

2008 Corporate Social Responsibility Report

**Semiconductor Manufacturing
International Corporation**







TABLE OF CONTENTS

Management Commitment
3

Environmental Protection
11

Community Development
23

Employee Empowerment
37

Cover photo: Tree growing out of rocks in the Helan Mountains of Ningxia, typifying many CSR initiatives by thriving in unexpected places



Management Commitment



SMIC believes in actively contributing to building a harmonious society and establishing a legacy of environmental and social responsibility. This report documents how management has supported efforts in the areas of environmental protection, community development, and employee empowerment.

Above left photo: CEO and President Richard Chang in a staff meeting, listening to a presentation on recent safety performance indicators

Management Commitment

Statement from the CEO

Hello everyone, I am very pleased to have the opportunity to share with you SMIC's efforts in Corporate Social Responsibility.

Founded at the beginning of 2000, SMIC's aim is not only to establish an enterprise, but to contribute to the growth of high-tech industries in China. Those involved in this endeavor are very well aware that they shoulder the historical mission of industry-building. However, we not only want to bring economic value to the company shareholders and investors, but we also hope – through our investments, our employees, our management, and our production – to make a positive impact on and to contribute to our employees, customers, suppliers, and society.

Based on this hope, since the very beginning, SMIC has been working on social and environmental responsibility, including programs in business ethics, safety, occupational health, medical care, energy saving, resource conservation, recycling, and more, so as to make positive contributions to our staff, our environment, as well as our community.

In hiring staff, SMIC adheres to the Chinese saying that if you help a person out of poverty, you help the entire family, and if you help the family, you help the entire village. Therefore, SMIC has actively employed people from remote areas from the Mainland, trusting that after training at our company, these young people will grow into the vanguard of China's semiconductor industry.

Employee education is a critical element of SMIC's CSR program. We offer many training courses in-house and these courses cover a wide variety of subjects beyond mere technical topics, such as corporate culture and character training,

which teaches not only the correct way to work but also healthy attitudes to have in life. The company's manufacturing assistants (MA) are encouraged to participate in preparatory courses for passing college entrance exams, and with tuition grants provided by the company, these employees can eventually receive their bachelor's degrees. Employees who already have bachelor's degrees are encour-

aged to further their education to receive master's degrees. The overall goal is for employees to grow with the company.

In addition to these degree programs, SMIC has also built the SMIC Private School, which offers an international, bilingual education from kindergarten through high school. Employees, as well as families from the surrounding community, can enroll their children in the school.

Regarding environmental protection, SMIC, as a customer-oriented international business, is certified to meet the requirements of ISO14001 and RoHS (Restriction of Hazardous Substances). Beyond these certifications, the company employs strategies for clean production, energy-saving, resource conservation, and recycling that are used throughout the production processes. Furthermore, SMIC is actively exploring green energy



▲ President and CEO Richard Chang

to make full use of renewable energy and to achieve zero pollution, and even has its own solar cell manufacturing facility. The ultimate goal is zero waste.

In support of social welfare, SMIC staff and friends have supported Project Hope in many remote areas. Over the past seven years, employees have helped to build schools in the provinces of Gansu, Yunnan, Guizhou, Sichuan, Qinghai, and Xinjiang. In addition, solar energy installations as well as computers have been donated. And many departments joined the earthquake relief efforts in Sichuan, donating money and time.

We firmly believe that in the era of globalization and technology, while all companies are in the pursuit of corporate interests, people must also act as good citizens of their countries and of the planet in order to achieve sustainable development and growth. SMIC, as a leader in China's IC industry, is determined to be a good corporate citizen by sharing corporate resources with the community, so that the corporation and the community can grow together.

CSR Guidelines at SMIC

SMIC maintains a set of guidelines for the minimum requirements in the areas of labor, hygiene, environmental protection, and business ethics to ensure its practices are consistent with global corporate social responsibility requirements. SMIC's guidelines are based on the Social Accountability 8000 and Electronics Industry Code of Conduct international standards.

The guidelines also mandate a semi-annual audit to ensure the requirements are being met.

The labor, hygiene, and environmental requirements are summarized below.

The business ethics requirements are detailed in the next article.

Labor:

- Recruitment: SMIC will not hire anyone under the age of 16 and will not place workers under the age of 18 in potentially hazardous occupational posts nor in night shift; the company will not hold deposits nor ID cards; and employment is based on a mutual understanding and resignations are handled in accordance with legal requirements
- Non-discrimination: Employees cannot be discriminated against based on their race, country of origin, religion, disability, gender, sexual orientation, union or political affiliation, or age
- Fair and equal opportunity: The hiring, remuneration, training, promoting, dismissing, and retiring of employees are based on the competency and ability of employee to meet work requirements
- Freedom of association and right to collective bargaining: Employees can join unions or legitimate organizations without being punished or discriminated against
- Rewards and discipline: Employees are encouraged to maintain regular work standards and channels for appealing discipline are provided
- Remuneration: Salaries are paid in a timely manner and corresponding social insurance is paid as well
- Working hours: Employees are entitled to national holidays and paid annual leave as stipulated by law

Hygiene:

- Occupational hazards: Employees must be informed of physical, chemical, and biological hazards on a regular basis, as well as prior to hiring or transferring

Management Commitment

- **Emergency response:** First aid procedures and an emergency response system have been established to minimize work injuries
- **Occupational physical examinations:** Physical examinations are provided to employees exposed to potentially hazardous work conditions
- **Detection system:** Threats to health and safety are virtually eliminated through a dedicated safety management and detection system
- **Management oversight:** An appointed manager is responsible for monitoring and managing company-wide occupational safety



▲ SMIC VP of Public Relations Peiying Zhang presents a 36,000USD check from employee donations for scholarships for students in rural schools

Environmental:

- **Pollutants management:** SMIC has a pollutant management system to collect, dispose of, and monitor pollutants to ensure that work environment safety standards are met; the system ensures that gas, water, and solid wastes are disposed of legally
- **Environmental management system:** The company implements an environmental management system to eliminate potential environmental hazards from the work environment in a timely manner
- **Environmental training:** Training and promotional information is provided to employees to increase their awareness of the issues and methods related to environmental protection
- **Research and development:** The company invests resources in the research and development of technologies which eliminate, substitute, reduce, or recycle hazardous sub-

stances, in addition to consuming less energy and resources of all types

- **Management oversight:** An appointed manager is responsible for company-wide environmental protection

More information is available in the chapter on environmental protection.

Code of Business Conduct and Ethics

SMIC's Board of Directors has adopted a code of business conduct and ethics (the "Code") which provides guidance for doing business with integrity and professionalism. Such integrity and professionalism are vital to any company that wants to be a responsible corporate citizen. The Code addresses issues including among others, fraud, conflicts of interest, corporate opportunities, protection of intellectual property, transactions in the Company's securities, use of the Company's assets, and relationships with customers and third parties. It applies to

all SMIC employees, contractors, board members, agents, consultants, vendors, suppliers, and other people who have business relationships with SMIC.

A number of policies and procedures are set up to provide more guidance on the implementation of specific subjects of the Code. Some of them are:

Anti-Fraud Policy: SMIC's management is responsible for designing, monitoring, and evaluating the company's anti-fraud control mechanisms. Every employee is responsible for reporting suspected fraud cases. Any violation of the Code can be reported to the Ethics Hotline established by the Compliance Office, which will subsequently report such violation to the Audit Committee.

Insider Trading Policy: A policy exists that prohibits the gain of personal profit from possession of the Company's significant and sensitive information among designated groups of insiders; the policy prohibits dealings in SMIC's stock during blackout and special blackout periods

Disclosure Policy and Procedures: A Disclosure Committee (DC) has been established to define the roles of the DC and of various relevant departments in disclosure matters, types of documents or materials which would require DC approval, and the procedures for obtaining such DC approvals

Classified Information Protection Policy (CIPP): This policy prohibits employees from acquiring any intellectual property or proprietary information from illegal sources; it also prohibits employees from disclosing SMIC intellectual property or classified information, releasing it to any third party, or using it for personal purposes

Gift Policy: This policy provides guid-

ance on when to receive or reject a gift and how to handle a gift received; it outlines the compulsory reporting procedures

From time to time, both the substance and importance of the Code are communicated and highlighted to different parties through the following means:

- Training is provided to all new employees at New Employee Orientation
- All employees must sign and return an acknowledgement to confirm they understand and agree to comply with the Code
- Training and administration of an online test to all employees is conducted annually
- Internal Audit performs code awareness testing on randomly selected employees annually
- Board Members are trained
- Specific training is given to target groups
- Outside counsel is invited to provide training on PRC and USA anti-bribery laws
- The Code and Policy are posted on SMIC external and internal websites; related policies, procedures, and training materials are also posted on SMIC internal website
- An Ethics Hotline has been set up to receive any complaints or reports involving any possible violation of SMIC codes, charters, and policies
- Periodic email reminders are sent to all employees highlighting specific areas of the Code
- Periodic Code news updates are sent to all employees highlighting the Ethics Hotline and providing current news (mostly fraud-related)
- The CEO sends Code communications to all employees reminding all to comply with the Code
- Communication of the Code to new business partners such as suppliers,

Management Commitment

vendors, agents, and consultants is done by way of a standard clause in the contract or renewed contract which refers to the appropriate section in the Code

Export Control & Internal Compliance Program (ICP)

As a publicly traded high-tech company with a global presence, SMIC strictly adheres to all relevant international laws and regulations, including those designed to maintain international peace and security. SMIC considers its compliance with laws governing the international transfer of technology, including "dual-use" technology with potential military applications, to be crucial to the company's operations and overall success. Accordingly, SMIC maintains a company-wide Internal Compliance Program (ICP), managed by an expert team, to ensure compliance with all legal requirements. Such compliance helps governments to regulate the flow of technology and keep it out of dangerous hands. Contributing to global security is the moral obligation of every citizen, corporate or individual.

