to meet their special needs in diets and at workplace. As at the end of 2013, the Company had 4,645 registered ethnic minority employees.

The Company seeks to protect legitimate interests of handicapped employees. Job opportunities are guaranteed for handicapped employees according to post requirements and their competencies. As at the end of 2013, the Company had 296 registered handicapped employees.

REMUNERATIONS AND WELFARE PACKAGES

The Company provides employees with competitive remuneration packages and personalized benefits. The Company's remuneration system focuses on scalability and continuity, where total salary are linked to and reasonably adjusted for gross profit, per capita efficiency, labor and employment and performance assessment to give full play to incentive role of remunerations. Based on annual performance assessment, the Company paid salary, bonus, allowance and subsidy totaling RMB11,986 million to employees in 2013.

The Company contributes to statutory social insurance programs and the housing fund in accordance with the laws. The Company also maintains supplementary pension insurance, supplementary medical insurance and accidental insurance for its employees. In 2013, the Company's employee social insurance coverage ratio was 100%.

The Company endeavors to provide pleasant workplaces through arrangements such as free business meal and bus services for commuters.

The Company formulated the "Management Method on Attendance and Leave" to standardize the management of attendance and relate payment of salaries and benefits to attendance record, and stipulates that employees are entitled to paid leaves, maternity leaves, paternity leaves and other statutory leaves according to laws. During the reporting Period, no employee failed to resume employment following maternity leave or paternity leave.



Growth of Employees

Building up the Stage for Dreams

HEALTH AND SAFETY

The Company attaches great importance to occupational health and safety. The occupational hazard control bodies, management rules, archives, operational procedures and assessment systems at various levels constitute a well-established occupational safety and health management framework. During the reporting period, the Company had no serious breach of any standards, rules or regulations on health and safety of employees.

In 2013, the Company included the investment in employees' occupational health into the safety production fund which amounted to RMB5,508 million in total. Such fund was primarily aimed at the comprehensive controls over dust, noise and heat. Employees at each business segment are furnished with dust masks, safety glasses, helmets and other special labor supplies, effectively improving workplace conditions and individual protection. The Company continues to strengthen cooperation with institutions and colleges to carry out research and development of occupational hazard control technology and equipment upgrades, wielding technology to effectively protect employee health. A variety of advocacy and education activities are organized to enhance employees' awareness of individual protection.

The annual physical examination system is conscientiously implemented with employee occupational health records established to effectively control increase in the number of additional occupational patients. In 2013, the Company recorded 10 additional occupational patients^{Note}. Through post rotation, recuperation and other arrangements in a timely manner, occupational patients are attended properly.

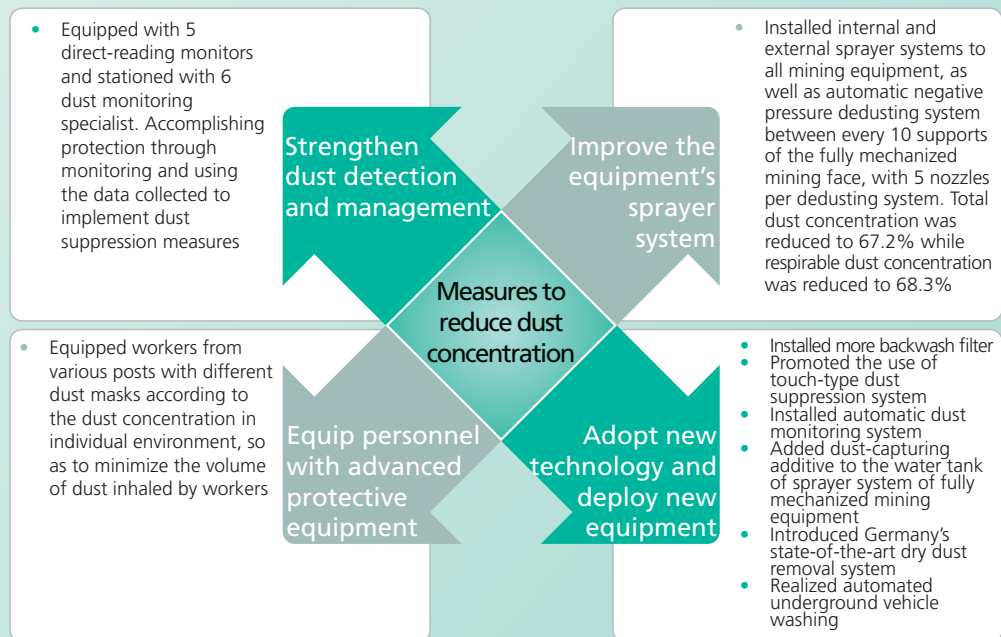


A corner of annual physical examination at Taishan Power

^{Note} The annual body checks arranged by the Company are usually conducted in April and May and the reports are received in June. As the result, the number disclosed in this report is for 2012, and the number for 2013 will be disclosed in 2014 report.

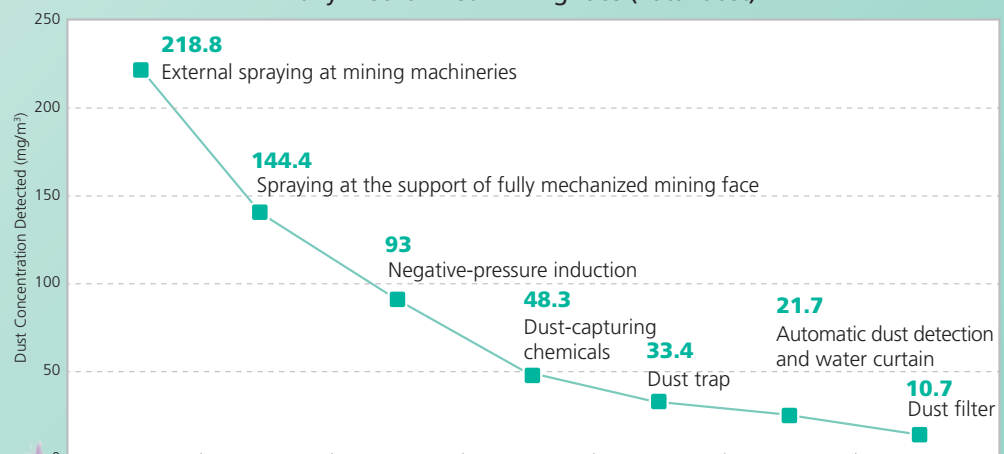
Case Study: Shendong Coal Group has multiple measures in place to protect workers' health

Dedicated to protecting workers' health, Shendong Coal Group minimized coal mining face as well as dust concentration (particularly respirable dust concentration) in other production areas, which protected the physical and mental health of underground mine workers and ensured safe production.



Under the foundation of a comprehensive management system, the Company introduced and innovated on new dust suppression technology and equipment, reduced dust concentration in underground mining area, coal mining face and excavating face, and the dust concentration in rubber conveyor belt tunnel and return airway has met the standard requirement of occupational health.

Broken line graph of composite dust suppression effect at 5² fully mechanized mining face (Total dust)





Growth of Employees

Building up the Stage for Dreams

CAREER DEVELOPMENT AND TRAINING

Adhering to the philosophy of "training is the greatest benefit and career development is the best incentive", the Company devises diversified career paths for employees with a focus on the "10 Talent Programs". The training system is constantly improved to provide a sound platform for career growth of employees.

- **Career Development**

The Company provides three career paths namely business management, professional techniques and skillful operation, for which respective rank promotion mechanisms linked to performance assessment are established to inspire employees' enthusiasm and promote their specialized and professional career development.

A competency model is in place to serve as a basis for identification and appointment criteria, development and training of talents. In 2013, the Company completed the competency model for middle management, a basis for their performance assessment, education, training and career development.

The Shenhua Technological Innovation Base was strengthened based on the "tens-hundreds-thousands" project for technology professionals, as well as 9 technology research and development platforms including the coal production safety laboratory and the thermal power generator running analytical laboratory. In 2013, the Company appointed 7 senior experts and 13 experts at subsidiaries and branches.

To carry forward its skilled work teambuilding campaign, the Company continues to develop skill masters, senior skilled workers, post adepts and skill models through international skill competition, rational proposals for technological upgrades and innovation activities. In 2013, the Company appointed 3,000 skilled talents at various levels.



An employee skill contest in the power segment

• Training System

The Company provides training sessions specific to employees at different levels and of different categories under a multi-level and multi-channel mega training system featuring unified leadership and plan as well as hierarchical management and implementation. The Employee Education and Training Management Regulations (Trial) introduced in 2013 provide further administration on training management, ensuring the enhancement training quality and the improvement of staff quality.

At the management institute of Guohua Power Company, a unique talent training system has been established under which professional courses are developed, including the proprietary course “Competency Improvement Workshop for Middle Managers”. Through evolvement and practices over three years, it was named “China’s Best Corporate Learning Program” at the ceremony for the Third China’s Corporate University Development Forum and the 2013 Billboard of China’s Best Corporate Universities.





Growth of Employees

Building up the Stage for Dreams

In 2013, the Company invested RMB156 million in training, and provided training sessions to employees 866,758 person-times in total through the mega training system with a total of 4,644,647 training hours equivalent to approximately 5.4 hours/person-time. Tiered key training programs are devised targeting major business areas of the Company, to effectively enhance business competency and expertise of relevant employees.

Key Training programs of China Shenhua in 2013

Training organizer	Topics covered	Participants	Training hours
China Shenhua	"Energy and Economy" management forums; special training sessions on internal control and audit, environmental protection, legal, property management, news publicity, human resources system and other topics	895 person-times	632 hours
The headquarters of the Company	Seminars; English language training	7,338 person-times	29,840 hours
Subsidiaries (branches)	Business training covering safety management, occupational health, fire management, professional manager, human resources, team/group leader, internal trainers, etc.	20,584 person-times	24,881 hours



In-house business training of the resource management department of the Company

Chan Ching Chuen, Fellow of the Chinese Academy of Engineering, giving a seminar for employees of the Company

Case study: *Shenhua Training Center — A cradle for business elites*

In January 2013, Shenhua Training Center Company Limited ("Shenhua Training Center", a wholly-owned subsidiary of the Company) was established as the internal professional training body of the Company.

It is mainly engaged in organization and implementation of training sessions for middle and senior management, key management personnel at the subsidiary and branch level and staff of the headquarter, as well as design of courses, policy and theory study and development of teacher resources. In 2013, it successfully held 19 training classes including management forums and leadership and environmental topics for senior managers, with more than 1,000 trainees and total training volume of 3,756 person-days.



The 6th senior manager training session (simulation game)
held by Shenhua Training Center

CARE AND WELL-BEING

Through the Happy Employees Project, the Company provides diversified cares in four aspects namely affordable housing, caring for employee families, cultural and sports activities and aids for employees in need. A follow-up and supervision system is established to timely circulate the progress among employees, allowing them to share the Company's outcomes with better quality of life and well-being experience.



Growth of Employees

Building up the Stage for Dreams

- **Affordable Housing**

The Company increased investment to step up the renovation of shantytowns, a major livelihood project for creating good dwellings for the frontline employees of mines. During the period from 2008 to 2013, Beidian Shengli Energy raised a total of RMB112 million and completed renovation of shantytowns for 327 households.

- **Caring for Employee Families**

The Company extends cares to employee families, weaving a tie of trust and understanding between employees and their families and seeking to create peacefulness and happiness for them. In 2013, activities such as open day and company visits for kinsfolk and "Golden Autumn Education Promotion Program" were organized to dispel concerns of families and help them enjoy family happiness.



The 2nd Open Day for families at Taishan Power

- **A variety of activities**

The Company advocates a healthy work and life philosophy. In 2013, we organized the company-wide basketball event, Shenhua "Road and Port Cup" table tennis tournament and other activities to help employees ease the pressure and enrich the life. A variety of activities such as the first Shenhua Literary Award, "Focus on Shenhua - A closer snapshot to transportation segment" photographic activity, etc. have helped to sublime employees' tastes and establish a sound corporate culture.



The company-wide basketball event



Table tennis game



The first Shenhua Literary Award



Photographic activity – "A closer snapshot to transportation segment"

- **Aids for Employees in Need**

The Company revised the Management Method on Serious Disease Aid Funds to Employees in Need (Trial) and the Management Method on Subsidies for University Students as Children of Employees in Need (Trial) to help to relieve concerns of the employees in need. In 2013, the Serious Disease Aid Funds to Employees in Need offered RMB1.05 million to 19 employees, and the Subsidies for University Students as Children of Employees offered RMB690,000 to 138 students. During the 2014 Spring Festival holidays, the Company labor union offered RMB12 million in the "Delivering Warmth and Care" activity.



Capital investment for
energy conservation and
environmental protection

RMB **4,014** million

The background is a vibrant, stylized illustration of a sustainable landscape. In the upper half, several white wind turbines stand on a green hill under a clear blue sky. Below them, two large solar panels are tilted towards the sun. The middle section shows a lush green field with various trees and small white flowers. In the lower left, a brown horse and a black-and-white cow are grazing near a blue river. A large, semi-transparent blue circle is positioned in the lower right, containing the main title and subtitle.

Energy conservation and environmental protection

Building China Shenhua as an eco-enterprise

China Shenhua examines the energy-saving and environmental issues in infrastructure construction and in the course of production and operation process from the perspective of the building of ecological civilization, aiming at developing itself into a “resource-conserving and environment-friendly” enterprise to unleash the clustering advantages of integrated multi-industries, to continue carrying out simultaneous development and protection, control and restoration as well as conservation and efficiency enhancement for improving the utilization efficiency of energy resources, and to build “green mines”, “environmental-friendly power plants” and “green distribution channels” as contributions to building a beautiful China.

