Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR)

36th SESSION
30 October – 1 November 2019
Room XIX, Palais des Nations, Geneva

Thursday, 31 October 2019
Morning Session

Agenda item 3. Practical implementation, including measurement, of core indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals: Review of case studies

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Promoting Sustainable Development, Shaping a Bright Future: The Case of MCC

Ye Zhang, October 31, 2019

Contents

I. About MCC

- MCC consolidated with China Minmetals Corporation (CMC) and became a member of CMC in late 2016

- MCC at 290th among the Fortune Global 500 companies in 2016, before the consolidation

- CMC, a trailblazer across the whole industry chain from resource acquisition & exploration to project design, construction, operation, distribution, and further processing

- CMC at 112th among the Fortune Global 500 companies in 2019

I. About MCC

In China, accounting for 90% Steel Plant Construction

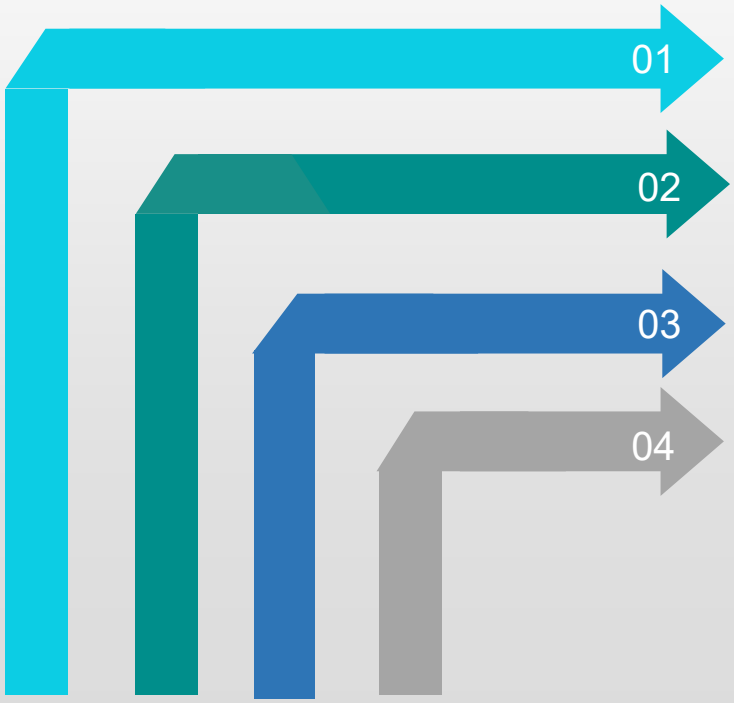
Ansteel(1948), WISCO, Baogang group, TISCO, Pangang group, Baosteel...

Accounting for 60% Steel Plant Construction Internationally

Vietnam Ha Tinh Joint Steel Plant, the Malaysian Kuantan Steel Plant, the India TATA Steel Plant.....

I. About MCC

In year of 2018, MCC had.....



Assets and Employment

Total assets: USD 63.95 billion
Employees: 96,646

Subsidiaries

46 direct subsidiaries, 13 Grade-A scientific research and design institutes and 15 large-scale construction enterprises.

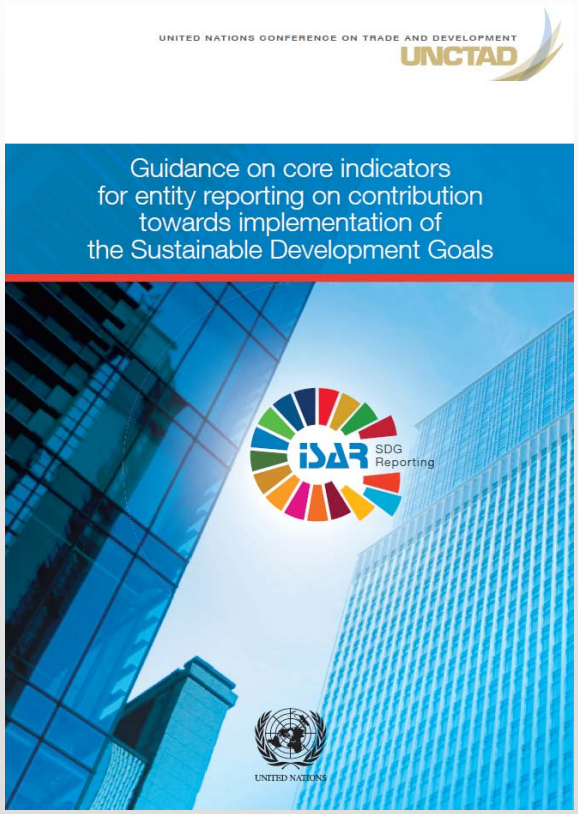
Overseas Institution

151 overseas offices in 57 countries and regions
88 are located in 32 Belt and Road Initiative signatories

