


CSR2014 CSR Report

Baosteel Group Corporation



BAOSTEEL

*Not only casting iron and steel in the past three decades,
but also casting our inner strength,
we are all Baosteel Men*

Key Performance Indicators

	2012	2013	2014
We are the leader in the Chinese iron and steel industry			
Output of Crude Steel (Million Tons)	43.83	45.04	44.50
Total Profit (RMB Billion)	10.42	10.10	9.42
Operating Revenue (RMB Billion)	288.23	303.10	297.74
Total Cost (RMB Billion)	293.21	300.41	298.27
Total Assets (RMB Billion)	498.44	519.46	534.71
Total Owners' Equity (RMB Billion)	277.13	273.86	291.18

We are a model enterprise for joint development of employees and the company			
Investment in R&D (RMB Billion)	6.04	5.88	6.07
Patent Applications (Accepted)	2445	2592	2272
Employees (Persons)	130401	130962	134684
Total Employee Remuneration (RMB Billion)	11.52	14.91	15.20
Hours Trained per capita	107	73	75.1
Structure of Professional Titles Among Intermediate & Senior Titles (Note), Senior Skilled Workers and Others:	14.1%\29.5%\56.4%	14.5%\29.2%\56.3%	14.9%\28.3%\56.8%
Employee Engagement	52%	53.8%	64%
Frequency of injuries (number of workers injured per million working hours)	0.18	0.78	0.44
Percentage of suppliers guided to pass ISO14001 or environmental management certification	Baosteel Co., Ltd. Raw Materials Suppliers 13%	Baosteel Co., Ltd. Raw Materials Suppliers 14%	Baosteel Co., Ltd. Raw Materials Suppliers 15%
	Baosteel Co., Ltd. Materials and Spare Parts Suppliers 37%	Baosteel Co., Ltd. Materials and Spare Parts Suppliers 44%	Baosteel Co., Ltd. Materials and Spare Parts Suppliers 46%
	Bayi Iron & Steel Co., Ltd. Suppliers 10%	Bayi Iron & Steel Co., Ltd. Suppliers 6%	Bayi Iron & Steel Co., Ltd. Suppliers 10.6%
	Shaoguan Iron & Steel Co., Ltd. Suppliers 8.3%	Shaoguan Iron & Steel Co., Ltd. Suppliers 13.1%	Shaoguan Iron & Steel Co., Ltd. Suppliers 28.89%
Sales Rate of New Products	18.1%	18.1%	17.7%

Note: Senior skilled workers refer to the employees with senior workers titles and above.

Social Contribution to Green Industry

2013 Annual Energy Conservation – The total annual energy conservation we realized for our customers through energy conserving services

321,500
tons of coal equivalent

2014 Annual Energy Conservation – The total annual energy conservation we realized for our customers through energy conserving services

346,200
tons of coal equivalent

Resources Recovery from Solid Waste

7.945
million tons

Resources Recovery from Solid Waste

8.25
million tons

Industrialization Rate of Solid Waste Resources

59.7%

Industrialization Rate of Solid Waste Resources

60.2%

We drive the development of green industry chain

Tap Water Consumption per Ton Steel (%)



Note: Tap Water Consumption per Ton of Steel in Baosteel Co., Ltd., Bayi Iron & Steel Co., Ltd. and Ningbo Steel uses the corresponding indicator in 2010 as a benchmark.

Tap Water Consumption per Ton of Steel in Shaoguan Iron & Steel, Baosteel Stainless Steel and Baosteel Special Steel uses the corresponding indicator in 2012 as a benchmark.

Water consumption indicators fluctuate with the changes in such as production scale, manufacturing technique and the requirements for water consumption.

Six highest achievements in environmental protection of Zhanjiang Steel:

North

- * Lowest pollutant discharge per ton of steel in the industry in China;
- * Highest environmental investment for per ton steel in the industry in China;
- * Highest utilization efficiency of secondary resources in the industry in China;
- * Most abundant water resources structure, recycling rate of more than 98% and 100% of waste water treatment;
- * Most complete online monitoring making illegal discharge nowhere hide;
- * Highest level of clean production in the industry in China, reaching international advanced level



Self-contained power plant flue gas purification systems: SCR denitrification + bag dedusting + limestone-gypsum desulfurization + wet-method electric dedusting

Sintering flue gas purification systems: activated carbon technology (achieving desulfurization, denitration and dioxin removal)

Closed stock yard: powdery materials enclosed totally

Closed belt conveyor + micro-fine fog dust suppression

Raw material terminal

Self-contained power plant

Raw material plant

Chemical Production

Sintering

Coking

Dry desulphurization with gas refining

Iron making

Coke oven flue gas purification systems: alkalis desulfurization + catalytic reduction denitration process

Constructed wetland of coking wastewater

Flushing blast furnace slag with coking wastewater

Oxygen making

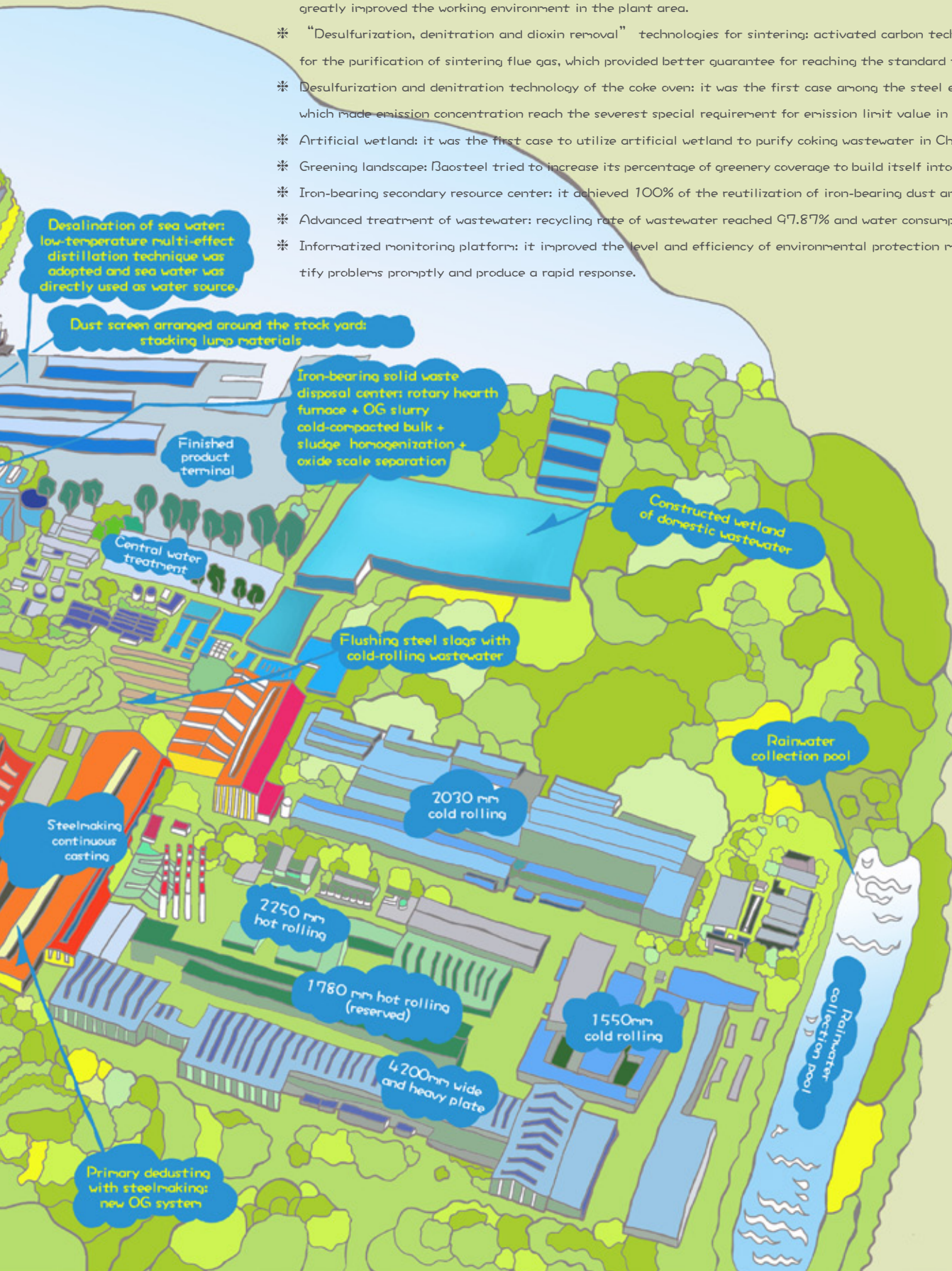
Aerial View of Zhanjiang Steel

Environment monitoring management system



Ten highlights of environmental protection of Zhanjiang Steel:

- * Stock yard sealing technique: measures for whole sealing reduced pollution from the source.
- * Comprehensive standard upgrading of dedusters: the strictest emission standard of dedusters for the steel industry in China was adopted.
- * Closed belt conveyor and micro-fine fog dust suppression: dust emission in material transportation was reduced, which greatly improved the working environment in the plant area.
- * "Desulfurization, denitration and dioxin removal" technologies for sintering: activated carbon technology was adopted for the purification of sintering flue gas, which provided better guarantee for reaching the standard for emission.
- * Desulfurization and denitration technology of the coke oven: it was the first case among the steel enterprises in China, which made emission concentration reach the severest special requirement for emission limit value in China.
- * Artificial wetland: it was the first case to utilize artificial wetland to purify coking wastewater in China.
- * Greening landscape: Baosteel tried to increase its percentage of greenery coverage to build itself into a garden enterprise.
- * Iron-bearing secondary resource center: it achieved 100% of the reutilization of iron-bearing dust and sludge.
- * Advanced treatment of wastewater: recycling rate of wastewater reached 97.87% and water consumption was reduced.
- * Informatized monitoring platform: it improved the level and efficiency of environmental protection management to identify problems promptly and produce a rapid response.



Overview

About This Report

This is the seventh Corporate Social Responsibility Report published by Baosteel Group Corporation (hereinafter referred to as "Baosteel" or "the Corporation").

This Report has been drawn up in accordance with the "Guiding Opinions on the Management Enhancement in the State-owned Enterprises Directly Under the Central Government" (SASAC Document [2012] No.23), the "Guidelines to the State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities" (SASAC Document [2008] No.1) and the "Outline of Implementation of Harmonious Development Strategies for Central Enterprises During 'Twelfth Five-Year Plan'" issued by the State-Owned Assets Supervision and Administration Commission of the State Council (SASAC), the "Sustainability Reporting Guidelines" (G3 version) of the Global Reporting Initiative (GRI), the 10 Principles of the United Nations Global Compact and the theoretical research results of the "Guidelines of the Chinese Academy of Social Sciences for the Compilation of Social Responsibility Reports by Chinese Enterprises" and Baosteel's unique understanding of social responsibilities and its practical conditions.

Coverage

Unless otherwise specified, this Report mainly describes Baosteel's efforts in corporate governance, value creation, environment management, employees, and community and supply chain from January 1st to December 31st, 2014. This Report covers Baosteel's businesses including the iron and steel manufacturing, resources development and logistics services, secondary steel processing, engineering and technology services, coal chemical industry, financial investment, production services and information services.

Language and Format

This Report is published in both Chinese and English. In the event of any discrepancy between the two versions, the Chinese version shall prevail. For any question or suggestion regarding this Report, please feel free to contact us via telephone or mail at:

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ADDRESS BY CHAIRMAN

Stand up to New Challenges in the Face of New Normal

The significant strategic estimate of New Normal elaborated by President Xi Jinping in 2014 revealed profoundly the new changes taking place in the economic development of China. In the New Normal of the Chinese Economy, the iron and steel industry still ran low and stepped into a “harsh winter” with “low prices in spite of high output and low benefits in spite of soaring costs” across the whole market. However, Baosteel has withstood the test and recorded sales revenue of RMB 297.74 billion yuan and total profit of RMB 9.42 billion yuan, maintaining a leading position in the domestic industry and ranking at the forefront of the iron and steel peers in the world.



In the meantime, Baosteel entered the Fortune World 500 in the 11th consecutive year ranking the 211st in 2014. The three top rating agencies in the world continued to grant Baosteel the highest credit ranking among the comprehensive iron and steel enterprises around the world. Moreover, Baosteel was also honored the title of the “Most Admired Chinese Company” for another year as the only Chinese iron and steel enterprise in the list. In terms of overseas assets acquisition, Baosteel successfully acquired Aquila Resources Ltd., a comprehensive mining company in Australia. On the domestic stock market, Baosteel became the first entity to publicly issue the convertible bonds successfully. Now with the rapid and smooth development of Zhanjiang iron and steel project, I am very proud of the achievements Baosteel has made so far as Chairman of Baosteel Group Corporation.

Now a retrospect of the past is for moving into a better future. Year 2015 is not only the outset of overall promotion of rule of law, one critical year for comprehensively deepening reforms, but also a crucial ending of all-around accomplishment of the Twelfth Five-year Plan. As for the iron and steel enterprises across the country, Year 2015 means another tough winter of ordeals. Baosteel will out of question be faced with more austere challenges. Given the situation, Baosteel will, by earnestly implementing the spirit of both the Third Plenary Session and the Fourth Plenary Session of the 18th Central Committee of the CPC as well as the spirits of the important speeches delivered by President Xi Jinping, deepen the reform in an all-round way, speed up the strategic transformation, concentrate efforts on structure adjustment and intensify the losses reduction and profits increase while greatly promoting the competency building of safety and environmental protection system, continuing to maintain and improve the best performance in the industry and boosting the corporate governance of law comprehensively. Baosteel will also make efforts to further consolidate and extend the achievements of the education and practice activities and continuously form a long-term effective and normalized mechanism with regard to the work style construction.

Faced with such a harsh winter in the steel market, Baosteel will firstly enhance the sense of responsibility and will power to tackle the difficulties to find breakthroughs via further deepening the reform of

the state-owned enterprise and working hard at innovations of systems, mechanisms and frameworks. Secondly Baosteel will further improve the comprehensive competitiveness via energetically promoting technology innovations and thirdly further beef up the vigor and power of the Corporation by sticking to the people-oriented concept and “PDCA plus Conscience”.

Year 2015 will also be a stage when Baosteel completes the work of safety and environmental protection by the law and regulations and contributes to the promotion of ecological civilization in strict accordance with the requirements in the new Production Safety Law of the People's Republic of China and the Environmental Protection Law of the People's Republic of China. Serious and full preparation will be made so as to ensure a successful commissioning of Zhanjiang iron and steel project in September of 2015.

As the saying goes that those who keep up their efforts often achieve their goals and those who keep on walking often reach their destinations, I firmly believe that with concerted and unswerving efforts of all Baosteel People, we will be able to write another more splendid chapter for our journey of the second start-up.



Chairman of Baosteel Group Corporation

ADDRESS BY PRESIDENT

A Commitment to a Common Dream

As a leader of the iron and steel industry in China and a responsible mega enterprise with influence at home and abroad, Baosteel has benefited a lot from her first generation founders who made a breakthrough of an era and paved a transcendent path of independent innovation. Nowadays, the competition patterns of enterprises are undergoing profound changes while Made in China 2025 and Internet+ demonstrate a brand new industry blueprint, and only by adapting to changes can the Baosteel people possess the future.

Based on the visions of becoming the leader of iron and steel technology, becoming a driver of green supply chain and becoming a corporate model for joint development of staff and the Corporation, we have reframed the “one system with two wings” strategic development pattern with the Corporation as an entity and intelligent iron-making and modern iron and steel service as support so as to accelerate the strategic transformation “from steel to materials, from manufacturing to services and from China to the world. At present we are taking efforts to build Ouyeel Commerce Ltd., a brand new iron and steel service platform that integrates e-commerce, logistics, data service, financial service and technical service into one. Serving as a platform for the mutual and win-win development of multiple parties including the iron and steel making enterprises, steel trading companies, logistics processing service providers, financial service enterprises and iron and steel users, Ouyeel will develop a service-oriented ecosystem of the steel industry open to the whole country and even the globe.

Not only will Baosteel produce more premium quality steel for the public, but also keep undertaking more social responsibilities. As an urban iron and steel-

making entity, we are always thinking of and striving for the significant tasks of how to fulfill the transformative development, how to integrate and co-exist with the city and how to be an organic part of the city development. By improving the environmental management capability consistently and bringing the three functions of the manufacturing of iron, steel and chemicals, energy conversion and development of urban mining to the full play, Baosteel will play the role of highly efficient conversion of energy as an iron and steel enterprise as well as the disposal and comprehensive application of urban bulk wastes. Baosteel, by assisting in the urban energy structure improvement, will reduce the air pollution and environmental load, and, by keeping intensifying the technology innovation, promote the application of new process, new technology and equipment for energy conservation and emission reduction in the whole society. Baosteel is bound to have a bright prospect in such fields and the cities where our subordinate entities are located will welcome the success of Baosteel.

As China always cherishes the tradition of honoring and respecting the elderly and more and more cities witness a fast ageing population, Baosteel public welfare will proactively contribute to the community public welfare tasks and key projects under a theme of caring for the elderly so that more people will genuinely feel the warmth from Baosteel and share the values Baosteel creates for the social development.

Whatever the vision is and whatever commitments we have made, we have to implement them into each business unit and the actual action of each of our employees. New normal, new challenges and new iron and steel are worth of great passion, wisdom and efforts dedicated by each of Baosteel people. Let us join hands together to forge ahead for the common dream of our own.



President of Baosteel Group Corporation





BRIEF INTRODUCTION

Corporate Vision: Baosteel is dedicated to becoming “the leader in the iron & steel technology, the driver of green supply chain and a corporate model for common development of employees and the company.”

Development Path: Baosteel will continue to promote the strategic transformation “from steel to materials, from manufacturing to services and from China to the world”.

Capability Building: Efforts are made in improving five capabilities – “technical leadership, early intervention service, environmental management, digital Baosteel and integration of production and financing”.

Core Values: Integrity and Synergy

Baosteel Group Corporation (hereinafter referred to as Baosteel) is a typical enterprise arising from China’s reform and opening, for just on December 23, 1978, the very day following the closing of “the Third Plenary Session of the CPC Eleventh Central Committee”, Baosteel Group Corporation (“Baosteel”) had its first pile driven into the earth beside the Yangtze River in the north of Shanghai, China. Upon the development in over 30 years, Baosteel has grown into one of the most competitive iron and steel company with the highest level of modernization in China. By the end of 2014, Baosteel had a workforce of 130,000 spreading all over the globe.

Baosteel, with iron and steel as its main business, manufactures premium steel products with high technologies and a high added value and fosters three major product categories, namely carbon steel, stainless steel and special steel. Through our worldwide marketing network, these premium products not only satisfy the demand on the domestic market but are also exported to more than forty countries and regions in Asia, Africa, Europe and America, extensively applied to the industries such as automobile, household appliances, petrochemical, machinery, energy, transportation, metalwork, aeronautics and astronautics, nuclear power and electronic instruments.

In the sector of auto sheets, Baosteel has become the first manufacturer capable of supplying the first, second and third generation of advanced high-strength steel in the world.



In 2014, Baosteel achieved total sales revenue of

RMB **297.74** billion

and a total profit of RMB **9.42** billion

ranking at the forefront in the world in terms of earnings

and in terms of steel production, Baosteel

realized **44.50** million tons of steel output

ranking the fourth among the global steel companies

Bound up with the development of steel business, Baosteel has also endeavored to develop diversified business in steel related industries. With focuses on the steel supply chain, technology chain and resources utilization chain, Baosteel has intensified its efforts to integrate internal and external resources and improve its comprehensive competitiveness and industrial status, and formed such related industrial segments as resources development and logistics, secondary steel processing, engineering technical services, coal chemical, financial investment, production services and information services, which have maintained a synergetic development with the steel business.