SMIC's Commitment to Export Control Compliance:

- Maintenance of comprehensive Internal Compliance Program (ICP)
- Dedicated compliance team with engagement at the highest levels of the company
- Education and awareness training
- Internal audits and continuous improvement

SMIC also helps to promote export control awareness and best practices in China, such as by leading and engaging in different international business associations, seminars, and events through-

out China. In fact, SMIC is currently co-chairing one such group, the American Chamber of Commerce Peoples Republic of China Export Compliance Working Group, composed of some of the largest and most sophisticated technology companies in the world.

SMIC has become one of the most advanced foundries in the world, and the most advanced foundry in Mainland China, thanks in large part to its strong export compliance program.

SMIC During the Recession

Since late 2008, the world has been experiencing a financial crisis that some experts have predicted will be even worse than the Great Depression of 1929. Every day, news reports detail ways in which companies all over the world are being hurt by the recession, including those in the semiconductor industry. The accounts of widespread layoffs and the prediction that it will take several years to recover have created a deep sense of anxiety.

SMIC has not been immune to the ongoing economic crisis. But SMIC management was determined not to lay off employees. After a careful review of the situation and options available, SMIC management was able to enact certain initiatives, including the pursuit of increased revenue and cost-cutting, that allowed for the retention of all employees. To date, no employee has been laid off as a cost-cutting measure relating to the financial crisis.

With the economy showing signs of recovering, SMIC announced it would be restoring some of the benefits that had been reduced, starting first with the lowest-level staff, acknowledging their contribution to the company and recognizing

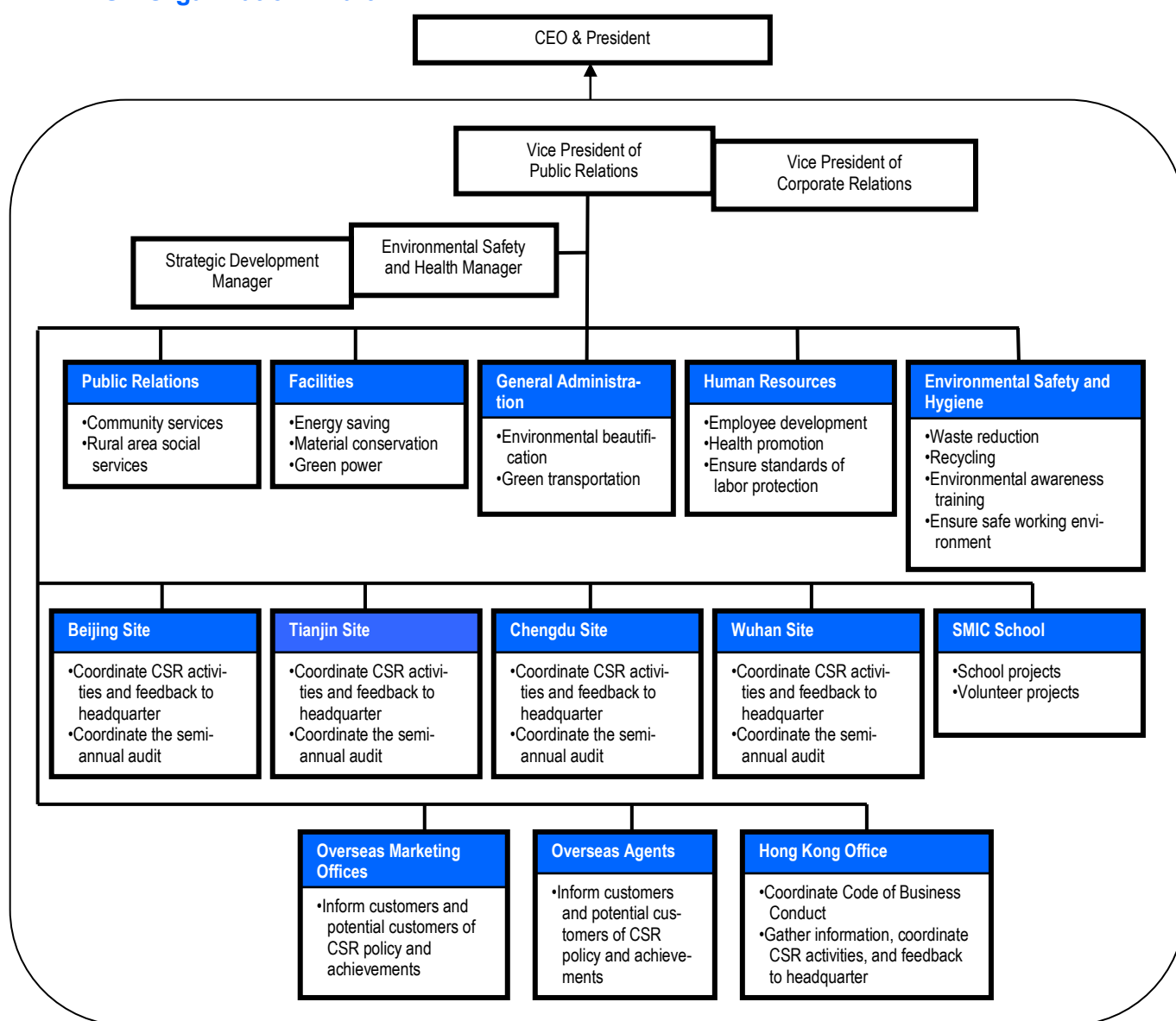
that the reductions had affected them more severely.

SMIC's CSR Committee

SMIC established a CSR Committee to officially organize efforts towards achieving SMIC's mission of actively contribut-

ing to a harmonious society and establishing a legacy of environmental and social responsibility. The CSR Committee is composed of members of key concerned departments throughout the company and from all sites to develop and review the company's CSR policies, plans, and actions. The Committee has reported its progress and findings to the CEO on a regular basis.

CSR Organization Chart





Environmental Protection



Environmental protection at SMIC includes reducing, re-using, and recycling resources. SMIC firmly believes that what is good for the environment is also good for the bottom line.

Photo above left: Plots of trees planted in vacant lot owned by the company to maximize environmental benefits

Waste Reduction

A major component of environmental protection is waste reduction. Waste reduction can be achieved by reducing, re-using, and recycling.

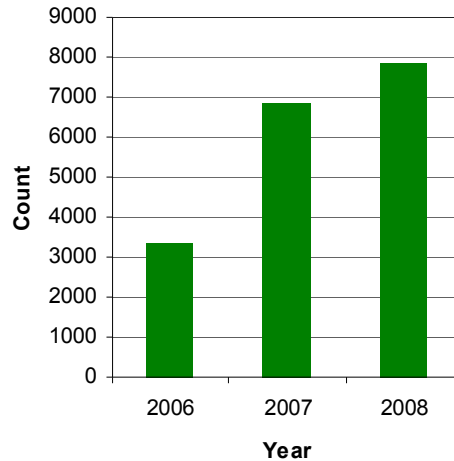
To directly reduce waste, SMIC has been working aggressively to increase the efficiency of resources as they are utilized. In addition to decreasing office waste by limiting the availability of paper (and thus encouraging employees to print double-sided or go paperless altogether), the company has found ways to reduce industrial chemical waste. This was achieved mainly by re-plumbing various process drain lines to decrease the amount of water in certain waste liquids. For example, sulfuric acid waste volume was reduced by 9m³ per month at the Shanghai site when the water content was decreased.



▲▼ Industrial waste such as packaging material is separated to facilitate recycling



Repaired/Refurbished Items



Another good way to reduce total waste is to re-use material. Malfunctioning equipment and other items are repaired and refurbished whenever possible instead of merely discarded. Furthermore, in 2008, the Shanghai site was able to re-use 2094 paper boxes (mostly for employees who needed boxes because they were relocating), 900kg of wires, and 300kg of pipes and connectors.

The last way to reduce total waste is to recycle the material. Most notably, waste wood from shipping crates is used to make furniture and other useful items. Waste sulfuric acid is used to neutralize alkaline waste in the pH neutralization systems and to convert hazardous ammonium-containing waste water into non-hazardous ammonium sulfate.

Recycled and re-used materials accounted for 87% (by weight) of general waste in 2008 for the entire company. This high number was achieved by having segregated bins for disposing of recyclables but also by further separating wastes into many different categories (such as the different types of plastics).