Research and Development

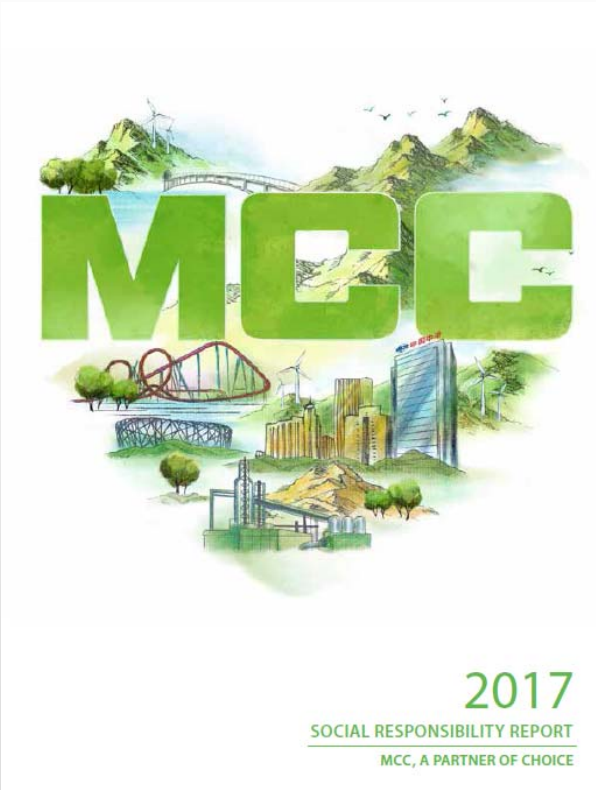
25 national science and technology R&D platforms
over 53,000 engineering & technical personnel
27,000 patents in force
ranking 4th among all the central enterprises for six consecutive years (2013-2018)

II. UNCTAD's GCI and MCC's Sustainability Indicators



- As requested by ISAR, UNCTAD launched its initiative on selecting a limited number of core SDG indicators for company reporting, and a Guidance on Core Indicators (GCI) has been prepared.
- A case study has been undertaken, aiming to examine the practical implementation of the GCI by MCC for reporting on the SDGs.
- It covers the time frame from January 1, 2018 to December 31, 2018, with certain important earlier years traced back to as needed.

II. UNCTAD's GCI and MCC's Sustainability Indicators



- Currently MCC prepares its Social Responsibility Report in accordance with guidelines of the Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange.

- The CSR Report is also prepared with reference to the relevant guidance of the State-owned Assets Supervision and Administration Commission of the State Council, the General Administration of Quality Supervision, Inspection and Quarantine of China, the International Organization for Standards and the Global Reporting Initiative.