In terms of operating performance, Baosteel keeps a top position in the domestic industry and among the leading global iron and steel enterprises. Year 2014 continued witnessing Baosteel on the Fortune Global 500 list for the eleventh consecutive year and ranked at the 211th place. In addition, Baosteel was also awarded the honor of the “Most Admired Chinese Company” for another year, the only listed company in China’s iron and steel industry. The three major credit rating agencies in the world assigned Baosteel the highest credit rating among the global comprehensive iron and steel companies.

In the new year, Baosteel will deepen the reform in various aspects, speed up strategic transformation, focus on structural adjustment, reduce losses and increase profits and capability enhancement in safety and environmental protection system so as to maintain and improve the best operating performance in the industry. Looking into the future, Baosteel is positively driving its strategic transformation from steel to materials, from manufacture to services, and from China to the world, and endeavoring to be a leader in steel technology, a driver of the green industry chain and a corporate model with common development of employees and the company. Baosteel is firmly determined to pursue its strategic goal of being the most competitive enterprise in the world, and shall also be an honest, friendly, creative and well-respected outstanding company in the world.



BUSINESS SECTORS

Steel

The steel production bases of Baosteel are mainly distributed in three areas, namely the Yangtze River Delta, the Pearl River Delta and the Northwest borderland. With steel as its main business, Baosteel presents three major product categories, namely carbon steel, stainless steel, and special steel. Presently, the arms of Baosteel engaging in the iron and steel business include Baosteel Co., Ltd., Baosteel Stainless Steel, Baosteel Special Steel, Shao-guan Iron and Steel Group Co., Ltd. and Xinjiang Bayi Iron & Steel Co., Ltd.



	2013	2014
Operating Revenue (RMB Billion):	247.48	240.70
Total Profit (RMB Billion):	6.09	3.75
Employees (persons):	91194	96789

Note: Since Ningbo Steel underwent capital increase and restructuring in December 2014, Baosteel no longer held controlling interest in it.

Resource Development and Logistics

Comprehensive service provider engaging in resource development, trade and logistics that cater to clients in steel and other industrial sectors



	2013	2014
Operating Revenue (RMB Billion):	44.9	45.64
Total Profit (RMB Billion):	1.43	0.85
Employees (persons):	761	870

Secondary Steel Processing

Specializing in the secondary processing of steel materials, industrial gas operations and services, the manufacturing and services of metal packaging and incubation of new business



	2013	2014
Operating Revenue (RMB Billion):	11.24	11.23
Total Profit (RMB Billion):	0.30	0.33
Employees (persons):	2825	3443

Engineering & Technical Services

International engineering & technical service provider offering industrial and urban construction solutions



	2013	2014
Operating Revenue (RMB Billion):	15.89	10.74
Total Profit (RMB Billion):	0.19	-0.39
Employees (persons):	11156	10193



Coal Chemical Industry

Providing downstream fine chemical industries with high value-added coal chemical products, and positively seeking for a development path towards environmental friendliness, safety and efficiency



	2013	2014
Operating Revenue (RMB Billion):	10.93	9.22
Total Profit (RMB Billion):	0.77	0.54
Employees (persons):	1357	1928

Note: The staff number of 2014 increases due to statistical caliber change(with the addition of wholly owned and holding subsidiaries staff).

Financial Services

Financial solution provider offering all-around services including investment and financing, M&A, and assets management, within the Group and to external clients



	2013	2014
Operating Revenue (RMB Billion):	1.84	1.99
Total Profit (RMB Billion):	1.32	1.35
Employees (persons):	899	913

Production Services

Integrated provider of recycling and comprehensive utilization of resources, iron and steel logistics and trade as well as manufacturing services for steel and other large industries and the urban system



	2013	2014
Operating Revenue (RMB Billion):	11.42	9.08
Total Profit (RMB Billion):	0.21	0.04
Employees (persons):	13877	12937

Information Services

A leading industrial software & applications solution and service provider, offering patented solutions to corporate informatization, automatic system integration, and operation and maintenance services



	2014
Operating Revenue (RMB Billion):	4.07
Total Profit (RMB Billion):	0.36
Employees (persons):	4393

CORPORATE LEADERSHIP

➤ Board of Directors



Chairman

Xu Lejiang



Director

Chen Derong



Outside Director

Gan Yong



Outside Director

Wang Xiaoqi



Outside Director

Kerwei (Buck) Pei



Outside Director

Jing Tianliang



Employee Director

Zhu Yiming

Note:

From January 21, 2014 on, Mr. Liu Guosheng ceased to be the Deputy Chairman of Baosteel and the members of the 3rd Board of Directors changed to 8 from 9 at the beginning of the year;

Mr. Zhang Fusheng's term of office as a director of Baosteel was extended to the end of June 2014 and the members of the Board of Directors were adjusted to 7;

Since August 1, 2014, Mr. Chen Derong has taken office as a director of Baosteel while Mr. He Wenbo has ceased to be a director of Baosteel.

➤ Senior Management



Secretary of the CPC Committee,
Chairman of the Board

Xu Lejiang



President, a member of the CPC
Standing Committee

Chen Derong



Vice President, a member of the
CPC Standing Committee

Zhao Kun



Secretary of CPC Discipline Committee,
a member of the CPC Standing Committee

Liu Zhanying



Deputy Secretary of
the CPC Committee

Fu Zhongzhe



A member of the CPC Standing
Committee

Dai Zhihao



Vice President, a member of the
CPC Standing Committee

Zhao Xia



Vice President

Zhou Zhuping



Vice President

Zhao Zhouli



Vice President, Secretary of the
Board of Directors

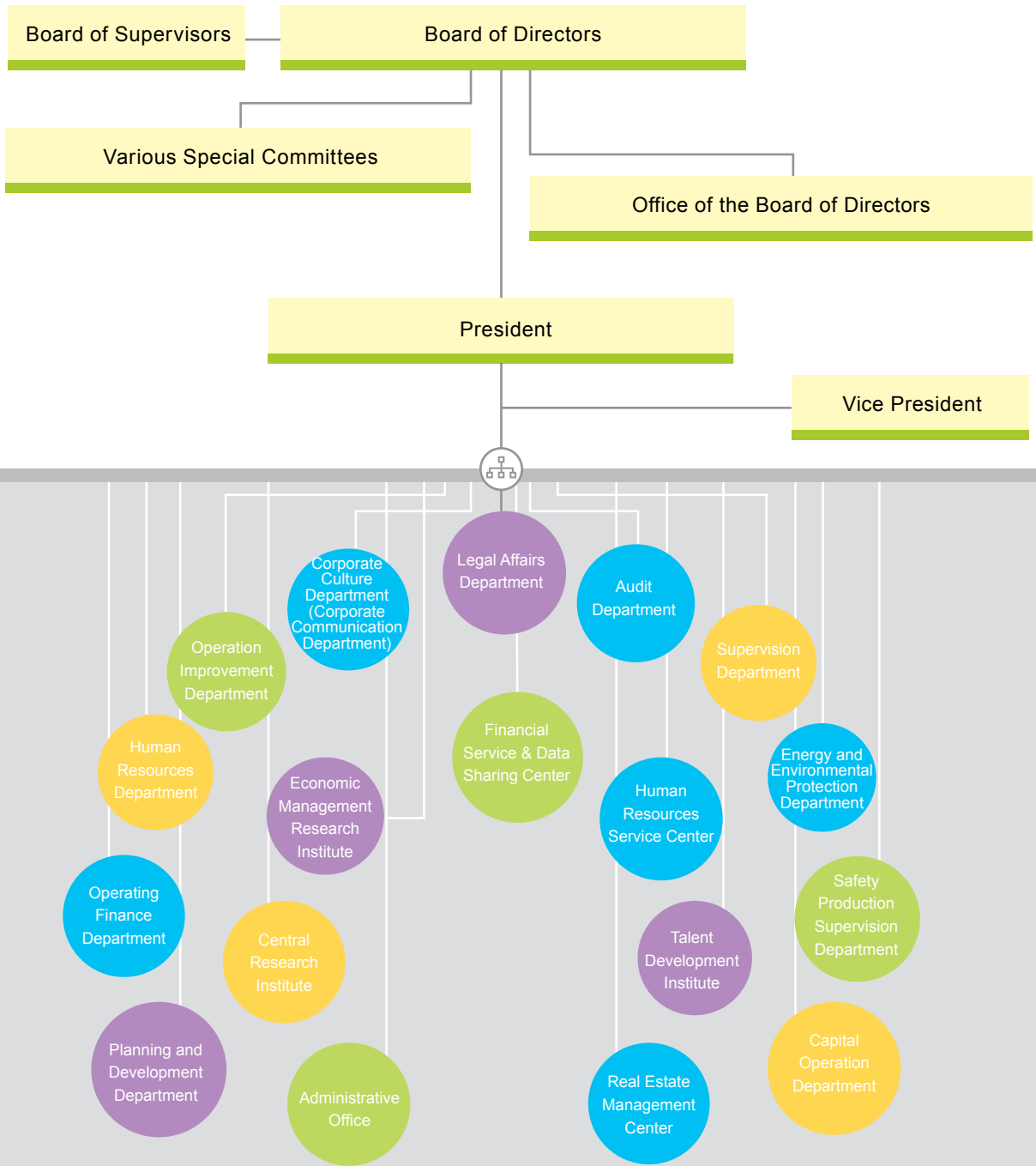
Chen Ying

Note:

Since August 1, 2014, Mr. Chen Derong has taken office as the President of Baosteel;

Since August 1, 2014, Mr. He Wenbo has ceased to be the President of Baosteel.

ORGANIZATION STRUCTURE



PLANNING STATUS



Highlights of Baosteel Development Plan in 2013-2018

In 2013, based on the projection of overall potential developments and changes of internal and external environment in the coming six years, Baosteel developed and carried out *Baosteel Group Corporation Development Plan for 2013-2018* as required by the planning and management system.

Key Points of Baosteel Development Plan

During this round of planning period, Baosteel will continue to follow the established guidelines of focusing on steel and developing relevant diversified industries, maintain adequate R&D input, spare no effort in forging an efficient steel supply chain, carry out extensive steel assets replacement and cross-region production adjustment in phases, strip off the assets of low and zero efficiency, and build new production base and new production system aiming at the highest efficiency in the world. In Baosteel, the core subsidiaries must strive for the goal of being number one in the world in terms of efficiency while regional subsidiaries must maintain their comparative edges in their respective regions. At the same time, Baosteel will also speed up the development of diversified industries in a coordinated and sound way, and realize the strategic goal to be most competitive in the world.

During this round of planning period, Baosteel are dedicated to a vision of becoming “the leader in steel technology, the driver of green industry chain and a corporate model for common development of employees and the Company”. In our exploration for development path, Baosteel will continue to promote the strategic transformation “from steel to materials, from manufacture to services, and from China to the world”. In terms of capability building, Baosteel will endeavor to improve its five capabilities in “technical innovation, early intervention services, environmental management, digital Baosteel, and integration of production and financing”.

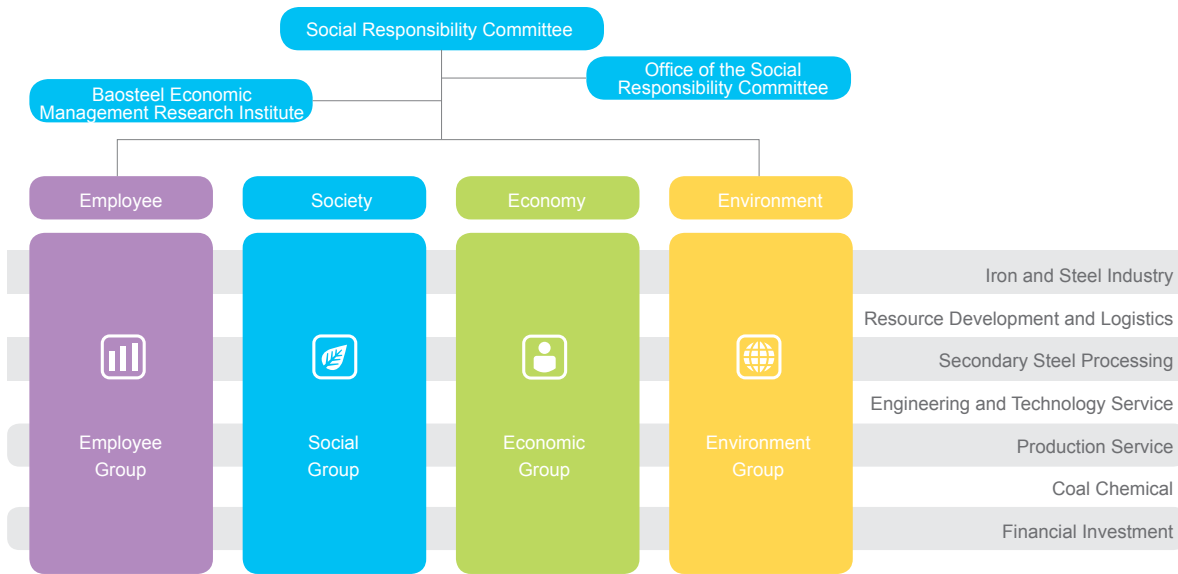
The Implementation of Baosteel Planning in 2014

Year 2014 saw the second year for implementation of Baosteel's new round of three-year revolving planning. In this year, Baosteel maintained a leading position in domestic industry in terms of operation performance, with a total profit higher than the sum of that of the other three top four steel enterprises in China, and was among the best steel companies worldwide. The major three credit rating agencies in the world continuously gave Baosteel the highest credit rating among the global integrated steel companies. In 2014, Baosteel was listed again into Fortune Global 500 for the 11th consecutive year and ranked the 211th place, 11 places up than the previous year. Meanwhile, Baosteel was also re-elected the “Most Admired Chinese Company”, being the only Chinese steel company on the list.

In 2014, all the strategic programme were well underway in line with the planning. Both resources distribution and capability building were carried out to meet with the strategic transformation and development requirements, and all the work was in a methodical way of proceeding. The economic growth slowed down, painful structural adjustment and stimulant policies digestion increag complexity in business environment and competition in steel market, nevertheless, Baosteel achieved total sales revenue of RMB 297.7 billion yuan and total profit of 9.42 billion yuan, meeting the annual budgeted target by 104.4%. Generally, Baosteel maintained stable operation performance and gained positive results in structural improvement and strategic transformation, but it still faces arduous tasks ahead.

RESPONSIBILITY GOVERNANCE

► CSR Framework



Social responsibility work is under the leadership of various promotion groups vertically and subject to the coordination of business sectors horizontally.

► Process of CSR Report Preparation



RESPONSIBILITY PROMOTION

Baosteel CSR Report Release Conference

On June 27, Baosteel released Baosteel CSR Report in 2013 titled “Building Shared Value” in Zhanjiang, Guangdong Province. The report illustrates how Baosteel conducted honest operation, paid back to its shareholders, protected the environment, and strove to be a platform for the growth of the employees, became a part of wonderful community and the attributions of its success in partnerships. During the six consecutive years in which Baosteel released CSR reports, this was the first time that EVI, “Baosteel Cloud” information technology, air quality index in the plant of Baosteel Co., Ltd., eight bans for doing business in an uncorrupted manner, and the developments in implementing the new round of planning were disclosed in the report. After the conference, Zhanjiang Municipal People’s Government and Baosteel jointly held the first “Zhanjiang-Baosteel Green Walking for Charity” event on the morning of June 28, in the hope of further passing on Baosteel’s philosophy in the performance of social responsibilities and building the confidence in building Zhanjiang Steel into the most efficient green dream factory in the world. Over a thousand people, including the leaders and guests at the conference and student groups and citizen representatives of Zhanjiang City, joined the public walking. Each person who finished a 5-kilometer walking was counted in exchange for 2 small saplings which would be purchased at the expenses of Baosteel. These saplings would be planted in Sanling Mount Forest Park in Zhanjiang City for the construction of “Baosteel Woods” park, which occupied an area of about 25 mu in the initial stage and would then be extended along with the subsequent events, so as to make it a sustainable charity event of Baosteel in Zhanjiang and finally become a new landmark representing the integration between Baosteel and the beautiful city Zhanjiang.

Selection of Excellent CSR Cases

In January 2015, Baosteel launched an activity to select excellent CSR practice cases, which was intended to select a batch of typical cases of excellent CSR practices by its subsidiaries, and further drive forward Baosteel’s CSR performance by setting up examples and publicity for promotion. Prior to the launch of this activity, Baosteel established a review committee. The committee went through the procedures of cases collection, edition, and expert review, invited internal and external experts and executives to be judges of this activity, and completed the first review by the principles of justice, openness and fairness. From the first review, sixteen cases were selected for public voting. Based on the review of internal and external experts and public voting, the best 10 CSR practice cases were selected, including Baosteel – Pushing Forward EVI to Realize “Four Satisfactions”.



“Sharing Responsibility in China” Survey in Baosteel

“Sharing Responsibility in China” is a program initiated and planned by the Research Bureau of the SASAC and started by the CSR Research Center of Chinese Academy of Social Sciences. Enterprises such as Baosteel, China Southern Power Grid, China Mobile, Lenovo Group, Huawei, and Alibaba were selected by the project team as the subjects of the survey because of their excellent CSR performance. On March 25 and 26, Baosteel impressed the project team with its achievements in CSR management practices. The project team regarded Baosteel as an excellent example with powerful sustainability in respect of corporate social responsibility management, stable and strong growth, and establishment of shared values. Baosteel’s work on social responsibilities had won the recognition of experts in the survey.

Trainings on Social Responsibility

Initiation of the Preparation of Baosteel CSR Report in 2014

In January 2014, Training on Baosteel CSR Report Preparation & Initiation Meeting for Preparation of 2014 CSR Report, jointly planned by the Corporate Communication Department and Talent Development Institute of the Corporation, was held in Baosteel Talent Development Institute, and Mr. Zhong Hongwu, Director of the Social Responsibility Research Center of the Chinese Academy of Social Sciences, was invited to deliver a lecture. The training was designed to help those participating in the preparation of the CSR report learn basics about corporate social responsibility and its latest developments in a systematic manner, know about the content of CSR reports and the evaluation indicators system, get familiar with the basic content of CSR report preparation guidelines, and improve their overall abilities and skills in preparing CSR reports. Nearly 40 employees involved in CSR report preparation from the headquarters and subsidiaries of the Group participated in the seminar, Shaoguan Steel and Bayi Steel also participated in the seminar through video conference systems.

RESPONSIBILITY COMMUNICATION



► Communication Channels for Stakeholders

The Fourth Sino-Australia CEO Round Table Forum

During November 15 to 20, 2014, Chairman Xu Lejiang participated in a series of commercial and diplomatic activities including the Fourth Sino-Australia CEO Round Table Forum in Canberra, Australia, and then, in the joint witness of the PRC President Xi Jinping and Australian Prime Minister Tony Abbot, signed a four-party financing agreement concerning the Aquila project with Lance Hockridge, CEO of Aurizon in Australia. Hu Huaibang, Chairman of China Development Bank (CDB) and Michael Smith, CEO of ANZ witnessed the process in the capacity of aiding parties. During his stay in Canberra, Chairman Xu had a brief communication with the CEOs of Aurizon and BHP Billiton in lunchtime, communicated with Sam Walsh, CEO of Rio Tinto, and Chairman Chang Zhenming of CITIC Group on the issues concerning the development of mineral resources, and also held a face-to-face meeting with Neville Power, CEO of FMG.

Tip: Overview of the Fourth Sino-Australia CEO Round Table Forum

The Sino-Australia CEO Round Table in 2014 was presided over jointly by CDB Chairman Hu Huaibang as Chinese Chairman and ANZ CEO Michael Smith as Australian Chairman, and attended by twelve company representatives from each side, including CDB, Bank of China, Unionpay, CITIC, CNOOC, Baosteel, SGCC, CMBC, Greenland, Huawei, New Hope, and Zhongfu Group from China, and ANZ, Telstra, BHP Billiton, Aurizon, Westpac, AMP, King & Wood Mallesons, Corrs Chambers Westgarth, Rio Tinto, MMG, Woodside, and FMG from Australia. Both parties voiced and discussed four topics, namely the opportunities brought by the FTA and development of infrastructure, further cooperation in services and investment fields, cooperation in energy, mines and resources, and bilateral cooperation in agriculture.