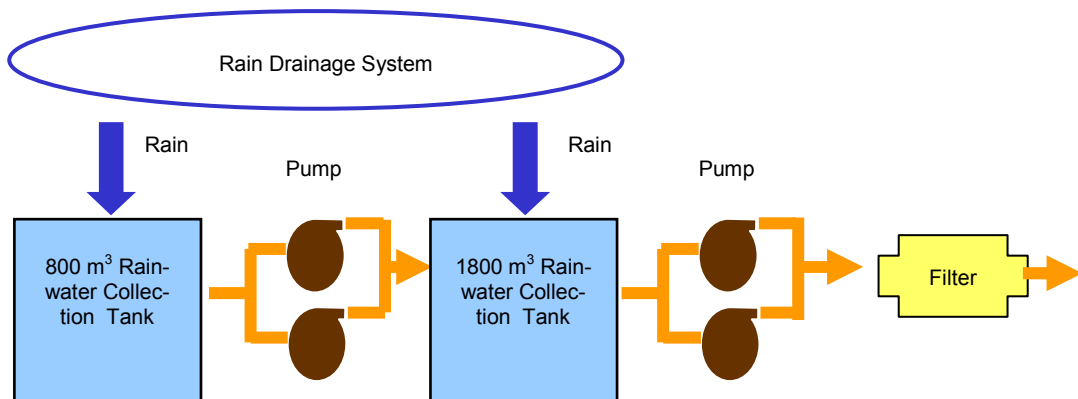
▲ Waste wood from shipping crates and some examples of items made from the recycled wood: bench, outdoor employee rest pavilion, display cabinet, and trashcan

SMIC has established a CIT (Continual Improvement Team) system whereby employees can submit ideas for any improvements, including energy and waste reduction ideas. Employees who submit ideas that are especially innovative or beneficial are rewarded monetarily.

Water Savings

SMIC has also put much effort into water recycling. The recycling rate has increased from around 40% in 2005 to what is now as high as 70% at some sites.

Rainwater Reclaim System



Such increases in recycling come about by finding ways to re-use water before finally discharging it. The Ultra Pure Water (UPW) system, for example, has a reclaim treatment system for treating process waste water, condensate, and water from local scrubbers. This treated water is a source of water for the UPW system so that less fresh water is needed to generate the UPW needed for production. At the Shanghai site, this

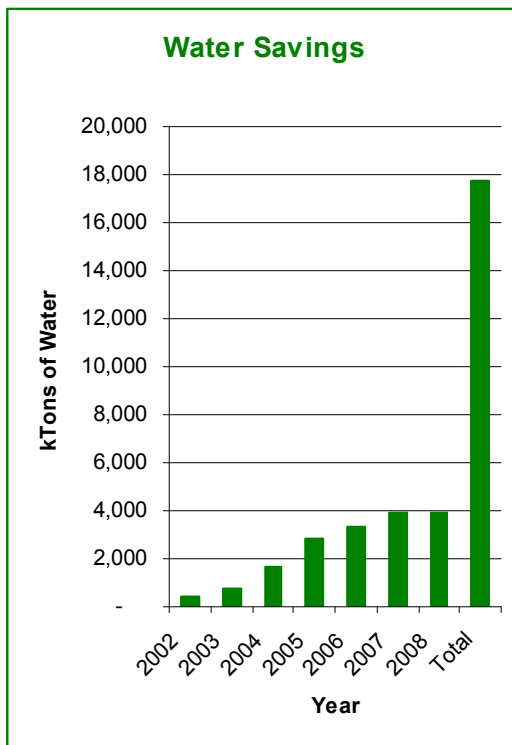
system has saved almost 8 million tons of water since it was installed in 2002.

At the Beijing site, rain water is collected and filtered and used for irrigation, saving 50,000 tons of water since it was installed in 2004.

Furthermore, water that cannot be further used, such as water from cooling towers, is used to flush toilets.

In total, the various water saving actions taken since 2002 amount to nearly 18 million tons of water saved.

In addition to saving water, the Shanghai facility also has a sewage treatment facility. The water that comes out is clean enough to raise fish.



▲ Sewage at the Shanghai site is treated and is clean enough for raising fish at the outlet



▲ Chillers are always one of the largest energy consumers for semiconductor facilities. During the winter months in northern China, the outdoor ambient temperature usually can reach below -10 degree. C SMIC's Tianjin and Beijing facilities take advantage of these cold temperatures: the cold cooling tower water enables free cooling of the clean rooms, computer rooms, and office buildings. In fact, during the winter months, the chiller compressors can be shut-down altogether, saving about 4,500,000 kWh each winter.



▲ At the Wuhan facility, in addition to traditional chillers, Lithium Bromide absorption chillers are also used. The basic difference between traditional electric chillers and absorption chillers is that the former utilizes an electric motor for operating a compressor, but the latter uses heat. The heat, in the case of the Wuhan fab, comes from excess steam from the adjacent thermoelectricity company.

Energy Savings

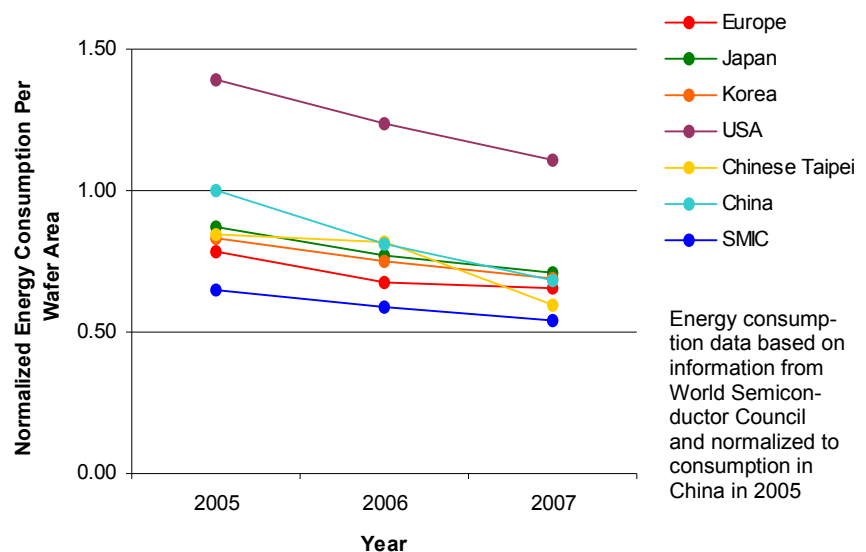
Realizing that saving energy is both good for the environment and the bottom line, SMIC has been continuously finding ways to conserve utilities. In addition, the government has been requesting all high-energy users to reduce their energy consumption. Some key energy saving projects that have been accomplished include the following:

- Chiller heat re-use: Use heat from chillers as a source of heat
- Absorption chiller: Utilize excess steam from neighboring thermal center to

power Lithium Bromide absorption chiller

- Free cooling system: Use cold air in winter to replace chiller
- Wastewater heat re-use: Re-use heat from wastewater to pre-heat water, reducing natural gas consumption

Electricity Consumption Comparison



Environmental Protection



▲ SMIC is finding places to use solar panels made by SMIC Energy Technology and wind turbines

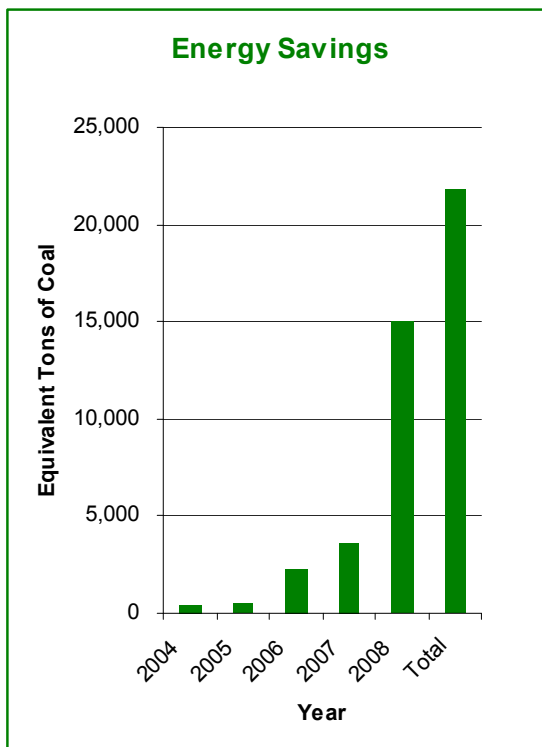
- Hot water re-use: Re-use excess hot water from nearby power plant for the hot water system, reducing need for municipal steam
- Heat re-use from steam condensate: Heat from steam condensate is used to pre-heat city water

All told, the various energy saving actions taken on facilities equipment since

2002 amount to an equivalent of nearly 22,000 tons of coals saved.

Due to SMIC's aggressive approach to energy reduction, over the past few years, the energy consumed per wafer area has dropped steadily and remains below industry average.

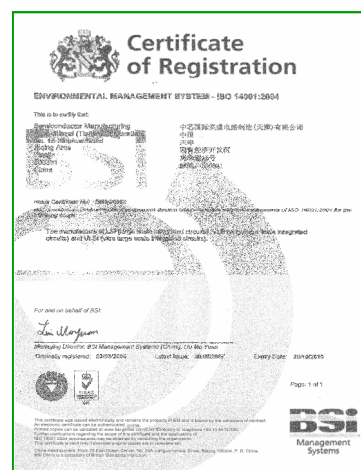
In addition to reducing energy consumption, the company is also exploring green energy. Through SMIC Energy Technology, a sister company, SMIC manufactures solar cells. Some of the solar cells are used on site. In addition, solar thermal units are used to heat water for the dormitories. The company is also currently exploring wind power.



Environmental Certifications

SMIC has received environmental certifications to demonstrate its commitment to environmental protection.

Sony Green Partner and RoHS Certification: In February 2006, SMIC's MegaFab in Shanghai was certified as a Sony Green Partner. This recognized SMIC as an environmentally conscious enterprise and highlighted its commitment to environmental protection throughout its product development.