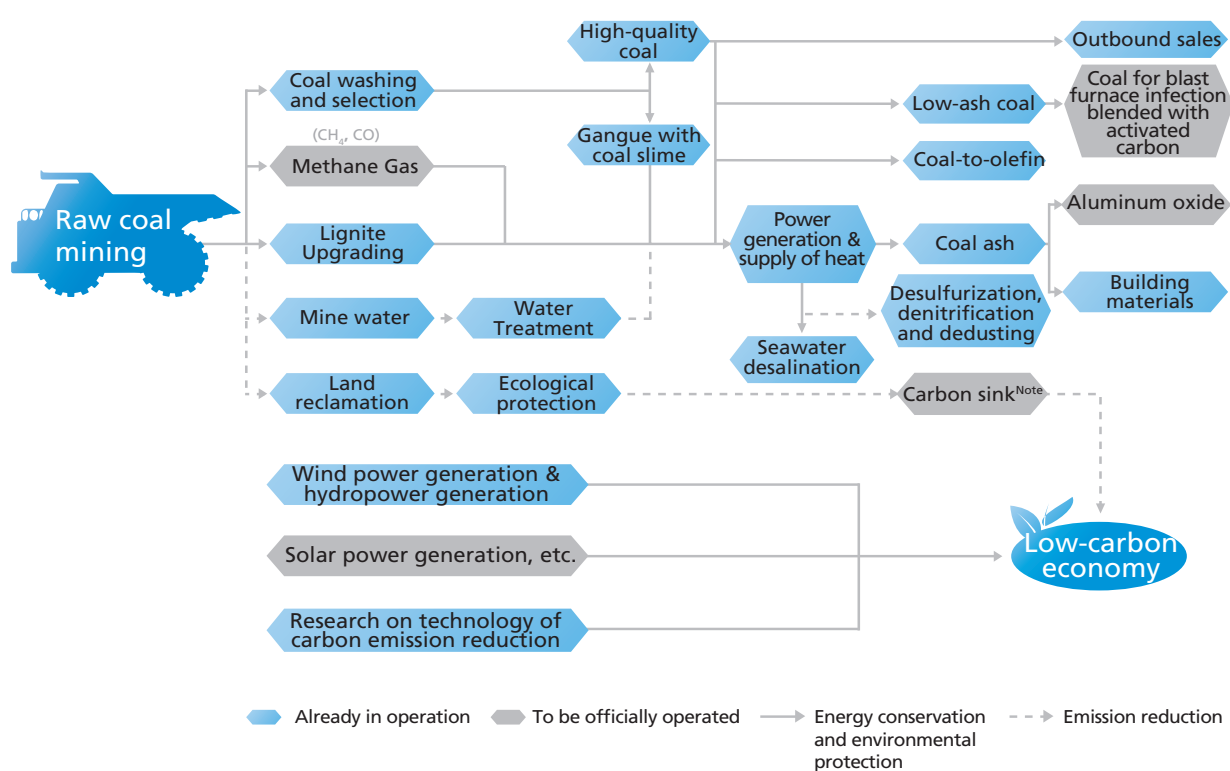


Energy conservation and environmental protection

Building China Shenhua as an eco-enterprise

With an ongoing commitment to the basic approach towards green development, circular development and low-carbon development, China Shenhua creates a circular economic development model featuring “resources – products – wastes – renewable resources” through the effective connection and coupling of coal mining, processing and conversion in the coal industry as the foundation for extending the industrial chain, collaboratively unleashing the industry’s own advantages, economic advantages and advantages over energy conservation and emission reduction, thereby enhancing the Company’s competitiveness in both the domestic and global energy industries.

THE SKETCH DIAGRAM OF CIRCULAR ECONOMY OF CHINA SHENHUA

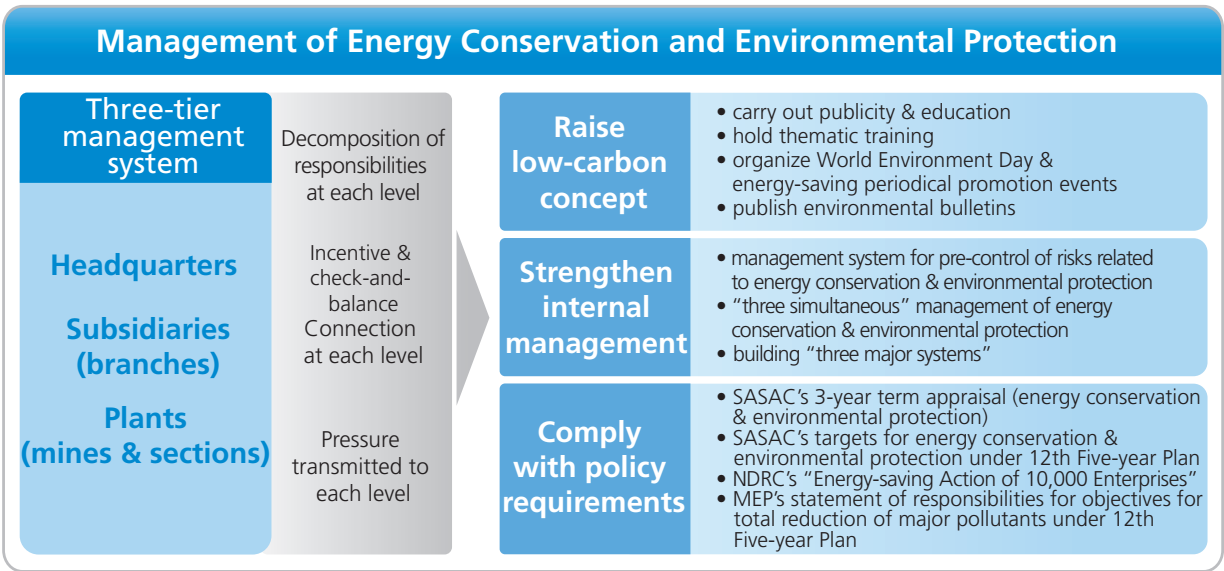


Note

Carbon sink is the short form for carbon credit trading system, which generally refers to the process, activity and mechanism of removing carbon dioxide from the air. It mainly represents the amount of absorption and storage of carbon dioxide by forests, or the capacity of forests to absorb and store carbon dioxide.

MANAGEMENT OF ENERGY CONSERVATION AND ENVIRONMENTAL PROTECTION

The Board of the Company and its Safety, Health and Environment Committee are the ultimate decision-making body for energy conservation and environmental protection. The Company has established a top-down three-tier management system comprising the headquarters, subsidiaries (branches) and plants (mines and sections). Following the establishment of an energy conservation and environmental department by Guohua Power Branch and a number of subsidiaries (branches) in 2013, a four-in-one working mechanism has taken shape, which comprises “system, funding, technology as well as publicity and education” for enhancing the standards for the management of energy conservation and environmental protection on an ongoing basis.



In 2013, with a focus on the five-in-one objectives for “intrinsic safety, statistics, monitoring, evaluation and benchmarking”, the Company initially set up a risk prevention, control and management system for energy conservation and environmental protection in a bid to ensure the intrinsic safety of environment. The Company formulated the “Measures for Penalties for Environmental Safety-related Incidents” to link administrative accountability with performance assessment; carried out an “environmental safety special action” to troubleshoot potential environmental hazards and implement closed-loop rectification; and signed a “statement of responsibilities for environmental safety objectives” with 19 key subsidiaries (branches) for the discharge of safety responsibilities.



Energy conservation and environmental protection

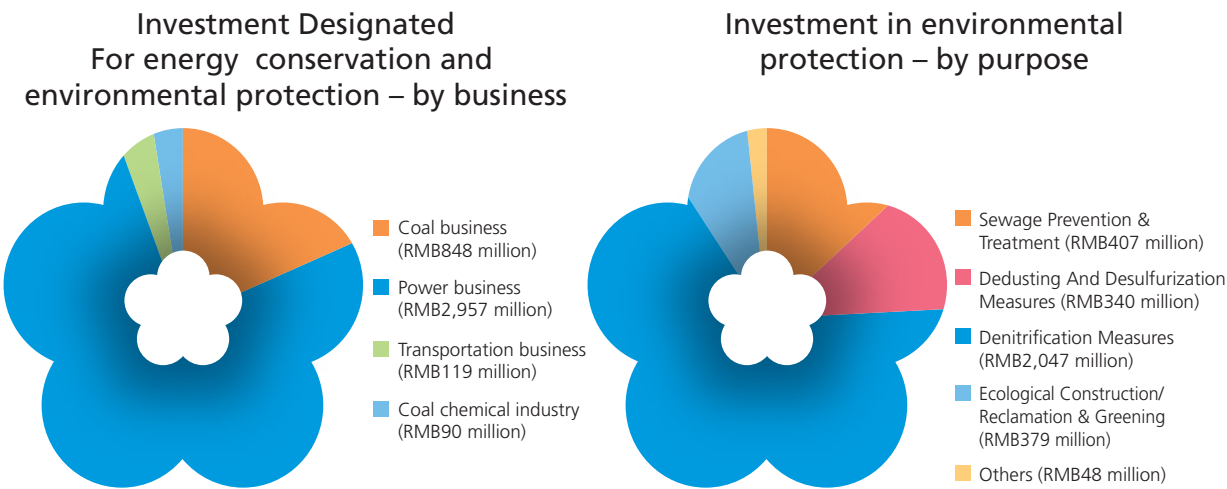
Building China Shenhua as an eco-enterprise

The Company vigorously implemented various standardization management policies including ISO14001 (environmental management), HSE, etc.; carried out the management of construction projects simultaneously in the following three aspects: environmental impact assessment, energy-saving assessment, water and soil conservation programmes as well as “three simultaneous” management of environmental protection; pushed forward an information-based programme on energy conservation and environmental protection; commenced the establishment of an online monitoring system for major pollutants; and successfully held three thematic classes on the building of ecological civilization and environmental training courses for senior managers to enhance employees’ environmental concept. No major environmental accidents occurred in 2013.

Progress in the building of the three energy conservation and environmental protection systems of China Shenhua in 2013

Statistics	Integrated and optimized “energy and environment statistics reporting system”, and added an accounting table for total reduction of major pollutants and a table of rectifying potential problems involving energy conservation and environmental protection, and enhanced the efficiency and quality of statistics on a consolidated basis.
Monitoring	Commenced the establishment of an online monitoring and pre-warning system for major pollutants to cover more than 100 discharge outlets of 96 work units for carrying out the “instant pre-warning, process monitoring and closed-loop management” of key entities.
Assessment	Combined performance evaluation with administrative accountability, and introduced the “Measures for Penalties for Environmental Safety-related Incidents”, and increased the weight of “energy-saving and environmental model” in the performance evaluation policy for “five-model enterprises”.

In 2013, the Company made an investment of RMB4,014 million designated for energy conservation and environmental protection, of which RMB3,221 million and RMB793 million were committed to environmental protection and energy conservation respectively, and mainly used for environmental projects such as desulfurization, denitrification, dedusting, treatment and utilization of waste water and ecological construction, as well as for energy conservation projects such as boiler renovation, thermal and power cogeneration, transformation of frequency conversion, utilization of residual heat and pressure.



EFFICIENT UTILIZATION OF RESOURCES AND ENERGY

The Company continued improving the energy conservation and emission reduction system. Through various initiatives such as standardized management, optimization of structure, benchmarking activities, technology promotion and key projects, resources and energy were conserved to improve the utilization efficiency of energy. In 2013, comprehensive energy consumption of the Company amounted to 45.996 million tonnes of standard coal. Comprehensive energy consumption per RMB10,000 output value was 2.18 tonnes of standard coal/RMB10,000.



Energy conservation and environmental protection

Building China Shenhua as an eco-enterprise

Energy consumption by each segment of China Shenhua in 2013			
	2013	2012 (restated)	Year-on-year change (%)
Integrated energy consumption by raw coal production (kg standard coal/tonne)	2.21	2.58	▼ 14.3
Integrated energy consumption per 10,000 tonne kilometers of railway (kg standard coal/10,000 tonne kilometres)	26.01	26.90	▼ 3.3
Integrated energy consumption per 10,000 tonne throughput of port (kg standard coal/10,000 tonnes)	2,855.09	3,041.68	▼ 6.1
Integrated energy consumption per 1,000 tonne nautical miles of shipping (kg standard coal/10,000 tonne nautical miles)	58.1	61.7	▼ 5.8
Integrated energy consumption of polyolefins per tonne (kg standard coal/tonne)	5,595.96	5,599.58	▼ 0.06

- **Provide green coal**

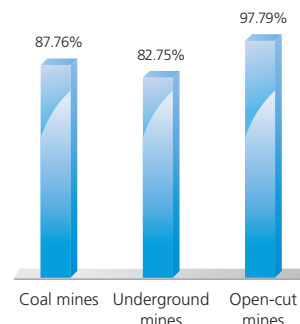
Committed to the development philosophy of “high starting point, high standard, high quality, high efficiency, high technology and high profitability”, the Company builds modern mines; carries out green, efficient mining; improves coal quality; reduces transportation consumption; promotes clean combustion of coal; and increases the comprehensive utilization efficiency of coal resources.

Realise green mining. The Company builds a “safe, green, smart and efficient” modern coal production system to enhance the level of equipment, optimize the layout of excavation at mines and explore coal production methods which have low input, high output, low consumption, less emissions and sustainable development. In 2013, the Company’s comprehensive energy consumption of raw coal production amounted to 2.21 kg of standard coal/tonne approximately, and power consumption for coal selection per unit was 2.31 kwh/tonne approximately, which reached the world’s advanced levels. The average recovery rate for coal mining areas was 87.76%, of which the recovery rate for underground mines was 82.75%, while that for open-cut mines was 97.79%, all ranking top in the industry.

In 2013, the Company's Daliuta mine and Heidaigou open-cut mine were used as model mines for demonstrating the promotion and application of advanced, appropriate technologies in the conservation and comprehensive utilization of mineral resources.

Enhance the quality of coal. The Company adopted a number of initiatives during the coal production, washing and selection, and transport processes to enhance the quality of coal. The Company sells fine coal with a high calorific value by means of outbound shipping, and makes comprehensive and clean utilization of coal gangue and coal with a low calorific value on the site, so as to minimize unnecessary transportation and maximize energy efficiency. In 2013, the Company washed and processed raw coal of 290.34 million tonnes, washed and removed coal gangue of approximately 29.04 million tonnes, and achieved a reduction of approximately 17.4 billion tonne km in railway freight turnover based on the average transportation distance of 600 km by railway.

Recovery rate of China Shenhua's coal mining areas



Measures to enhance the quality of coal

Raw coal production

- Promote technology to process gangue under mines to raise quality of coal at source

Coal washing & selection

- Optimize washing & selection technology
- Increase amount of coal for washing
- Remove gangue and impurities

Coal transport

- Install superconductive precipitators at ports
- Conduct simulation assessment of quality before shipment



Energy conservation and environmental protection

Building China Shenhua as an eco-enterprise

Promote clean combustion of coal. In view of the special properties of its coal, the Company continuously carries out research on coal combustion technology and provides customers with technical guidance for the purpose of effectively improving combustion efficiency, reducing pollution emissions and providing maximum green energy to the community. In 2013, the “technology regarding efficient and safe combustion of Shenhua coal for power plant boilers” of Guohua Power Branch was effectively promoted among a number of customers, which facilitated the safe, efficient and clean combustion of Shenhua coal.