Chairman Xu gave a speech on the cooperation in energy, mines and resources, highlighting the development trends of China's steel industry and its impact on the mining industry in Australia. He pointed out that China and Australia were inter-dependent in the mining cooperation, so it was in both parties' interests to break monopoly by lawful means. Considering the fact that many Chinese enterprises are investing in the mining sector in Australia, the two countries, China and Australia, should seek for a cooperation and coordination mechanism at the State level for policy enactment, and promote a sound, sustainable development of the mining industry hand in hand, starting from addressing issues in trade, investment, financing and taxation. Further, Chairman Xu also expressed his expectation of formulating necessary regulations and policies governing intellectual property, technical transformation, and production incubation by the two countries for the purpose of extending cooperation in service industry, especially technological innovation services.



Baosteel “Bridge” Forum

Baosteel “Bridge” Forum, the most extensive and influential unofficial communication platform within Baosteel, was launched by the Youth League Committee in Baosteel under the guidance of the CPC Committee of the Corporation. For more than 5 years since its inception, the forum has had over 50,000 registered members, who have posted 4.61 million replies covering more than 280,000 topics. Every month, the Youth League Committee reports hot issues, appeals and comment reflected by employees on the internet to the leadership.

Baosteel “Bridge” Forum provides an “E-interaction” platform for the executives to directly dialogue and communicate with a relative large number of employees in the forum. Statistics show that various units at different levels have held 29 interaction activities through “E-interaction”, over 5,000 employees participated in the communication, and more than 2,400 questions have been collected, Which proves that the new media based communication a necessary and effective supplement to traditional communication activities.

Sunshine Seminar—— Baosteel Men’s TED

An efficient, dynamic headquarters demands a visionary and energetic professional team with multiple perspectives thinking. For this sake, the CPC Committee in headquarters of the Corporation launched Sunshine Seminar in April 2014 to encourage the exchange and confrontation of new ideas and concepts, as well as the demonstration and sharing of insights into life and hobbies. Sunshine Seminar, in a form of a 20-minute lecture, is held in Employees’ Creative Thinking Space on the 25th floor of Baosteel Tower. By making full use of “Baosteel Cloud Video Conference System”, it enables the employees in each location to have access to watching online and participating in onsite interaction. By the end of 2014, Sunshine Seminar had held 23 lectures given by 23 employees from the headquarters, Baosteel Engineering, Hot Rolling Plant, Hwabao, Baosteel America and other units.



The First Advanced Workshop of Xinjiang Business Operation and Management Talents

On June 16, 2014, the CPC Organization Department of Xinjiang Uyghur Autonomous Region, State-owned Assets Supervision and Administration Commission of Xinjiang Uyghur Autonomous Region People’s Government and Baosteel jointly sponsored the First Advanced Workshop of Xinjiang Business Operation and Management Talents was opened at Baosteel’s Talent Development Institute to provide support for the cultivation of high-level talents for Xinjiang enterprises.

Intensifying the cultivation of high-level business talents is an important strategic task in the new-round development of Xinjiang. At the end of 2013, the CPC Committee in Xinjiang Autonomous Region and Baosteel reached an important consensus on providing more supports for Xinjiang with leadership development: Baosteel would further exert its strengths in operation and management, technical innovation and talent cultivation and take Baosteel Leadership Development Center in Changshu as a base to train senior operation and management talents for Xinjiang businesses. The first training class had 49 trainees in total, most of whom were the leaders of Xinjiang backbone enterprises.

Third Party Comments



Jilili-Nasier (an Uyghur official from Xinjiang Autonomous Region Government): This training fully demonstrated the concern and support of the Organization Department of the CPC Central Committee given to Xinjiang leaders as well as the education and training of these leaders, and also reflected Baosteel’s strong awareness of the overall situation and social responsibilities.

Wang Xintang (an official of the Organization Department of the Central Committee of the CPC): the holding of the Advanced Workshop of Xinjiang Business Operation and Management Talents is a significant action taken by Baosteel to practice the spirit of the Second Symposium on Xinjiang Affairs conducted by the CPC Central Committee. Meanwhile, it shows Baosteel’s intensive political consciousness and strong sense of social responsibility in carrying out the deployment made by the CPC Central Committee. In its history of over 30 years, Baosteel has accomplished considerable progress in respect of business innovation, management practices, operation performance and social responsibilities, and already become the most modernized and competitive integrated steel company in China.

Family Day for Headquarters Employees

In August 2014, Baosteel planned and held a Family Day at the headquarters’ Creative-thinking Space for the employees working at the headquarters. Activities were designed to further unveil Baosteel to family members of the employees by inviting them to the headquarters for a good glimpse of the workplaces and a better understanding of “How headquarters makes Baosteel distinctive”. In the event, adult entertainment zone, educational game zone, kids’ park, DIY workshop, “entertaining show” on the central stage and other activities were set up, bringing employees and their families with unique, pleasant onsite experience and sweetness of family bonds in pure and simple happiness. Furthermore, the event was also an opportunity for employees to have a close contact in off hours and strengthen the communication among them while they took the time to relax. It lifted the value, ethos and behavior standards of Baosteel to a “family” level, and integrated all the employees into a lovely big family. Similar events are also organized annually in Baosteel Metal and other subsidiaries.



➤ Technology Exchange and Cooperation on Energy Conservation and Emission Reduction

Participation in European Steel Environmental & Energy Congress

European Steel Environmental & Energy Congress took place at Teesside University in Britain during September 15-17, 2014, and the representative of Baosteel was invited to the Congress and delivered an academic presentation titled “The Latest Progress on Steelmaking Technologies in Baosteel to Improve Environmental Performance”.

Participation in National Conference on Metallurgical Energy and Environmental Protection Technology

National Conference on Metallurgical Energy and Environmental Protection Technology is one of the four major production technology conferences organized by Chinese Society for Metals and held every two years. In 2014, Baosteel, as a specially invited company, made communications on such contents as “the Technology for Comprehensive Treatment of Sintering Flue Gas”, “Study of the Technology for the Emission Reduction and Control of TCDD in Sintering Flue Gas”, “the Technology for Rapidly Reducing and Recycling Zinc-bearing Dusts in Steel Plants”, “the Exploration and Practices of Regenerated Acid Recycling Technology in Eliminating ‘Red Smoke’ in Acid Regeneration Units”, “the Current Situation and Outlook of Baosteel in Waste Heat Utilization” and “Evaluating the Environmental Benefits from Iron and Steel Product Improvement from the Perspective of LCA”.

Winning the Champion of the First “Youth Innovation and Creativity Contest on Metallurgy”

In the first “Youth Innovation and Creativity Contest on Metallurgy” held by the Chinese Society for Metals, the eight projects from Baosteel won the first, second and third prizes respectively, including Optimizing the Pressure in Ignition Furnace to Control and Reduce the Unit Consumption of Three-stage Sintering.

Organizing the Second Baosteel Energy Conservation and Environmental Protection Technology Exchange

In order to extend the international vision of Baosteel technical personnel, and promote technology exchange and experience sharing across departments and units, Baosteel Association for Science and Technology conducted the “Monographic Technology Meeting on Energy Conservation and Environmental Protection” on November 19, 2014. More than 150 management and technical employees involved in energy conservation and environmental protection in the headquarters and subsidiaries in Shanghai attended the meeting on site and other subsidiaries outside Shanghai attended via video. The meeting facilitated share of information gathered from recent international and domestic meetings on energy conservation and environmental protection, especially the WSA (World Steel Association) projects.

Undertaking “LCA” Advanced Training Class

In 2014, the Chinese Society for Metals and Baosteel jointly launched the first advanced training programme of “Life Cycle Assessment (LCA) Methods for Steel Products” for the purpose of carrying out the new environmental protection policies enacted by the state, further improving people’s awareness of conserving resources and protecting the environment, pushing steel enterprises to take actions, and sharing Baosteel’ successful experience in application of LCA methodology, models to production and operation in recent years. The programme attracted more than 80 trainees from major steel enterprises and academic institutions across China, who were greatly interested in Baosteel’s LCA method research and its achievements.

OPINION SOLICITATION FOR 2014 CSR REPORT

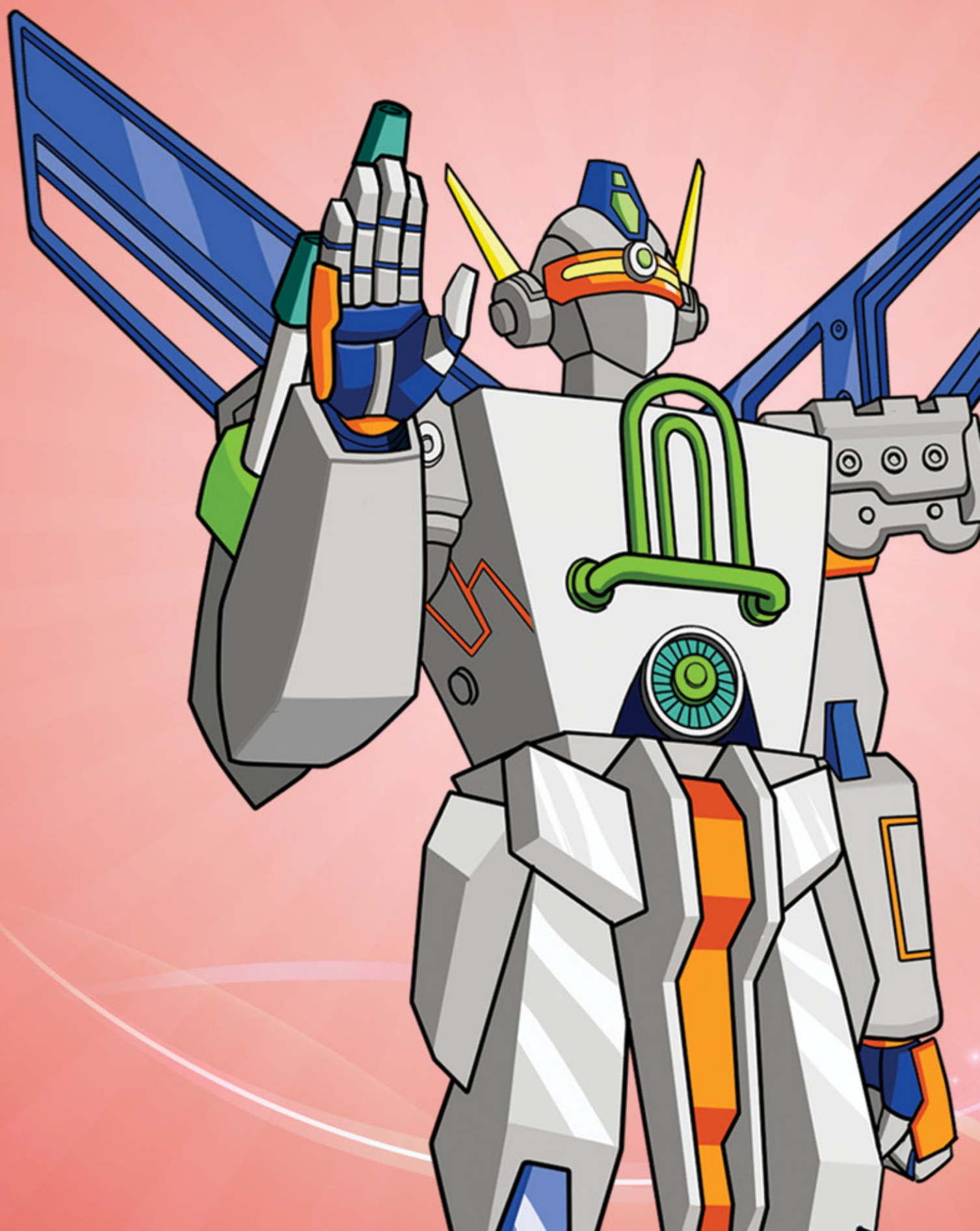


In 2014, Baosteel continued the survey of the issues of concern in social responsibility via such means as its official website, questionnaires in hard copy, and telephone survey, so as to help stakeholders learn more information about Baosteel. In the survey, 180 questionnaires and interviews were distributed and conducted, 124 copy-times were collected, including 20 English questionnaires for the first time.

Top 10 Issues of Concern

		Number of people showing concern	Year-on-Year Change in the Degree of Concern
Outlook of company prospect		102	↑
Remuneration and benefits		84	↓
Charity undertakings		95	↑
Technology and management innovation		85	↑
Various economic data such as profit and sales		75	↓
Energy conservation and emission reduction		70	↓
Green procurement chain		75	↑
Employee hire and career development		68	↓
Implementation of key projects		66	↑
Safety and protection of rights and interests		76	↑

In response to the survey results, we adjusted the proportion of information to be disclosed, increasing the quantity of data to be disclosed, and made our best to respond to and satisfy the demand of all stakeholders for concerned information.



DEVELOPING POSITIVE ENERGY OF INTEGRITY TO CULTIVATES THE INNER STRENGTH OF BAOSTEEL

Integrity and credibility has been an intangible and priceless asset of Baosteel for the past 30 years. As a state-owned enterprise directly under the SASAC of the State Council that conducted the pilot project of building standardized board of directors of **the first batch**, Baosteel has been fully extended to build its asset of integrity and credibility. In the recent years, **the three major credit rating agencies**, namely Standard & Poor' s, Moody' s and Fitch Ratings, have successively granted the highest credit rating in the global iron & steel industry to Baosteel. Baosteel is **the only** enterprise of the iron & steel industry in China. being granted the honor of "**the Most Admired Chinese Company**" for another year by the Fortune magazine. Though coved ourselves with glory, we still determined to adhere to the principle of integrity and credibility.



As is known to all, the board of directors, as a decision-making body, is the core of corporate governance as well as the brain of a company, hence the scientific and democratic decision-making as well as standardized and efficient operation of the board of directors matter most to the integrity of a company. I am fortunate enough to be a part of the daily operation of the board of directors of Baosteel. There are two aspects impressing me the most during my work for the board of directors of Baosteel: the first is the outside directors, who constitute the majority of the board of directors, including the senior executives of some multinationals and famous enterprises, experts of their respective industries and distinguished professors. All of these directors boast abundant experience in management, and each outside director has been capable of making suggestions without reserve, strictly controlling risks and actively sharing his or her experience, from whom I have learned a lot. The second is the standardized and efficient operation of the board of directors. The board has always carried out the annual plans made at meetings in a serious manner, demanded the information supporting decision-making in meeting materials should be complete and the work in the key nodes in the arrangement of a meeting shall be precise and in order. Take the year of 2014 for example, the board of directors convened 12 meetings, hearing or reviewing 50 issues centered on the key strategic tasks of the Corporation and reaching 34 resolutions, all of which provided guarantee for the introduction of the decisions concerning the major and key matters of the Corporation.

Kou Lusén
Senior Specialist
Office of the Board of Directors
Baosteel Group Corporation

CORPORATE GOVERNANCE

Improving the System of the Board of Directors

In light of the changes in its constitution, the Board of Directors promptly made adjustment to the members of its various special committees, amended the Articles of Association, rules of procedure for the Board of Directors as well as the rules of procedure for relevant special committees, and further defined the decision-making powers of the chairman and president authorized by the Board of Directors. In addition, the Board of Directors prepared and carried out the Bylaw for Managing Clerical Matters of the Board of Directors by learning lessons from past experience in processing specific affairs, further defining the affairs management of the Board of Directors, and thus providing organizational and regulatory security for the compliant, efficient operation of the Board of Directors.



Members of the special committees of the Board of Directors (as of December 31, 2014)

Director	Nomination Committee	Remuneration and Appraisal Committee	Audit Committee	Strategy and Risk Management Committee
Chairman Xu Lejiang	● Director			● Director
Director, President Chen Derong	●			●
Outside Director Gan Yong		●	●	●
Outside Director Wang Xiaoqi	●	●	●	●
Outside Director Kerwei (Buck) Pei	●	●	● Director	●
Outside Director Jing Tianliang	●	● Director	●	
Employee Director Zhu Yiming				

Number of the meetings convened and that of the items discussed and reviewed by the Board of Directors and various special committees

Year	Board of Directors		Special Committees	
	No. of the meetings convened	No. of the items discussed and reviewed	No. of the meetings convened	No. of the items discussed and reviewed
2011	10	63	10	18
2012	9	44	11	17
2013	11	55	10	15
2014	12	50	13	14

AUDIT FRAMEWORK

Objective

The internal audit system of Baosteel serves as an “immune system” of the company, and an important link of corporate governance and the last line of defense in risk management and control of the company. In recent years, in combination with the implementation of the new-round strategic objectives, Baosteel carried its internal audit work forward solidly, stably and prudently, gradually built an increasingly mature and dynamic audit system, and formed a “management platform for promoting both supervision and services, controlling both the process and results, and embodying both outcomes and values”, by which the audit work has been positioned more precisely, defined its objectives more clearly, and had more remarkable effects reflected, thus making positive contribution to the continuous development of the Corporation.

Measures / Project Carrier

In 2014, the internal audit system of Baosteel

completed **344** audit projects
 found **2742** questionable items
 and delivered **2760** audit suggestions

System/Mechanism

In combination with the audit requirements and the operation characteristics, the Corporation positioned its audit work as “transcending account books, penetrating into procedures, supporting management and control, and enhancing supervision”, established a mega audit system management and control mode of “two-level setting, unified management and shared resources”.

Currently, Baosteel and the primary subsidiaries under its direct management have independent internal audit units, while the secondary subsidiaries and below establish no internal audit units in principle, whose businesses are collectively audited by the internal audit units of the higher subsidiaries. The Audit Department of the Corporation reports to the Board of Directors, guided and supervised by the Audit Committee and has its work directly managed by the president of the Corporation. The internal audit unit of a subsidiary reports to the Board of Directors (or its key principal) of the company, accepts the professional instructions from the Audit Department of the Corporation and has its audit business under the “unified management” of the Audit Department of the Corporation. “Unified Management” mainly includes overall arrangement of audit work plan, appointment and removal of the leaders of audit units and the optimal allocation of audit personnel, sharing of audit results and assessment of audit quality.

The effective operation of this mode enables the executives in each business unit to fulfill auditing responsibilities and warrants that the internal audit system of the whole Corporation may reach the goal of “systematically planning audit projects, collectively allocating audit resources, expanding and improving audit functions, and effectively supporting strategic management and control”.

Work achievements

Table of 2012-2014 Audit Project Completion

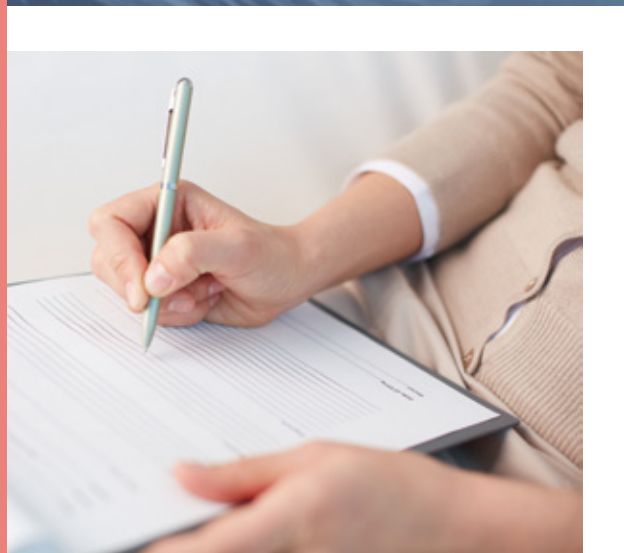
Category of audit project (Unit: Item)	2012	2013	2014
Audit of financial revenues	26	19	20
Audit of economic responsibilities	89	76	78
Audit of net asset of property right alteration	36	33	29
Audit of final settlement at completion of invested projects	69	55	47
Audit evaluation of investment projects	12	10	6
Investment project cost auditing	12	48	11
Management audit	109	85	153
Total	353	326	344
Number of items of investment project cost for deliberation	391	758	389
Net project fund reduced after check (RMB million)	468	557	340



ANTI-CORRUPTION

Objectives

In 2014, Baosteel, by implementing the requirements for managing the Party and governing the enterprise strictly and sticking to the central tasks of its production, operation, reform and development, strictly fulfilled the entity responsibilities of the CPC Committee and the oversight responsibilities of the discipline inspection commission, intensified oversight, disciplines execution and accountability, earnestly implemented the spirit of the eight-point code issued by the CPC leadership, continued fighting such undesirable work styles as formalism, bureaucracy, hedonism and extravagance, and solidly pushed forward the construction of the Party style and anti-corruption and advocacy of clean government, thus providing powerful support for the continuous and healthy development of Baosteel.