▲ Certificates for Sony Green Partner for the Shanghai site, QC080000 for the Beijing site, and ISO14001 for the Tianjin site

Then in March 2006, SMIC's Shanghai site passed the third party SGS audit for its Green Product Management System (GPMS), which certified SMIC's wafer products to be in compliance with the European Union's RoHS Directive, becoming China's first foundry to receive such certification. SGS's GPMS was at that time the world's sole third-party certification that recognized environmentally friendly products. Since that time, SMIC's other sites (Beijing, Tianjin, and Chengdu) have received certifications for QC080000, which also demonstrates compliance with RoHS. These systems not only require non-inclusion of hazardous substances in products and annual product testing, but also establish a systematic and effective method to ensure that products are environmentally friendly.

ISO14001 Certification: SMIC's Shanghai site achieved ISO14001 certification in 2002. The ISO14001 is a voluntary international standard that establishes requirements for a world-class environmental management system. With this system in place, SMIC can ensure its responsible use of energy and materials through improvements in recycling, waste reduction, and pollution prevention. The other SMIC sites have since received this certification as well.

Environmental Protection Systems

To ensure that SMIC's operations cause minimal environmental impact and to



▲ Waste gases are first treated at local scrubbers inside the fab, then at central scrubbers, and finally exhausted

Environmental Protection

meet government requirements, various treatment methods exist for handling the wastes that are generated:

- Waste liquid acids and bases are neutralized.
- Waste gases are first scrubbed inside the fab by various methods, depending on the gas, and then at central scrubbers before being discharged into the atmosphere. The central scrubbers utilize a wet method for acidic and alkaline gases, but volatile gases are burned (and the heat is captured for use in other processes).
- Hazardous waste chemicals are converted into non-hazardous chemicals where possible, such as the conversion of fluoride in waste water into solid calcium fluoride
- Waste drums and other industrial wastes are not simply handed to qualified vendors; SMIC is always finding ways to minimize the impact of these items on the environment by reducing, re-using, or recycling.

Gas discharges, waste water, ground water, and soil samples are taken and analyzed according to a pre-set schedule to ensure no excursions have occurred.

Drills for environmental spills and other related accidents are also periodically conducted to ensure responsiveness.



▲ Acid leak drill performed in Shanghai with government officials and members of neighboring companies observing

Control of Chemicals with Environmental Concerns

In recent years, in addition to the chemicals restricted by the European Union's RoHS Directive, perfluorocompounds (PFCs) and perfluorooctyl sulfantes (PFOS) have also been of great concern.

PFCs: PFCs are greenhouse gases, having an impact thousands of times greater than that of carbon dioxide. At SMIC, the newer fabs have local scrubbers installed that can ensure un-reacted PFCs are destroyed and not released to the environment. The older fabs are currently under a schedule for retro-fitting, which is estimated to be completed by late-2011.

PFOS: PFOS compounds are of concern due to their persistence and bio-accumulative properties and are under increasing regulatory control. Even though the photolithography process is exempted, the PFOS content of a sample of outgoing wafers is measured annually by a third-party laboratory, and plans are underway to test out PFOS-free alternatives for the production process.



Environmental Shopping Bags

To reduce the amount of land-filled plastic bags, effective June 1, 2008, retailers in China were not allowed to give plastic shopping bags to customers for free. To encourage its employees to go green, SMIC made and distributed re-useable fabric bags to all its employees. But before employees could receive a bag, they had to successfully complete a quiz on important environmental protection facts.

Tree Planting

To beautify the campus and reduce the company's carbon footprint, SMIC started several projects to plant trees at the Shanghai site in 2008. The Landscaping team solicited employees to participate, and 500 trees were donated and planted on campus. The project was later expanded to SMIC's business partners, and 1124 trees were donated.

Furthermore, in order to fully utilize the 150-acre vacant lot behind the company, SMIC started sharing the land with two landscaping vendors in 2008. The vendors planted 42,000 trees and bushes on the lot. Since the plants are raised to be sold, the land is turned around several times a year, which is even better than

if SMIC had just planted its own trees on this land.

According to some reports, each tree can absorb on average 10kg of carbon dioxide each year. This means the trees that were planted since early-2008 can absorb more than 400 tons of carbon dioxide annually.

Organic Garden

In addition to the tree farm, the lot also houses an organic garden. The SMIC Organic Gardening Club developed about 10 acres of this land for use as an employee garden, where employees can sign up for small plots on which they can plant fruits, flowers, and vegetables according to organic growing principles. The club also raises a few goats, fish, and a pair of chickens, and makes compost from the company's soybean pulp (after it's pressed for soy milk) and shredded paper. The organic garden is open to all SMIC employees and their families. The club also partners with a nearby commercial organic farm that provides assistance with organic growing methods. This organic garden project serves a number of purposes: to provide employees with a leisure activity that



▲ Collapsible environmental shopping bags distributed to all employees



▲ Overhead view of the many trees that have been planted at the Shanghai site

Environmental Protection



▲ Rows and rows of vegetables at the organic farm, some in the fields and some in greenhouses



▲ Duck (raised to control weeds on the river) and duck pens (made from recycled wood)



▲ Goat being raised to eat weeds on the vacant lot

they can do with their families, to educate the community about the importance of eating clean, healthy foods, and to promote organic, sustainable growing concepts.

Natural Methods

Wherever possible, natural methods are selected over fuel-intensive or chemical-intensive ones. Some examples include the following:

Goats: Goats are raised to keep the

weeds under control in a vacant lot owned by SMIC instead of using gasoline fuel to power lawnmowers.

Ducks and geese: Flowing through the company housing complex is a river. A small flock of ducks and geese are raised to eat the weeds. (These waterfowl are housed in pens made from recycled wood.)

Solar energy: Solar thermal water heaters are installed on the roof of the dormitories to generate hot water for the bathrooms. Solar panels also generate power for lighting.



▲ Solar thermal water heaters on top of the dormitories



▲ Periodic second-hand markets offer residents a way to prolong the lives of their unwanted items



▲ Solar panels at the school at the Beijing site



▲ Chutes and bins at the dumpsters increase recycling rates among residents

Living Quarter (LQ) CSR Programs

In addition to the obvious social benefits of living in the company Living Quarters (LQ), having employees live together also facilitates activities where residents need to be mobilized. At the Shanghai housing site, where 5000 people reside, nearly 50 events were coordinated by a network of volunteers since September 2007, including:

Second-hand market: The market provided a way for residents to prolong the life and use of their unwanted items, saving landfill space. The proceeds were also channeled towards charitable causes.

Promotional activities: Residents learned about and were encouraged to carpool and buy organic food.

Environmental lecture series: Sessions were held for various target audience: the general population, stay-at-home mothers, and housekeepers (who have the responsibility for taking out the trash, so it was important for them to learn about recycling).

Recycling enhancement: The dumpster areas at the complex were re-designed to facilitate separation of rubbish into various groups, which facilitated recycling.



恩友基金会心系贫困地区

Community Development



SMIC has actively participated in many community development projects, not just in the areas around each facility, but across the country in rural parts of China. The projects range in visibility from running in the Olympic torch relay to visiting orphanages.

Photo above left: President and CEO Richard Chang and VP of Public Relations Peiying Zhang with students at a school in Yunnan where the SMIC solar panels were donated and installed

Employee-Funded Assistance to Rural Schools

Many of SMIC's employees wish to contribute to China's development in ways beyond their work. Not only do they wish to see SMIC raise the level of China's IC manufacturing, but they also wish to see parts of rural central and western China modernize. These employees helped to establish the Enyou Foundation, through which employees have made contributions to improving education in these areas by partnering with Project Hope.

Project Hope is a Chinese public service project organized by the China Youth Development Foundation and the Communist Youth League Central Committee to bring schools into poverty-stricken rural areas of China and to help children

whose families are too poor to afford their education.

The Enyou Foundation has helped to build 34 such schools in the provinces of Gansu, Yunnan, Sichuan, Guizhou, Qinghai, and Xinjiang. In addition to building schools, the foundation has organized teacher training, installed solar-powered systems, and provided financial and material support to poor students. Not only have the living and education conditions improved, but the foundation has also brought hope to the people it serves.

Here are the stories of some of the schools that the foundation has built.

Enyou #1 School:

- Enyou #1 School in Dingxi County, Gansu Province, was originally built



▲ Ceiling in classroom in Enyou #1 School was at risk of collapsing



▲ New classroom buildings at Enyou #1 School



▲ Dingxi Enyou#2 Primary School buildings before the repairs



▲ Buildings after repairs at Dingxi Enyou#2 Primary School

in 1952. The buildings were made of mud and wood and were in danger of collapsing on the students and teachers.

- The foundation built two buildings (with six classrooms) and two dormitories (with twelve rooms). The total area of the construction project was about 524m². This project was completed in September of 2002.

Dingxi Enyou #2 Primary School:

- This school in Dingxi County was built in 1947, also out of mud and wood. The windows and doors were low and small, and lighting was minimal. The walls were cracking. The classrooms were dark, damp, narrow, and at risk of collapsing.
- On September 10, 2002, two class-

room buildings were repaired (with four classrooms), as was one administrative building (with five offices).

Innovation Enyou Primary School:

- This primary school in Midu County in Yunnan Province had a total area of 850m², of which 417m² were in a precarious situation. There were five classrooms, 177 students, and 11 teachers.
- New classroom space totaling more than 720m² was built, which consisted of 3 laboratories and 1 classroom. Furthermore, all the dilapidated classrooms were repaired. The project was completed in May of 2004.