II. UNCTAD's GCI and MCC's Sustainability Indicators

	Area	Indicators	Relevant SDG Indicator	2018
A.1	Revenue and/or (net) value added	A.1.1. Revenue	8.2.1	USD 43.75 billion
		A.1.2. Value added	8.2.1; 9. b. 9.4.1	USD 13.12 billion
		A.1.3. Net value added	8.2.1; 9.4.1	USD 11.84 billion
A.2	Payments to the Government	A.2.1. Taxes and other payments to the Government	17.1.2	USD 2.16 billion
A.3	New investment/expenditures	A.3.1 Gross investment	7.b.1	No data in 2018. Since January 2019, data has been collected.
		A.3.2. Community investment	17.17.1	USD 855,245
		A.3.3. Total expenditures on research and development	9.5.1.	USD 3.34925 billion
A.4	Local supplier/purchasing [redacted]	A.4.1. Percentageof local procurement	9.2.1.	90.50% (domestic procurement spending of USD 16.1641 billion)
B.1	Sustainable use of water	B.1.1. Water recycling and reuse	6.3.1.	10,840,968m³
		B.1.2. Water use efficiency	6.4.1.	11.89m³/US 10,000 dollars of GDP
		B.1.3. Water stress	6.4.2.	Total water consumption: 82,456,944 cubic metres
B.2	Waste management	B. 2.1. Reduction of waste generation	12.5.	Data was not collected due to different statistical standards
		B.2.2. Waste reused, re-manufactured and recycled	12.5.1.	Waste concrete recycled: 218,259 cubic metres (39.72% of Recycling rate)
				Steel scrap recycled: 66,294 tons (23.66% of recycling rate)
				Waste wood recycled: 197,490 cubic metres (82.70% of recycling rate)
				Leftover materials recycled: 2,873 tons (84.07% of recycling rate)
				Incineration residues recycled: 122,802 tons (100% of recycling rate)
		B.2.3. Hazardous waste	12.4.2.	Waste oil: 29,965 litres
				Waste Paint Buckets: 28 tons
				Emulsion: 131 tons
				Fly ash from incinerator: 14,055 tons
				Waste sand: 11,807,147 tons
				Waste sand in deep ocean: 2,007,500 tons
				Waste oil: 255,145 litres
B.3	Greenhouse gas emissions	B.3.1. Greenhouse gas emissions (scope 1)	9.4.1.	China's domestic greenhouse gas emissions (scope 1 and 2): 5,855,304 tons
				Greenhouse gas emissions of overseas resource development enterprises (scope 1 and 2): 11,479,604 tons
		B.3.2. Greenhouse gas emissions (scope 2)	9.4.1.	China's domestic greenhouse gas emissions (scope 1 and 2): 5,855,304 tons
				Greenhouse gas emissions of overseas resource development enterprises (scope 1 and 2): 11,479,604 tons
B.4	Ozone-depleting substances and chemicals	B.4.1. Ozone-depleting substances and chemicals	12.4.2.	0
B.5	Energy consumption	B.5.1. Renewable energy	7.2.1.	Data was not collected due to different statistical standards
		B.5.2. Energy efficiency	7.3.1.	Electricity: 1,439 kWh/US 10,000 dollars of GDP
				Heat: 160,200 KJs/US 10,000 dollars of GDP
				Gasoline: 0.0071 ton/US 10,000 dollars of GDP
				Diesel: 0.8368 ton/US 10,000 dollars of GDP
				Natural gas: 10.2626 cubic metres/US 10,000 dollars of GDP
				Heavy oil: 0.0281 ton/US 10,000 dollars of GDP
C.1	Gender equality	C.1.1. Proportion of women in managerial positions	5.5.2.	28%
C.2	Human capital	C.2.1. Average hours of training per year per employee	4.3.1.	180,204 person-times (training hours were not collected due to different statistical methods)
		C.2.2. Expenditure on employee training per year per employee	4.3.1.	Data was not collected due to different statistical standards
		C.2.3. Employee wages and benefits as a proportion of revenue, with breakdown by employment type and gender	8.5.1; 10.4.1	Total Cost: USD 1.96280 billion (4.7721% of the total revenue)
C.3	Employee health and safety	C.3.1. Expenditure on employee health and safety as a proportion of revenue	3.8.; 8.8	USD 14.452262 million
		C.3.2. Frequency/incident rate of occupational injuries	8.8.1.	Death on duty: 12 people
				Serious injury: 1 person
				Minor injury: 5 people
				Loss caused by death on duty: 72,000 business days
				Incidents: 16
C.4	Coverage by collective agreements	C.4.1. Percentage of employees covered by collective agreements	8.8.2.	56.4%
D.1	Corporate governance disclosure	D.1.1. Number of board meetings and attendance rate	16.6.	16 times, no director was absent without permitted leave
		D.1.2. Number and percentage of female board members	5.5.2.	0
		D.1.3. Board members by age range	16.7.1.	Above 50-year-old: 3 people
				Above 40-year-old: 3 people
				Above 70-year-old: 1 person
		D.1.4. Number of meetings of audit committee and attendance rate	16.6.	7 meetings, 66.7% of attendance rate
		D.1.5. Compensation: total compensation per board member (both executive and non-executive directors)	16.6.	QUO [redacted]: USD 0, salary from the related parties
				ZHANG [redacted]: USD 0, salary from the related parties
				YU [redacted]: USD 26,063
				REN [redacted]: USD 24,239
				CHEN Jiajiang: USD 25,146
				LIN Jianhui: USD 158,703
				JING [redacted]: USD 21,741
D. 2	Anti-corruption practices	D.2.1. Amount of fines paid or payable due to settlements	16.5.2.	0
		D.2.2. Average number of hours of training on anti-corruption issues, per year per employee	16.5.2.	2,800 people received anti-corruption training

- The case study on MCC and the summary table in its annex shows that MCC reported 29 indictors among the total 33 core indictors of the GCI in 2018.
- The number of reported indictors will be increased to 30 in 2019.