System/Mechanism

In 2014, earnestly implementing the requirements of the Central Discipline Inspection Commission and the SASAC, the CPC Committee in Baosteel made monographic study of the construction of the Party style and anti-corruption and advocacy of clean government at five meetings of the Standing Committee of the CPC Committee, learned and implemented the spirit of the important talks of Secretary General Xi Jinping on strengthening the construction of the Party style and anti-corruption and advocacy of clean government by the forms such as the Center Group Study of the CPC Committee, routine meetings of secretaries of the party committee, thematic trainings on "Two Responsibilities" and video meetings, carried out the requirements raised by Mr. Wang Qishan in respect of enhancing "Two Responsibilities", focusing on main business and deepening the requirements of "Three Transformations" (the transformations of functions, modes and style), and made deployment for the construction of the Party style and anti-corruption and advocacy of clean government. Baosteel prepared the Implementation Opinions on Carrying out '2013-2017 Work Plan for Establishing and Improving Corruption Punishment and Prevention System' of Baosteel, and Implementation Opinions on Fulfilling the Entity Responsibility of the CPC Committee and the Oversight Responsibility of the Discipline Inspection Committee in the Construction of the Party Style and Incorruptibility, established and improved the work mechanisms for responsibility breakdown, supervision and inspection, examination and evaluation, and accountability. The 22 keynote tasks of the construction of the Party style and anti-corruption and advocacy of clean government in 2014 were specified and broken down, all of which were completed before the end of the year. Two accountability leadership team meetings in the year were held to hear the implementation of "Two Responsibilities" in some secondary units and report on the implementation of key work in functional departments; thematic inspections of the implementation of "Two Responsibilities" and the progression of the key work in anti-corruption campaign were carried out; how the "Two Responsibilities" were carried out was evaluated and its implementation was integrated into the work evaluation system of the CPC committee. The interview system was established and accountability efforts were intensified. The CPC committees and discipline inspection commissions in the Corporation and its secondary units interviewed the responsible persons of the Party and administration as well as the secretary of discipline inspec-

tion commission of their respective units to remind of, urge and guide the implementation of "Two Responsibilities", and held 18 leaders and managers accountable for insufficient implementation and investigated their responsibilities.

The Discipline Inspection Commission of Baosteel focused on supervision, discipline enforcement and responsibility investigation, transformed its functions, methods and style, strengthened the force in investigating violation cases, cancelled or withdrew from 7 negotiation and coordination organizations, fulfilled the requirement that secretary of discipline inspection commission should not be responsible for other businesses, cleaned up the concurrent posts and assigned responsibilities of the secretaries of discipline inspection commissions in 17 secondary units and released 7 of them from concurrent posts or production operation and management work, ensuring they were capable of concentrating on their supervision duties wholeheartedly.

Measures and Work Achievements

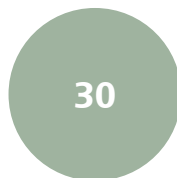
Further carry out the spirit of Eight-point code of the CPC Central Committee, and unswervingly correct undesirable work styles

In 2014, to eliminate the circumstances that leaders buy various consumption cards and unnecessary books using public funds, Baosteel conducted special treatments and revised corresponding regulations and rules, for example, "Proper Use of Employee Education Expense in Collectively Buying Book and Cards (Coupons)", "Properly Conducting Business Entertainment and Meetings" and "Strengthening the Standardization of Book Purchase Using Public Funds". Special inspections of the use of training expenses were conducted, training admission mechanism and reception standards were standardized, and the rules of prohibiting disbursing reception, meeting and tobacco & drink expenses using training expenses were made. Special patrol inspections were carried out to implement the spirit of Eight-point code of the CPC Central Committee, nonconforming and false disbursement in gift acceptance and management were corrected and rectified, and organizational discipline as well as disciplinary sanction of the Party and administration were taken against the employees violating regulations in the use of employee welfare fees, duty performance remuneration and business expenditures.

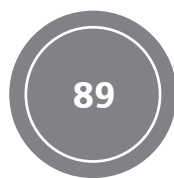
Carry out special inspections of the implementation of the spirit of the Eight-point code of the CPC Central Committee



Number of relevant directing staff held accountable and investigated responsibility



Number of the notices of correction issued



Number of the problems ordered to be rectified



Measures of rectification taken by various units



Rules formulated or revised



In light of the requirement for carrying out the eight-point code issued by the CPC Central Committee, the members of the Corporation and various units strictly followed the rules and regulations on practicing strict thrift and combating waste, position-related treatment of directing staff, business expenditures, and recording of gifts and gift of money.

In 2014, the expenditures on business entertainment, on meetings and on official vehicles of Baosteel respectively dropped by 27%, 39% and 19% year-on-year.

27% ↓ drop of entertainment expenses

39% ↓ drop of meeting expenses

19% ↓ drop of business vehicle expenses

Incorruptibility of the Directing Staff at Various Levels in 2014

Items of Clean-handed Conduct	2012	2013	2014
Amount of part-time remunerations submitted by directing staff (RMB10,000 yuan)	238	147.8	40.65
Gift of money, gifts and valuable securities submitted (person-times)	2245	2493	1320
Amount of submitted gift of money, gifts and valuable securities (RMB10,000 yuan)	247.8	238	145.9

Regulate power operation and enhance the supervision over leaders

In 2014, the CPC Committee of Baosteel enhanced supervision over the executives reporting their personal affairs, and spot checks of some reported affairs for verification; the executives whose spouses had migrated out of China were relieved from leading posts and reassigned to other positions; restrict the executives from participating in commercial training programme and various social activities at the expenses of the Corporation under the false cover of study.

Baosteel conducted patrol inspection and special inspections on the compliance of decision-making of “three important and one major issues” (namely appointment and dismissal of important cadres, arrangement of important projects, and use of large sum of fund), authorization and supervision, talent selection and appointment, procurement and sales, and key project constructions. During inspection on the compliance of clean-handed conduct including “Eight Bans”, 7 people, who violated management rules such as paying unjustified bonuses, accepting clients’ invitation to feast and entertainment, and designating suppliers in construction project, were held responsibility and subject to disciplinary and administrative punishment such as recording of demerit and removal from current positions, their respective higher-ups were also held accountable.

Baosteel reinforced the audit on executives’ behavior of operation, investment and management, speeded up disposing of low-efficiency or inefficient assets and liquidating deficit subsidiaries, enhancing credit risk management, preventing legal risks. The supervision by employees was also consolidated and such matters as position-related treatment and business expenditures of executives should be reported to the employees representatives on a regular basis. In 2014, the Discipline Inspection Commission of the Corporation and the discipline inspection teams at various levels conducted 127 performance inspections focusing on cost improvement, efficiency of assets operation, basic management and risk prevention. Many project including “valve spare parts zero inventory procurement”, “management of resources allocation”, “management of directly supplied and allocated materials”, “management of expendable materials for production”, and “management optimization of scrap steel suppliers” are inspected and 582 relevant regulations have been established.



Tighten punishment for discipline and law violations

The Corporation strengthened the efforts to handle complaint reporting and visits and investigate violation cases, and established the work mechanism in which the superior discipline inspection commission shall play a key role in leading violation investigation, handling of clues and the investigation of cases must be reported to the CPC committee at the same level and the superior discipline inspection commission; the mechanism in which endorsement and the discipline inspection commission shall report violation investigation to the CPC committee was set up; and the mechanism of cooperation with local judicial authorities in investigating violations and preventing duty crimes was also set up.

Complaint Reporting Handled and Cases Investigated by the Discipline Inspection Commission of the Corporation and Discipline Inspection Organizations in Each Unit in 2014

Work Items	2012	2013	2014
Number of complaint reporting	106	121	279
Number of cases filed and accepted	22	31	68
Number of cases closed	22	31	61
Number of people punished by Party discipline	9	6	15
Number of people punished by administrative discipline	13	21	61
Number of people whose labor contracts were terminated	9	2	18
Number of people transferred to judicial offices for criminal punishment	8	6	36

Progression of anti-corruption in 2014

The function of solving problems fundamentally of investigating cases was fully performed and the eleventh batch of no-admittance list was issued, in which 96 units and 346 individuals were prohibited from admittance. The principle of nipping an evil in the bud was adopted, which aimed to identify the problems in the directing staff and managers early and solve them promptly through timely interview, enquiry by letter and admonition so as to alert followers through imposing punishment on the initiator of evil and prevent a slight error getting worse.

Enquiry by letter (person-times)	Admonition talk (person-times)	Warning talk (person-times)	Issue of Supervisory Proposal Letters (copies)	Issue of supervisory proposals (items)
21	35	62	32	81

In 2014, Baosteel was honored with the title of 2014 Advanced Unit for Precautions against Duty Crimes in Pudong New Area.



30th Anniversary

THE 30TH ANNIVERSARY OF BAOSTEEL'S OPERATION

WITH FULL CONFIDENCE AND THE INNOVATIONS BASED ON OUR ACTUAL STRENGTH TO CULTIVATE THE INNER STRENGTH OF BAOSTEEL

Filled with the greatest zeal for innovation, we continuously boost the value of steel to the world. Baosteel has been included in the **Fortune Global 500** for the eleventh consecutive year and won 22 prizes of the **National Science and Technology Progress Award**, including 5 first prizes while its profitability is ranking at the forefront of the world steel enterprises. Having been persistently dedicated to innovation and moving forward with confidence for **30 years**, Baosteel has been an steel enterprise with strong competitiveness in the world.



Since joining Baosteel in 1982, I have been engaged in R&D for 33 years, during which it is fair to say that our R&D team on boiler tubes has witnessed the growth of Baosteel. In 2015, we won the first prize of the National Science & Technology Progress Award, which can be called “the Oscars” in science and technology in China, and this is another honor Baosteel won following those granted for auto sheets and oriented silicon steel products of Baosteel. “The Innovative Development of 600°C USC Thermal Power Unit Steel Tube and Its Application” , a project studied for over a decade, has made the steel tube technology for power stations in China leap to the international frontline, which is not only fruits of the accumulative efforts and dedication of Baosteel to the steel tube, but can also be attributed to the concentrated cultivation of our team.

Wang Qijiang
Principal Fellow of
Baosteel Research Institute

DIRECT ECONOMIC PERFORMANCE



Total profit:
RMB
9.42 billion

Gross Revenue:
RMB
297.74 billion



2014

In 2014, Baosteel realized total revenue of RMB 297.74 billion yuan and a total profit of RMB 9.42 billion yuan. Globally, Nippon Steel and JFE witnessed boosting domestic demand and export businesses and good profitability under the impact of the economic stimulus policy made by Abe. The profit of Baosteel in 2014 ranked among the top in the world, surpassing Pohang Iron and Steel Co., Ltd.

	2012	2013	2014
Gross revenue (RMB billion)	288.23	303.10	297.74
Total operating costs (RMB billion)	293.21	300.41	298.27
Total profit (RMB billion)	10.42	10.10	9.42
Total assets (RMB billion)	498.44	519.46	534.71
Owner's equity (RMB billion)	277.13	273.86	291.18
Crude steel output (million tons)	43.83	45.04	44.50

ALL-ROUND RISK MANAGEMENT



Adhering to the principle of the classification of risks into strategy and investment, supply chain operation, pure internal risks and pure external risks, the Corporation developed corresponding risk management and control strategies, set up differentiated risk classification management framework and continuously improved its management and control ability. The Corporation also proposed specific measures to lift its overall risk management level from three levels including governance, subsidiary risk management and control, and risk management functions.



2014

In the year, the Corporation continued to carry out independent risk assessment for its planning, major investment projects and new business projects, required each unit within the Corporation to positively cater to the changes in the market environment and proactively conduct risk prevention, updated and released the Ten Bans of Baosteel on Operation Risk Control, specifying the red lines in operation, issued the Guiding Opinions of Baosteel on the Control of Key Operation Risks in Supply Chain, and established the warning and educational mechanism with operation risk cases. Thanks to the joint efforts of the Board of Directors, management and all the employees, major and important risks were generally under control.

The Board of Directors has approved the four major risks and four important risks noteworthy in 2015, involving performance improvement, safety and environmental protection, operation disciplines, exchange rate and interest rate, and investment risk prevention. The Corporation specified the management and control requirements and accountability unit for each risk.

KEY PROJECTS



Restructuring of Baoyin Special Steel Tube Co., Ltd. under Baosteel Special Steel

Founded in 2006, Baoyin Company is a professional company specialized in the research and development of special tubing and its production in China, which are applied to such fields as nuclear power, thermal power, petrochemicals, rail transit, aviation and aerospace, and military industry. In October 2014, Baosteel cooperated with CGNPC, CHNG, and Yinhan Holding to restructure Baoyin Company, aiming at integrating superior resources through mixed ownership economy to forge a world-class nuclear power industrial chain featuring “product development and production, raw material smelting, precision manufacturing, and engineering application”, thus laying a solid foundation for guaranteeing the nuclear power development and the strategic security in nuclear sector in China and the industrialization of high- and top-end materials in China.

Zhanjiang Iron and Steel Project

Zhanjiang Iron and Steel Project is an important action taken by Baosteel to maintain its internationally leading position, as well as an important battlefield where Baosteel is to realize its transformation and upgrade. Using Zhanjiang Iron and Steel Project as a carrier, Baosteel has created and utilized a brand-new cooperative management and control mode that spans different production bases, and improved the level of iron and steel production and of green operation in China with automation, IT, and intelligence technologies.

In 2014, Zhanjiang Iron and Steel was constructed in an organized way so that the project would be completed and put into operation by September 2015. Main works and public auxiliary works were constructed on schedule, and planned tasks were accomplished all round and the project progress was under control on the whole. In addition, the preparation and promotion system for production was set up, induction training for staff was orderly carried out, regulations and procedures were basically formed, management information system was constructed at synchronous pace, supporting work including energy, equipment, logistics and cooperation preparation was carried out energetically, and production preparation was unfolded in all aspects.

“Baosteel Cloud” Cloud Computing Data Center Project

Launched in 2013, Phase I project of Baosteel Cloud Computing Data Center in Luojing was officially put into operation in early 2014, making itself the cloud computing data center in Shanghai with the largest single structure and the shortest construction and delivery period in Shanghai, signifying a critical step taken by Baosight Software in accelerating business transformation and deploy industrial internet. Phases II and III of “Baosteel Cloud” Cloud Computing Data Center in Luojing are now under construction. As a cloud computing data center with the largest single structure in Shanghai, Baosteel Cloud will play an important role in driving the building of the infrastructure for cloud computing industry in Shanghai and facilitating the in-depth integration of industrialization and IT technologies.

Baosteel Resources (International) acquired the Australian resources company Aquila

In 2014, Baosteel Resources (International) Co., Ltd. and Australia’s rail freight operator Aurizon jointly completed the offered acquisition of Aquila, a listed resources company in Australia, in which Baosteel Resources (International) Co., Ltd. holds 85.0% of the shares and Aurizon holds the rest.

The acquisition is a significant action taken to realize the development strategy of Baosteel to have industrialized, international upstream resources, and to create an overseas resources industry platform of Baosteel by developing Australian API iron ore project and Eagle Downs hard coking coal project.

Intensive processing project of Tar in Wuhai, Inner Mongolia

To optimize and perfect the production capacity layout of tar processing and give full play to the advantages in technology and market as well as the management experience of Baosteel Chemical in coal chemical industry and the comprehensive advantages of the local place in resources, energy and market, Baosteel Chemicals Co., Ltd. in Shanghai and the Yellow River Energy Technology Group Co., Ltd. in Inner Mongolia jointly invested and founded Wuhai Baohua Wanchen Coal Chemicals Co., Ltd. in Wuhai, jointly constructing and operating an intensive processing project of tar with an annual capacity of 300,000 tons in Wuhai, Inner Mongolia. Having experienced construction for more than one year, the project has been put into trial production since June 2014.

TECHNOLOGICAL INNOVATION



➤ Forerunner Initiative

Work objective

In 2014, surrounding the implementation of the new-round planning, Baosteel stuck to the leading role of technology, continuously improved the capacity of technological innovation system, focused on the demands of key and emerging industries and supported its business transformation with new products and technologies.

Name of Indicator	2012	2013	2014
Amount of R&D investment (RMB billion)	6.04	5.88	6.07
No. of application of patents accepted (items)	2445	2592	2272
Proportion of R&D investment (%)	2.1	1.9	2.0
Percentage of new product sales (%)	18.1	18.1	17.7
Number of patents granted (items)	1689	1768	1665
Economic benefits from research projects (RMB billion)	2.27	2.01	1.55
Amount of technology transfer contract (RMB million)	162.27	88.23	91.19
Number of technology trades	49	40	73

System Construction

Continuously optimize technological innovation system and increase system capacity

To boost the capacity of technological innovation system and enhance its technological competitiveness, Baosteel has continuously conducted research and optimization of the innovation system.

In 2014, Baosteel further optimized the mode of R&D cooperation and sharing and realized the R&D cooperation within the Corporation in multiple modes such as pairing up iron and steel companies in Shanghai, providing “shared platform + project supports” for those outside Shanghai and developing “Joint R&D Center” for diversified industries; in light of the weak R&D of long steel product technologies, Baosteel integrated the R&D resources for long steel products and set up a specialized long steel product research institute. To enhance the utilization of global technological resources, Baosteel further reinforced the planning and layout of foreign R&D institutions, and drew a foreign R&D center development planning to further improve its ability to utilize global R&D resources.

Continuously conduct R&D of key manufacturing technologies and improve manufacturing capacity

In the field of the key technologies for steelmaking, hot rolling, cold rolling and equipment, “Golden Apple” teams persistently devoted themselves to R&D to drive the progress of the core critical technologies of Baosteel. Among others, the process of efficient dephosphorization in the converter, the expansion and application of TMCP technology, and laser blanking technology for auto sheets have made remarkable progress.

As the most significant technological innovation project of Baosteel in recent years, the industrialization of thin-strip continuous casting and rolling technology has reached an important milestone. In 2014, based on the success in the completion of the industrialized production line, Baosteel successively finished heat run test and full operation, single furnace casting and coiling, and 2-furnace continuous casting and coiling, and part of steel coils had been supplied to users, signifying that thin-strip continuous rolling technology was moving toward the target of industrialization continuously.

System Building

Take technology as driving force and accelerate the technology industrialization in diversified sectors

Baosteel Engineering independently developed the equipment technology of slab casters, which was successfully applied to Baosteel's No.5 Slab Caster and the Slab Caster of Fujian Qingtuo Nickle; the Corporation mastered the key technologies for the industrialization of large forged steel backup rolls and the technology of differential heat quenching was at the leading level in China, and the products were applied to Baosteel, Shougang, Simak, Danieli and other companies; and the backup rolls manufactured with the overall induction heating controlled quenching technology were applied to Baosteel Co., Ltd., filling the blank in the relevant sector of China.

Relying on the material system capacity of iron and steel industry, Baosteel Metals accelerated the research and development of high-end iron and steel products, with the progress of the manufacturing technologies and product development of the high-grade wire materials and products such as sawing wire, steel cord and zinc-coated wire and bulk supply of part products was realized.