▲ Innovation Enyou Primary School was risk of collapsing



▲ New building at Innovation Enyou Primary School



▲ Wengtong Hope Primary School was dilapidated



▲ New building at Wengtong Hope Primary School

Community Development



▲ A school girl smiles with the donation of school supplies she has just received



▲ A village school in Dali, Yunnan, with the solar panels installed by the Enyou Foundation



▲ Teachers from rural western China participated in courses offered on education methods



▲ Now that this school in Yunnan has electricity, the students can take advantage of multi-media education

Wengtong Hope Primary School:

- This school in Baixi town in Guizhou Province was constructed in 1960. Due to the poor economic conditions of the time, especially in the rural mountainous areas, the school was not well-constructed. The school had no area for the students to play outside, and they only had one classroom made of bricks and wood, which was less than 100m² in size. Due to the location of the school between two railroad tracks, the noise and safety risks to the occupants were tremendous.
- A new classroom building was built. This 2-story building has an area of 250 m² and holds, in addition to classrooms, a library, laboratory, and facilities for distance learning.

In addition to building (or rebuilding) classrooms and other buildings, the foundation also donated computers, desks, chairs, beds, and bedding to further relieve hardships at these schools. Furthermore, teaching equipment and school supplies were given to poor students.

Teaching sessions were regularly organized to help train teachers from these impoverished regions, and scholarships were set up to encourage students with good academic performance to continue their education.

In 2008, a slightly different project was completed: 22 solar power systems were installed in the cities of Pu'er and Dali in

Yunnan Province. These schools did not have electricity, making the learning environment sub-optimal. Now, with electricity, these students study by the light of energy-saving bulbs at night, and the schools can conduct distance learning and power TVs, computers, and CD players.

May 12, 2008 Sichuan Earthquake

SMIC operates a facility in Chengdu, Sichuan. The city was greatly affected by the 7.9-magnitude earthquake that struck the area on May 12, 2008. The SMIC Chengdu site was only 90 kilometers from the epicenter but did not suffer any structural or equipment damage.

By May 15, the company determined there were 40 staff members with relatives among earthquake casualties, with the worst being one family that had lost eight members. There were also more than 300 households with collapsed houses or damaged property.

SMIC took a series of actions to help its employees and their communities during this difficult time.

Counseling: On May 19, counselors from the Shanghai and Beijing sites were dispatched to Chengdu to offer one-on-one counseling for employees and provide psychological crisis intervention and support. When it became clear that the need for crisis counseling was overwhelming, the company mobilized and trained 25 volunteers in psychological counseling.

Material Relief: On June 2, SMIC and local governments, along with disaster relief agencies, organized more than 500 volunteers to transport relief material to Pengzhou, a severely affected area.

Summer Camp: In July, in coordination

with the local government, SMIC dispatched 50 volunteers to Pengzhou primary school to conduct a two-week summer camp for temporarily displaced students. Parents of students were also given post-disaster counseling, parenting



▲ Cracked concrete in pavement in a courtyard



▲ Mountain road made inaccessible due to landslide



▲ Temporary housing for residents displaced by the earthquake

Community Development

seminars, as well as one-on-one counseling support.

Home visits: Over the summer, from June to July, the company utilized volunteer staff to care for a total of about 100 people. These volunteers accompanied employees who were affected by the earthquake to conduct home visits in multiple towns and villages, totaling



▲ Delivering relief supplies to residents of Pengzhou



▲ Special celebration for Children's Day



▲ Summer camp for children

about 10 disaster-affected towns and 45 villages and/or resettlement areas for victims. They traveled in total over 4000km. Even as late as December, members of the counseling team visited the hard-hit village of Wufuxiao and gave students still displaced by the earthquake MP3 players as English learning tools.

Financial support: Employees of the Chengdu facility and across the company started making donations toward relief funds. After many months, they raised nearly 1.7 million RMB.

Although SMIC's business was directly affected by the earthquake, the company did not forget its social responsibility to the local community and victims of the May 12 earthquake, contributing during this chaotic time.

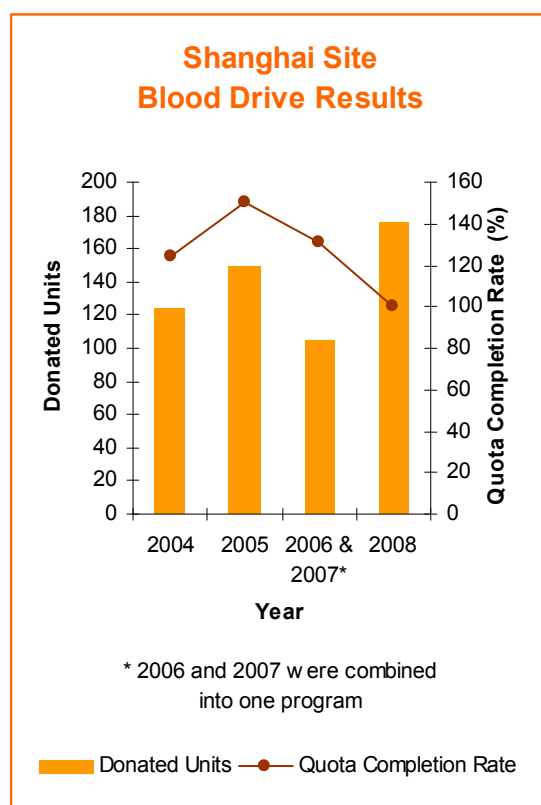
Blood Drive

Just as in other parts of the world, China needs a steady supply of blood for its blood banks. As a result, the national and local governments have enacted blood donation laws and regulations which require blood donations from among people 18 to 55 years of age. Every year starting in 2004, SMIC has chosen to partner with the local blood administration office for blood drives. The company is given a target, and the SMIC Health Center organizes the efforts to ensure its quota is met. Due to the fact that donating blood is not popular within Mainland Chinese culture, much promotion and education has to be done, and every year, SMIC has met or greatly exceeded the assigned quota.

SMIC was recognized by the government for greatly exceeding the quotas for three consecutive years from 2004 through 2006.



▲ Volunteers at the Shanghai site line up to donate blood



CPR

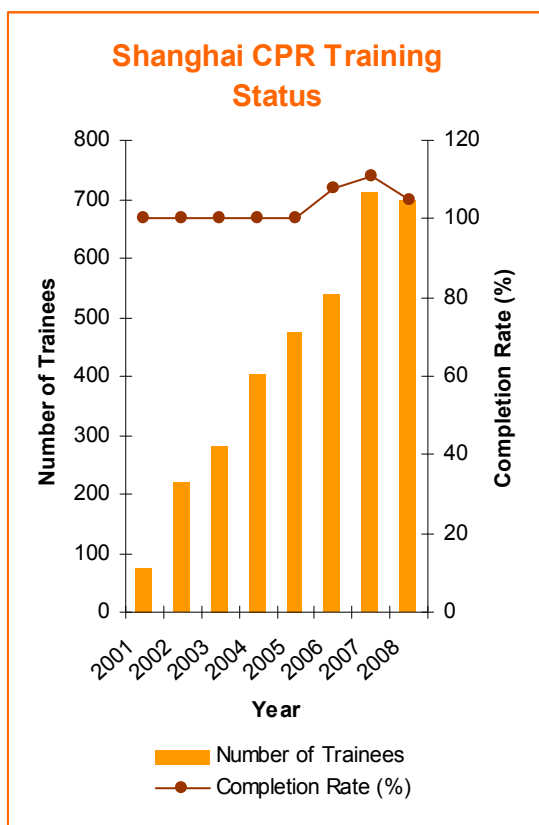
Cardiovascular and cerebrovascular diseases are the primary cause of death in Western, industrialized countries, and of these diseases, sudden cardiac death is the leading cause. In Western Europe, the incidence of sudden cardiac death each year is about 300,000, while the average survival rate is only 2% to 3%. China's Ministry of Health released data

in 2005 showing that heart attacks are the third most common cause of death in urban residents. Data shows that the incidence of sudden cardiac death is 41.84 in 10 million people. For a population of 1.3 billion, that means the annual total is 540,000 deaths. Due to inadequate public health systems in parts of the country, the delay in responding to cardiac events has led to an average sudden cardiac death survival rate that is lower than in Europe and the United States.

Studies have shown that that performing Cardio-Pulmonary Resuscitation (CPR) greatly enhances the survival rate of the victim. One German study showed that 23% of patients survived if CPR had been performed on them, in comparison to a 4% survival rate otherwise. Since its inception in 2000, SMIC has attached great significance to health education,



▲ An employee practices CPR



and CPR training in particular. A total of 20% of employees in departments with higher hazard work are required to take CPR training (other departments have a 5% quota). The training covers a variety of forms, both in the classroom and also on CPR mannequins. The courses are scheduled throughout the year and are also included during the annual Environ-

mental Safety and Hygiene (ESH) Promotion Month.

Starting in 2007, department secretaries and security guards have also been required to participate in CPR training. Some departments exceeded their quotas.

CPR is a very important rescue technique, and mastery of this skill offers the hope of survival to victims of heart attacks. SMIC will continue to conduct such training programs and look for ways to offer it to an even broader audience so that even more people can benefit.

Beijing Olympics

SMIC is committed to a variety of important social welfare undertakings, linking the development of the company with that of the nearby community and China as a whole. The company has established a dedicated Welfare Committee to provide a platform for volunteer activities, such as those surrounding the 2008 Beijing Olympics, and other community service projects.