II. UNCTAD's GCI and MCC's Sustainability Indicators

B.1	Sustainable use of water	B.1.1. Water recycling and reuse	6.3.1.	10,840,966m^3
		B.1.2. Water use efficiency	6.4.1.	11.98m^3/US 10,000 dollars of GDP
		B.1.3. Water stress	6.4.2.	Total water consumption: 52,436,944 cubic meters
B.2	Waste management	B. 2.1. Reduction of waste generation	12.5.	Data was not collected due to different statistical standards
		B.2.2. Waste reused, re-manufactured and recycled	12.5.1.	Waste concrete recycled: 219,259 cubic meters (39.72% of Recycling rate)
				Steel scrap recycled: 44,296 tons (22.44% of recycling rate)
				Waste wood recycled: 197,690 cubic meters (62.70% of recycling rate)
				Leftover materials recycled: 2,873 tons (34.07% of recycling rate)
				Incineration residues recycled: 122,502 tons (100% of recycling rate)
		B.2.3. Hazardous waste	12.4.2.	Waste oil: 29,963 liters
				Waste Paint Buckets: 28 tons
				Emulsion: 131 tons
				Fly ash from incinerators: 16,055 tons
				Waste sand: 11,507,167 tons
				Waste sand in deep ocean: 2,007,500 tons
				Waste oil: 355,143 liters
B.3	Greenhouse gas emissions	B.3.1. Greenhouse gas emissions (scope 1)	9.4.1.	China's domestic greenhouse gas emissions (scope 1 and 2): 5,855,204 tons
				Greenhouse gas emissions of overseas resource development enterprises (scope 1 and 2): 11,679,604 tons
		B.3.2. Greenhouse gas emissions (scopes 2)	9.4.1.	China's domestic greenhouse gas emissions (scope 1 and 2): 5,855,204 tons
				Greenhouse gas emissions of overseas resource development enterprises (scope 1 and 2): 11,679,604 tons
B.4	Ozone-depleting substances and chemicals	B.4.1. Ozone-depleting substances and chemicals	12.4.2.	0
B.5	Energy consumption	B.5.1. Renewable energy	7.2.1.	Data was not collected due to different statistical standards
		B.5.2. Energy efficiency	7.3.1.	Electricity: 1,429 kWhs/US 10,000 dollars of GDP
				Heat: 103,200 KJs/US 10,000 dollars of GDP
				Gasoline: 0.0371 ton/US 10,000 dollars of GDP
				Diesel: 0.8358 ton/US 10,000 dollars of GDP
				Natural gas: 10.2424 cubic meters/US 10,000 dollars of GDP
				Heavy oil: 0.0251 ton/US 10,000 dollars of GDP

- Example of the environmental indicators: one of the four areas of GCI.
- Data are collected through the Energy Conservation and Emission Reduction Big Data Information Reporting System.
- Data cover MCC's all factories and project departments.

III. MCC Promotes Sustainable Development

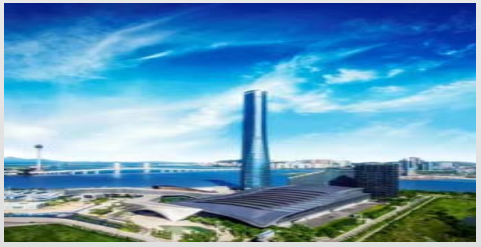
For a long time, MCC has integrated sustainable development into its operation

High-quality operation for stronger internal impetus

Win-win cooperation and common development in the spirits of joint governance, mutual benefits and shared honour

High-tech and high-quality development for a better ability of value creation

Green development and environmental protection to promote the development of ecological civilization



III. MCC Promotes Sustainable Development

- Superior Products & Services
- Risk Management
- Excellent HR Governance
- Human-Nature Harmony

III. MCC Promotes Sustainable Development

- Forefront of ENR's Top 250 International Contractors for ten consecutive years;
- Best Sustainable Performance, Most Investment Value and Best Sustainability Report;
- Class-A (Best) listed Company on the Shanghai Stock Exchange, Top Ten Contributors to China's Urban Energy Transformation, and Outstanding Company for the 40th Anniversary of China's Steel Reform and Opening-up.

Metallergical Corporation of China Ltd.

Thank you!