

Notice from the Ministry of Commerce and the Ministry of Environmental Protection on the Publication and Distribution of the “Guideline on Environmental Protection in Foreign Investment and Cooperation”¹

Commerce departments, environmental protection departments of all provinces, autonomous regions, administrative cities, centrally administered cities and the Xinjiang Production and Construction Corps and all central state-owned enterprises:

To guide our companies to further regulate their environmental protection practices in their foreign investment and cooperation, to lead them to actively fulfill their social responsibility in environmental protection and to promote the sustainable development of our foreign investment and cooperation, we have established the “Guideline on Environmental Protection in Foreign Investment and Cooperation” (The Guideline), hereby for publication and distribution.

We request the commerce departments and environmental protection departments of governments at all levels to strengthen the promotion and propaganda on the Guideline so as to instruct our companies to enhance their sense of environmental protection in foreign investment and cooperation, to understand and abide by the environmental protection policies and laws of the host countries in pursuit of mutual and shared benefits.

Ministry of Commerce and Ministry of Environmental Protection

Feb 18, 2013

Guideline on Environmental Protection in Foreign Investment and Cooperation

One. This Guideline is established and enacted to guide Chinese companies to further regulate their environmental protection practices in their foreign investment and cooperation, to identify and preempt environmental risks in a timely manner, to lead our companies to actively fulfill their social responsibility in environmental protection, to build a good foreign image of Chinese companies and to support the sustainable development of host countries.

Two. This Guideline applies to the environmental protection in Chinese companies’ foreign investment and cooperation. The companies should consciously abide by it.

Three. In their active fulfillment of the environmental protection responsibilities, companies are called upon to respect the religious beliefs, cultural customs and ethnic traditions of the local communities in the host country, to protect the legal rights of the workers, to provide training, employment and re-employment opportunities to the local residents, to promote the harmonious development among the local economy, environment and communities, and to cooperate under the principle of mutual profits and benefits.

¹ **GEI Translation.**

Four. Following the ideal of environmental friendliness and resources conservation, companies should develop low-carbon, green economy, implement sustainable development strategy and achieve the “win-win” between profits and environmental protection.

Five. Companies should understand and abide by the laws and regulations on environmental protection in the host country.

The projects that companies invest to construct and operate should apply for related permit on environmental protection from local government in accordance with the laws and regulations of the host country.

Six. Companies should include environmental protection in their development strategy and operational plans, establish corresponding regulations and systems on environmental protection, strengthen environment, health and operation management. Companies are encouraged to use the comprehensive environmental service.

Seven. Companies should establish comprehensive environmental protection training system to provide employees with proper education and training on environment, health and operation safety, so that the employees will be aware of and familiar with the related environmental protection laws and regulations of the host country, be equipped with knowledge on how to deal with hazardous materials, environmental crisis prevention and others, so as to enhance their law-abiding sense and the quality of environmental protection.

Eight. Companies should conduct environmental impact assessment regarding its development, construction, production and operation activities according to the laws and regulations of the host country, and take reasonable measures to mitigate the potential negative impact according to the result of the assessment

Nine. Companies are encourage to take full consideration of the impact of their development, construction, production and operation activities over social environment such as the historical or cultural relics, sceneries and local traditions and customs and to take reasonable measures to mitigate potential negative impacts.

Ten. Companies should construct and operate pollution prevention facilities in accordance with the requirement of the laws and regulations of the host country, to prevent and manage the pollution. The omission of waste air, waste water, solid wastes, etc, should abide by the criteria of the host country.

Eleven. Companies are encouraged to conduct environmental monitoring and assessment of the potential construction area prior to the construction to grasp the basis environmental conditions of the identified area and its periphery, and to record and document the result of the environmental monitoring and assessment.

Companies are encouraged to monitor the emission of main pollutants, to be in full control of its pollution information and to record and document the result of the monitoring.

Twelve. Companies are encouraged to conduct environment due diligence investigation of the target companies before acquisition with a special emphasis on the dangerous wastes, oil and underground water pollution occurred in its past operations, as well as the environmental debts of the target companies. Companies are encouraged to implement good environmental practices and to mitigate the potential risk of environmental debts.

Thirteen. Companies should design management plan on the dangerous wastes to be generated from the production and operation. Such plan should include measures on reducing the production volume of the dangerous wastes and measures on its storage, transportation, utility and management.

Fourteen. Companies should design crisis management plans on potential environmental incidents and other emergent incidents based on their nature, features and potential environmental damages. They should establish reporting and communication systems to report to the local government, environmental agencies, potentially affected public and the companies' headquarter back in China.

The crisis management plan should include the organization's structure and responsibilities of the crisis management, prevention and alarm system, procedures, logistics and post-crisis restorations, etc. Companies are encouraged to organize rehearsals and make timely adjustments to the plan.

Companies are encouraged to use measures such as purchasing environmental pollution insurance to reasonably diversify the risks of environmental incidents.

Fifteen. Companies should carefully consider the ecology of the local area. As for the animal and plant resources that are protection-worthy and might be affected by the operation, the companies could prioritize on-spot protection or nearby protection under the cooperation of the host country and local community to mitigate the negative impact over the ecological diversity of the local area.

As for the ecological impact of the investment activities, companies are encouraged to perform ecological restoration in accordance with the laws and regulations of the host country or the general practice of the industry.

Sixteen. Companies are encouraged to conduct clean production, promote recycling to mitigate pollution from its origination, to increase the effective usage of resources, to reduce the production and emission of pollutants in the production, service and using of the products.

Seventeen. Companies are encouraged to implement "green purchase" policy to prioritize environmentally friendly products.

Companies are encouraged to apply for related environmental management system credentials and the environmental credentials for its products.

Eighteen. Companies are encouraged to periodically release the environmental information of the company, as well as the plans, measures take and performances of the implementation of environmental laws and regulations.

Nineteen. Companies are encouraged to strengthen the connection and communication with the environmental protection monitoring agencies of the host country and actively seek their opinions and advice on its environmental protection work.

Twenty. Companies are called upon to establish the communication methods and channel of its environmental social responsibilities, to actively strengthen the connection and communications with the local communities and their organizations. They could host workshops and symposiums to seek opinions and advice about the environmental impact of its construction projects and operation activities in accordance with the laws and regulations of the host country.

Twenty One. Companies are encouraged to actively participate and support local environmental protection activities, promote the idea of environmental protection and establish good environmental image of the companies.

Twenty Two. Companies are encouraged to study and learn from the principles, standards and common practices adopted by international organizations and multilateral financial institutions.