Centered on resources utilization and environmental protection, Baosteel Development Co., Ltd. accelerated its transformation and development. The company has completed the construction of a pilot-scale production line for producing mineral slag from blast furnace slag and started the trial production of mineral wool. In cooperation with Shanghai Academy of Environmental Sciences (SAES), Baosteel Development also expanded the business of soil remediation, for example, conducting the R&D of soil remediation (medicament and equipment) technology, completing the manufacture of specialized crushing, screening, and mixing equipment for soil remediation, and accomplishing the integral design of soil remediation.



Technological Innovation Results

Continuously enhance the R&D of core products and establish and consolidate the competition edge of iron and steel materials

At Baosteel, the cultivation and R&D of globally leading products has made new developments, the third generation of advanced high-strength steel (QP steel) now has realized seriation, and the cold rolled medium manganese steel has made its debut in the world; and the magnetic induction grain-oriented silicon steel for UHV transformers has now been supplied in batch. BG150V casing tube with high strength and high toughness for 3-ultra oil gas wells has been released to the market with limited supply and applications.

A batch of iron and steel engine products also made remarkable improvements. The ultra-pure ferrite stainless steel realized 13% growth in sales volume throughout the year, ferrite stainless steel for commercial vehicle SCR entered new market and high-quality austenitic stainless steel 316L made new breakthroughs in the building sector as it was successfully used in the curtain walls of Shanghai Tower – the tallest building in China. 690 alloy U-shaped tubes for CAP 1400 State Nuclear Power Demonstration Reactors realized good overall finished products yield, providing support for the State strategic demand in China; high pressure boiler alloy small-diameter pipe for the use of national 700°C USC experimental platform was successful in trial-production. And the continuous progress of strategies and engine products effectively supported the operation of the Corporation.

A number of technological achievements won awards from the government and industry, thus enhancing the technological influence power of Baosteel

In 2014, the "Innovative Development and Application of Steel Pipes for 600°C USC Thermal Power Unit" won the first prize of National Awards for Scientific and Technological Progress; 8 achievements won the Metallurgical Scientific and Technological Progress Awards, of which 2 achievements including the "Process and Industrialization of Cold Rolled Hot-dipped Al-Zn Equipment" and the "High Surface Control Technology of Medium-High Chromium I Ferrite Stainless Steel" won the first prize of Metallurgical Scientific and Technological Progress Awards.





Technological Innovation Cases

Innovative Development and Application of Steel Pipes for 600°C USC Thermal Power Units

Thermal power accounts for around 75% of the power source in China. Due to historical reasons, there are still quite a lot of thermal power units with low steam parameters, resulting in low thermal efficiency, high coal consumption and heavy pollutant emission. Under the dual pressure of energy cost and environmental protection requirement, the units with high steam parameters have been the first choice for thermal power generation enterprises.

600°C USC Thermal Power Unit is the most advanced commercial coal-fired power generation technology to date and the development of the units was initiated at the beginning of the century.

To break the bottlenecks of pipe materials for USC boilers, Baosteel, Iron & Steel Research Institute Group and Chengde Steel Tube Co., Ltd. organized a team integrating industry, university, research and application to undertake the National 863 Program and National Science and Technology Support program and jointly work on technological difficulties in boiler tubes for 600°C USC thermal power units. Over more than 10 years' efforts, the team achieved several significant technological innovations: successful development of the production technology for high-strength and high-tenacity 25% Cr Austenitic Pipe of the whole set for the first time in the world; successful development of the new process and new equipment for control of steel pipe grain size and cooling process, packaged process and technology of 9-12% Cr Martensitic steel pipe without δ -ferrite; inventing the technology for control of efficient continuous production of high alloy boiler tubes initially, and independently designing, manufacturing and assembling special production lines; designing and manufacturing the equipment for the environment corrosiveness evaluation of boiler tubes, and developing the first international industrial standards for the steam corrosiveness evaluation of boiler tubes.

In 2014, the Innovative Development and Application of Steel Pipes for 600°C USC Thermal Power Unit won the first prize of National Awards for Scientific and Technological Progress.

National Natural Science Foundation of China "Joint Fund for Iron and Steel Research"

In 2000, Baosteel and National Natural Science Foundation of China jointly initiated and founded the "Joint Fund for Iron and Steel Research". Open to the whole country, the "Joint Fund for Iron and Steel Research" is prioritized to provide subsidies to the research into new metallurgical technologies which are badly needed by China's iron and steel industry and basic research projects with scientific significance and value of application in processes, materials, energy, environment, equipment and information. The fund encourages innovation, interdisciplinary study and integration of industry, academy and research, prioritizing support to young talents in science and technology.

In 2014, "Joint Fund for Iron and Steel Research" subsidized 4 key projects including "Basic Research into the Structure Property Design and Hot Working Preparation of High-performance Lean Duplex Stainless Steel" and "Research into the Corrosion Mechanism of Oil Tubes for Gas Well of Ultra Deep, Ultra High Temperature and Ultra Corrosive Environment and Corrosiveness Evaluation Methods", and 8 breeding projects including "Composite Enhancement Mechanism and Process Control of Phase Change and Nano Precipitation of 1200MPa Cold Rolled Ultra-strength Steel Plate".

By the end of 2014, both parties had cooperated in funding the "Joint Fund for Iron and Steel Research" for four years. The fund had totally subsidized 257 research projects with an amount of RMB134 million (including the 67 million contributed by Baosteel). By subsidizing project research, the "Joint Fund for Iron and Steel Research" attracted a batch of high-quality experts and achieved a batch of important research results in the fundamental research and applied fundamental research with proprietary intellectual property rights.

In 2014, on the basis of concluding the cooperatively subsidized projects for the past four terms, both parties decided to increase fund contribution to conduct the fifth term of cooperation (2015-2019), which would be focused on the research into basis of high efficiency, green, sustainable iron and steel manufacture technology and its applied basis research needed for the transformative development of iron and steel industry and the research into the applied basis projects in the sectors of advanced materials, resources, energy and environmental protection.



CARING FOR THE CO-EXISTENCE OF HUMAN AND NATURE TO CULTIVATE THE INNER STRENGTH OF BAOSTEEL

Baosteel, as a driver of green industry chain, has always been dedicated to actively reducing emission and manufacturing more environment-friendly products. As the first enterprise qualified for ISO 14001 in the metallurgical industry of China, Baosteel is also one of the first Chinese enterprises joining the **United Nations Global Compact**, the **first** national industrial tourism demonstration site in Shanghai as well as a **National Environment-friendly Enterprise**. Moreover, Baosteel has **made exclusive release of** Green Declaration and the Product Environment Statement and adhered to the application of LCA (Life Cycle Assessment) to quantify the energy consumption of resources as well as the environmental impact of steel products.



"An enterprise capable of winning the understanding and recognition of residents must be a reliable one with a high sense of responsibility for the society." As a young employee of Baosteel, I also live in Shanghai, a metropolitan and look forward to blue sky and white clouds as well as a wonderful life. In my point of view, the value of my work lies in the harmonious co-existence between the enterprise and the environment together with the understanding and recognition between the enterprise and the nearby residents. Baosteel has never ceased pursuing the development of new energy technologies and sustainable development in terms of clean production, waste heat recovery, photovoltaic power generation and mobile heat supply. While dedicating all the aforesaid efforts with all our sincerity and hearts, we, the Baosteel people, have strengthened ties with the nearby neighbourhood residents. In the tree planting activity on March 12th this year, the residents also took an active part in the voluntary tree planting in the plant sites of Baosteel so as to protect and add more green to Baosteel.

Su Yang
Secretary of the Youth League Committee
Energy and Environment Protection Department
Baosteel Co., Ltd.

GREEN MANUFACTURING

➤ Driver Initiative

China has included the quality of ecological environment into the category of basic public products, and the work of conserving resources and protecting environment has been lifted to the level of protecting the public interest. As an iron and steel enterprise characterized by intensive consumption of resources and energy and a heavy environment load, Baosteel continuously enhanced the management of resources and environmental protection, reviewed its guidelines for managing energy and environmental protection, strengthened the construction of energy and environmental protection management system, increased the investment in energy conservation and emission reduction, and particularly accelerated the "Three Transformations" in respect of environmental protection, which means, ideologically, transforming from fulfilling external regulatory requirements passively to positively practicing environmental management strategies; methodologically transforming from emphasizing administrative management to combining the governance pursuant to law and regulations and administrative management, and in terms of administrative measures, transforming the operation and management of environmental protection facilities from auxiliary offline equipment to online equipment as the main production bodies, to ensure the sync operation of environmental protection facilities and main process equipment.



Vision of Green Development

Become the driver of green industrial chain.

Management Guideline for Energy and Environmental Protection

Fulfill the entity responsibility as a legal person pursuant to laws and regulations

Practice environmental management strategies according to the people-oriented principle

Drive industry development in a green manner through technological innovations

Share resources to help foster urban ecological civilization



Energy and Environmental Protection Management System

In the construction of energy and environmental protection management system in 2014, Baosteel highlighted and enhanced top-tier design and overall coordination, upgraded the systematization, standardization and implementation capacity of its energy and environmental protection management, perfected the rules concerning energy and environmental protection, prepared, revised and released 8 important management documents including Managing Measures for the Compliance of Environmental Protection, Managing Measures for Environmental Protection Events 'Emergency Plans for Major Environmental Pollution', Managing Measures for Environmental Protection Event Accountability, Managing Measures for Energy Management Evaluation, Managing Measures for the Evaluation Report for Energy Management, Implementation Measures for the Preparation of Self-evaluation Report for Energy Management, Managing Measures for Energy and Environmental Protection Statistic, and Detailed Measures for Virtual Team Activities of Energy and Environmental Protection. By improving management systems and perfecting management regulations, it is intended to clarify management responsibilities, regulate management procedures, intensify management efforts and improve management ability and effectiveness.

(I) Construction of Energy Management System

Baosteel Co., Ltd. (the plant directly affiliated to it) is one of the first domestic iron and steel enterprises which have passed the certification of energy management system. In accordance with GB/T 23331-2009 Requirements for Energy Management System and EnMS-GT-2010 Implementation Measures for Certification of Energy Management System in Iron and Steel Industry, Baosteel Co., Ltd. (the plant directly affiliated to it), Baosteel Stainless Steel, Baosteel Special Steel, Meishan Iron and Steel of Baosteel Co., Ltd., Bayi Iron and Steel, and Ningbo Iron and Steel successively passed national certification of energy management system in 2011. In the same year, Baotian, a company affiliated to Baosteel Development, became one of the first enterprises in building industry passing the certification of energy management system.

To this end, in 2014, Baosteel Co., Ltd. (the plant directly affiliated to it and Meishan Iron and Steel), Baosteel Stainless Steel, Baosteel Special Steel, Ningbo Iron and Steel, and Baosteel Development (Baotian Company affiliated to it) successively started and eventually all passed the review for certifica-

tion conversion as required by the new standards of national energy management system. In June 2014, Shaoguan Iron and Steel passed the certification of energy management system. Baosteel Chemical prepared and issued five documents on energy management procedures including the Procedures for Energy Planning and Energy Review Control, and launched standards implementation and certification of energy management system.

In 2014, the "Three Flows and One Status" Energy Value Management of Modern Iron and Steel Enterprises of Baosteel Co., Ltd. won the first prize of the Innovative Management Achievements Award in Shanghai and the first prize of the 21st National Award for the Innovative Achievements of Enterprise Management.

(II) Environmental Management System

In 1998, Baosteel Co., Ltd. (the plant directly affiliated to it) became the first enterprise which passed the certification of environmental management system in China's iron and steel industry. Baosteel Stainless Steel, Baosteel Special Steel, Meishan Iron and Steel of Baosteel Co., Ltd., Bayi Iron and Steel, and Ningbo Iron and Steel passed the first certification of environmental management system successively in 2005, 2006, 2007, 2003 and 2012. In March 2014, Shaoguan Iron and Steel passed the certification of ISO14001 annual supervisory review organized by China Classification Society.

Till now, all of the major iron and steel production units in Baosteel Group, except Baosteel Desheng, have passed the certification of environmental management system.

(III) Clean Production Review

According to relevant requirements of the state, the industrial enterprises of Baosteel conduct regular clean production review.

In 2014, Baosteel Co., Ltd. held a pre-evaluation for clean production review according to the relevant requirements of Shanghai, and organized to carry out the clean production schemes determined during the pre-evaluation, preparing for the new round of clean production review by municipal environmental protection bureau.

As one of the pilot clean production companies in Shanghai, Baosteel Special Steel conducted the

first round of clean production review in 2006 and passed the review in June 2007. During 2010-2011, the company accepted and passed the second round of review too. The third round of review is planned to initiate in 2015 to continuously contribute to its cost reduction and benefit increase.

Bayi Iron and Steel conducted the first review of clean production in 2012 and passed it in September 2013. Currently, the implementation of low-, medium- and high-cost plans determined in the review was all completed.

Shaoguan Iron and Steel passed the review of clean production enterprises in Guangdong Province for certificate renewal in March 2014 and prepared the Planning for Energy Conservation of Shaoguan Iron and Steel in 2014-2016, which would be carried out in a gradual manner.

Ningbo Iron and Steel passed the clean production review in Ningbo in 2011. In 2014, Ningbo Iron and Steel evaluated and concluded the results of the implementation of the plans drawn up in the first round of clean production review, preparing for the coming round of clean production review in 2015.

All the subsidiaries of Baosteel Chemical including Baoshan subsidiary, Meishan subsidiary and Suzhou Baosteel Chemical passed the clean production review organized by the local government authorities, with certificates of clean production all in the valid period.

Baosteel Development continuously improved its level of clean production by taking such measures as increasing resources utilization rate from sources, reducing or eliminating the generation of pollutants, promoting industrial upgrade, and driving the transformation of industrial development modes. Its subsidiaries, Baotian, Kaituo and Changxin, already passed clean production review while Baosteel Magnetic and the Packaging Management Department were under clean production review.

Baosteel Metal regarded such companies as Shanghai Iron Printing, Baosteel EOECO, Baomin Gas, Nantong Wiring Products and Wuhan Baosteel Canmaking affiliated to it as the key units of clean production review of the year and intensified the efforts in onsite implementation. Within the year, all of the aforesaid enterprises passed onsite evaluation.

Measures

Energetically drive fundamental environmental protection

Assist governmental environmental protection authorities in organizing and conducting relevant inspections

Enhance the process management and control of environmental protection facilities

Improve the capacity of environmental management through informatization

In line with the new laws and regulations on environmental protection, Baosteel actively organized its subsidiaries to conduct inspections of environmental protection benchmarking and compliance and carefully figured out the compliance or non-compliance of each enterprise in respect of emissions in 2014. Based on the results, more than 70 management optimization measures were taken against some indicators which were at critical fluctuation to enhance the operation and management of environmental protection facilities, thus making more than 80 environmental protection indicators meet new standards stably. For other items which could not meet standard stably, 152 projected measures were determined, which would be carried out step by step in 2014-2017, with a total investment of around RMB 4.4 billion yuan, including 21 projects put into operation in 2014. To consolidate the management over the projects which had met

environmental protection standards, 55 projects were declared under the intensive management of the Corporation and whether such projects were carried out as scheduled and effectively or not was incorporated into the performance evaluation for the energy conservation and environmental protection of a subsidiary.



Energy Conservation and Environmental Protection Cases

Energy Conservation and Environmental Protection Cases

Superfine slag powder is a kind of sustainable, environment-friendly “green building material” made from the raw material of blast furnace slag – a by-product generated from pig iron smelting.

The technical renovation project of inland-river vertical roller mill production line, constructed at inland water granulated slag pier, is a slag powder production line with an annual output of 560,000 tons. It grinds blast furnace slag powder into superfine powder, which can be used as a new kind of building material, and thus creates considerable economic benefits. The project, if put into production, will consume 640,000 tons of blast furnace water granulated slags every year. The vertical roller mill used in this project is developed by Baosteel Development Co., Ltd. in cooperation with Baosteel Engineering & Technology Group Co., Ltd., which independently developed and manufactured the mill and has been granted with 4 proprietary technologies on the basis of digesting and absorbing the merits of imported equipment alike. In 2011, the vertical roller mill and its production line were honored the second prize of “Shanghai Scientific and Technological Award”.

In the metallurgy industry, the comprehensive utilization of solid wastes is not only consistent with China’s industrial policies of developing circular economy, conserving energy and reducing emission, but also helps improve the enterprise’s benefits, and, most importantly, protects the environment and ecology, thus producing obvious social benefits.

Waste Heat Recovery Project of 1880 and 2050 Hot Rolling Heating Furnaces of Baosteel Co., Ltd.

The generation and consumption of steam, one of the essential energy media for iron and steel enterprises, is close to the whole iron and steel production process. It’s a great waste of energy and impairment to the benefits of an enterprise if the sensible heat from various procedures is not recycled for use.

Through the waste heat recovery project of 1880 and 2050 hot rolling heating furnaces of Baosteel Co., Ltd., the waste gas heat from heating furnaces is recovered to produce overheated steam and put into the low pressure pipe network for use, thus realizing the goal of energy conservation and reduction of energy consumption. It is in line with China’s basic national policy that requires “developing Circular Economy to conserve energy and reduce emissions”, and is also helpful for reaching the target of protecting the environment and improving economic benefits.



The picture shows the globally largest photovoltaic power generation on facility building roof built by Baosteel Co., Ltd.



The subsidiaries of Baosteel take green manufacturing as the priority of environmental management and green development, adhere to protecting the environment from three aspects, including emission reduction from sources, process management and control and end of pipe treatment so as to practically boost Baosteel's level of clean production.

Application of New Energy Technologies

In January 2014, the demonstration project of Baosteel 50 MWp Golden Sun Photovoltaic Power Generation of Baosteel (phase I) was completed and put into operation and generated power of 45million kWh in the whole year. To date, the project is still the largest rooftop photovoltaic power generation project in the world, playing a role of guiding and demonstration for other iron and steel enterprises to develop clean energy.

Afterwards, Baosteel successively completed or started photovoltaic power generation projects in Ningbo Iron and Steel and Meishan Iron & Steel.

The 20 MW photovoltaic power generation project of Meishan Iron and Steel was connected to the grid and started to generate power from December 2014, which was the largest rooftop photovoltaic power generation station completed in Jiangsu in 2014 and was expected to have an annual power generation capacity of 18.41 kWh.

Pilot Carbon Emission Reduction Trading

The year of 2014 is the second year for China to conduct pilot carbon trading and also the first year for performance inspection. Nine pilot enterprises of Baosteel completed on schedule the onsite check for Carbon Emission Report in 2013 and completed settlement and submission of the carbon quotas in 2013. Among them, six pilot enterprises explored the change of carbon assets management mode through trading of allowances.

Pilot Enterprise	Quota in 2013 (10,000 tons)	Actual Emission upon verification in 2013 (10,000 tons)	Amount sold out (10,000 tons)	Balance of Quota after settlement and trading in 2013 (10,000 tons)
Baosteel Co., Ltd. (headquarters)	3774.1669	3550.2514	11.0000	212.9155
Baosteel Stainless Steel (headquarters)	629.9300	629.6800	No trading	0.2500
Baosteel Special Steel (headquarters)	121.9897	92.0448	29.9449	0.0000
Baosteel-NSC/Arcelor Automotive Steel Sheets	58.0760	58.8479	-0.8000	0.0281
Baosteel Chemical (headquarters)	76.6976	73.8693	No trading	2.8283
Wugang Gas	10.8177	11.4629	-0.7000	0.0548
Baotian New Materials	10.4500	11.6099	-1.2920	0.1321
Wei-steel Energy	125.2374	125.2283	No trading	0.0091

Note: In accordance with relevant managing measures concerning carbon trading of Guangdong Province, Shaoguan Iron & Steel fulfilled the tasks as stipulated and those of settlement with a surplus of over 43,000 tons, becoming one of the first enterprises which succeeded in fulfilling the contract and controlling emission.