- **Build environmental-friendly power plants**

Following the power development concept of “clean and efficient conversion of coal and comprehensive utilization of resources”, the Company came out with the transformation of the existing generating units in terms of supply of heat, capacity expansion and energy conservation, with a view to enhancing sustainability of the power industry. In 2013, the average standard coal consumption for power output of the coal-fired generating units of the Company’s power business was 323g/kwh. As at the end of 2013, the Company’s generating units with a capacity of 600 MW or above accounted for 62.2% of the total capacity of coal-fired generating units.

Case: Guohua Power Branch “high-quality green power generation plan”

In 2013, Guohua Power Branch carried out a “high-quality green power generation plan” for its coal-fired generating units by upgrading and renovating energy conservation for various systems of the generating units such as circulation and efficiency enhancement, capacity expansion, heating, desulphurization, dedusting and noise reduction for raising the overall energy efficiency level.

Guohua Power Branch carried out a comprehensive upgrade and renovation project for its 600,000-kw sub-critical generating units and Russian-made 800,000-kw generating units, which primarily comprised renovation works on circulation, capacity expansion, efficiency enhancement, high-frequency power supply for electric precipitators and desulfurization efficiency enhancement so that coal consumption for power supply by the generating units could be reduced by 10g of standard coal/kwh. It carried an energy consumption diagnosis to 15 generating units so that coal consumption for power supply by 1 million-kw generating units fell 2.5g of standard coal/kwh year-on-year. In 2013, the average coal consumption for power supply by Guohua Power Branch was 311.7g of standard coal/kwh, a year-on-year fall of 2.7g of standard coal/kwh.

Upon full implementation of the green power generation plan, the annual increase in revenue is approximately RMB1.6 billion, return on investment is higher than 15% and bonus development capacity is approximately 2 million kw. Upon efficiency enhancement and capacity expansion of the generating units, power generation capacity is expected to increase by approximately 1 million kw.



- **Build green channels**

The Company has built a railway, port and shipping integrated transport system, optimized the organization and coordination of transport and broken the conventional one-way direction transport mode by carrying out reverse full-trip transport at ports to raise transport efficiency and reduce energy consumption. The Company has made aggressive efforts on developing the 10,000-tonne heavy haul train operation technology to improve the efficiency of transport so that the integrated energy consumption per 10 thousand tonne kilometers of railway reached 26 kg of standard coal/10,000 tonne km, representing a year-on-year decrease of 3.3%. With shore power equipment installed at ports to supply power to vessels berthed, fuel consumption and pollutant emissions by vessels can be reduced by up to approximately 2%. 20 voyages were completed involving shore-based power supply with a cumulative power supply of 12.439 million kwh during the year.

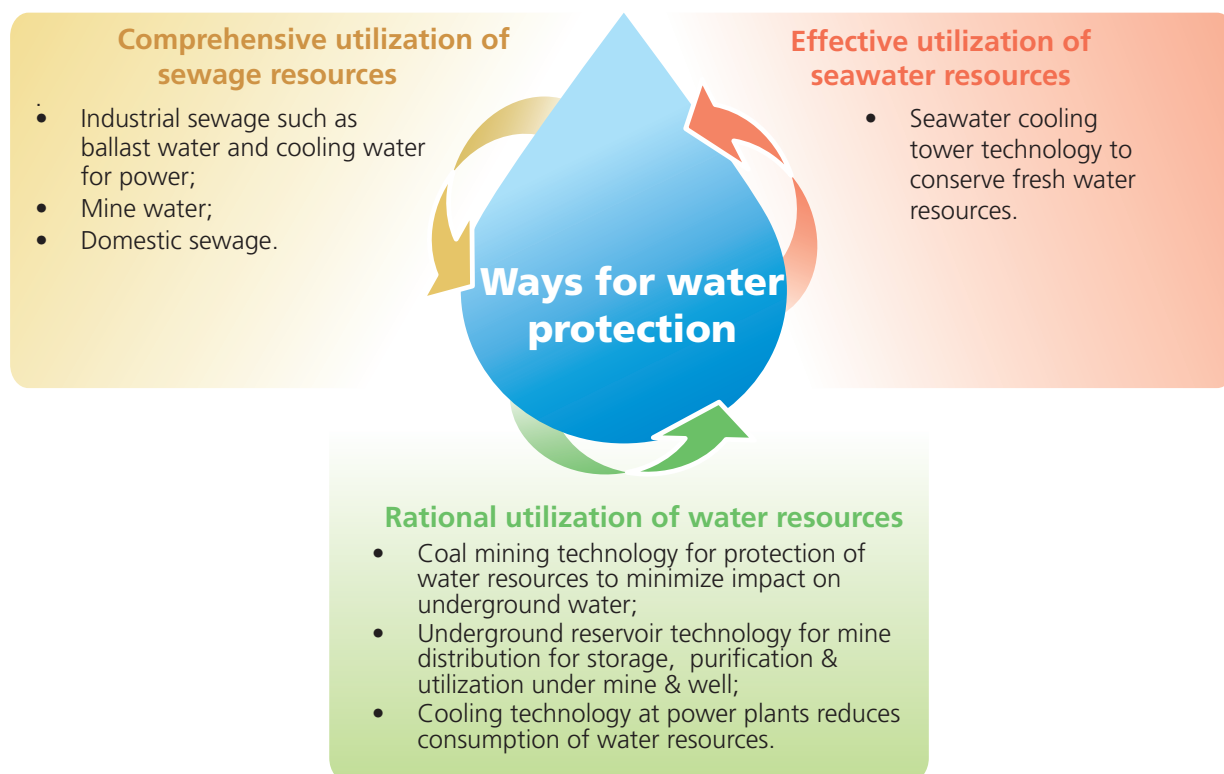


Energy conservation and environmental protection

Building China Shenhua as an eco-enterprise

FEATURE: WATER SECURES EFFECTIVE PROTECTION

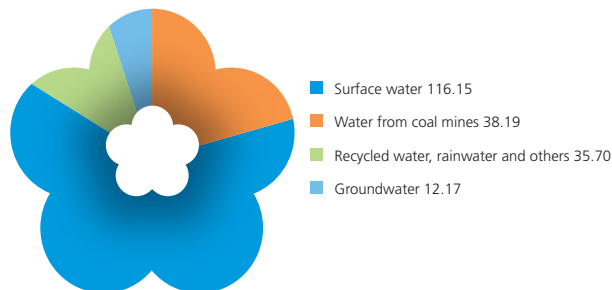
China Shenhua cannot carry out its development without water. We have made our commitment and action for “the stringent management of water resources” in the “utilization, cherishing and protection of water” sublimated from our production and operations. Such commitment and action also serve as our basic assurance for sustainable operations.



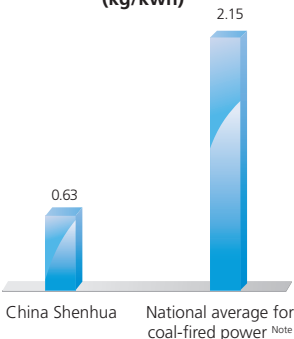
Rational utilization of water resources. The Company promotes advanced technology in the rational utilization of water resources. In 2013, the installed capacity of the Company's power generation business employing direct air-cooling technology reached 9,720MW, accounting for 23.8% of the total capacity of the Company's coal-fired generating units. In 2013, the Company's total water consumption amounted to 202.21 million tonnes, of which fresh water consumption totaled 170.38 million tonnes. Fresh water consumption for raw coal washing and selection was 0.02 m³/tonne. Fresh water consumption for power generation of the Company for the year was 0.63 kg/kwh, which was 29.3% of the national average^{Note}.

^{Note} The national average of the coal fired power industry is extracted from China Power Industry Annual Development Report 2013 of China Electricity Council, which shows the industry data for 2012.

Water consumption by type of sources (million tonnes)



Fresh water consumption for coal-fired power generation in 2013 (kg/kwh)



Effective utilization of seawater resources. Based on the local conditions, the coastal power plants of the Company conserve fresh water resources by employing seawater cooling tower technology. In 2013, Guohua Power Company received a bronze award for the “discharge plant for condensed water from desalination evaporators” at the 65th International Exhibition of Inventions in Nuremberg, and won a “green” laurel price from the International Federation of Inventors’ Associations.

Case: *Cangdong Power developed the desalination technology with its own intellectual property rights*

There is a more urgent need for fresh water resources as the development and construction of the Cangzhou Bohai New Area move further. Cangdong Power deepened electricity and water cogeneration mode and created an industrial chain comprising the comprehensive utilization and production of resources for “power generation – desalination – salt chemicals”.

Through independent research and development, Cangdong Power has set up the first 10,000-tonne desalination plant in China with its own intellectual property rights, and the main technical and economic indicators, such as fresh water output capacity of 12,500 tonnes/day and water production ratio, have reached and exceeded the designed values.

As at the end of 2013, Cangdong Power obtained three copyrights of desalination software, 10 invention patents and more than 40 practical new design patents. It owned three sets of seawater desalination equipment with a water treatment capacity of 57,500 tonnes per day. In 2013, 8.28 million tonnes of seawater were desalinated, and 4.45 million tonnes of water were supplied to external parties, making the company one of the main sources of fresh water in the local area.

Note The national average of the coal fired power industry is extracted from China Power Industry Annual Development Report 2013 of China Electricity Council, which shows the industry data for 2012.



Energy conservation and environmental protection

Building China Shenhua as an eco-enterprise

Comprehensive utilization of sewage resources. Taking into consideration the different characteristics of coal, power and transportation industries, the Company has strengthened the comprehensive treatment, recycling and utilization of industrial sewage and domestic sewage such as mine water (drainage water), ballast water in vessels and power cooling water so as to improve the comprehensive utilization efficiency of sewage and conserve fresh water resources. The coal chemical segment employs advanced sewage treatment technology and water-saving technology in “diverting clean water from sewage, carrying out treatment of pollution separately and utilizing water for multi purposes” to maximize the reuse of water resources. In 2013, comprehensive utilization of sewage amounted to approximately 108.60 million tonnes, representing a comprehensive utilization rate of approximately 57.35%. Mine water utilization rate was 55.2%, representing an increase of 7.8 percentage points from last year.

China Shenhua’s comprehensive utilization of water resources (restated)

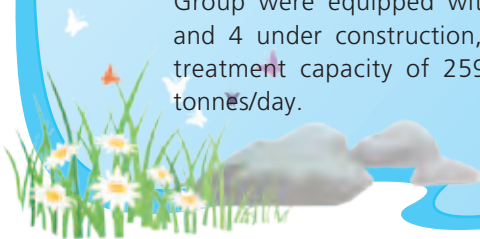
		2013 (million tonnes)	2012 (restated) (million tonnes)	Year-on-year change (%)	
Mine water	Amount produced	114.4	109.4	▲	4.6
	Amount utilized	63.2	51.9	▲	21.8
Industrial sewage	Amount produced	59.9	42	▲	42.6
	Amount utilized	41.4	31.3	▲	32.3
Domestic sewage	Amount produced	15.0	16.0	▼	6.3
	Amount utilized	4.0	5.4	▼	25.9

Case: *Shendong Coal Group established a benchmark for sewage management*

To utilize mine water and sewage generated by coal washing plants in a rational way and to fully improve the sewage collection, treatment, discharge, emergency and utilization systems, Shendong Coal Group has adopted an innovative method for the collection, treatment and utilization of mine water in four ways – collection from three districts, treatment by three tiers as well as recycling and utilization in three ways, thereby having established benchmark mines for the utilization of sewage resources.

3 collection areas	All sewage around a mine is collected in the principle of proximity and similarity for centralized sewage collection and treatment, from 3 collection points namely sewage plant, the slime water closed-circuit circulation system at preparation plant, and the filtration and purification system at underground goaf.
3-level treatment	Through the 3-level treatment system comprising the filtration and purification system at underground goaf, sewage plant and mine in-depth treatment plant, sewage is treated for reuse according to quality and classification to improve the sewage utilization rate and save fresh water resources.
3 circulations	At 3 systems namely underground goaf, preparation plant and boiler room, sewage is treated and recycled through closed-circuit circulation to minimize sewage discharge.
3 usages	Sewage is recycled for production, domestic water and greening irrigation purposes respectively according to different water quality.

As at the end of 2013, all mines, plants and staff living quarters of the Shendong Coal Group were equipped with sewage (waste water) treatment plants (52 in operation and 4 under construction, totaling 56), with a coverage ratio of 100%, total design treatment capacity of 259,900 tonnes/day and actual treatment volume of 125,902 tonnes/day.



