

This statement was signed by the President and became valid on January 1, 2016

NORINCO holds firmly the position that any kind of proliferation, including that of Weapons of Mass Destruction (WMD) and their components and means of delivery, and dual-use goods and technologies, are conducive neither to world peace and stability nor to China's security, and is absolutely in contrary to NORINCO's value of being a responsible corporation for the benefit of international community. Pursuing sustainable growth, maintaining a positive reputation, and assuming social responsibility are among NORINCO's core values. NORINCO regards itself as an active force of nonproliferation in the international community.

NORINCO affirms its unequivocal and emphatic support for the Chinese government's nonproliferation and strategic trade control policies, which NORINCO commits to abiding by fully and uncompromisingly. NORINCO resolutely supports the Chinese government's international commitments and obligations, the United Nations Security Council's resolutions, and international best practices in the area of strategic trade management and nonproliferation.

Effective strategic trade management requires a combined effort between governments and companies. In order to ensure fulfillment of its nonproliferation and strategic trade control obligations, NORINCO has established and implemented a multi-faceted Internal Compliance Program (ICP) and continually works to further develop and enhance that program, as well as its overall compliance efforts to prevent the proliferation of WMD and their means of delivery and control the proliferation risks of conventional defense products and technologies, dual-use goods and technologies, intangible technology transfers (ITT) and deemed exports.

By adopting a "catch-all" approach to export control and compliance, NORINCO places the goals of nonproliferation, peace, and stability above its commercial interests. In practice, this means that even if a particular trade transaction is legal according to export control laws and regulations, NORINCO – in accordance with its corporate policy of voluntary self-restraint in trade activities – will neither directly nor indirectly supply products, technology or services if NORINCO knows or has reason to believe that such items could be used by its customer or the ultimate end-user for the development or production of WMD and their means of delivery, or such exports may undermine international, regional or the recipient country's security and stability, or such exports may pose end-user or end-use risks such as falling in the hands of terrorist organizations or terrorists. In addition, NORINCO will make efforts to ensure that all dual-use products and technologies of any kind that it trades go only to their authorized end-use and end-user.

In order to ascertain what products, technology and services, as well as which customer and end-user, should be regarded as sensitive, NORINCO will establish and maintain close contact with all responsible Chinese government agencies, relevant NGOs and nonproliferation and export control experts for information, instruction and advice. Additionally, NORINCO is committed to carefully screening all countries, customers, end-users, end-uses, and controlled military and dual-use products to ensure that all transactions comply with NORINCO's legal, international, and internal obligations.

To ensure the effective implementation of its ICP, NORINCO established the ICP Council and ICP Office, which are authorized to veto any order in question. The ICP has been institutionalized by the issuance of nonproliferation and export control guidance and regulations; establishment and implementation of an automated, fully integrated order screening system that includes three screening databases – one for sensitive countries, one for sensitive end-users and the other for controlled products; execution of comprehensive record keeping rules for export control-related documentation; passage of regulations on education; implementation of a multi-tiered training program; use of scheduled and random internal audits; and signing of a nonproliferation and export control letter of responsibility between corporate executives and managers of operational departments and subsidiaries.

The NORINCO ICP Council is the principle body on company export control related matters. Mr. Zhang Guanjie, Vice President of NORINCO, is also the Chairman of ICP Council. Mr. Yang Xiaoqing, Vice President of NORINCO and Mr. Wang Li, Vice President of NORINCO are Vice Chairmen of the ICP Council. The ICP Council is also comprised of representatives from business units and management divisions. The NORINCO ICP Office deals with the daily work of the company's export control policies and procedures, and reports to the ICP Council. Mr. Cheng Hong is the Director of the ICP Office and Mr. Ji Yanzhao is the Vice director of the ICP office. In addition to these two established ICP bodies, each NORINCO unit and subsidiary has a designated ICP Officer or representative, who will work with the ICP Council and ICP Office and help coordinate the export control compliance work for that particular unit or subsidiary.

All NORINCO employees will actively work to achieve the corporate goal of nonproliferation by participating in training and strictly abiding by corporate policy. NORINCO has established regulations on incentives and punishments, which will encourage compliance efforts and punish violations or failures. Any violator will face serious consequences and will be prosecuted according to law if he or she commits a criminal offense.

This policy applies to all divisions and subsidiaries of NORINCO worldwide. The principles incorporated herein have been or will be implemented within the framework of NORINCO's existing internal compliance program. This policy will be reviewed and revised on an annual basis in order to incorporate the latest developments of nonproliferation and export control.

President Mr. ZHI Yulin

China North Industries Corporation