Being able to host the Olympics was not just a source of pride for the residents of Beijing but for all Chinese people. They wanted their international guests to see



▲ President and CEO Richard Chang running in the Olympic torch relay



▲ SMIC cheerleaders cheering at the Olympic games



▲ Annual report cover ideas submitted by designers from the Home Office - Central Office project

the great progress China has made in the past years. As many have said, the Beijing Olympics was China's coming out party. As such, many of the volunteers for the Olympics felt their contribution was not just for a large sporting event, but for a statement to a worldwide audience.

Beginning in the spring of 2008, SMIC began active preparation for the Olympic Games, with a large number of employees participating. More than 1,000 were involved in organized cheering duties, practicing twice a week outside of work. SMIC volunteers also cheered at the Paralympic Games.

SMIC was also honored with the opportunity to participate in the Olympic torch relay. As a sign of appreciation from the government for the company's contribution to Chinese society, SMIC President and CEO Richard Chang represented the company as one of the torchbearers. On the morning of August 8, 2008, Chang carried the Olympic torch through the Beijing Economic and Technological Development Zone as hundreds of SMIC employees lined the street, cheering for him, for China, and for the Olympic Games.

Beijing Office Volunteerism for Children

In recent years, the Beijing site organized fundraising and donation efforts for the Yanjiao Tree of Life Center and Children's Village, both orphanages in the Beijing area. Approximately 6,000 RMB total has been donated to date, as well as food, clothing, and diapers for the children.

In addition, planning is underway to regularly help out at schools for the children of migrant workers.

Hong Kong Office (HKO) 2008 Annual Report Cover Design

The HKO invited a group of creative and young patients of Spinal Muscular Atrophy (SMA) to participate in the concept development and design of SMIC's 2008 Annual Report cover. This group of designers was from the Home Office - Central Office project, established by Families of SMA Charitable Trust, which provides training, technical support, and work opportunities to enable SMA patients to make use of their talents by providing services such as graphic design, web design, and writing by working from home.

Over a period of three months, the HKO met with these young designers intensively to brainstorm ideas, develop creativity, and fine-tune designs. HKO also invited a well-known, award-winning professional designer to teach the young designers how to design the annual report cover. This project not only helped to provide job experience and opportunities to the young designers but also reduced the production costs of the annual report by reducing the dependence on professional designers.

Quarterly Promotion of Charitable Organizations

The HKO hosts a press conference every quarter to report and highlight SMIC's quarterly financial performance. The press conference is generally attended by more than 20 reporters from English and Chinese newspapers, websites, and television and radio stations. At the end of each press conference, the HKO takes the opportunity to promote a charitable organization whose good work the HKO thinks deserves more publicity. So far, the HKO has promoted:

Watoto: Raises orphans in Africa, children whose parents have been lost to war and disease

Prison Ministry: Encourages and helps prisoners

Families of Spinal Muscular Atrophy (SMA): Provides financial assistance, donation of medical and para-medical equipment to relieve SMA patients

The HKO has also distributed the trailer for the movie *Amazing Grace*, a movie about William Wilberforce, a member of Parliament in 18th-century England who led efforts to end slavery and the slave trade in the British Empire.

Fundraising Night for Watoto

Watoto, formed in Uganda, is a project that takes a holistic approach to help orphans of Africa whose parents died from AIDS and war, raising these orphans to become future leaders of Africa.

As part of the Watoto program, the Watoto Children's Choir tours and performs internationally to present Watoto's vision and to give audiences the opportunity to learn about Africa's HIV/AIDS and war crisis. The performances are a soulful blend of African rhythm, contemporary gospel, and ethnic dance.

In 2008, HKO staff supported the Hong Kong Federation of Women Lawyers to host a Watoto fundraising night at an African restaurant. More than 100 guests of professional association members, work associates, families, relatives and friends attended this heart-warming and touching event. Through their music, the Watoto Children's Choir shared their unique stories. Many guests said they were inspired by the children. That night raised around 100,000 HKD for Watoto.



▲ The Watoto Children's Choir

John F. Kennedy (JFK) School of Government Visit

On December 23, 2008, some HKO staff members and their families participated in a Christmas celebration organized by the Hong Kong Federation of Women Lawyers in the JFK School. The school specializes in caring for physically disabled students by providing them with a holistic education and fostering the value of respecting all life. The HKO performed a few carols to the students and their parents. HKO families and children also acted as Santa Claus to give out presents to them.



▲ HKO employees celebrating Christmas with students at the JFK School

Partnerships with Universities and Institutes

SMIC has established strategic relationships with key universities and research institutes, such as Fudan University, Jiaotong University, and SIMIT (Shanghai Institute of Microsystems and Information Technology, Chinese Academic Institute) to co-develop cutting-edge semiconductor technology by providing a development platform for the universities. SMIC has already cooperated with universities to undertake national R&D projects.

The cooperation also allows SMIC to provide university students with the opportunity to work or conduct research in the company, so that students can become familiar with IC manufacturing. This exposure enables students to conduct further research on projects, complete their theses, and successfully obtain their academic degree.

Meanwhile, SMIC is training more professional IC talent. To enable students to transfer from student to employee status quickly, SMIC provides internship opportunities for students to improve their job skills and add competitive advantage for their future job searches. SMIC has also set up post-doctoral posts to train promising talents in the semiconductor research field.

Community Contributions at the School

At almost all SMIC sites, schools have been set up for the employees' children. The SMIC Private School also contributes a vast amount of charitable and outreach work. Some notable events over the past years include:

Orphanage Outreach: Students and teachers donated toys and clothes to be given as gifts to the children at the Huge Grace Orphanage in Shanghai. The gifts were wrapped and delivered by members of the Community Service Club and the SMIC School community.

Heifer Project: SMIC School sixth graders in Shanghai did various fundraising projects to raise money to buy cows for needy families. The students raised more than 24,000RMB and gave five cows to families in Africa.

Rock for Charity: The SMIC Rock for Charity club organizes a yearly concert

Community Development



▲ A check with the funds raised at the art charity is presented to the Shanghai Red Cross Society

benefiting a charity of their choosing. Each year, many bands from different international schools around Shanghai are invited to perform at the show.

Planting Trees: The Middle High School's English Track Environmental club raised more than 25,000 RMB to buy trees which were then planted in In-



▲ Students show off their artwork for the fundraiser

ner Mongolia. Eight participants (six students and two adult chaperones) from the school went on this trip in April. This was part of Roots and Shoots' Million Tree Project which hopes to plant one million trees in Inner Mongolia to stop the desertification of the area.

Art Charity: The SMIC Private Schools and kindergartens in Shanghai, Beijing,



▲ Poster announcing the Rock for Charity event



▲ Students from the Environmental Club plant trees in Inner Mongolia

and Wuhan, together with the Shanghai Red Cross Society, has been organizing the “Share Your Love” Art Charity Program since 2004. This is a meaningful initiative where students’ works are put on exhibition and sale and all proceeds collected go to the Red Cross Society to help disadvantaged children. Through this program, students not only assist disadvantaged children, but also learn to appreciate what they have and their ability to share their blessings. More than 322,572 RMB has been donated to help children in need since 2004.



▲ Volunteers at the subway station

Subway Volunteers

With about 20 million residents, Shanghai is one of the most populous cities in the world. During rush hour, the subway trains and stations are full of commuters. The Shanghai Expo will be held in 2010, bringing with it visitors from other parts of the world and even more riders. SMIC sent volunteers to the nearby Zhangjiang Hi-Tech Park subway station, where tens of thousands of workers travel through daily, to encourage current commuters to follow subway etiquette ahead of the Expo.

Employee Volunteer Network

SMIC officially launched an employee volunteer program to help build and maintain morale, as well as to integrate corporate office and manufacturing employees. One of the first charities this program partnered with was Home Sweet Home, a rehabilitation and training center for homeless and disabled people. During one event, 35 volunteers helped clean the facilities of Home Sweet Home, as well as sort and move donated goods. In the future, SMIC plans to partner with Home Sweet Home through internship and computer training programs too.



▲ Volunteers and beneficiaries pose in front of Home Sweet Home



▲ Volunteers sort through donated clothing



Employee Empowerment



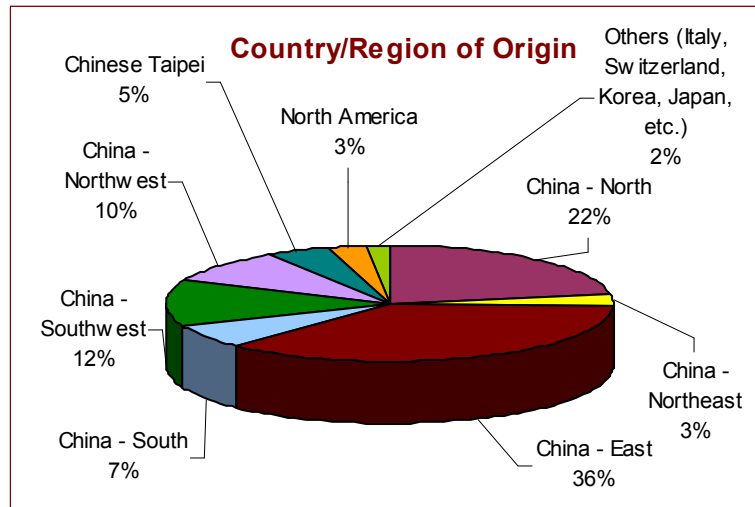
*SMIC is more than
a semiconductor
manufacturing company. It
is a company that cares about
the present and future
opportunities of its
employees*

Photo above left: Graduation ceremony
for graduates from bachelor's and associate's
programs from Shanghai University

Diverse Workforce

SMIC employees come from all over China and from around the world. There is a diversity of background in ethnicity, culture, language, and educational achievement.