MINIMIZED ENVIRONMENTAL IMPACT

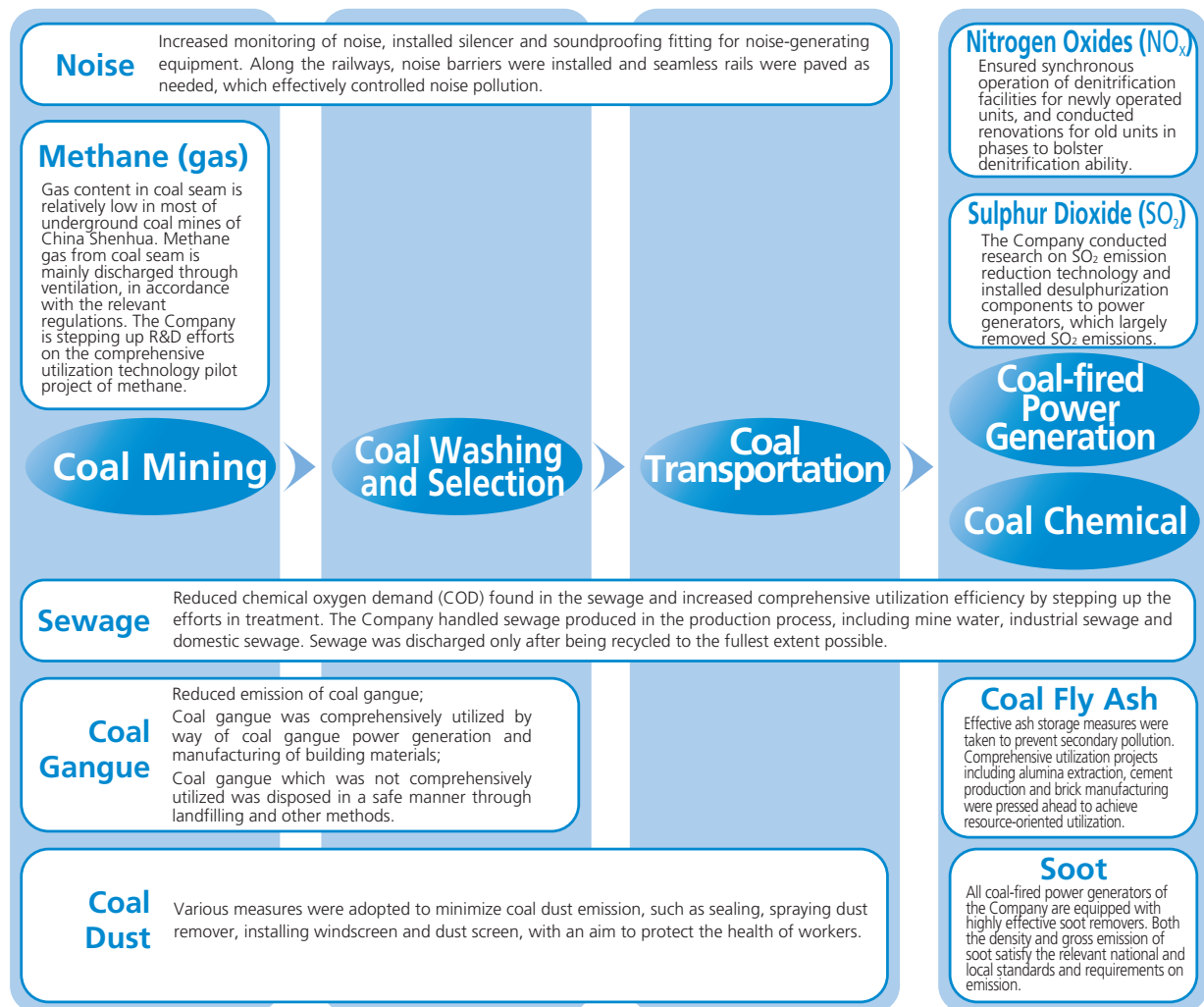
The Company is highly concerned about pollutant emission in its production and operation. In the principle of “Preventing pollution from source, controlling production process and end of pipe treatment”, the Company adhered to an economical, conservation and spontaneous recovery-oriented approach to step up its efforts in prevention and control of pollution, with an aim at clean production and minimized impact on ecological environment through “recycling, neutrification and reduction” of pollutants.



Energy conservation and environmental protection

Building China Shenhua as an eco-enterprise

Summary of Key Emissions and Treatments



Comprehensive Utilization of Solid Waste

For the valuable solid waste generated in production, the Company increased investment in equipment and technological innovations and achieved comprehensive utilization of coal gangue, coal fly ash, cinder and other solid waste.

At Shendong Coal Group, to reduce the underground generated gangue, underground tunnels were arranged in coal seams to avoid rock heading, and gangue from construction of gate interchange and equipment chamber was directly filled in abandoned tunnels and dedicated gangue dump tunnels, thus avoiding transporting gangue out of the underground. To reduce gangue washing and selection at the ground, gangue-fired power plants have been completed at Daliuta, Baode and Shangwan mines. Gangue disposal sites were selectively built at mountain gully areas, where gangue was placed, flatten and rolled by layers before greening and reclamation in order to turn gangue yard into green land and forest land.

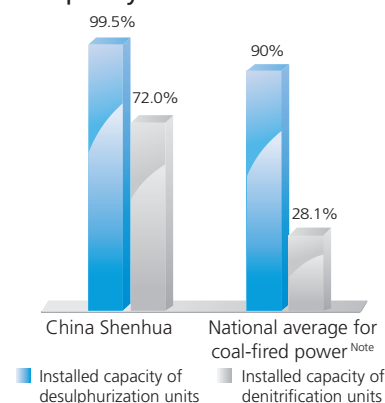
Solid waste generation and comprehensive utilization by China Shenhua in 2013			
Item	Volume generated	Comprehensive utilization volume	Comprehensive utilization rate
Unit	Million tonnes	Million tonnes	%
Coal gangue	29.04	1.15	4.0
Coal fly ash, cinder and desulphurized gypsum	21.28	16.29	76.6
Other solid waste	0.57	0.22	38.6

Prevention of Air Pollution

In 2013, in order to fulfill the requirements stipulated in the government's "Action Plan on Prevention and Control of Air Pollution" and its implementation rules, the Company developed the "Action Plan on Prevention and Control of Air Pollution (2013 – 2017)", under which air pollution preventive measures including structural upgrades, technical emission reduction and management enhancements were established for the business segments in order to meet the three goals of "passing national assessments, strengthening the green businesses and promoting industrial transformation and upgrades".

The Company promoted flue gas desulphurization, denitrification, dedusting and boilers' technological innovations to reduce exhaust emission. In 2013, the Company refitted 26 coal-fired power generation units currently in commission with denitrification technology, and modified 2 coal-fired power generation units with desulphurization technology. The installed capacity of desulphurization units were 40,680MW, accounting for 99.5% of the total installed capacity of the Company's coal-fired units; and the installed capacity of denitrification units were 29,420MW, accounting for 72.0% of the total installed capacity of the Company's coal-fired units, representing an increase of 33 percentage points as compared with the previous year and establishing a leading position in the industry.

Ratio of installed capacity of desulphurization and denitrification units to the total installed capacity of coal-fired units



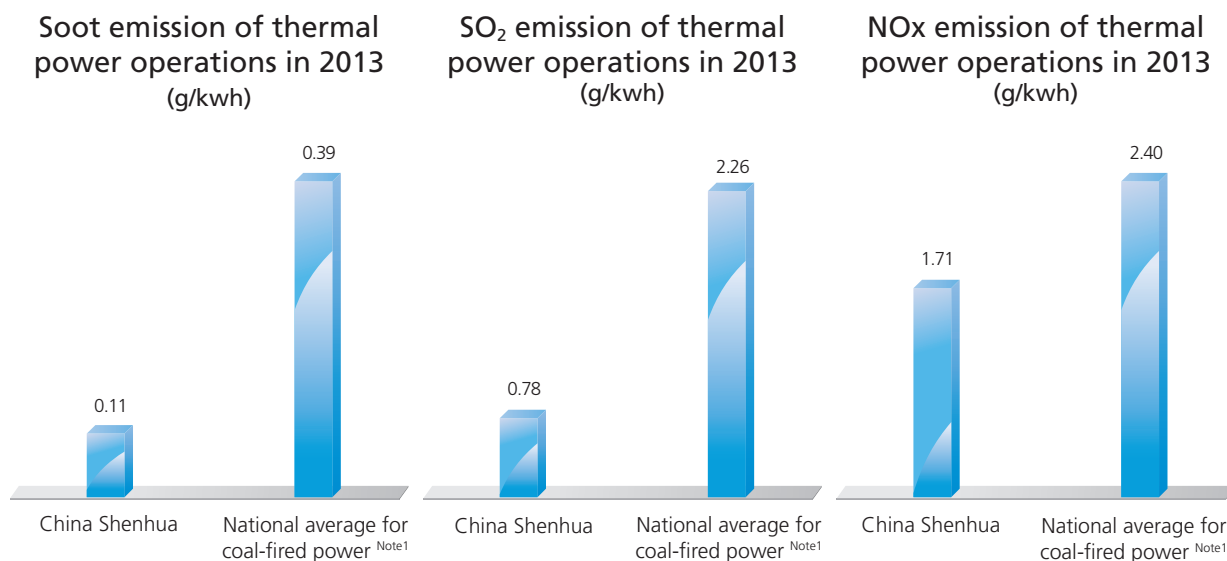
To strengthen control of coal dust and soot, the Company has adopted various measures such as utilizing closed transportation systems in coal production, storage, transportation and consumption processes, installing auto sprinkler, and making use of closed coal storage centers. These measures effectively reduced emission of coal dust with an effect of "invisible coal in mining". In 2013, Guohua Power Branch, in conjunction with various research agencies, carried forward a specialized research project on PM2.5 test of flue gas discharged by coal-fired plants, which enhanced dust removing effect to protect urban air quality.

Note The national average of the coal fired power industry is extracted from China Power Industry Annual Development Report 2013 of China Electricity Council, which shows the industry data for 2012.



Energy conservation and environmental protection

Building China Shenhua as an eco-enterprise



Generation and reduction of other emissions by China Shenhua in 2013				
Indicator	Unit	2013	2012 (restated)	Year-on-year change (%)
SO₂ emission of power segment	Ten thousand tonnes	17.2	20.1	▼ 14.43 ^{Note}
NO_x emission of power segment	Ten thousand tonnes	38.0	45.0	▼ 15.56
COD emission	Ten thousand tonnes	0.31	0.41	▼ 24.4

Noise Control

The Company took a range of initiatives to prevent and control noise from its production and operations, such as strengthening noise monitoring, installing silencer and soundproofing fitting, installing noise barriers and paving seamless rails along the railways as needed, to exercise strict control over noise pollution.

ECOLOGICAL PROTECTION

Adhering to the principle of “producing coal in an environmentally friendly manner and constructing ecological mining areas”, the Company makes an active presence in water and soil conservation, greening and reclamation, control of sand storm as well as slope protection. The Company believes that “prosperity will follow if we put equal emphasis on greening and mining”, and with that in mind the Company facilitated the building of an ecological civilization.

^{Note 1:} The national average of the coal fired power industry is extracted from China Power Industry Annual Development Report 2013 of China Electricity Council, which shows the industry data for 2012.

^{Note 2:} The total power generation of the Company amounted to 225.38 billion kwh in 2013, representing an increase of 8.4% as compared with 2012.

In 2013, the Company invested RMB379 million in water and soil conservation and ecological construction, increasing afforestation area by 16.74 million m². The Company established a greening and reclamation fund and kept capitalizing unit coal cost to finance our ecological construction projects, securing the continuous supply of capital to ecological construction.

- **Ecological Construction in Underground Mining Area**

Based on the conditions of regional ecology in each mining area, the Company used innovative approaches in promoting the ecology in mining areas to recover and flourish, including treatment before mining, protection during mining and recuperation after mining, with particular focus on treatment of subsidence area, gangue dump site management and greening and reclamation of mining areas. In 2013, Shendong Coal Group completed the restoration of 3,000m² of collapsed mining areas, and the greening projects on central areas and mining areas, with 3.21 million of various species of trees and shrubs planted. In 2013, Daliuta Mine, Huojitu Mine and Baode Mine of Shendong Coal Group were included into the third batch of pilot construction of state-level green mines. Currently, the Company has 15 coal mines included in the pilot construction of state-level green mines.

- **Ecological Construction in Open-cut Mines**

Through simultaneous mining operations and reclamation, the Company ensured that soil dump sites have coherent geological structure and landscape with the unmined outskirts. Depending on the geological properties of land, the Company developed commercial crops to facilitate biotic communities with various species and different combinations for ecological harmony. In 2013, Zhunge'er Open-cut Mines invested a total of RMB24.56 million in the restoration and treatment of ecology, with 262 hectares of afforestation area expanded and 507,000 trees planted. Irrigation, ditch-maintenance, weeding and anti-pest works were also carried out for 1,647 hectares of lands where ecological treatment was already completed. Such move allowed plants to be better protected and grow vigorously. Currently, the mining area has completed greening on 1,909 hectares of reclaimed lands, planted 62.12 million of trees and 11,510 hectares of pasture grasses.

The Company vigorously carried out research projects such as the “Ecological Restoration Technologies and Demonstrations for Large-scaled Energy Bases” and the “Key Technologies and Demonstrations for Ecological Construction of Coal Bases in Contiguous Areas of Shanxi-Shaanxi-Mongolia” and arrived at conclusions on the pattern of effect of coal resources mining on water resources and ecological environment. The result of research on “Key Technologies for the Protection of Groundwater Ecology and Surface Ecology in Ecologically Fragile Areas” was awarded the First Prize of Coal Technologies 2013 by the China National Coal Association.



Energy conservation and environmental protection

Building China Shenhua as an eco-enterprise

Case study: *The turnaround from a "pitted town" to a model green park*

Baorixile town at Hulunbeier city, Inner Mongolia was previously known as a "pitted town", as there were thousands of collapsed pits on the destructed grassland left by numerous small local mines due to unduly mining (as shown at the end of the film "Personal Tailor").

Shenbao Energy Company actively fulfilled its social responsibility and cooperated with local governments to help complete the restoration of collapsed pits. Nearly RMB45 million was invested in ecological management from 2010 to 2012, during which 214 un-subsided goaf areas were treated and 536 subsidence pits were filled. In 2013, the company and local governments raised over RMB40 million for treatment and landfill for the remaining subsidence pits.

Today, the "pitted town" has become a model green industrial park with an integrated economy featuring "alpine grassland mining – ecological restoration – reclamation and greening – industrial tourism".



Treatment of collapsed pits



Soil dump site after treatment

- **Ecological Construction Along the Railways**

The Company endeavors to protect and improve ecology along the railways, employing biological measures to combat desertification with other greening and conservation techniques. In 2013, Shuohuang Railway Company invested RMB17.2 million in landscaping along the railway and surrounding environment according to the greening guideline of "expanding afforestation area, upgrading with landscapes, removing obstacles, focusing on fast-growing and high-density vegetation". As at the end of 2013, Baoshen Railway Company established a biological barrier spanning 12.72 million m² in total, which involved planting more than 4.9 million of various shrubs and trees, and managed and protected more than 100 Mu of forest belt in total.

COUNTERMEASURES TO CLIMATE CHANGES

The Company keeps a close eye on global climate changes, and incorporates the low-carbon economy concept into its production and operation. We are committed to developing solutions to global climate changes from the perspectives of low-carbon clean energy technologies, recycling businesses and carbon dioxide emission reduction, seeking to contribute to the low-carbon transformation of the traditional energy sector.

- **Development of Low-carbon Energy**

The Company performed development on renewable energy along with steady paces of its traditional operations. The Hengqin Island Wind Farm of Guohua Huidafeng Wind Energy with a total installed capacity of 15.75 MW and the hydro-electricity power generators of Sichuan Energy Company with an installed capacity of 78 MW recorded power generation of 625 million kwh in total in 2013, equivalent to reducing the consumption of standard coal by 190,000 tonnes and the emission of carbon dioxide by 470,000 tonnes.

With a focus on energy development and utilization, the Company invested RMB150 million in shale gas development in 2013. The Company will step up efforts to strengthen the capability of technical teams and carry out the development of core technologies. Moreover, the Company's subsidiaries (branches) are actively developing clean energy resources such as solar power and geothermal power to reduce fossil energy consumption.