Ecological Protection and Plant Greening

Baosteel combined the phased treatment of factory appearance and environment with long-term management mechanism, put emphasis on treatment from sources, enhanced the accountability divided by area, and strengthened operating standardization to improve the overall environment of the Corporation.

Cases

In 2014, Baosteel was far more fruitful in respect of the greening area and fund investment than previous years, carrying out 22 greening projects, greening an area of 463,000 m² and increasing a greening area by 109,000 m².

Baosteel Stainless Steel continuously improved the greening rate in its plant, which reached 29% in 2014.

Baosteel Special Steel optimized the green land within its plant and office areas, realizing a greening rate of 30.3% in its plant by taking daily care of green land and filling up vacant areas.

In 2014, Bayi Iron and Steel added 150,000 m² of green land in its plant, achieving a green coverage rate of 42.7% and the green coverage rate in living quarter reaching 52%.

In 2014, Shaoguan Iron and Steel continued the greening and environmental treatment work, completing 11 greening and environmental treatment projects and conducting 6 supportive greening works for construction projects, which increased a greening area by 71,382.71 m² and 31,566.5 m² re-



spectively, thus further increasing the greening rate in the plant by 1.12% and making that of the whole plant reach 36.10%.

In 2014, Baosteel Development Co., Ltd. affiliated to Baosteel, focused on the research into the composite technology for soil remediation of “simultaneous production and remediation”, in which slag powder and desulfurized gypsum were used to develop soil remediation medicament, and the process approach of “treating waste with waste” was sought to remediate soil and digest solid waste at the same time. The company also promoted the experience gained from pilot engineering to the project of building forest belt around the plant boundaries of Baosteel Co., Ltd., and developed greening and planting technologies for ecological restoration.



2014

The indicator for the emission of major pollutants of Baosteel was satisfied exceeding the planned requirements and that for energy consumption was met as indicated by the annual plan. Throughout the year, Baosteel emitted 24,391 tons of SO₂, had chemical oxygen demand of 1,261 tons and 51,807 tons of NO_x, down by 13.9%, 18.2% and 17.8% respectively in comparison with those in 2013, and by 64%, 62% and 37% in comparison with those in 2010, indicating that the Corporation had accomplished the emission reduction targets set up in the “Twelfth Five-Year Plan” all round. At Baosteel, the comprehensive energy consumption per ton of steel was 607 kg standard coals/ton, dropping by 0.6% in comparison with that in 2013; the comprehensive energy consumption per RMB 10,000 output value (comparable price) was 0.92 ton standard coal/RMB10,000 yuan, dropping by 2.3% in comparison with that in 2013.

By the end of 2013, the 18 enterprises under Baosteel that participated in “Low Carbon and Energy Conserving Campaign of 10,000 Enterprises” had saved 4.08 million tons of standard coals during the first three years of the “Twelfth Five-Year Plan”, reaching 105.1% of the overall target of energy conservation. On December 3, 2014, the National Development and Reform Commission released the No.20 Announcement of Year 2014, declaring that all the enterprises under Baosteel that participated in the “Low Carbon and Energy Conserving Campaign of 10,000 Enterprises” had fulfilled or exceeded the target of energy conservation for examination set up for 2013.

13.9% ↓ Drop in the emission of SO₂

18.2% ↓ Drop in Chemical oxygen demand

17.8% ↓ Drop in the emission of NO_x

► Environmental Performance of Iron and Steel Production Enterprises:

Green Production Performance of Baosteel Co., Ltd.

Index name	Unit	2010	2013	2014
Comprehensive Energy Consumption Per Ton of Steel	%	100	107	107
Total Amount of Recovered Surplus Energy	%	100	76	76
New Water Consumption Per Ton of Steel	%	100	99	96
SO ₂ Emission Per Ton of Steel	%	100	62	55
COD Emission Per Ton of Steel	%	100	97	98
Smoke Dust Emission Per Ton of Steel	%	100	98	95
Comprehensive Resource Utilization Rate of Solid Waste	%	98.58	98.82	99.15

Note 1: In 2012, the plant in Luojing area was shut down and Baosteel Stainless Steel and Baosteel Special Steel were transferred from Baosteel Co., Ltd. to Baosteel Group.

Note 2: All indicators in the table, except "Comprehensive Utilization Rate of Solid Waste Resources", use the values in 2010 as a benchmark.

Green Production Performance of Bayi Iron and Steel

Index name	Unit	2010	2013	2014
Comprehensive Energy Consumption Per Ton of Steel	%	100	95	95
Total Amount of Recovered Surplus Energy	%	100	144	166
New Water Consumption Per Ton of Steel	%	100	77	67
SO ₂ Emission Per Ton of Steel	%	100	47	43
COD Emission Per Ton of Steel	%	100	20	2
Smoke Dust Emission Per Ton of Steel	%	100	76	82
Comprehensive Resource Utilization Rate of Solid Waste	%	73.50	91.39	93.37

Note: All indicators in the table, except "Comprehensive Utilization Rate of Solid Waste Resources", use the values in 2010 as a benchmark.

Green Production Performance of Ningbo Iron and Steel

Index name	Unit	2010	2013	2014
Comprehensive Energy Consumption Per Ton of Steel	%	100	99.24	96.80
Total Amount of Recovered Surplus Energy	%	100	132.13	151.47
New Water Consumption Per Ton of Steel	%	100	97.03	136.15
SO ₂ Emission Per Ton of Steel	%	100	62.41	80.58
COD Emission Per Ton of Steel	%	100	117.04	95.32
Smoke Dust Emission Per Ton of Steel	%	100	64.70	74.9
Comprehensive Resource Utilization Rate of Solid Waste	%	90.33	96.58	98.73

Note: All indicators in the table, except "Comprehensive Utilization Rate of Solid Waste Resources", use the values in 2010 as a benchmark.

Green Production Performance of Shaoguan Iron and Steel

Index name	Unit	2012	2013	2014
Comprehensive Energy Consumption Per Ton of Steel	%	100	95.42	94.75
Total Amount of Recovered Surplus Energy	%	100	123.53	134.47
New Water Consumption Per Ton of Steel	%	100	94.32	94.11
SO ₂ Emission Per Ton of Steel	%	100	105.69	95.75
COD Emission Per Ton of Steel	%	100	122.04	110.38
Smoke Dust Emission Per Ton of Steel	%	100	90.18	83.13
Comprehensive Resource Utilization Rate of Solid Waste	%	99.75	99.74	99.72

Note 1: Shaoguan Iron and Steel was officially incorporated into Baosteel Group in October 2012.

Note 2: All indicators in the table, except "Comprehensive Utilization Rate of Solid Waste Resources", use the values in 2012 as a benchmark.

Green Production Performance of Baosteel Stainless Steel

Index name	Unit	2012	2013	2014
Comprehensive Energy Consumption Per Ton of Steel	%	100	102.04	106.54
Total Amount of Recovered Surplus Energy	%	100	120.40	125.36
New Water Consumption Per Ton of Steel	%	100	98.19	131.34
SO ₂ Emission Per Ton of Steel	%	100	58.7	73.36
COD Emission Per Ton of Steel	%	100	79.52	78.49
Smoke Dust Emission Per Ton of Steel	%	100	94.44	105.02
Comprehensive Resource Utilization Rate of Solid Waste	%	99.24	99.21	99.16

Note 1: Baosteel Stainless Steel was transferred from Baosteel Co., Ltd. to Baosteel Group in 2012.

Note 2: All indicators in the table, except "Comprehensive Utilization Rate of Solid Waste Resources", use the values in 2012 as a benchmark.

Green Production Performance of Baosteel Special Steel

Index name	Unit	2012	2013	2014
Comprehensive Energy Consumption Per Ton of Steel	%	100	98.82	98.45
New Water Consumption Per Ton of Steel	%	100	95.60	123.20
COD Emission Per Ton of Steel	%	100	88.07	87.14
Smoke Dust Emission Per Ton of Steel	%	100	87.88	76.92
Comprehensive Resource Utilization Rate of Solid Waste	%	97.00	96.82	96.96

Note 1: Baosteel Special Steel was transferred from Baosteel Co., Ltd. to Baosteel Group in 2012.

Note 2: All indicators in the table, except "Comprehensive Utilization Rate of Solid Waste Resources", use the values in 2012 as a benchmark.

GREEN PRODUCTS



► Classification of Green Products

Baosteel Co., Ltd. classifies all products of Baosteel into three categories: the first category includes the basic products conforming to environmental laws and regulations of various countries (BASE), the second one includes those with good environmental performance (BETTER), and the third one refers to the cutting-edge products having excellent environmental performance, containing elements of breakthrough technologies, and featuring globally leading environmental performance and economic performance (BEST).



2014

7248800 tons

Increase by










11.01%

on a year-on-year basis



In 2014, Baosteel Co., Ltd., centered on keeping pace with the developments of regulations and green demand, enhancing internal management, and continuously sharing experience and results with users to jointly realize sustainable development and taking them as the main points in work, carried out various work plans for the production of green products. In 2014, the sales volume of green products of Baosteel Co., Ltd. was 7,248,800 tons (while the target set for the year was 6,239,800 tons), up by 11.01% on a year-on-year basis. Among the volume, it included 6,232,000 tons of BETTER green products and 1,016,800 tons of BEST green products, increasing by 7.46% and 39.24% respectively on a year-on-year basis.

➤ Contribution of Green Products to the Processing and End Use of Downstream Industries

Contribution to the Processing and End Use of Downstream Industries Downstream Industry	Improving Energy Efficiency and Resource Utilization Rate	Reducing Environmental Impact	Extending Service life and Facilitating Recycling
 Auto Industry	High-strength auto steel, steel for auto friction disk, steel for double welded pipe, ultra high-strength auto steel, fine blanking steel, non-oriented electrical steel for high-efficiency motor and High Hole Expansion Steel	Hot galvanizing for auto and electro-galvanizing for auto	Wear-resistant steel, pre-phosphate automobile outer sheets and armor protection steel
 Light Industry and Home Electrical Appliance Industry	Deep punching steel for home electrical appliance, high-strength glassed steel, hot galvanizing for composite board of elevator, aluminum-zinc alloy for electrical cabinet, thin aluminum-zinc steel for home electrical appliance, tin (chrome)-plating steel for electric component, high-efficiency and non-oriented electrical steel with low iron loss, ultra deep punching steel for home electrical appliance, steel for battery shell, ultra-thin aluminum-zinc steel for home electrical appliance and knurled and color coated product for home electrical appliance	Hot-galvanized steel for home electrical appliance, electro-galvanized steel for home electrical appliance, chrome-free and non-oriented electric steel with eco-friendly coating and deep-punching aluminum-zinc steel for home electrical appliance	Sulfuric-acid-resistant dew point steel, electro-galvanizing applied to LCD module and steel applied to OA
 Electric Power Resource Industry	High-strength pipe line steel, electromagnetic pure iron, high induction grain-oriented electrical steel, pipe line steel, top high grade oriented electrical steel and steel for low-temperature vessel/storage tank	Steel for hydropower and key material for nuclear power.	Acid-resistant pipeline steel
 Transport Industry	Cold-rolled, high-strength and weathering resistant steel for transport, steel for coiled tubing, high-strength and hot-galvanized steel for container, thin and high-strength color coating for container, color coating for container decoration and tempered/low-temperature boat deck	TMCP boat deck	Electro-galvanized steel exclusively for gasoline tank, ordinary weathering resistant steel, steel exclusively for gasoline tank, high-strength weathering resistant steel, highly weathering resistant steel and corrosion resistant steel for boat
 Architecture Industry	High-strength aluminum-zinc steel for architecture, color coating products of high-strength substrate, deep-punching color coating products, color coating products with fluorocarbon coating and low-yield steel plate for seismic resistance	Color coating product with eco-friendly coating	Weathering resistant steel of hot-rolled/thick plate series for architecture
 Metal Wrapping Industry	DR material, ultra-thin DR material, oil drum plate with low inunction/ultra-low inunction, low-tin iron, high-end powdered milk tin, TFS and thinned and crown-capped tin plate	High-end eco-friendly tin plate and DI material tin plate	Tinplate for various steel cans
 Engineering Machinery Industry	High-strength steel for engineering machinery, ultra high-strength steel, tempered steel and high-strength structural steel	TMCP machinery structural steel	Thick-plate and abrasion-resistant steel
 Marine Engineering Industry	Structural steel for machine engineering and gear steel for offshore platform	Steel for welding with ultra-high energy input	Marine corrosion resistant steel
 Other Industries	Mold steel/steel for textile machinery	Other low-alloy steel	Steel for knife mould

Introduction to Study on Life Cycle Assessment

Life Cycle Assessment (LCA) is a method used for quantitatively assessing the environmental load and impact during the life cycle of a product.

In 2014, Baosteel completed a big scientific research project – “Research into the Production Process and Environmental Friendliness of Baosteel Products Based on LCA”. Over 4 years, the project was comprised of 12 sub-projects and 20 research contents from six aspects, including green manufacturing, platform construction, ecological design, green procurement, green marketing, and standards and methods.

The “Online Inquiry System for LCA Environmental Performance Information of Baosteel Products” was established, and the data available online included LCA results of Baosteel products, diagram of total consumption coefficient in the complete product process, Baosteel product environmental performance index (BPEI) and carbon emission data, providing reliable data support for the green, environmental-friendly production and operation of Baosteel.

Baosteel also completed the third party certification of environmental Product declaration (EPD) based on LCA method. Intertek, an internationally authoritative institution in this field based in UK, conducted a 2 months’ verification of LCA methodology, computation model and data on the 8 categories of Baosteel products. And Baosteel has obtained the certificate issued by its headquarters in Belgium and been authorized to use its green leaf mark. The fact that Baosteel’s EPD based on LCA passed the review of the internationally authoritative institution represents a major progress made by China’s iron and steel industry in product environmental performance information disclosure,

signifying that the rules on environmental performance information disclosure are clearer, procedures are more transparent, and information are publicized to a higher extent.

The LCA research case (English version) of Baosteel silicon steel and two-piece cans, which was prepared based on the results of LCA big project research, was selected into the Life Cycle Thinking: Steel a material of choice, a book of World Steel Association (WAS) that will be released at WAS annual meeting in 2014. The target audience of the book includes consumers, ordinary people, policy makers, academic researchers, and non-LCA practitioners.

Explore LCA Overall Evaluation of the Car Body in White

To complete the LCA evaluation of the car body in white of a certain automobile, it involves the LCA data of 13 assemblies, 622 components and parts, and 25 types of steel. The adoption of LCA methodology in assessing the environmental load of the car body in white put forward the LCA computation method specific for the car body in white, and established the inventory database on the life cycle of the car body in white of the automobile. A systematic evaluation of the “environmental performance” of auto steel within the whole life cycle helped improve Baosteel’s expertise and service capacity in providing green auto steel solutions.



Development of Responsible Products

In 2014, Baosteel started ecological design research, and LCA played an important role in supporting ecological design as the ecological design of a product was realized through LCA analysis and evaluation. The ecological design for iron and steel based on LCA is characterized by: focusing on environmental benefits in addition to quality, cost and functions, on the use cost in addition to the manufacturing cost in a specific procedure, and on the environmental performance throughout the whole life cycle to minimize the environmental impact.

The application case that LCA is applied to the small assembly design of B pillar compared and analyzed the environmental performance of three high-strength steel plans and the benchmarking ordinary steel plan in the small B pillar assembly of a certain automotive. The small assembly structure was further divided into outer plate, reinforced plate, and inner plate, involving 8 high-strength steel trademarks, including QP980 and DP780, and processing and molding methods such as heat compression and laser butt welding were involved. The results of the case were published on Baosteel EVI Forum of Steel for Auto sheet, arousing the interest of many auto users.

Promotion of Green Products

The Hazardous Substance Management System (HSMS) of Baosteel Co., Ltd. passed QC080000 third party certification

In October 2014, the hazardous substance management system (HSMS) at the headquarters of Baosteel Co., Ltd. passed the QC080000 third party certification, making Baosteel Co., Ltd. the first large iron and steel enterprise passing this certification in China.

Keep pace with the change of regulations and development of green use demand, organize evaluation and make commitment to the society

Aiming at the 11th and 12th batches of substances of very high concern (SVHC), Baosteel updated and released a REACH compliance statement. Meanwhile, it made commitments in response to the ever-changing individualized users’ demand, involving automobiles, household appliance and electronics, metal package and container, energy transportation, power transmission and distribution, and engineering and building.

Baosteel took the initiative in publishing the 110 third party inspection reports on all carbon steel products, including hot rolled steel, aid pickling, cold rolled steel, hot dip galvanized steel, electro-galvanized steel, hot-dip Al-Zn coated steel, tin-coated steel and electrical steel and involving 38 after-treatment methods. Results of the reports showed that: all the products complied with RoHS directive and REACH regulations. At the same time, the eight categories of products passed the third party’s re-certification for the authorized use of green leaf mark.

EPD related to the eight categories of Baosteel products was reviewed and inspected on the site by a third party institution. Inspection result showed that: the environmental performance of each category of Baosteel products was higher than the international average level.



► Cases of Environmental-friendly Products

Motorcycle Weight Reduction Solution

It's proposed to reduce the weight of motorcycle by using new high-strength steel and corresponding design solution was drawn up. According to the solution, while the quality of the final product is not damaged or even improved, the overall motorcycle weight will be reduced to increase energy use efficiency and reduce the environmental impact during the production, transportation and use of motorcycles.

Application of Oriented Silicon Steel in High Efficiency and Energy Conserving Distribution Transformer

Oriented silicon steel was successfully applied to the manufacture of transformer products with Level I energy efficiency. The products have good surface quality and processing performance, stable electromagnetic property and excellent overall performance, thus drawing extensive attention from users.

Application of New High Efficiency Silicon Steel in High Efficiency and Ultra High Efficiency Motors

The new high efficiency silicon steel was improved and optimized and then applied to high efficiency motors to reduce cost and the solution was accepted by users. Upon testing motors of two different specifications, both the efficiency and power factor of the motors increased, and the cost of main materials reduced by 1.7% on average.

Oil Drum Plate Thickness Reduction Solution

New low-cost high-strength steel was used to replace traditional oil drum plate materials to improve the strength of the drum. Oil drums made of new materials passed the forming, dropping, pressure resistance, and vibration tests and realized supply in batch.

Series Household Appliance Steel Solutions

With the strategic target of realizing "functional outer plate, light structure, and environmental materials" in household appliance sector, Baosteel took advantage of the technologies in household appliance steel products, developed series household appliance steel, including low-cost high-strength steel, high corrosion resistant coating Al-Zn plate, and oil proof/self-cleaning color coated plate, and conducted the technological research into household appliance use technologies to provide technical solutions of series household appliance steel and cooperate with users to realize energy conserving end environmental protection through the industrial chain.

GREEN INDUSTRY

► We drive the development of green industry

11 indicator system including green manufacturing, products and industry



		Name of Indicator	Unit	Statistics of 2014
Green Manufacturing	1	Environmental Protection Project Investment	RMB 0.1 billion	9.9
	2	Reduced Amount of Major Pollutant Compared with Annual Objective	ton	SO ₂ : 24,391 tons Chemical Oxygen Demand: 1,261 tons NOx: 51,807 tons
	3	Deline in the Proportion of Major Pollutant	%	13.9%, 18.2% and 17.8%
Green Products	4	Ratio of Superior and Cutting-Edge Green Products	%	37.14
	5	Reduced Amount of Social Carbon Emission Achieved by Using Green Products	10,000 tons	441
	6	Number of Green Solutions Provided for Customers	↑	14
	7	Ratio of Crude Fuel Suppliers with Green Certification	%	15
	8	Ratio of Material and Spare Part Suppliers Passing the Environmental Certification System	%	46
Green Industry	Total social Contribution of Green Industry			
	9-11	Annual Energy Conservation	tons of standard coals	34.62
		Recycled Amount of Solid Waste	million tons	8.25
		Ratio of Industrialized Solid Waste	%	60.2

Green Industry

For Baosteel, green industry means integrating energy conservation and environmental protection technologies to help the industry grow; expand the applications of energy conservation and environment improvement technologies accumulated by the iron and steel industry to realize systematic commercial exploitation of these technologies; and build the ability to provide energy-conserving and environmental protection solutions for enterprises inside and outside of the industry, so as to achieve both economic and social benefits of the enterprise in parallel with providing the society with valuable products and services .