SMIC employs staff from over 20 countries and regions around the world to capitalize on the benefits that arise from a diversified workforce. Currently, about 10% of the company's 11,000 employees are from overseas (including Taiwan). Even SMIC's domestic employees arrive from different regions of China.



in pursuing higher education. For these employees, SMIC offers after-hours courses to help them with their college-entrance exams.

Employee Education

SMIC is committed to hiring qualified, motivated employees regardless of their backgrounds, and helping them achieve their potential at work, home, and society. Some hires come to the company from disadvantaged upbringings and lower levels of scholastic achievement – the manufacturing assistants (MA) that work in the fab typically only have high school diplomas but are often interested

For MAs who pass the entrance exams, tuition subsidies are then available should they choose to continue higher education. While many companies offer tuition reimbursement and other continuing education opportunities, SMIC ensures that these opportunities are truly available to all employees, working with local universities to bring faculty on-site for degree-awarding programs for its lowest-level employees. (Because these employees rotate through night shift, it's not possible for them to enroll in traditional programs, so the professors have to be brought on-site based on the work shifts of these MAs.)

Since the start of this program in 2003, 184 MAs have received an associate's degree, and 123 have received a bachelor's degree.

SMIC also partners with universities for graduate degree programs for its employees, and 99 employees have also received a master's degree.



▲ MAs taking courses to prepare them for the college entrance exam

English Training

SMIC's management believes strongly in the value of education and its ability to improve the lives of its employees. The company has designed a number of free courses offered to all staff, with the goal of making available opportunities for advancement to all employees regardless of their job grade or experience.

To that end, the company has offered its English 1-2-3 program since 2003, which consists of eight-week courses in English for company employees who are interested in improving their English skills.

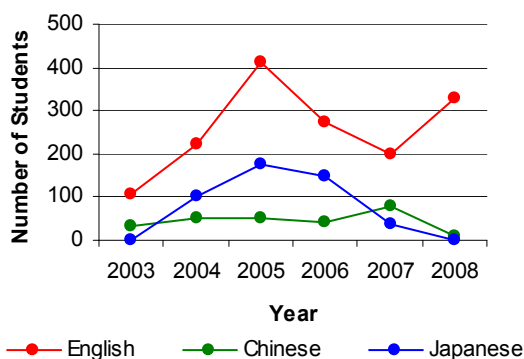
Fluency in both Chinese and English is a valuable skill, one which can greatly enhance a person's value to the company as well as provide opportunities for advancement and growth.

The English 1-2-3 program is taught by native English speakers that SMIC recruits to lead 90-minute lessons at the company twice a week after work hours. Classrooms are provided, as well as any audio and visual equipment that the teacher requests. The students receive textbooks, supplies, and other supplemental materials. The classes are capped at 15 students in order to provide a more active environment and afford students more attention from instructors. The classes range from beginner to advanced levels and are open to all interested employees.

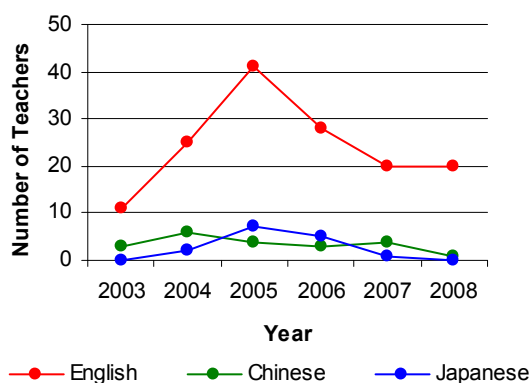
Since beginning with 107 students in 2003, the English 1-2-3 program has grown steadily, to a high of 331 students in 2008, and enrollment for 2009 is expected to exceed that. Over the years, there have been 145 teachers involved in this program from Canada, USA, New Zealand, and Australia who have been dedicated to seeing their students make great progress, and who have also enjoyed getting to know motivated Chinese students eager to learn English.

The English 1-2-3 program has proven to be of great benefit to the students who put their time and effort into it. These students reported that they became more comfortable using English in the workplace after participating in English 1-2-3. They said they also developed confidence in their vocabularies for business and social settings. The classes offer SMIC employees an opportunity to meet new people within the company, make friends, and enjoy the camaraderie of classmates in a collegial, intellectually stimulating environment. Many students used what they had learned to success-

**Language Program
Student Data**



**Language Program
Teacher Data**



Employee Empowerment

fully complete the Levels 4 and 6 College English Test. (Completing the Level 4 exam is necessary for receiving a bachelor's degree.)

In addition to English, classes were offered for Japanese and Chinese as well.

Safe Work Environment

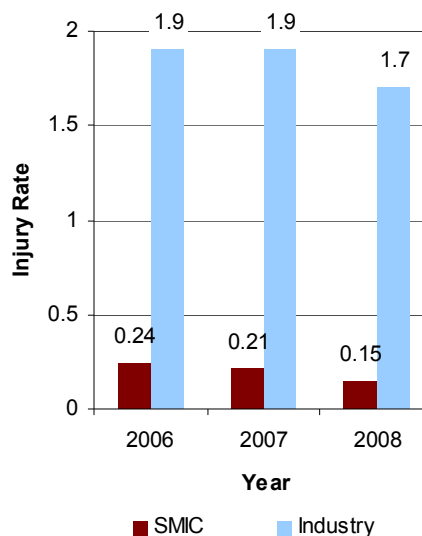
SMIC is committed to providing a safe and healthy work environment for its employees.

SMIC first attained OHSAS18001 (Occupation Health and Safety Assessment Series) certification in September 2003 for the Shanghai site. The OHSAS18001 standard is a key component of a corporation's total health and safety management and is based on international safety and health standards. It aims to reduce work environment risks, protect company assets, and provide employees a safer and healthier working environment. This certification assures customers and investors that SMIC is dedicated to lowering risks, demonstrating SMIC's commitment towards continuous development and improvement. The other SMIC sites have also received this certification.

Some specific aspects of SMIC's safety and hygiene program include the following:

- Electronic and paper versions of Material Safety Data Sheets (MSDSs) are available to all employees, and employees are reminded of this via company-wide emails on a semi-annual basis.
- Gas detectors are installed in the fab, with alarm levels set such that excursions can be detected before human health is affected. All alarm systems are monitored 24-hours a day by the Emergency Response Center (ERC)

Injury Rate Comparison



Note: The rate = $(N / EH) \times 200,000$
N = Number of injuries and illnesses
EH = Total hours worked by all employees during the calendar year
200,000 = base for 10,000 full time equivalent workers (working 40 hours per week, 50 weeks per year)

- Drills are coordinated by the ERC. The ERC also maintains all the emergency response equipment.
- Annually, the ambient levels of chemicals are measured in the fab. If an excursion is found, the area is re-tested. Quarterly, noise and radiation levels are also measured. Office areas are also tested quarterly for Indoor Air Quality (IAQ) parameters.
- Employees in hazardous posts are given annual health exams. Health Centers are in operation 24-hours a day for any medical emergency.
- Members of Environment Safety and Hygiene (ESH) departments also patrol and inspect work areas several times each day, looking for hazards.
- ESH training is available to employees and certain classes are required for vendors before they are allowed to perform work on-site.
- Fire protection systems (for detecting



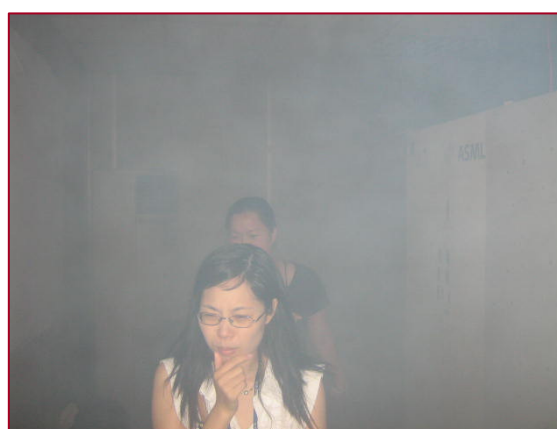
▲ Fire hose spraying practice and competition



▲ First Aid drill being conducted



▲ Self-Contained Breathing Apparatus (SCBA) wearing competition for Emergency Response Team (ERT) members



▲ Employees practice escaping from a smoke-filled maze built from recycled wood by the Fire Protection team

and extinguishing fires) are installed throughout and are checked annually by a third-party per national requirements and by insurance carriers.

Environmental Safety and Hygiene (ESH) Training

SMIC's Environmental Safety and Hygiene (ESH) Policy states that the company strives to "prevent environmental pollution, conserve resources and energy, and protect human resources." Frequent and routine training on ESH issues is one way to execute this multi-part goal.

More than 20 ESH courses topics are

taught each year (some courses are offered multiple times) in the areas of industrial safety, industrial hygiene, environmental protection, and management systems. Some sample topics include ESH regulations, emergency response organization, occupational disease prevention, chemical safety management, and ergonomics. In addition, ESH material is presented during new employee orientation, including fire extinguisher training. General ESH information is also regularly disseminated via company-wide emails and bulletin boards following a pre-set schedule.