- **Implementation of the Clean Development Mechanism**

The Company has been actively participating in the implementation of the clean development mechanism (CDM) projects. The Company has three projects, namely Yuyao Power, Zhuhai Wind and Sanhe Power, being approved for UN registration by the end of 2013.



Wind Power of Hengqin Island



Hydropower of Shenhua Sichuan Energy Company

- **Green Office**

Energy and resources consumption at our offices add up to only a tiny fraction when compared to the Company's production business. With an aim to promote energy conservation and emission reduction in full swing, the Company pushed forward a full-scale low-carbon development campaign and adopted various measures to reduce the usage of energy.

Paperless office. In 2013, the Company's office automation (OA) system basically covered the headquarter and all subsidiaries and branches, and the enterprise resource planning (ERP) system was in full swing to maximize the use of electronic systems as a substitution for printed documents. In addition, video conferences were held in lieu of on-site conferences to reduce conference expenses and related resources consumption.

The Company took active and effective measures to reduce consumption of water and energy. For example, in 2013, the Company's headquarter conserved water by adjusting supply method of drinking water and reducing the frequencies of removing water from the centralized air-conditioning system during maintenance. The Company collected sewage of nearly 3,500 tonnes through centralized water treatment system. The Company further reduced electricity consumption by 150,000 kwh through axing the number of lighting facilities in offices and technological innovation.



Connecting with the Communities Committed to Harmony for the Society

In light of the core value of "Love our country, contribute to the society and reward the people", China Shenhua is committed to its mission of "green energy" to ensure the energy supply to the society, while exerting itself in the advancement and development of local culture and education, healthcare, employment security and other undertakings as well as active participation in public welfare activities to build up harmony for the society.



Donations to External Parties

RMB **34** million





Connecting with the Communities

Committed to Harmony for the Society

STABLE ENERGY SUPPLY

The Company takes efforts in establishing a safe and reliable energy supply system to ensure stable supply of coal, power and heat and support the social and economic sustainability.

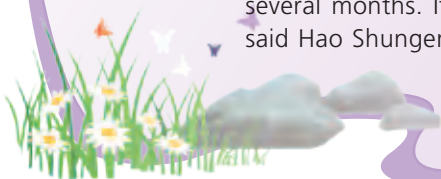
- **Stable Coal Supply**

Coal market in 2013 was characterized by declining prices and occasional production cutbacks in the first three quarters as well as a demand recovery in the fourth quarter, leading to coal supply shortage in certain regions and periods. China Shenhua managed to consistently supply high quality coal to the society through rational production and transportation deployments, and proactively implemented the emergency coal reserve task designated by the PRC government. Priority was given to coal supplies in regions suffering energy shortage to meet heightened power and heating demands during summer, winter and significant disasters.

Case Study: *"Warm-hearted" coal for farmers in Xinzhou*

Baode Mine of Shendong Coal Group has set a plan to offer one tonne of "warm-hearted" coal for each low-income rural household in the province free of charge for 5 consecutive years. In 2013, the second year of the plan, Baode Mine earmarked over RMB54 million to ensure adequate supply of 171,325 tonnes of quality "warm-hearted" coal to rural households, showcasing the corporate image of China Shenhua as a responsible corporate citizen.

The "warm-hearted" coal, a tangible assurance for a warm winter, was delivered as early as August 2013 to the villagers in Xiaoqi village, Xinfu district, Xinzhou city, Shanxi. "For our three family members, this tonne of quality coal is enough for several months. It's really a heartfelt benefit from Baode Mine for our local people," said Hao Shungen, a local villager.



- **Stable Power Supply**

The Company enhanced the operation management of power generators to improve the stability of power supply on an ongoing basis. Responding to the frequent extreme weathers in the summer of 2013, the Company drew upon its experience to further improve risk identification, control measures and emergency response plan against extreme weather and geological disasters, and strengthened equipment management to ensure safe power generation and reliable supply. During the summer demand peaks, the Company's daily power generation achieved record highs. In 2013, the Company recorded total power generation of 225.38 billion kwh, representing a year-on-year increase of 8.4%.

- **Stable Heat Supply**

With a commitment to reducing energy consumption of the society as a whole, protecting local ecology and stabilizing heat supply, the Company makes full use of the heat from its generators in northern areas to ensure winter heating for local residents. In 2013, the Company completed the renovation of the heating facilities of selected generators at power plants including Suizhong Power Co., Ltd. and Inner Mongolia Guohua Hulunbeier Power Generation Co., Ltd., providing a total capacity of 16,897MW of heat to the locality, representing a year-on-year increase of 47.7%.

BUILDING HARMONIOUS COMMUNITIES

Adhering to the concept of giving back to society in its business development, China Shenhua strives to establish sound communication with neighboring communities. Much attention has been paid to the impact of the Company's operation on neighboring communities. With a view to contributing to local economy and benefiting the society, the Company took the initiative to keep abreast of the development needs of the communities and listen to their feedbacks. The subsidiaries (branches) take initiatives to engage in community development in economy, education, healthcare, culture and other fields, fulfilling their social responsibility to build up a harmonious environment for mutual success.

Economy

China Shenhua attaches importance to working with local governments to promote local economic growth. The subsidiaries (branches) proactively lend supports to infrastructure construction of surrounding communities including highways, hospitals and nursing homes to maximize the well-being of local residents. In 2013, Shendong Coal Group contributed RMB10 million to support local investment projects. A priority has been given to local applicants in recruitment, among other efforts of the Company to improve local employment. As at the end of 2013, the Company held 57 Seminars for Start-ups of Village heads, providing training to college graduate village heads 11,464 person-times, start-up supports to 614 college graduate village heads and more than 4,800 jobs which effectively mitigated the local employment pressure.

Education

The Company's subsidiaries (branches) continuously carry out activities such as the "1+1 Project Hope", donating funds, teaching facilities and school supplies to support improvement of communities' educational environment. Assistances are offered to communities' dropout students and needy college students to provide them an equal access to educational opportunities.

Healthcare

China Shenhua advocates a positive and healthy lifestyle. The subsidiaries (branches) are active in assisting the community to establish disease prevention mechanism, where health lectures, healthcare advocacy and charity clinics are provided in a bid to improve healthcare level of local communities. In 2013, Suizhong Power under Guohua Power organized Party members to carry out community activities, during which they conducted talks on health knowledge, promoted healthcare knowledge through training sessions and offered voluntary clinical services and other community services in a move to boost the health awareness among community residents for their healthy life.



Connecting with the Communities

Committed to Harmony for the Society

Culture

China Shenhua pays full respect to local customs and culture in the areas it operates and respect and safeguard the freedom of belief of local residents, and provides convenience for them in organizing and conducting cultural and sports activities to support the cultural prosperity of the locality. Beijing Thermal Power Branch under Guohua Power made full use of the science and technology exhibition centre to simulate an on-site thermal power generation process, spreading the popular science knowledge of power to the public and demonstrating its commitment to the promotion of popular science culture. In 2013, Beijing Thermal Power Branch received social groups, professionals and community residents amounting to more than 4,500 people.

Case Study: *A village on the wheels of locomotive*

Along with its growth paces, Shenshuo Railway always takes heed of the harmony in the locality, seeking to promote local economy through coordinated development of the enterprise and the community.

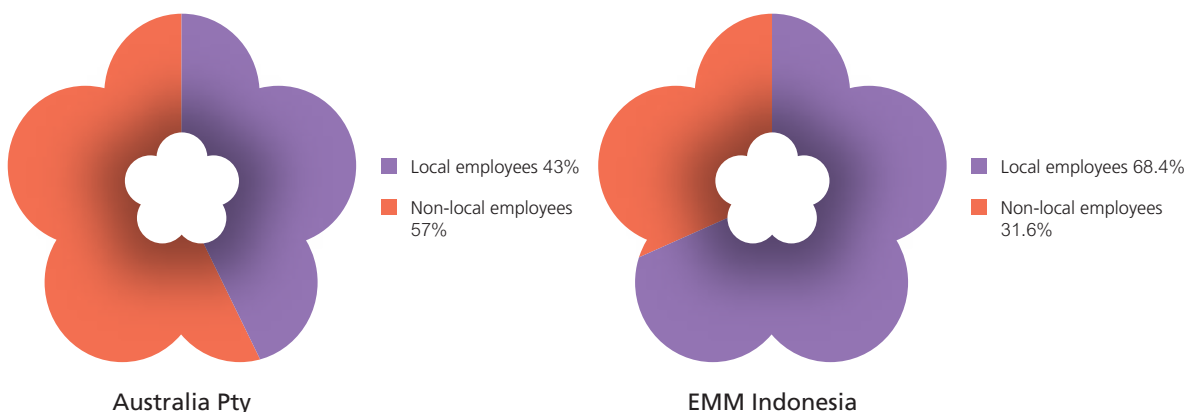
About 17 years ago, Shilagou was just a small ordinary village inaccessible to modern transportation and suffering from poverty. Through the radical changes brought by Shenshuo Railway, the life of villagers now is prosperous and thriving with a night view hardly differing from towns. As at the end of 2013, most of the adult villagers there worked at Shenshuo Railway or made a living closely related to the railway. "Fundamentally, every change here has been driven by the railway. Without Shenhua and Shenshuo Railway, there would be nothing that we can see in Shilagou today," said a villager.



Overseas Communities

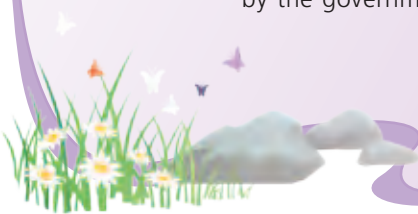
Upholding its commitment to the role of global corporate citizen, China Shenhua is active in keeping informed of and responding to expectations of stakeholders in the countries or regions where it operates. Australia Pty and EMM Indonesia strictly comply with local environmental and labor regulations to protect the interests of indigenous inhabitants and earnestly engage in development of overseas communities with an emphasis on local hiring to actively improve the living conditions of local residents, aiming to lay a foundation of harmony and mutual success for our overseas business expansion.

Percentage of local employees in Australia Pty and EMM Indonesia



Case Study: *Harmony with overseas communities is a priority of EMM Indonesia*

In its project development and operation, EMM Indonesia earnestly extended its presence in local community development and help neighboring villagers to solve difficulties in life. As at the end of 2013, the company offered over 2,670 jobs to local villagers, repaired 3 damaged bridges and culverts and renovated 7 vending booths at street markets, greatly improving the living conditions of local villagers. In accordance with the requirements for the construction of green power plants, it took efforts to achieve the best level in reclamation and discharge with indicators far outperforming national standards in Indonesia, which were highly recognized by the government and people.



Cares for neighboring villagers from EMM Indonesia

ENGAGEMENT IN PUBLIC WELFARE UNDERTAKINGS

China Shenhua adheres to its public welfare philosophy of maintaining balance between business development and social welfare to deliver on its promise of "Carry forward generous love and advocate humanity in China". In 2013, the Company's external donations amounted to RMB34 million, of which RMB4 million was non-charity donations and RMB30 million was charity donation.

Leveraging on Shenhua Foundation, the Company engages in public welfare undertakings in a standardized manner throughout the years, covering poverty relief, supports to Tibet, culture and education, environmental protection, international cooperation and other areas. During the past three years, the foundation donated a total of RMB710 million to more than 2,000 counties (districts) in 28 provinces (autonomous regions and municipalities), benefiting 4.05 million persons. The total donations in 2013 amounted to RMB230 million.



Connecting with the Communities

Committed to Harmony for the Society

Three Innovations of Shenhua Foundation

Management system

- Well-established rules and regulations
- Dedicated officers
- “Nil expense” management

Operating mechanism

- A regular meeting mechanism
- A full-course follow-up mechanism with ante-, in-progress and ex-post oversight

Project model

- Carefully selected partners; combination of funding and practical engagement
- Cooperative research with third parties

Shenhua Public Welfare Programs

In light of its mission of “Showing the caring side of Shenhua in support of public welfare, social harmony and development”, Shenhua Foundation has established a matrix of public welfare programs underpinned by three brands namely “Shenhua Loving Care Activities”, “Shenhua Loving Care Schools” and “Shenhua Loving Care Libraries”. Currently, it owns 7 welfare programs and assists in 39 welfare programs.



Program	Performance in 2013
Shenhua Loving Care Activities — Helping a child means helping a family	Through cooperation with 77 “AAA” hospitals in 27 provinces (municipalities and autonomous regions) across China, it has offered aids to 10,066 children, including 5,000 children this year, benefiting needy families in more than 1,800 counties in 30 provinces (municipalities and autonomous regions).
Shenhua Loving Care Schools — A window of knowledge to benefit the locality	RMB6.64 million was donated for two newly established Shenhua Loving Care Schools, increasing the total number to 9 schools to benefit 14,000 students.

Program	Performance in 2013
Shenhua Loving Care Libraries — Caring the spiritual world of teenagers	5.14 million books in the value of RMB100 million were donated to Fujian and Shaanxi, and 1,936 Shenhua Loving Care Libraries have been established to benefit 1.626 million students.
Shenhua Loving Care Walking Aids — Putting up a blue sky for the disabled	RMB2 million were further donated to finance the prosthetic limbs offered free of charge to 300 disabled persons in need in Changji in Xinjiang Uygur Autonomous Region, Urumqi and Turpan City.
Supports to College Graduate Village Heads — Building up the engine instead of funding	The foundation held 50 Seminars for Start-ups of Village heads, providing training to college graduate village heads 8,500 person-times, start-up supports to 309 college graduate village heads and more than 3,500 jobs.
Shenhua Public Welfare Research Program — Establishing a public welfare innovation platform	Completed the “Research Report on Frontier Public Welfare Model in China”; Carried out the “Research on Social Involvement in Childhood Leukemia and Family Care – based on Shenhua Loving Care Activities with Hospital 301” and the “Research on Integration of Charity-based Aids and Government Medical Aids – based on case study on Shenhua Loving Care Activities”.
Shenhua Loving Care Eye Aids — Lifeline Express China	Since its inception, “Lifeline Express China – Shenhua Loving Care Cataract Treatment Center” has been providing treatment to cataract patients in need to help them restore vision.

“With a high degree of social responsibility and efficient coordination and execution, “Shenhua Loving Care Activities” have saved the life of thousands of children with leukemia and patients of congenital heart disease. While conveying warmth and care to the unfortunate families, it also accumulated valuable experience in establishing a universal healthcare system in China incorporating charity-based aids.”

by Chen Zhu, Vice Chairman of the 12th Standing Committee of the National People's Congress
January 2013





Connecting with the Communities

Committed to Harmony for the Society

• Honors of Shenhua Foundation

The quality welfare and charity programs of Shenhua Foundation are widely appreciated and highly recognized by the communities.