In 2014, in terms of promoting the development of green industry, Baosteel realized total sales revenue of RMB 3.45 billion yuan in energy conservation and environmental protection, comprehensive utilization of resources and green buildings.

Baosteel Energy: In 2014, Baosteel Energy accelerated its technology R&D pace, unswervingly implemented the strategy for product implementation, actively expanded the market outside Baosteel and signed 32 energy performance contracting projects such as the 20MWp User-side Distributed Photovoltaic Power Generation Project in Yuhuatai District of Nanjing City, the Guangzhou JFE Steel Plate 9MWp User-side Distributed Photovoltaic Power Generation Project, the Desheng Gas Energy Comprehensive Utilization Project of Baosteel and No. 1 Power Station Boiler Energy Conservation Technology Renovation Project of Shaoguan

Iron and Steel (Phase I), of which 19 entered the sharing period and realized conservation of 346,200-ton standard coal. Some key projects such as No.3 Boiler Flue Gas Denitration Transformation EPSCR Device of the Power Plant of Baosteel Co., Ltd., 4# Sintering Machine Desulfuration Project of Xinyu Iron and Steel, and Rotary Kiln Desulfurization Project of Desheng No. 2 Primary Smelting Plant of Baosteel. Jointly with the Central Research Institute of Baosteel, Baosteel Energy focused on the planning and development of comprehensive treatment solutions for ore sintering flue gas based on user-oriented value maximization, which created favorable basis and conditions for the launch of the comprehensive solutions of the follow-up ore sintering flue gas desulfurization, denitration and dioxin removal and the energy conservation & dust removal.

In 2014, Baosteel Energy continued to be committed to the research, development and optimization of the roller slag treatment technology and formed the distinctive steel slag treatment process and technology. In the meantime, the production line of utilizing the blast furnace thermal slag to produce mineral wool products on line was adopted as a pilot project. A number of key projects such as the Comprehensive Renovation of Steel Slag Treatment of No.1 Steelwork (Phase II), the Renovation of the Steel Slag Treatment Roller Dust Removal System of No.2 Steelwork, the 105m² Sintering Machine Desulfurization Project EPC of XISC Iron Plant and the Trial Production Project for 20kt Granulated Wood of Blast Furnace Thermal Slag, all of which laid a solid foundation for the resource recycling in iron and steel field for the value maximization of tailings.

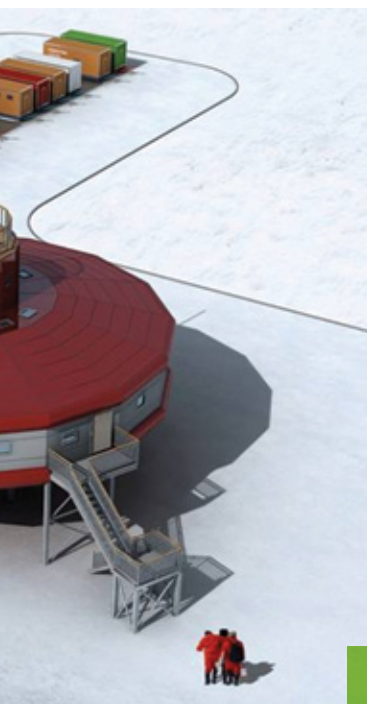
Baosteel Construction: In 2014, Baosteel Construction seized the development opportunities of green building, focused on fabricated steel building and energetically carried out technological innovation, product innovation, market layout and integration of industry and finance to guide the industrialization development of building. In the year, Baosteel Construction realized sales revenue of RMB289 million and profits of RMB10.13 million.

In the year, Baosteel Construction perfected its product systems and was committed to building a synergetic, efficient, standardized and professional products and services platform. Moreover, the company had basically matured the industrialization, engineering and marketization of four major product series, i.e., “public building, residential building, light-weight building and industrial park”. Baosteel’s new generation of fabricated steel building--Baohouse products were officially launched at the Shanghai International Building Industrialization Exhibition. Besides, it cooperated with Beijing Jianyi, on the “Chengshousi Demonstration Project”, which became the first steel structure century building with Baohouse system in China.



Baosteel Development: In 2014, Baosteel Development continued to push forward the development of environmental protection industry. Focused on the goal of decreasing the disposal cost of solid by-products in steel business, increasing re-productivity rate of solid byproducts, improving added value of comprehensive utilization and decreasing the risk of environmental pollution, in the principle of proximity, concentration and intensiveness, Baosteel Development was dedicated to the minimization, harmless and recycling treatment and comprehensive utilization of solid byproducts of metallurgical industry, and continued to expand the depth and breadth of environmental improvements to improve green steel products and realize product upgrading and industrial chain extension of environmental protection services.





> Cases

Key and Highlighted Industrialization Projects

Iron-containing Solid Waste Treatment Center Project of Zhanjiang Iron and Steel Base

The project is an important part of the construction work of Zhanjiang Iron and Steel Base, and, if completed, will assure the integrity of the comprehensive solid waste resource utilization system of Zhanjiang Iron and Steel by reducing iron and steel production cost and improving the comprehensive utilization rate of solid waste resources. The project, constructed by phases, includes 1 rotary hearth furnace production line with 200,000 tons of annual production capacity (1 rotary hearth furnace production line with 200,000 tons of annual production capacity is reserved for Phase II construction), 1 homogenizing production line with 800,000 tons of annual production capacity, 1 cold-compacted bulk production line with 100,000 tons of annual production capacity, and 1 scale screening production line with 200,000 tons of annual production capacity and corresponding supportive facilities. The project, designed to treat 726,500 tons of solid waste each year, actually treated 1.08 million tons of solid waste in the year (including 2# rotary hearth furnace which was put into operation). Currently, the project is in the stage of project initiation and Phase I project is estimated to be completed in September 2015.

Zero-value Sludge Treatment Work Project of Zhanjiang Iron and Steel

The project is designed to collectively treat low quality zero-value sludge of Zhanjiang Iron and Steel and make it reduced and recycled without harm. Upon completion, the project will effectively treat 110,900 tons of zero-value sludge per year and recycle 40,000 tons of waste water per year, and thus greatly diminish the space occupied by solid waste, creating a new road for treatment of zero-value sludge produced in iron and steel making. At present, the project is in the stage of project initiation and estimated to be completed in September 2015.

Steel Slag Recycling and Processing Center Project of Baosteel

The project is jointly invested and established by Baosteel Development Co., Ltd. and MCC Baosteel Technology Services Co., Ltd. Taking the opportunity of overall environmental protection planning of Baosteel Co., Ltd, the project is designed to accelerate the collective treatment of steel slags, use the steel slag resources to the greatest extent to satisfy the “small circulation” utilization within Baosteel Co., Ltd., recycle 100% of iron-containing resources and make tailings as raw materials for the “third time” direct utilization so as to achieve “zero waste” of steel slags in Baosteel. This is a typical comprehensive environmental treatment project for energy conservation and emission reduction, producing far more social benefits than economic benefits. Currently, the project is in the stage of project initiation and estimated to be completed in September 2015.

Key Scientific Research Project – Soil Remediation Project

The “Comprehensive Industrial Site Pollution Assessment and Research and Demonstrative Application of Integrated Technology for Combined Pollution Soil Remediation” was launched by the Science and Technology Commission of Shanghai Municipality in 2014 as a major science and technology support project. As the first major science and technology supporting project of Shanghai in the field of soil remediation, the project is initiated by Shanghai Academy of Environmental Sciences and jointly undertaken by Baosteel Development Co., Ltd., Shanghai Research Institute of Chemical Industry, Shanghai Institute for Geological Survey and other authorities. Among them, Baosteel Development is primarily responsible for the sub-project of “Research and Development of Integrated Equipment for Rapid Treatment of High-viscosity Combined Pollution Soil” and other relevant projects, such as the research in remediation materials.

EMPLOYEE GREEN CONCEPTS AND ACTIONS



In 2014, trainings were held for the publicity and implementation of new Environmental Protection Law, determination of legal person's liabilities according to laws and regulations, improvement of the ability of energy and environmental protection management system, facilitation of clean production and energy conserving and emission reduction projects, actions to improve energy conserving and environmental protection highlights. Throughout the year, there were 62 training classes in relation to environmental management and energy and environmental protection, with a total participants of 2,555 person-times and 326 sessions in total. At the decision-making and management level, management personnel at various levels were organized to study the environmental management, energy and environmental protection management, and new environmental protection laws and regulations. At the technological business level, special trainings were given on the topics including environmental protection regulations, policies and standards, environmental management and social responsibility, energy and environmental protection management, energy conserving technologies, carbon emission reduction and carbon trading, and green products and marketing; energy and environmental protection management personnel were trained to improve their professional management skills and system reviewers were trained to learn knowledge, new laws and regulations about the energy and environmental protection system. At the operation of production level, trainings on energy conserving knowledge and environmental management concept were enhanced for frontline production technicians. In addition, classes on "Environmental Management and Energy and Environmental Protection" were opened by Zhanjiang Iron and Steel in the training course for pre-recruited employees from various universities to advocate and educate new employees on fostering environmental management awareness and environmental protection behaviors. The training covered 21 classes and 1,771 trainees.

Baosteel attached importance to the energy conserving and environmental protection education and training for all employees. In 2014, it took the opportunity of energy conserving week and World Environment Day and enhanced the publicity of energy conservation and emission reduction. To do this, it went beyond the mode of sudden promotion in previous years, but rather, in addition to normal promotion events, published a series of themed interview feature articles,

including "Talks about Environmental Protection by the Presidents of Subsidiaries" and "Talks about Environmental Protection by the Heads of Factories and Departments", on Baosteel Daily to enable ordinary employees to learn the understanding of leaders at various levels about environmental protection, and held the "'Green' Youth – Environmental Protection in the Eyes of Baosteel Young People" animation and photography exhibition to actively establish the environmental protection awareness in Baosteel young people.

Baosteel Stainless Steel organized almost 90 managers and technicians at various levels to study the new Environmental Protection Law, invited leaders of Regulations Office of Shanghai Environmental Protection Bureau to interpret the new Environmental Protection Law and distributed the book Interpretations of New Environmental Protection Law to every trainee. In each factory or department, operation heads, shift leaders and group leaders were required to learn new environmental protection standards and internal auditors within the system were organized to have relevant training and study.

Shaoguan Iron and Steel organized managers at various levels and professional technicians on energy and environmental protection to hold the "External Supportive Training and Communication on Energy Management System", "Training and Communication on Promotion of Basic Energy and Environmental Protection Management", "External Supportive Training and Communication on Five Systems", "Training on Basic Knowledge of Environmental Management System", "Training and Exam on Environmental Protection Regulations and New Policies" and other activities, which helped improve the energy conserving and emission reduction awareness, management skills and professional competence of extensive employees and managers at various levels.

In 2014, Baosteel updated 75 commuter buses with yellow label in Shanghai region, among which, 15 LNG commuter buses were purchased to replace existing diesel buses. At present, all the commuter buses with yellow label have been outdated or updated within the external ring of Shanghai City. At the same time, the logistics company under Baosteel Development also outdated 30 material transportation trucks (with yellow label).

GREEN HARVEST



Green Milestones

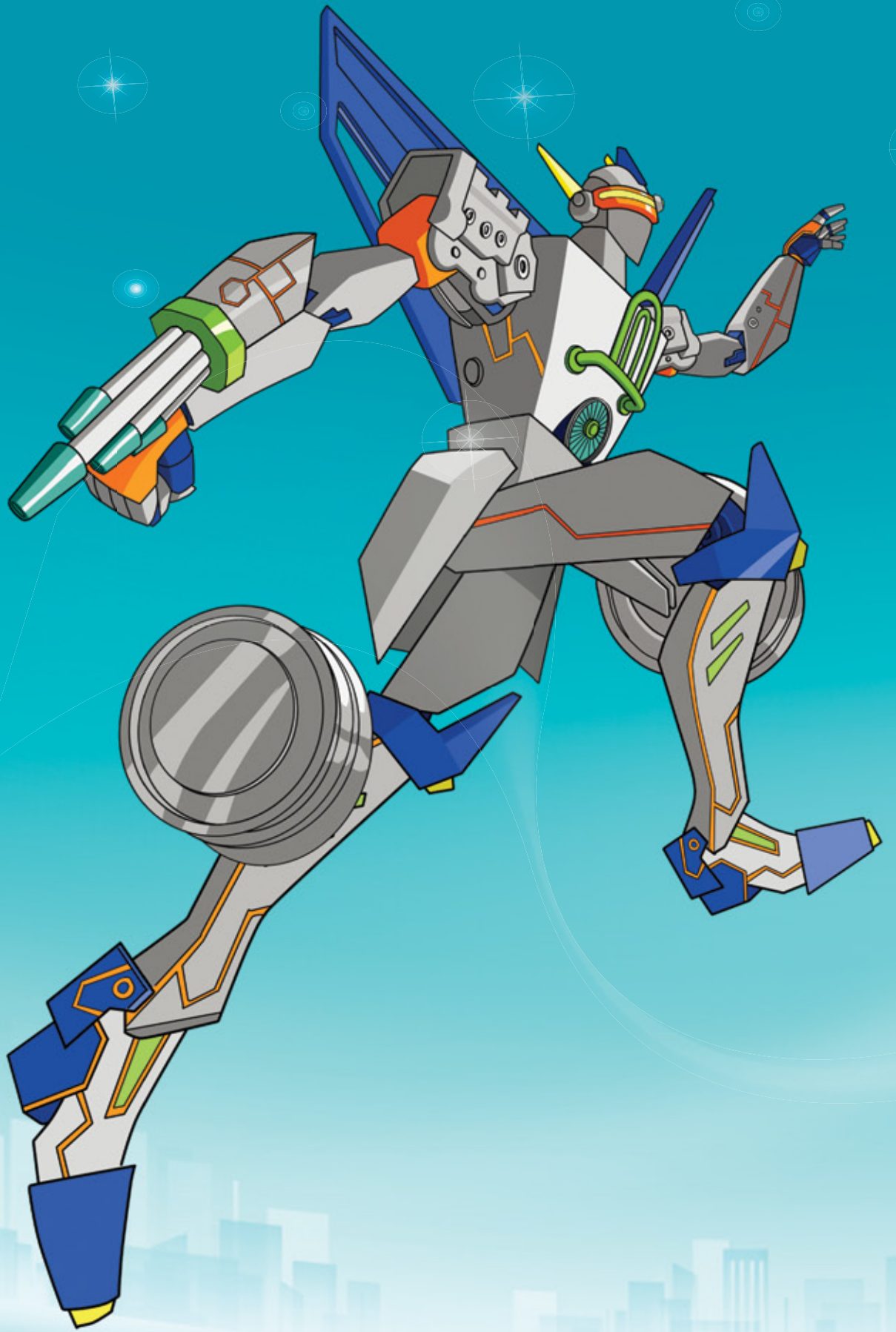
By reinforcing the basic work on energy conservation and emission reduction, Baosteel was honored with the Excellence Prize of Shanghai Energy Conservation, First Prize of Shanghai Energy Statistics, and Excellence Prize of Shanghai Water Resource Management in 2014.

Shaoguan Iron and Steel was rated as a Green Plate Enterprise in the environmental Credit Assessment 2013, thus making it the enterprise obtaining green plate for consecutive six years (2008-2013).

Ningbo Iron and Steel was elected by China Iron and Steel Association as the "Environmental Friendly Enterprise with Clean Production" in 2014.

Meishan Mine was re-elected by China Iron and Steel Association and Metallurgical Mines Association of China as one of the "Top Ten Mines", making it the one and only enterprise winning the title of "Top Ten Mines" for consecutive 15 years in the industry.





30th Anniversary

THE 30TH ANNIVERSARY OF BAOSTEEL'S OPERATION

INSPIRING THE POTENTIAL OF EACH EMPLOYEE TO CULTIVATE THE INNER STRENGTH OF BAOSTEEL

As the most cherished treasure of Baosteel, each employee grows together with the enterprise on the grand stage of Baosteel. Apart from building a top class scientific research team by Baosteel over three decades of evolvement, its “Blue Collar Innovations” of the front line workers also borne countless rich fruits: the **first** on-duty invention in Shanghai was from Baosteel, there were two workers honored with the title of the **Modern Worker Inventors** and three have won the **second prize of National Science and Technology Progress Award**. Just in 2014, Baosteel submitted over 6 patent applications each day.



Baosteel cultivates its iron-like power for continuous innovation and entrepreneurship by unleashing the strength of each person. I was only 18 years old in 1980, when I was fortunate to witness and experience the unforgettable moments of “85.9” the completion of Baosteel first phase project in September of 1985 following my mentor. Now, more than thirty years have passed, I have become a veteran operation head. What I would like to do most is to put all my efforts into cultivating my younger fellow workers, just the same as what my mentor did to me before, to witness the commissioning of Zhanjiang Steel project in September of 2015 together. I think I will have a more fulfilling life with the second successful start-up.

Yu Ming
Operation Head of Lime Work Zone
Public & Auxiliary Unit
Zhanjiang Iron & Steel Mill



Joint Development Plan

“Becoming a model enterprise for joint development of employees and the company” is one of the three visions determined for Baosteel’s “second round of pioneering work”. For this sake, Baosteel puts employee development at a fundamental position, drives with great efforts the people-oriented modern management, actively creates good growth environment in which every employee can give full play his or her talent, starts with inspiring employees’ potentials and realizing the individual value of every employee and continuously improves employee growth and development system. It is one of the important ways for Baosteel to perform its social responsibilities to offer guarantee and conditions for employees and facilitate the joint growth and development of enterprise and employees.

EMPLOYEE DEVELOPMENT

	2012	2013	2014
Total Employees	130401	130962	134684
Female Employees	26828	26122	27244
Proportion of Females on Management Positions	8.9%	8.85%	8.35%
Number/Percentage of New Employees	6893/5.3%	6720/5.2%	7906/5.88%
Number/Percentage of Employees Resigning	1912/1.6%	3649/2.9%	4054/3.01%
Proportion of Female in the Management	9.7%	10.16%	10.72%
Composition of Employees by Age: 35 and below, 36-45, 46-55, 56 and above	33.6%\34.3%\28.2%\3.8%	34.1%\34.1%\27.7%\4.1%	34.7%\32.9%\27.9%\4.4%
Composition of Employees by Education Background: Postgraduate, University, College and Secondary Technical School	4.7%\20.8%\27.5%\47.0%	5.0%\21.3%\27.6%\46.1%	5.3%\23.0%\28.0%\43.6%
Composition of Employees by Titles and Competence: Medium- and High Titles, High Technical Competence, and Others	14.1%\29.5%\56.4%	14.5%\29.2%\56.3%	14.9%\28.3%\56.8%
The Ratio of Local Employees to All Employees in Overseas Subsidiaries	65.3%	67.1%	68.6%
Number of Dispatched Personnel	19607	8712	3748
Training Investment (RMB 10,000 yuan)	14182.3	13199.2	13397.4
Training Hours per Capita (Hour)	107	73	75.1
Training Investment per Capita (RMB yuan)	1287	1008	1091
Total Remunerations of Employees (RMB 0.1 billion)	115.2	149.1	152.0

Policymaker Seminar

In 2014, focused on such themes as “deepening reform and being able to work at both higher and lower posts to build a new situation of cadres administration and working style construction”, “cultivating internal ability, reining environments and doing valuable things”, “energy, environment and safety production”, Baosteel carried out a series of “policy-maker Seminar” activities and invited responsible persons in relative governmental departments and commissions, leaders of Baosteel, and the experts from international famous consulting firms for discussion and exchanges to inspire the policymakers of all the subsidiaries to cultivate internal ability, change their thinking and development modes and face up to new challenges in new environments and situations.