Due to the high-risk nature of the semiconductor industry, routine drills are conducted for Emergency Response Team (ERT) members. Each quarter, about

Employee Empowerment

4,100 members undergo drills or related training exercises. Evacuation drills are also held regularly for employees who work inside the fab. At times, drills (fire, environmental spill, etc.) are also conducted with external government agencies to ensure their familiarity with SMIC emergency response procedures.

In addition to these members, ESH also strives to involve the employees in the less hazardous job posts. Every year, SMIC hosts an ESH promotion month at each site. In 2008, at the Shanghai site alone, more than 4000 people participated in related activities. These activities included fire hose practice, CPR training, ESH lecture series, poster competitions, evacuation from a simulated smoke-filled room (that SMIC built from recycled lumber), and more.

It is ESH's goal that employees truly internalize the practice of ESH concepts in their lives, not just while they are at work, and in this way, there can truly have a positive impact to society.

Health Services

Having good health is very important to people, and having healthy employees is very important to a company. For enhancing employees' health, SMIC has Health Centers at each site dedicated to employee's healthcare.

Physical examination: According to the law, SMIC has to conduct annual physical examinations for employees who hold occupationally hazardous posts. In addition, annual general physical examinations are given to employees who are 45 years old and above. Employees below this age are given these exams once every two years. Family members of employees can have health exams, too.

Healthcare promotion: SMIC health centers also routinely conduct promotion activities to increase general health knowledge among employees.

- Information is disseminated quarterly based on the diseases common to that season. Information is also given to different employee groups based on their work function.
- Medical information is publicized based on the items checked during the annual physical exams
- Employees are also educated on any outbreaks, such as hand-foot-mouth disease, avian flu, etc.
- Special international days related to healthcare (such as World AIDS Day) are publicized.

As many as 40 such healthcare promotions can be conducted in a year.

Cardiovascular health: Because hypertension is very common in many kinds of diseases, and because modern lifestyles



▲ Events sponsored by the Health Center, including optometry fair and health exams

are causing earlier and earlier onset of this condition, blood pressure testing is available to all employees. Scales are available to employees to measure their weight, too.

In addition, to encourage utilization of health center resources, at times health fairs are conducted, and employees can have their blood pressure and weight measured during their lunch break, in addition to having a medical consultation from the company physicians. Employee health data is tracked and advice is given if there are signs of abnormalities.

Eye care: Specialists are regularly brought in to consult on a variety of special topics. For example, at the Tianjin facility, a local optician is brought in annually to provide free eye care and to sell glasses at a discounted rate. Services include:

- Vision and eye check
- Ophthalmic medical consultation
- Checking and repairing of glasses
- Cleaning and disinfecting of glasses

Healthcare in cold weather: Most of SMIC sites are located in areas where temperatures can drop quite low during the winter. And since cold weather is a time when people are prone to fall ill, traditional Chinese medicine specialists are brought in every winter to provide special consultations and to prescribe combinations of Chinese medicines.

Staff Art Exhibit

In late 2008, with the world economy under severe strain, employee morale was understandably low across industries. In response, Human Resources organized a four-day art festival in Shanghai showcasing artwork by employees. More than 500 employees visited the exhibition, which included watercolors, calligraphy,



▲ Employee art festival

photography, cross-stitching, and quilting. The aim of the event was to remind the employees of their many talents and to boost their spirits in the midst of uncertain times.

Counseling and Volunteer Training

In addition to staffing its facilities with doctors and nurses, SMIC also has counselors on site to help its employees with various issues, whether work-related or otherwise. Since 2004, nearly 1,000 cases have been handled by these counselors at the Shanghai site.

To further increase the number of people who can be helped via counseling, a group of volunteers were recruited.

All of the volunteers participated in a two-part training course. The first stage focused on counseling theories and concepts, such as understanding the meaning of caring, basic counseling principles, and cultural differences in counseling. Each volunteer wrote a personality self-analysis and evaluation report, which helped them to appreciate the people they would be assisting, ultimately making them more effective in providing care to others. Volunteers were then screened through an interview process

Employee Empowerment



▲ Counseling room where counselors can meet with employees and family members

before they were accepted into the second stage of training.

The second stage consisted of practicing basic interpersonal skills. Eventually, 25 participants successfully completed the training and became official Care Program volunteers. Currently, SMIC's Care Program volunteer team not only provides care to the SMIC community, but also partners with the SMIC China Charity Club to provide care to the greater community.

Living Quarters

Unlike many corporations, SMIC has built Living Quarters (LQs) to house its employees. These housing complexes offer a wide variety of housing options (dormitory, apartments, townhouses, and single-family dwellings), and give employees a sense of community. The complex also offers a health clinic and playgrounds. Employees can also use the swimming pool, gymnasium, and track at the company school, which is adjacent to the housing complex.

Living Quarters Health Center

One benefit available to the residents of the SMIC Living Quarters is the Health



▲ SMIC gym, where employees play basketball, badminton, etc.

Center. The Health Center provides medical services and consultation for employees and family members, with 8,000 to 10,000 patient visits annually at the Shanghai site alone. The Health Center regularly invites specialists in traditional Chinese medicine from nearby hospitals for free consultations, saving residents time, energy, and money. The Living Quarters Health Center also provides information on health education and disease prevention/protection, focusing on one specific topic each month.

Mothers Club

In modern society, more and more people are finding they don't know their neighbors. However, residents of the



▲ Employee family member during consultation at LQ Health Center



▲ Pool with retractable roof

SMIC Living Quarters have an entirely different experience! In the early evening it's not unusual to see employees' children playing ball and having fun at the playground while parents and other relatives carry on leisurely conversations. It almost seems like everyone knows everybody in the LQ.

On Friday nights the Moms Club meets. There, parents and children (kindergarten through fifth grade) participate in a weekly program to learn about classical Chinese poetry and literature, character building, geography, history and culture, arts and drama, and more. The parents take turns developing and teaching the program and the children learn and have fun at the same time.

SMIC understands that it takes a village to raise a child, and is committed to participating in that undertaking. Over the past two years, dozens of families have been involved.

The SMIC Private School

The SMIC Private School, established in September 2001, is comprised of a pre-school and kindergarten, an elementary division (grades 1-5), and a middle and high school division (grades 6-12). The elementary and middle/high school divisions offer two academic tracks: English Track and Chinese Track.

The school was established to ensure that the children of employees would have an opportunity for education in an international schooling setting. The tuition for these students are subsidized, based on the job grades of the parents: the higher the job grade, the lower the subsidy. In this way, children of employees at various different levels in the company can learn alongside one another, and the classroom does not become a place where only the elite can access. The school is open to the children of people outside the company as well.

Since its establishment, the school has



▲ Overhead view of SMIC housing complex at Shanghai



▲ Phase 1 housing at Shanghai site

Employee Empowerment



▲ Teacher and students at the SMIC Private School



▲ Kindergarteners paint sombreros during International Day



▲ Students sharing a book on the playground

grown to more than 1,300 students of 20 nationalities and 200 faculty members from many countries around the world. Students from Taiwan and North America make up the majority of the student

population, but a growing number are from nearby areas and other countries in Asia.

To celebrate its diversity and to learn more about the world, the school started International Day six years ago. This project involves parents and all of elementary school homeroom classes in both the Chinese and English Tracks. International Day is a half-day celebration of cultures, promoting awareness, appreciation, and understanding of 38 different countries of the world, one country per class. On International Day the students perform dances, tell stories, and sing songs. They dress in the costumes native to the country and even prepare food from that country. Each class puts on three performances, and students and parents move from one class to another with passports and get them stamped when they are finished.

Senior Citizens – Evergreen Club

In keeping with traditional Chinese culture, and also to provide help with baby-sitting, many parents of SMIC employees have moved in with their children.

In September of 2004, the Evergreen Center was established to provide social networking and other opportunities for these senior citizens. Every week, nearly 80 seniors participate in the activities organized by the center, including classes on crafts or singing. Every year, at the company Spring Fair and Fall Sports Day, these seniors will wrap and sell dumplings, and will perform a dance or song at the Christmas party.

Caring for the elderly is a traditional Chinese virtue, and because SMIC views its employees as members of one big family, the parents of employees are considered members of the extended family.



About SMIC:

Semiconductor Manufacturing International Corporation ("SMIC"; NYSE: SMI; SEHK: 981) is one of the leading semiconductor foundries in the world and the largest and most advanced foundry in Mainland China, providing integrated circuit (IC) foundry and technology services at 0.35um to 45nm. Headquartered in Shanghai, China, SMIC has a 300mm wafer fabrication facility (fab) and three 200mm wafer fabs in its Shanghai mega-fab, two 300mm wafer fabs in its Beijing mega-fab, a 200mm wafer fab in Tianjin, a 200mm fab under construction in Shenzhen, and an in-house assembly and testing facility in Chengdu. SMIC also has customer service and marketing offices in the U.S., Europe, and Japan, and a representative office in Hong Kong. In addition, SMIC manages and operates a 200mm wafer fab in Chengdu owned by Cension Semiconductor Manufacturing Corporation and a 300mm wafer fab in Wuhan owned by Wuhan Xinxin Semiconductor Manufacturing Corporation. More information can be found at: <http://www.smics.com>.

As SMIC continues to grow, it hopes to continue to contribute in the areas of environmental protection, community development, and employee empowerment.



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