- “Shenhua Loving Care Activities” are named the “Most Influential Charity Program” of the 8th session of China Charity Awards.
- Shenhua Foundation was named the “Outstanding Organization in Sampling Survey on Information Disclosure by 1,000 China’s Public Welfare and Charity Organizations” in 2013.
- Shenhua Foundation was honored the “2012 Special Contribution – Resource Contribution Award” by Youth Business China.
- Shenhua Foundation was honored the Bright Meritorious Award by Lifeline Express China Foundation.

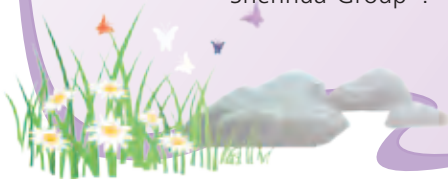
VOLUNTEER ACTIVITIES

China Shenhua advocates the volunteer spirit of “devotion, friendly affection, mutual aid and progress”. The Company’s employees extend active presence in volunteer activities including environmental advocacy, voluntary tree planting, promotion of health in communities and other featured activities in an atmosphere of “happy to participate and contribute in volunteer activities”. In 2013, the Company’s 24 volunteer teams and 4,019 registered members provided services of 53,436 hours in total. Meanwhile, 201 volunteers registered with Shenhua Foundation provides voluntary services in public welfare programs to ensure efficient operation of the foundation.

Case Study: *Passing on positive energy of youth*

The young volunteers of Shendong Coal Group earnestly carry out the “Learn-from-Lei Feng” volunteering programs to convey cares and warmth to empty nesters, left-behind children and people suffering from diseases for promotion of social harmony.

A wide range of voluntary services, such as “Conveying Love – Hand-in-Hand Tutoring”, “Conveying Love – Affection Around”, contest for service companies, expert clinics, environmental protection, energy saving and consumption reduction and planting trees, have highlighted and promoted the volunteerism, and contributed positive energy of youth to the harmony of mining areas. In 2013, the young volunteers participated in voluntary services 3,218 person-times with a total of 1,512 hours. The company’s young volunteer team was awarded the title of the “Pioneering Volunteering Group” in Ordos, while one member was named the “Outstanding Young Volunteer of Central Enterprises” and one member was named the “Outstanding Young Volunteer of Shenhua Group”.





Plan and outlook

In 2014, China Shenhua will continue to stick to the corporate mission of “providing green energy for the development of the whole society”. On the path of achieving sustainable development, China Shenhua will adhere to its principle of social responsibility in implementing the social responsibility plan. By fulfilling its social responsibility and optimizing its corporate development simultaneously, China Shenhua aims to achieve harmonious development in hand with the society and the environment.

The Company will bear fulfillment of social responsibilities in mind when organizing and planning all tasks. By aligning acceleration of corporate reform development with the fulfillment of social responsibilities, the Company can gradually build well-established organizational structure, management teams and system for performing social responsibilities and establish an effective and ever-improving system of performance indicators in relation to social responsibilities. With concerted efforts of its entire staff, increasing awareness and consensus, the Company will strive for scaling new heights to better fulfill the social responsibilities.

The Company consistently pushes forward refined management and effectively enhances the basic management level so as to seek for better management efficiency. By improving the technological innovation scheme, increasing investment in R&D and forging first-class independent innovation edge, the Company is committed to improve its core competitiveness. The Company will also build up a reserve for technological innovation through speeding up high-end technology development and traditional industry reform. To support industry upgrade and structure optimization, the Company will develop a series of core technology with intellectual property rights by implementing the intellectual property strategy.

The Company will strive to achieve win-win cooperation by upholding the principle of corporate integrity. By perfecting the investor interest protection scheme, optimizing the information disclosure system and promoting investor relations; the Company effectively protects the legitimate rights of customers and fulfills their reasonable expectations. The Company focuses on establishing an efficient green supply chain together with our suppliers, so as to achieve mutual benefits and harmonious development with our investors, customers, suppliers and other business partners.

To achieve the advanced safety philosophy of “zero fatality rate and zero injury”, the Company will further improve the risk prevention investigation work by pushing forward the establishment of the intrinsic safety system with the adoption of innovative safety investigation methods. The Company will also strictly implement the safety production accountability system so as to prevent critical and major accidents and to achieve the safety production goal of “zero injury”.



Plan and outlook

The Company will continue to focus on the construction of an intrinsic safety system that features energy conservation and environmental protection, as well as the development of environment-friendly business and circular economy so as to enhance the comprehensive resource utilization efficiency. By increasing investment in environmental protection, improving technological procedures and reducing pollutant emission, the Company intensifies the ecological construction in mining areas to achieve clean production. Heading towards development of low costs, low consumption, low emission and high efficiency, the Company will endeavor to build environmentally-friendly and energy-saving enterprises.

Upholding the “human-oriented” principle, the Company will strive to protect the legitimate rights of its staff, continuously enhance the level of democratic management, further protect staff health and safety as well as prevent and minimize adverse effects of occupational disease on staff. The Company also will upgrade its staff training mechanism to achieve lifelong benefits and all-round development of employees through educational and skills training, thus preparing them for a better career planning.

The Company will spare no effort in contributing to the regions in which it operates by promoting long-term local corporate interests sharing scheme and proactively participating in public affairs management of communities, with an aim to pushing forward the community education as well as economic and cultural development of such regions. The Company will continuously raise the professional standard of public charity and participate in social innovations, contributing professional expertise, educational insights and knowledge to the society. By encouraging its staff to participate in voluntary activities, the Company can create value for the society and share its success with local people.

Looking forward, China Shenhua will accelerate the optimization of our social responsibility management system, and reforms and improves the principles, targets, objectives and methods of corporate management by keeping abreast of its principle and measures in performing social responsibility, with the ultimate aim of developing into a first class world leading enterprise. Transforming social responsibility into the driver of corporate system innovation, management innovation and business innovation, the Company will strive to become a first class world leading integrated energy enterprise by enhancing responsibility competitiveness and creating new competitive advantages.



Appendix I:

Indicator System on Social Responsibility Performance

GENERAL INDICATORS

First Tier Indicators	Second Tier Indicators	Performance in 2013
Social Contributions	Social contributions in RMB per share (ASBE)	6.040
	Social contributions in RMB per share (IFRS)	6.009
	Cash dividend in aggregate (RMB million) (2005-2013)	124,237
	Final dividend for 2013 (RMB/share) (inclusive of tax) (proposed)	0.91
	Total tax paid (RMB million)	50,746
	Donations to external parties (RMB million)	34
	Volunteer service period (hours)	54,180
Financial	Revenues (RMB million)	283,797
	Total assets (RMB million) (ASBE)	507,674
	Total assets (RMB million) (IFRS)	513,298
	Net profit attributable to equity shareholders of the Company (RMB million) (ASBE)	45,678
	Profit attributable to equity holders of the Company for the year (RMB million) (IFRS)	45,079
Operational	Commercial coal production (million tonnes)	318.1
	Coal sales (million tonnes)	514.8
	Total power output dispatch (billion kwh)	210.18
	Sales of Polyethylene (thousand tonnes)	262.4
	Sales of Polypropylene (thousand tonnes)	267.9
	Turnover of self-owned railway (billion tonne km)	211.6
	Seaborne coal at self-owned ports (million tonnes)	160.0
	Shipment turnover (billion tonne nautical miles)	114.9
Stakeholder Relations	Number of announcements released	182
	Percentage of purchase from top five suppliers to total purchase (%)	17.7
	Percentage of sales revenue from top five customers to total revenue (%)	16.8
	Number of suppliers assessed	103
Safety Production	Capital investment (RMB100 million)	55.08
	Safety production training (person-time)	above 220,000
	Number of first class intrinsic-safety compliant units	25



Appendix I:

Indicator System on Social Responsibility Performance

First Tier Indicators	Second Tier Indicators	Third Tier Indicators	Performance in 2013
Environmental Protection	Investment in environmental protection (RMB100 million)		32.21
	Investment in energy conservation (RMB100 million)		7.93
	Utilization of energy	Integrated energy consumption (10 thousand tonnes of standard coal)	4,599.6
		Integrated energy consumption per RMB10 thousand output value (tonne standard coal/RMB10,000)	2.18
		Total electricity consumption (10 thousand kwh)	1,797,183
		Total natural gas consumption (10 thousand m ³)	37,113
		Total fuel consumption (10 thousand tonnes)	23.16
		Total consumption of other energies (10 thousand tonnes)	10,909.9
	Utilization of water resources	Total water consumption (million tonnes)	202.21
		Water consumption per RMB10 thousand output value (tonne/RMB10 thousand)	9.57
		Fresh water consumption (million m ³)	170.38
		Amount of sewage water produced (million tonnes)	189.34
		Integrated utilization rate of sewage water (%)	57.35
	Chemical Oxygen Demand (COD)	Total emission (10 thousand tonnes)	0.31
	CDM projects	Number of registered CDM projects	3
		CO ₂ emission reduction approved of CDM projects for 2013 (10 thousand tonnes CO ₂ equivalent)	0
	Ecological construction	Capital investment in water and soil conservation and ecological construction (RMB100 million)	3.79
		New afforestation area (10 thousand m ²)	1,674
	Number of major environmental pollution accidents ^{Note}		0

Note As defined in Emergency Countermeasures for Environmental Incidents of the PRC (2006).

Appendix I: Indicator System on Social Responsibility Performance

First Tier Indicators	Second Tier Indicators	Third Tier Indicators	Performance in 2013
Employees' Interests	Basic information of employees	Number of employees	91,487
		Number of disabled employees	296
		Number of child workers	0
		Number of minority employees	4,645
		Number of female employees	18,824
	Occupational health	Capital investment (RMB100 million)	Included in capital investment in safe production
		Additional employees with occupational disease (cases)	10
	Staff training	Staff training (person-time)	866,758
		Staff training time in aggregate (hours)	4,644,647
Technological Innovation	Capital investment in research and development (RMB100 million)		15.69
	Number of scientific research and development projects undertaken	Number of projects approved by the headquarters	106
	Intellectual property rights applications	Patents obtained	399
		Including: invention patents obtained	75



Appendix I: Indicator System on Social Responsibility Performance

COAL PRODUCTION AND TRANSPORTATION OPERATIONS

First Tier Indicators	Second Tier Indicators	Third Tier Indicators	Performance in 2013
Customer Relations	Market share	Market share of domestic sales of seaborne coal in coastal markets (%)	35.2
Safe Production	Basic conditions	Fatality rate per million tonnes of raw coal production (%)	0.0058
		Number of serious accidents and above ^{Note}	0
	Construction results	Mechanization rate of coal mining and excavation (%)	100
		Number of coal mines with a safety record of consecutive 1,000 days or above	17
		Number of super-safe and efficient mines (2012)	15
Utilization of resources	Utilization of energy	Integrated energy consumption of raw coal production (kg standard coal/tonne)	2.21
		Electricity consumption of raw coal production (kwh/tonne)	5.67
		Electricity consumption for the selection of thermal coal (kwh/tonne)	2.31
		Integrated energy consumption of unit railway freight turnover (kg standard coal/10 thousand tonne kilometres)	26.01
		Integrated energy consumption per 10 thousand tonne throughput of port (kg standard coal/10 thousand tonnes)	2,855.09
		Integrated energy consumption per 1,000 tonne nautical miles of shipping (kg standard coal/10 thousand tonne nautical miles)	58.1
		Energy consumption of coal-to-polyolefin products (kg standard coal/tonne)	5,596

^{Note} As defined in the "Productions Safety Accident Report and Investigation & Treatment Regulations" (No. 493 order of the State Council).

Appendix I: Indicator System on Social Responsibility Performance

First Tier Indicators	Second Tier Indicators	Third Tier Indicators	Performance in 2013
	Utilization of water resources	Fresh water consumption of raw coal washing and selection (m ³ /tonne)	0.02
	Recovery rate in mining area of coal	Average recovery rate in mining area (%)	87.76
		Average recovery rate in mining area of underground coal mines (%)	82.75
		Average recovery rate in mining area of open-cut mines (%)	97.79
	Coal Washing and Selection	Raw coal washed and processed (million tonnes)	290.34
		Gangue removed (million tonnes)	29.04
		Reduction in railway freight turnover due to gangue removed (100 million tonne km)	174
Emission Treatment	Solid emissions	Coal gangue generated (10 thousand tonnes)	2,904.17
		Integrated utilization of coal gangue (10 thousand tonnes)	114.95
		Other solid waste generated (10 thousand tonnes)	57.02
		Integrated utilization of other solid waste (10 thousand tonnes)	21.97



Appendix I: Indicator System on Social Responsibility Performance

POWER OPERATIONS

First Tier Indicators	Second Tier Indicators	Third Tier Indicators	Performance in 2013
Condition of units at the end of the reporting period	Total installed capacity (MW)		41,798
	Installed capacity of coal-fired generators (MW)		40,877
	Units of 600MW and above	Capacity (MW)	25,420
		Proportion to the total capacity of coal-fired units (%)	62.2
	Desulphurization	Capacity (MW)	40,680
		Proportion to the total capacity of coal-fired units (%)	99.5
	Denitrification units	Capacity (MW)	29,420
		Proportion to the total capacity of coal-fired units (%)	72.0
	Integrated utilization of the installed capacity of power plant (MW)		5,667
	Installed capacity of direct air cooling technology (MW)		9,720
	Installed capacity of heating units (MW)		16,897
	Installed capacity of wind power units (MW)		15.75
	Installed capacity of hydropower units (MW)		125.2
Safe production	Basic conditions	Number of serious accidents and above ^{Note}	0

^{Note} As defined in the "Productions Safety Accident Report and Investigation & Treatment Regulations" (No. 493 order of the State Council).

Appendix I: Indicator System on Social Responsibility Performance

First Tier Indicators	Second Tier Indicators	Third Tier Indicators	Performance in 2013
Utilization of resources	Consumption of energy	Average consumption of standard coal for power output dispatch of coal-fired units (g/kwh)	323
	Utilization of water resources	Fresh water consumption for thermal power generation (kg/kwh)	0.63
		Water resource from seawater desalination (10 thousand tonnes)	828
	Utilization of renewable resources	Wind power generation (10 thousand kwh)	3,174
		Hydropower generation (10 thousand kwh)	59,325
Emission treatment	Sulphur Dioxide (SO ₂) treatment	Indicator of SO ₂ emission from thermal power generation (g/kwh)	0.78
		Total emission (10 thousand tonnes)	17.2
	Nitrogen oxide (NO _x) treatment	Indicator of NO _x emission from thermal power generation (g/kwh)	1.71
		Total emission (10 thousand tonnes)	38.0
	Soot treatment	Indicator of soot emission from thermal power generation (g/kwh)	0.11
	Coal fly ash and cinder and desulphurized gypsum	Total generation (10 thousand tonnes)	2,127.67
		Integrated utilization (10 thousand tonnes)	1,629.22



Appendix II:

Cross Reference Sheet of the Contents of this Report and the Relevant Indicators on Social Responsibility Performance

Content of the Report	Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange	Disclosure Recommendations of the Shanghai Stock Exchange ^{Note}	Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative
Cover 2			
Company Profile			2.1, 2.2, 2.8, DMA EC, EC1
About This Report		Preparation Guidelines Article 3	2.9, 3.1, 3.2, 3.3, 3.4, 3.6, 3.7, 3.8, 3.9, 3.10, 3.11, 3.13
Board of Directors' Statement			1.1
CSR Management			
Background for Sustainable Development			1.2
CSR Promotion			4.8, 4.9, 4.11
CSR Management			4.1, 4.10
Stakeholders Engagement			3.5, 4.13, 4.14, 4.15, 4.16, 4.17, EC6
Identification of Substantive Issues			3.4, 3.5, 4.9, 4.17
Social Contribution Value per Share		Notice Article 4, Preparation Guidelines Article 5	
CSR Honours			2.10
Operation and Management – Cementing the Bases for Sustainable Development		Notice Article 1	
Corporate Governance			2.3, 4.1, 4.3, 4.4, 4.5, 4.6, 4.7, 4.10
Compliance Management			4.10, 4.11
Risk Management and Internal Control			4.6
Anti-Corruption	C3.0.1, C3.1.2, C3.1.3, C3.1.4, C3.2.1, C3.2.2, C3.2.3, C3.2.4, C3.1.5		S02, S03

Appendix II: Cross Reference Sheet of the Contents of this Report and the Relevant Indicators on Social Responsibility Performance

Content of the Report	Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange	Disclosure Recommendations of the Shanghai Stock Exchange ^{Note}	Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative
Synergic Development			EC1, EC2
Management Enhancement			
Technological Innovation			4.12, 4.13
Technological Innovation System			
Achievements in Technological Innovations	C2.3.1, C2.3.2, C2.3.3		
Commercialization of technological achievements			
Cooperation for Mutual Success – Sharing the Achievement with Partners		Notice Article 1	
We Care About Our Investors			
Information Disclosure			
Investor Interaction			
Investor Returns			
Services to Our Customers			2.2, 2.7, DMC PR
Product Quality Improvements	C2.0.1, C2.0.2, C2.1.1, C2.1.2, C2.2.2, C2.4.1		PR1
Protection of Customers' Interests	C2.5.1		PR8
Optimization of Customer Services	C2.2.1, C2.2.3		PR3, PR5, PR6
Synergy with Suppliers			
Supplier Management	C1.0.1, C1.2.1, C1.2.4		EC6
Protection of Suppliers' Interests			
Growth of Suppliers			
Capital Market Honours			2.10



Appendix II:

Cross Reference Sheet of the Contents of this Report and the Relevant Indicators on Social Responsibility Performance

Content of the Report	Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange	Disclosure Recommendations of the Shanghai Stock Exchange ^{Note}	Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative
Production safety – Leveraging Science and Technology to Set High Standards	A2.1.1, A2.1.2	Notice Article 1	4.8, LA7
Safety Management System			
Risk Prevention and Process Control			
Innovative Safety Technologies			
Safety Consciousness of Staff			HR8
Unique Safety Culture			
Safe Production Honours			2.10
Growth of Employees — Building up the Stage for Dreams		Notice Article 1	DMA LA, DMA HR
Working Environment	A1.0.2		LA1, LA2, LA4, HR4
Labor Standards	A1.0.1, A4.0.1, A4.0.2, A4.1.1, A4.2.1		HR6, HR7
Democratic Management			4.4, LA5, LA9
Basic Information of employees	A1.1.1, A1.1.2, A1.1.3		LA1, LA4, LA13
Remunerations and Welfare Packages		Notice Article 2	EC3, EC5, LA3, LA8, LA12, LA15
Health and Safety	A2.0.1, A2.0.2, A2.3.1	Notice Article 5(I) Preparation Guidelines Article 4(I)	LA7, LA8
Career Development and Training		Notice Article 2, Notice Article 5(III), Preparation Guidelines Article 4(III)	
Career Development			

Appendix II: Cross Reference Sheet of the Contents of this Report and the Relevant Indicators on Social Responsibility Performance

Content of the Report	Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange	Disclosure Recommendations of the Shanghai Stock Exchange ^{Note}	Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative
Training System	A3.0.1, A3.1.1, A3.2.1		LA10, LA11, HR3
Care and Well-being			
Energy Conservation and Environmental Protection – Building China Shenhua as an Eco-enterprise		Notice Article 1, Notice Article 2, Guidelines Article 3(I)	4.8, 4.12, DMA EN
Management of Energy Conservation and Environmental Protection		Notice Article 5(II)	EN30
Efficient Utilization of Resources and Energy	B2.0.1, B2.1.2, B2.1.3, B2.1.4, B2.1.5, B2.1.6, B2.1.7, B2.1.8, B2.1.9, B2.1.10	Guidelines Article 3(II), Guidelines Article 3(III)	EN1, EN2, EN3, EN4, EN5, EN6, EN7
Provide green coal	B2.3.1		EN26
Build environmental-friendly power plants	B2.1.1, B2.1.11		
Build green channels			EN29
Feature: Water Secures Effective Protection	B1.1.8, B1.1.9, B1.1.10, B1.1.11, B2.2.1, B2.2.2, B2.4.1, B2.4.2	Guidelines Article 3(IV), Guidelines Article 3(V), Guidelines Article 3(VI)	EN8, EN9, EN10, EN21
Minimized Environmental Impact	B1.0.1, B1.1.1, B1.5.1, B1.6.1		EN26, SO5, SO9, SO10
Comprehensive Utilization of Solid Waste	B1.4.1, B1.4.2, B1.4.3, B1.4.4, B1.4.5, B1.4.6		EN22, EN26
Prevention of Air Pollution	B1.1.2, B1.1.3		EN20, EN26
Noise Control			
Ecological Protection	B3.0.1, B3.1.1	Guidelines Article 3(VIII), Guidelines Article 6	EN11, EN12, EN13, EN14
Countermeasures to Climate Changes		Guidelines Article 3(IX), Preparation Guidelines Article 4(II)	EN16, EN17, EN18



Appendix II:

Cross Reference Sheet of the Contents of this Report and the Relevant Indicators on Social Responsibility Performance

Content of the Report	Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange	Disclosure Recommendations of the Shanghai Stock Exchange ^{Note}	Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative
Connecting with the Communities – Committed to Harmony for the Society		Notice Article 1, Notice Article 2, Preparation Guidelines Article 4(l)	SO5, DMA SO
Stable Energy Supply			
Stable Coal Supply			
Stable Power Supply			
Stable Heat Supply			
Building Harmonious Communities	D1.0.1, D1.1.1		EC7, EC8, EC9, SO1, LA1, SO10
Engagement in Public Welfare Undertakings			4.8, SO5
Volunteer Activities	D1.2.2, D1.2.3		
Plan and Outlook			EN14
Indicator System on Social Responsibility Performance			2.8
Cross Reference Sheet of the Contents of this Report and the Relevant Indicators on Social Responsibility Performance	B2.2.3, D1.2.1		3.12
Results of Third Party Assurance		Preparation Guidelines Article 6	
Assets Distribution Map			2.5
Equity structure diagram			2.3, 2.5, 2.6, 2.9
Feedback Sheet			2.4

Notes: “Notice on Strengthening Listed Companies’ Undertaking of Social Responsibilities and Issuance of ‘Guidelines on Environmental Information Disclosure by Companies Listed on the Shanghai Stock Exchange’” (“Notice”);

“Guidelines on Environmental Information Disclosure by Companies Listed on the Shanghai Stock Exchange” (“Guidelines”);

“Guidelines on Preparation of ‘Corporate Report on Performance of Social Responsibilities’” (“Preparation Guidelines”).

Appendix II: Cross Reference Sheet of the Contents of this Report and the Relevant Indicators on Social Responsibility Performance

DESCRIPTION OF ESG UNDISCLOSED INDICATORS

Number and Name of Indicator	Disclosure Plan and Description
A2.2.1 Number of working days absented (loss of working days counted on the basis of every 200,000 working hours) due to work-related injuries	The Company has incorporated the indicator of the number of working days absented due to work-related injuries into the safety information system. The system will be officially inaugurated in the second half of 2014. It is expected that the statistics work will be completed during 2014
B1.0.2 Information of serious violation of relevant standards, rules and regulations on emissions management (if any).	Comprehensive statistics can be compiled after completion of the online monitoring system
B1.1.4 Total amount of soot emissions (tonne)	There is only indicator for concentration of soot emissions under the current Energy and Environmental Statistics System. Disclosure in 2014 will be based on performance indicators and data on total amount will be collected from 2015 onwards
B1.1.5 Total amount of dust emissions (tonne)	It is hard to monitor dust emissions since sources of emissions are non-point sources. A scientific statistical system has to be established for calculating the total amount
B1.1.6 PM2.5 concentrations (micrograms/cubic meter)	Disclosure will be made when these two indicators are added to the Company's existing statistical system after the PM2.5 and PM10 monitoring instruments and monitoring equipment are in place
B1.1.7 PM10 concentrations (micrograms/cubic meter)	Ditto
B1.2.1 Carbon dioxide equivalent (tonne)	Statistical calculation and disclosure will be made after the government has clarified its policies on reduction of carbon dioxide emissions and confirmed that there are unified accounting standards for carbon dioxide emissions
B1.2.2 Total carbon dioxide emissions (tonne)	Ditto
B1.2.3 Total methane emissions (tonne)	Ditto
B1.2.4 Greenhouse gas emissions per RMB10,000 output value (tonne/RMB10,000)	Ditto
B1.3.1 Total hazardous wastes emissions (tonne)	The amount of hazardous wastes (such as gauze with asbestos) generated by the existing operations of the Company is very small and no statistical system has been established
B1.3.2 Hazardous wastes emissions per RMB10,000 output value (tonne/RMB10,000)	Ditto
B1.4.7 Harmless wastes emissions per RMB10,000 output value (tonne/RMB10,000)	No disclosure is made for the time being



Appendix II:

Cross Reference Sheet of the Contents of this Report and the Relevant Indicators on Social Responsibility Performance

Number and Name of Indicator	Disclosure Plan and Description
B2.5 Total amount of packaging materials used by finished products and proportion used by each production unit	N/A
C1.1.1 Number of suppliers classified by region	The Company has not previously classified suppliers according to such specifications
C1.2.2 Number of new suppliers	Statistical calculation of new suppliers has various dimensions and disclosure will be made after the Company has determined the statistical dimensions that are appropriate to the Company's actual situation
C1.2.3 Number of suppliers visited	The Company currently conducts investigations on intended targets from which procurements may be made, thus the data correspond to the number of new suppliers. No disclosure is made for the time being
C2.2.4 Customer satisfaction (%)	Due to the current wide business scope of the Company arising from frequent mergers, restructuring and zoning in the sales business of the Group, the Company sell a wide range of products and has a complicated customer structure, making it difficult to conduct a unified survey on customer satisfaction, thus disclosure is not made for the time being
C2.2.5 Coal quality satisfaction (%)	Ditto
C3.1.1 Corruption proceedings and outcomes	No such cases occurred during the reporting period



Appendix III: **Results of Third Party Assurance**



Independent Assurance Report

To the Board of Directors of China Shenhua Energy Company Limited (the “Board of Directors”):

We have been engaged by the Boards of Directors of China Shenhua Energy Company Limited (“CSEC”) to perform a limited assurance engagement on the information disclosed in its 2013 Social Responsibility Report for the financial period from 1 January 2013 and 31 December 2013.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the compilation and presentation (including reporting guidelines, limitations, reporting data and relevant identification procedures) of the Report in accordance with the recommendations of the following guidelines issued by Shanghai Stock Exchange and Hong Kong Stock Exchange:

- Notice on Strengthening Listed Companies’ Undertaking of Social Responsibilities and issuance of ‘Guidelines on Environmental Information Disclosure by Companies Listed on the Shanghai Stock Exchange’
- Guidelines on Environmental Information Disclosure by Companies Listed on the Shanghai Stock Exchange
- Guidelines on Preparation of ‘Corporate Report on Performance of Social Responsibilities’

(collectively known as the “SSE Guidelines”)

- Environmental, Social and Governance Reporting Guide (“ESG”)

The Board of Directors is also responsible for determining CSEC’s objectives in respect of social responsibility performance and reporting, including identification of stakeholders and material issues that are relevant to these stakeholders; for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived; and for maintaining adequate records.



Appendix III:

Results of Third Party Assurance

Our Responsibilities

In accordance with our agreed terms of engagement with CSEC, it is our responsibility to carry out a limited assurance engagement and to express a conclusion on CSEC's compliance with the recommendations of the guidelines issued by Shanghai Stock Exchange and if there were any error that would have a material impact on the Key Social Responsibility Indicators related to ESG disclosed in the Report, based on our work performed; and to report our conclusion solely to the Board of Directors, and for no other purpose. We do not assume responsibility towards or accept liability to any third parties for the contents of this Independent Assurance Report.

Basis of Our Work

We conducted our work in accordance with International Standard on Assurance Engagements 3000: "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the International Federation of Accountants. We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to form our conclusions below.

Procedures 、Scopes and Limitations of Our Work

Our procedures performed included interviewing with CSEC's personnel responsible for collecting, compiling and reporting the information, analyzing the information obtained, and other procedures relevant to the collection of the appropriate audit evidence. Specifically we:

- Interviewing management and staff at CSEC Head Office responsible for collating and reporting the Disclosed Information, and interviewing staff of the centralized departments for business management at CSEC Head Office;
- In accordance with the recommendations of SSE Guidelines and ESG, comparing the information presented in the Social Responsibility Report to corresponding information in the relevant underlying sources from CSEC Head Office to determine whether key information contained in such underlying sources has been included in the Social Responsibility Report;
- Performing analytical review procedures on the selected key indicators relating to environmental protection, production safety and others recommended to be disclosed by SSE Guidelines and ESG;
- Visits to Shenhua Shendong Coal Group Corporation Limited and Guohua Power Branch of the Company, selected on the basis of a risk analysis;
- Reconcile key financial data in the Social Responsibility Report with the audited financial statements.

In a limited assurance engagement, the evidence gathering procedures are less in scope than a reasonable assurance engagement. Accordingly, we do not express an opinion on the effectiveness of any of the CSEC's application systems, business processes, and the related financial performance data.

We performed our limited assurance engagement over the internal controls and procedures at and information provided by the head office of CSEC, Shenhua Shendong Coal Group Corporation Limited and Guohua Power Branch of the Company. We did not carry out limited assurance engagement mentioned above at any other branches and subsidiaries of CSEC nor involve interviewing with external stakeholders. Moreover, historical comparative data is not within the scope of our work.

Our Conclusions

- Subject to the limitation of our work, and the work performed and described in the Independent Assurance Report, nothing has come to our attention that causes us to believe that the Report was not prepared in compliance with the recommendations of SSE Guidelines at any material respect; and
- Subject to the limitation of our work, and the work performed and described in the Independent Assurance Report, nothing has come to our attention that causes us to believe that there were any error that would have a material impact on the Key Social Responsibility Indicators related to ESG disclosed in the Report.

This is translation of the Chinese language version of the Independent Assurance Report. If there is any conflict in meaning between the Chinese and English versions, the Chinese version will prevail.

Deloitte Touche Tohmatsu Certified Public Accountants LLP

28 March 2014



Appendix IV: GRI Official Audit Report and Index

The 2013 CSR report of China Shenhua Energy Company Limited adopted the indicator system and relevant disclosure requirements of the third edition of Sustainability Reporting Guidelines (G3.1) issued by Global Reporting Initiative ("GRI"). The report was reviewed by the GRI and the standard application level was A+.

Chart on the levels application of GRI

Application levels of report		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures output	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	G3 Management Approach Disclosures output	Not required		Management approach disclosed for each indicator category		Management approach disclosed for each indicator category	
	G3 Performance Indicators & Sector Supplement Performance Indicators Disclosures output	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environment.		Report on a minimum of 20 Performance Indicators, at least one from each of: Economic, Environment, Human Rights, Labor, Society and Product Responsibility.		Respond on each core G3 and Sector Supplement indicator with due regard to the Materiality Principle by either: (a) reporting on the indicator or (b) explaining the reason for its omission.	



Statement GRI Application Level Check

GRI hereby states that **China Shenhua Energy Company Limited** has presented its report "China Shenhua Energy Company Limited CSR Report 2013" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 25 March 2014

A handwritten signature in dark ink, appearing to read "Ásthildur Hjaltadóttir".

Ásthildur Hjaltadóttir
Director Services
Global Reporting Initiative



The "+" has been added to this Application Level because China Shenhua Energy Company Limited has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 19 March 2014. GRI explicitly excludes the statement being applied to any later changes to such material.



- 圖例 Legend
- 省界線
Provincial Boundary
 - 國有或地方鐵路線
State-owned or Local Railway
 - 自有運營鐵路
Self-owned Railway (in operation)
 - 自有在建鐵路
Self-owned Railway (under construction)
 - 自有礦區
Self-owned mines

中国神华能源股份有限公司
CHINA SHENHUA ENERGY COMPANY LIMITED

主要資產分佈圖 Assets Distribution Map

2014



- A1. 神東礦區
Shendong Mines
- A2. 准格爾礦區
Zhunge'er Mines
- A3. 勝利礦區
Shengli Mines
- A4. 寶日希勒礦區
Baorixile Mines
- A5. 包頭礦區
Baotou Mines
- A6. 澳大利亞沃特馬克煤礦項目 (規劃審查中)
Watermark Coal Project in Australia (plans under review)
- A7. 新街台格廟勘查區 (探礦權申請中)
Xinjietagemoiao Exploration Area (applying for exploration license)



- B1. 滄東電力
Cangdong Power
- B2. 三河電力
Sanhe Power
- B3. 定洲電力
Dingzhou Power
- B4. 盛山電力
Panshan Power
- B5. 准能電力
Zhunge'er Power
- B6. 神東電力
Shendong Power
- B7. 國華准格爾
Guohua Zhunge'er
- B8. 國華呼電
Guohua Hulunbeier Power

- B9. 北京熱電
Beijing Thermal
- B10. 綏中電力
Suizhong Power
- B11. 浙能電力
Zheneng Power
- B12. 錦界能源
Jinjie Energy
- B13. 神木電力
Shenmu Power
- B14. 台山電力
Taishan Power
- B15. 惠州熱電
Huizhou Thermal
- B16. 孟津電力
Mengjin Power

- B17. 太倉電力
Taicang Power
- B18. 陳家港電力
Chenjiagang Power
- B19. 神皖能源
Shenwan Energy
- B20. 神華四川能源
Shenhua Sichuan Energy
- B21. 神華福建能源
Shenhua Fujian Energy
- B22. 印尼煤電
EMM Indonesia
- B23. 珠海風能
Zhuhai Wind
- B24. 余姚電力
Yuyao Power



- C1. 神朔鐵路
Shenshuo Railway
- C2. 朔黃鐵路
Shuohuang Railway
- C3. 黃萬鐵路
Huangwan Railway
- C4. 大准鐵路
Dazhun Railway
- C5. 包神鐵路
Baoshen Railway
- C6. 巴准鐵路 (試運行)
Bazhun Railway (trial operation)
- C7. 甘泉鐵路 (試運行)
Ganquan Railway (trial operation)
- C8. 准池鐵路 (在建)
Zhunchi Railway (under construction)



- D1. 黃驊港
Huanghua Port
- D2. 天津煤碼頭
Tianjin Coal Dock
- D3. 珠海煤碼頭
Zhuhai Coal Dock
- D4. 羅源灣項目 (籌備中)
Luoyuan Wan Project (under preparation)



- E1. 神華中海航運
Shenhua Zhonghai Shipping Company

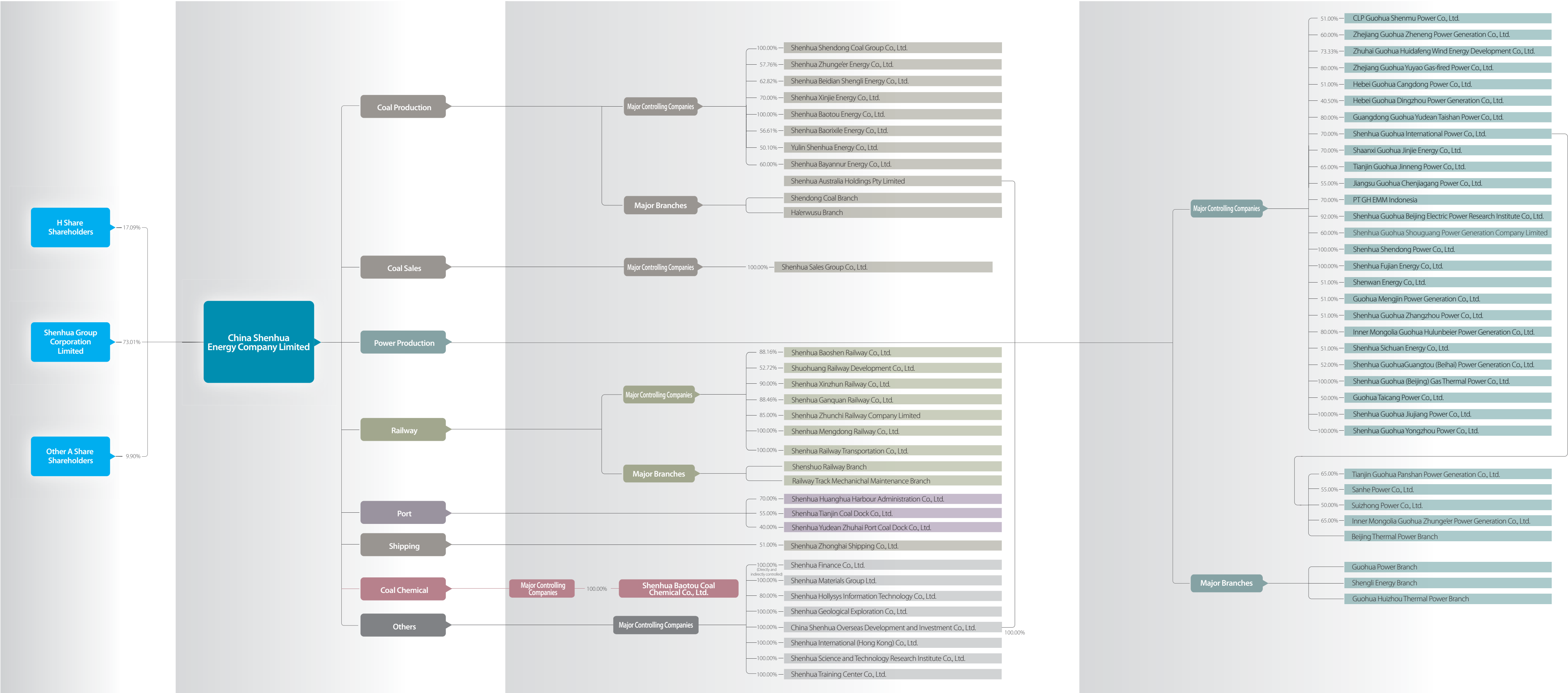


- F1. 包頭煤化工
Baotou Coal Chemical

註：於2014年3月28日之分佈圖，僅做示意。
Note: This map as at 28 March 2014 is for illustrative purpose only.



Equity structure diagram



Note: The equity structure diagram of China Shenhua (including major branches/ subsidiaries) as at 31 December 2013 is for illustrative purpose only.



Appendix V: Definition

Abbreviation	Full name
Shenhua Group Corporation	Shenhua Group Corporation Limited
China Shenhua or the Company	China Shenhua Energy Company Limited
Branches and Subsidiaries	Branches and subsidiaries of the Company
Shendong Coal Group or Shendong Group	the corporation conglomerate consisting of Shenhua Shendong Coal Group Co., Ltd. and its subsidiaries
Guohua Power Company	Beijing Guohua Power Company Limited
Guohua Power Branch	Guohua Power Branch of the Company
Shendong Power Company	Shenhua Shendong Power Co., Ltd.
Zhunge'er Energy Company	Shenhua Zhunge'er Energy Co., Ltd.
Shuohuang Railway Company	Shuohuang Railway Development Co., Ltd.
Shenhua Trading Group	Shenhua Trading Group Limited
Baotou Coal Chemical Company	Shenhua Baotou Coal Chemical Co., Ltd.
Shenshuo Railway Branch	Shenshuo Railway Branch of the Company
Huanghua Harbour Administration Company	Shenhua Huanghua Harbour Administration Co., Ltd.
Baoshen Railway Company	Shenhua Baoshen Railway Co., Ltd.
Baotou Energy Company	Shenhua Baotou Energy Co., Ltd.
Shenbao Energy Company	Shenhua Baorixile Energy Co., Ltd.
Beidian Shengli Energy	Shenhua Beidian Shengli Energy Co., Ltd.
Overseas Company	China Shenhua Overseas Development & Investment Co., Ltd.
Yu Shen Energy Company	Yulin Shenhua Energy Co., Ltd.
Shenwan Energy Company	Shenwan Energy Company Limited
Fujian Energy Company	Shenhua Fujian Energy Co., Ltd.
Sichuan Energy Company	Shenhua Sichuan Energy Co., Ltd.
Shenwei Branch	Railway Track Mechanical Maintenance Branch of the Company

Abbreviation	Full name
Australia Pty	Shenhua Australia Holdings Pty Limited
EMM Indonesia	PT.GH EMM INDONESIA
Beijing Thermal Power Branch	Shenhua Guohua International Power Company Limited Beijing Thermal Power Branch
Sanhe Power	Sanhe Power Co., Ltd.
Zheneng Power or Ninghai Power	Zhejiang Guohua Zheneng Power Generation Co., Ltd.
Taishan Power	Guangdong Guohua Yudean Taishan Power Co., Ltd.
Cangdong Power	Hebei Guohua Cangdong Power Co., Ltd.
Suizhong Power	Suizhong Power Co., Ltd.
Guohua Hulunbeier Power	Inner Mongolia Guohua Hulunbeier Power Generation Co., Ltd.
Yuyao Power	Zhejiang Guohua Yuyao Gas-fired Power Co., Ltd.
Jiujiang Power	Shenhua Guohua Jiujiang Power Co., Ltd.
Zhuhai Wind Energy	Zhuhai Guohua Huidafeng Wind Energy Development Co., Ltd.
Shenhua Science and Technology Research Institute	Shenhua Science and Technology Research Institute Co., Ltd.
Shenhua Training Center	Shenhua Training Center Co., Ltd.
Accounting Standards for Business Enterprises	Accounting Standards for Business Enterprises – Basic Standard and Business Enterprises 38 specific accounting standards issued by the Ministry of Finance of the People’s Republic of China on 15 February 2006 and the Application Guidance to Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other related requirements subsequently issued
Shanghai Listing Rules	Rules Governing the Listing of Stocks on Shanghai Stock Exchange
Shanghai Stock Exchange	Shanghai Stock Exchange



Appendix V: Definition

Abbreviation	Full name
Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
A Share(s)	Ordinary shares that are issued to domestic investors with the approval of CSRC and listed in the domestic stock exchanges, and denominated, subscribed and transacted in Renminbi
H Share(s)	Ordinary shares that are issued to domestic investors with the approval of CSRC and listed on the Hong Kong Stock Exchange, and denominated, subscribed and transacted in Hong Kong dollar
Company Law	Company Law of the People's Republic of China
Securities Law	Securities Law of the People's Republic of China
Labour Law	Labour Law of the People's Republic of China
SASAC	Stated-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China
NDRC	National Development and Reform Commission of the People's Republic of China
MEP	The Ministry of Environmental Protection of the People's Republic of China
CSRC	China Securities Regulatory Commission
Articles of Association	Articles of Association of China Shenhua Energy Company Limited

Feedback Sheet and Contact Information

China Shenhua values your opinions on the Company's works on corporate social responsibility and this Corporate Social Responsibility Report. Your opinions and advice will add momentum to continual improvement of our performance and this Report.

Please fax this sheet to +86-10-5813 1814 or email it to 1088@csec.com after you have answered the following questions.

1. Is there any topic that you are concerned but not covered in this Report? If so, please write down the issue(s) that you are concerned about.

2. Which part(s) of this Report are you most interested in?

You are welcome to provide personal particulars if you wish:

Name: _____

Occupation: _____ Organization: _____

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