Construction of Director and Supervisor Team

Baosteel set up and improved a complete knowledge structure for performing duties for its dispatched directors and supervisors and enhanced their capabilities to perform duties so as to prevent risks related to performing duties. In combination with the requirements for the capabilities and qualities of dispatched directors and supervisors, the Corporation planned and established a professional qualification training system for its dispatched directors and supervisors. The first professional qualification training for the dispatched directors and supervisors of Baosteel was conducted, in which 18 dispatched directors and supervisors of the Corporation and some employee directors and supervisors participated and seminars centered on the operation of Baosteel were conducted.

Baosteel Technical Expert Symposium: the Cradle of Baosteel Leading Technologies

Founded in early 2013, Baosteel Technical Expert Symposium is designed to establish an open and sharing platform for self-directed study, unbounded communication and interactive research, inspire the innovation of experts through exchange and collision of ideas and promote common development of each other. In April 2014, the annual meeting of Baosteel Technical Expert Symposium was held and attended by Chairman Xu Lejiang to closely communicate with experts. Within the year, the symposium, as expected by the Chairman and required by the new trends in manufacturing industry, invited top experts from domestic and international well-known universities and institutes of famous transnational corporations and held a series of independent research activities themed “Industry 4.0 and Intelligent Manufacturing”, “Competitiveness of Baosteel Products” and “Technological Innovations and Developments” to explore new opportunities for the future manufacturing development of Baosteel.

The Corporation also organized customized “Dynamic Camp for Technological Innovations” for experts. It successively invited top technical experts from Siemens Corporate Technology, GE China Technology Center and ABB Corporate Research Center to deliver lectures, share the experience and practices in high technology R&D and innovation management, discuss and communicate with Baosteel experts to expand and extend their insights and further forge their innovation minds and thoughts and technical leadership.

“Golden Apple” Initiative: Bring up Leading Technological Innovation Talents with Global Influence

The “Golden Apple” Initiative of Baosteel Group is designed to bring up leading technological innovation talents with international influence who can create proprietary innovative technologies that will have Baosteel’s mark in the development history of the world iron and steel industry in 8-10 years. In 2014, with its four field teams and six project teams, the Corporation continued to create positive environment for scientific research and production practices, focus on important innovation areas and major technological difficulties, encourage experts to embrace challenges and innovative practices, make significant technical breakthroughs, and lift the iron and steel technologies onto a new elevation. While the 5 debuted projects went well in market expansion in the first half of the year and the sales volume throughout the year reached 13,000 tons, the “Golden Apple” Team also successfully released 5 products across the world in 2014.



Baosteel Technical Experts: Growth Initiative for Technical Talents

A proficient and well-trained technical talents team is indispensable to Baosteel's development. As a new round of planning has been implemented, a greater demand for hi-tech talents has to be met through immediate training.

In 2014, it's decided in accordance with the Rules on Technical Expert Title and Designation Management to grant 57 employees, including Mr. Ding Haishao, the title of "the 4th Batch of Baosteel Technical Expert", after the procedures of nomination and recommendation, peer support evaluation, preliminary qualification review, experts' written review, review by the Evaluation Committee, approval at the office meeting of the Corporation's presidents and public announcement.



Technical Talent Growth Program of Baosteel Stainless Steel

To cultivate and develop technical talents, Baosteel Stainless promoted an advanced plan for technical talents, integrated training into daily production and combined training contents with position requirements to make the training more "realistic". There were 1902 field workers who voluntarily signed up for the training. Through capability verification, personnel with high skills were selected. As the incentive amount was determined according to work performance, incentives really leaned to the personnel with "high skills and good performance".



Pre-recruited Employee Training of Zhanjiang Iron and Steel

Since early 2013, Zhanjiang Iron and Steel successively recruited employees from on-campus college students of 25 national demonstration universities and colleges in 9 provinces, and trained them according to the "2+1" On-campus Pre-recruitment Mode". To support the construction of Zhanjiang Iron and Steel and reserve talents for its successful operation, top management of Baosteel Co., Ltd. drew the New Employee Development Plan of Zhanjiang Iron and Steel and prepared the New Employee Training Manual of Zhanjiang Iron and Steel. On the basis of "Two Months' Training" on campus, the pre-recruited employees were divided into six groups and organized to have job trainings on the production site in the headquarters of Baosteel Co., Ltd. In total, 3,253 people were trained by 2,238 instructors.

Dianshan Legion: Talent Reservoir of Baosteel

"Dianshan Legion" is an iconic program of Baosteel to develop high-level backup leadership and aims to forge an entrepreneurship talent team within Baosteel. "Dianshan Legion" has two terms. The first and second terms were launched respectively in July 2011 and July 2013. The first term lasted for 3 years, included 12 monographic studies and was successfully completed in 2014. Most of the trainees have now grown into the backbone power of each unit within the Corporation. After the operation of the two terms, the talent selection mode of "Dianshan Legion" that emphasizes on potentials, the operation mechanism in which leaders directly participate and the study pattern in which trainees learn from well-known entrepreneurs face to face showed spillover effect, and became an example for subsidiaries to develop operation and management backup talents.

Baosteel "Green Apple" Initiative: Develop and Reserve Baosteel Talents with Great Potential

Baosteel "Green Apple" Initiative aims to proactively discover, develop and reserve a batch of young talents with great potential based on the need of the Corporation's future development. It is the important strategic talent reserve of Baosteel and also essential for the joint development between Baosteel and its employees. Since the inception in 2009, Green Apple has lasted for four terms and incorporated more than 270 young people with great potential into the planned training. On this basis, 27 young people with great potential and 12 Group Management Trainees were finally selected to join in the fifth term of "Green Apple" Initiative, and the completely new "TTT Development Mode" was launched.



"Green Apple" Comments "Green Apple"

Zhang Huawei, trainee of 3rd term: Green Apple is complete but unripe. Green means being energetic and vigorous, while "unripe" brings weaknesses and shortcomings. These weaknesses and shortcomings will be recognized and made up in the trainings. Together, we are fire; separately, we are stars dotting the sky.



Shen Chunfeng, trainee of 4th term: The studies in Green Apple Initiative are unfolded from management, psychology, thinking method, and even aesthetics. It told us that, vast world waited outside the closed window if we had the courage to open it. Trainees from different enterprises and positions communicated in the study, which was beneficial for us to do our respective jobs in the future. In addition, the Green Apple Initiative was a good platform for internal sharing and incubation of many good concepts within the group, helping the growth of every employee.



Baosteel “Blue Force”: Continuously Push Forward the Development of International Talents

Baosteel “Blue Force” refers to the construction of an international talent force of Baosteel which aims to foster operation and management talents with globalized mindset and vision and good knowledge of international rules. It is also an important talent strategy that supports Baosteel’s strategic deployment “from China to the world”. Based on further integration of the training resources of prestigious overseas universities and under the principles of openness, fairness, transparency and education employment combination”, Baosteel continued to further major overseas training programs in 2014 and selected and sent 34 employees to Harvard Business School, Stanford University, Missouri State University and University of California-Berkeley in the U.S.A and University of Twente and Maastricht University in Netherland to receive training. In addition, English intensive training courses were opened to respond to the need for overseas study: 43 employees were sent to Zhejiang University for TOEFL English Intensive Study, 53 employees were organized to attend online learning at Global English and 263 employees attended EF online English learning.



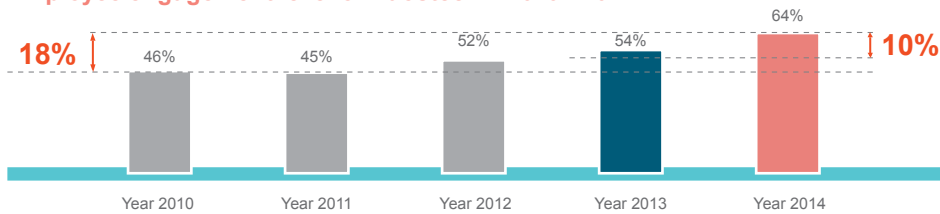
Harvest: Employee Engagement Assessment (EEA)

In 2014, employee engagement assessment was continuously conducted in the headquarters of Baosteel, overseas employees and 14 subsidiaries. Over 4 years’ continuous development, the overall employee engagement of Baosteel now stays in a stable zone and moves toward higher performance zone, with the absolute level increasing from 46% in 2010 to 64% in 2014. In the past five years, it showed the intendancy of climbing up continuously and continuously diminished the distance with high score area. The proportion of employees fully engaged kept increasing, while that of employees not fully engaged and not engaged at all decreased. Among the three forces of Baosteel, management, technical business and operation and maintenance, employees on operation and maintenance positions experienced obvious increase in the engagement level in the previous year. As they took a large proportion of all employees, the operation and maintenance employees played an important role in improving the overall employee engagement level of Baosteel.

Honors: Our Talents

- 10 employees were honored with the special allowance of the State Council in 2014 (more than 200 people accumulatively)
- 1 employee was included in the National Talents Project (6 people accumulatively)
- 1 employee was included in the Local Team of Shanghai Leading Talents (19 people accumulatively)
- 2 employees were granted with the title of “National Technical Expert”, and 4 were granted with the title of “Shanghai (Outstanding) Technical Expert”
- 3 national technical master workshops, 6 Shanghai technical expert master workshops and dozens of employees were subsidized by Shanghai Thousand Chief Technicians Program.

Employee engagement level of Baosteel in 2010 - 2014



Employer brand



Safety



Direct superior



Occupational development opportunity



Reward and recognition

COMPENSATION AND BENEFITS



In 2014, Baosteel's overall business performance maintained excellence in the industry and a leading level in the country; overall salary of the staff had a small yet reasonable increase, with total net salary of RMB 15.197 billion in the year. The Corporation kept a performance-oriented incentive way for various talents, promoted a method of performance annual salary to increase the elasticity of performance salary and make it more important in salary determination mechanism. The innovative management team of the Corporation, through limited partnership, realized contribution in terms of shares and other incentive methods, built an incentive and restrictive mechanism with shared risk and benefit and reserved shared for later team members. The headquarters of the Corporation and its subsidiaries had new attempts in salary modes and carried out active exploration under the background of state-owned enterprises salary reform.

Flexible Benefits

In 2014, the coverage of "Baosteel Ai Li" Flexible Benefits Program further expanded. With people-oriented design, the program released more and more benefit packages to enrich the choice of employees. Employees were very satisfied as they could choose benefit items they needed, and believed in the happiness brought by choices. In 2014, a total of 226 units, including subsidiaries of the Corporation, in Shanghai or not, and their respective subsidiaries, chose to carry out the flexible benefits program depending on their operation performance and personnel efficiency, covering 126,381 employees and involving RMB 313 million yuan.

Corporate Annuity

Within the Corporation, 168 units joined in Baosteel Annuity Program at their respective expenses, covering 120,207 employees. With the reasonable, prudent investment strategy of the annuity management agency, Baosteel annuity officially commenced investment operations on March 25, 2009. In 2014, the rate of return of the Corporation was 8.79%, outperforming the three-year time deposit interest rate of the same period by 4.57% and thus ensuring reasonable returns for the employee annuity investment.

"Warm Heart" EAP Program for Overseas & Headquarters Employees

For the employees working in the headquarters of the Corporation and overseas who were always under high pressure, the "Warm Heart" EAP Program was conducted, showing care for the psychological and physical health of special employees and advocating healthy work and happy life. In 2014, the Warm Heart Activity published the report on Employee Stress Assessment of Baosteel. It was participated in up to 1,758 person-times, E-stop of Minds offered 61 professional psychological tests, and the psychological counseling service received reached 81 person-times in the year.

SAFETY AND PROTECTION



Safety and Protection

Theme: continuously improve the capacity of safety management system

Core: Transform the philosophy and approach of safety management

General Goal: Eliminate collective deaths or collective injuries accidents within the Corporation, achieve the safety goal of “no large or above production safety accident and 30% or more decrease of work-related deaths”, and generally reverse the corporation’s passive status in safety management.

Employee Work Injury Statistics in the Past Three Years

Year	Number of Injured	Frequency of Injuries (Number of injured per million working hours)	Severity of injuries (Number of working days lost per million working hours)
2014	125	0.44	164.70
2013	210	0.78	211.40
2012	47	0.18	106.53

In 2014, the Corporation’s safety management was generally controlled. Within the whole area, 9 work-related accidents occurred, causing 9 people’s death, decreasing by 62.5 than the previous year; 13 major accidents occurred, causing 13 people’s death, decreasing by 69.8% than the previous year; 167 minor injury accidents occurred, causing 172 people slightly injured, decreasing by 27% than the previous year.

Measures

Taking the opportunity of Correction of Mass Line Educational Practices and starting from work style improvement, powerful measures were taken in respect of both system construction and rigorous management:

Great efforts were taken for the implementation of the Guiding Opinions on the Optimization and Improvement of Safety Management System to enhance base construction, the education and training on safety production from every aspect was strengthened, and the safety management responsibilities at each level were in detail defined and carried out;

The Corporation solidly put forward he regulated safety production, effectively carried out danger source identification and risk prevention and control, put emphasis on the safety management of key units, sectors and periods, reinforced the detection and treatment of potential accident hazards, completed the emergent safety production system, and carried out the accident accountability strictly.

COMMUNICATION WITH EMPLOYEES



Publicity of Factory Affairs and Democratic Management

In 2014, Baosteel focused on the operation and management of the Employee Representatives Congress, systematically sorted out and examined the employee representatives congress at different levels in its 566 units. The examination covered 6 categories and 47 sub-items (including collective contract affairs).

In 2014, all the units within Baosteel that independent employ staff entered their respective collective contracts through equal negotiation. The collective contracts were applicable to all the staff and well implemented.



Baosteel further improved the regulations and systems of staff democratic management, and revised the Basic Regulations of Baosteel on Corporate Staff Democratic Management (Trial).

The office term change and all agendas of the second session of the third Employee Representatives Congress of the Corporation were successfully concluded.

The Priorities of the Publicity of Factory Affairs and Democratic Management of Baosteel in 2014 was formulated, according to which, Baosteel took in consideration the actual situation of its overall reform, gave priority to interest mediation using the system and mechanism of Baosteel's staff democratic management, adhered to "PDCA + carefulness", enhanced the democratic management and supervision of safety production, pushed forward the effective disposal of factory affairs, built harmonious labor relationship, to the greatest extent drew consensus on reform, and collect the positive power for reform.





The Eighth Activity of Employee Representatives' Views on Baosteel

To energetically carry out its environmental and operation strategies, further facilitate self-improvement of corporate environment and mutual communication, increase the efforts on environmental protection and plant betterment, and boost the plant appearance and environment cleanness level of Baosteel, Baosteel planned the eighth "Employee Representatives' Views on Baosteel" activity themed "Views on Plant Appearance, Behavior Development and Environmental Management" in the middle of September of 2014.

During the process, the Wechat Group named "Employee Representatives' Views on Baosteel" was opened at the same time, allowing nearly 30 people to interact through Wechat. Grass-root units attached great importance to this work. They not only held plant appearance contest, but also carefully report the contest results to employee representatives and accepted the patrolling inspection of the representatives.

Employee Assistance

Baosteel subsidized poverty-stricken employee families with sustenance, tuition and medical care problems. In 2014, the Corporation helped poverty-stricken employees 46,254 person-times with RMB 34.4942 million yuan, including 40,182 person-times for the employees with sustenance problems (RMB 24.6607 million yuan), 1,668 person-times for the students with tuition problems (RMB 1.2111 million yuan) and 4,404 person-times for the employees with medical care problems (RMB 8.6224 million yuan).

Data statistics of staff assistance in 2012-2014

Year	Living Allowance		Education Grants		Medical Relief	
	Amount (RMB Million)	Person-Times Aided	Amount (RMB Million)	Person-Times Aided	Amount (RMB Million)	Person-Times Aided
2012	21.16	32903	1.17	1251	9.46	2744
2013	19.02	30546	1.09	1186	8.45	2217
2014	24.66	40182	1.21	1668	8.45	4404
Total	64.84	103631	3.47	4105	26.53	9365

In 2012-2014, the Corporation aided poverty-stricken people 117,101 person-times with an aid amount of RMB 94.84 million yuan, including 103,631 person-times for the people with sustenance problems with an aid amount of RMB 64.84 million yuan, 4,105 person-times for the students with tuition problems with an aid amount of RMB 3.47 million yuan and 9,365 person-times for the people with medical care problems with an aid amount of RMB 26.53 million yuan.



Female Employees Art Performance

Cultural cultivation and performance activities were conducted to satisfy the cultural demands of female employees. The Female Employees Committee of the Corporation's Labor Union held the "Rosary Workshop for Female Employee Art Performance" themed "Art Enlightens Minds and Enriches Lives". The ordinary "art talents" of Baosteel demonstrated that they were not contented to be ordinary and hoped to realize career development with the help of artistic skills" and eager to live a wonderful life with the power of persistence. Members of the Female Employee Bakery Association in Baosteel Co., Ltd., Baosteel Metal and the headquarters of the Corporation showed the exquisite bakeries made by them on the site, highlighting the joyous holiday atmosphere and demonstrating the pursuit of wonderful life by female employees.

Employees' Three Top Concerns

As approved by the Corporation, the three projects, "Install Love Boxes for Basic Teams and Shifts", "Construct Baosteel Staff Cultural Center" and "General Renovation of Yuepu Bachelor Quarters for Young Staff", were listed as the "Three Top Concerns" for employees in 2014. Subsidiaries also collected the opinions of employees through various feedback channels, carefully carried out the "Top Concern" projects and established 230 "Top Concern" projects throughout the year. By the end of December, 223 of the 230 "Three Top Concerns" were completed, with a completion rate of 96.95%. Among the rest, 7 projects were carried forward to next year due to the schedule and construction cycle and were expected to be completed in the first half of 2015.

➤ Staff Economic and Technological Innovations and Staff Quality Construction



Undertake “Baosteel Cup” Iron and Steel Industry Skills Competition, and Continuously Build Blue Collar Innovation Brand

This year, the 7th “Baosteel Cup” Iron and Steel Industry Skills Competition consisted of four parts – steelmaking, steel rolling, spot check and overhead crane. As an “Iron and Steel Olympics” gathering highly skilled talents of the industry, the competition attracted 469 team leaders, coaches and participants from 64 enterprises in China, making a record high in history. Thanks to our participants, Baosteel made a good result with the first prizes of 4 competition events and highest team scores, and was granted with the trophy for “Special Contribution Award”. Baosteel was praised by the sponsors and participants for competition arrangements and the competition was commented by CISA as the “best one ever”.

On-the-Job Innovation Achievements

Employees positively participated in labor competition events and contributed suggestions for the operation of Baosteel. In 2014, Baosteel received 209,000 reasonable suggestions, of which 166,000 were carried out, and created economic benefits of RMB 1.71 billion yuan; formed 9,172 independent management (JK) groups and made 9,508 achievements; established 2,270 staff economic and technological innovation teams, whose activities were participated in by more than 169,00 employees; submitted 2,073 patent applications for on-the-job innovations, of which 892 were granted with patents invention (the number of patent applications increased by 8.9% than the previous year, and the number of patents for inventions granted increased by 55.9% in comparison with the previous year); generated 2,179 know-hows, increasing by 19.2% than the previous year; and named 380 advanced employee operation methods, up by 32% than the previous year.

Carefully Arrange and Carry out the Sixth Baosteel Staff Skills Competition

The final competition had 9 events and 11,000 employees participated in different levels of contests and competitions, making a record high in terms of the number of participants and events. Various units designed up to 153 competition items in connection with actual production site. Nearly 500 people participated in the finals of the 9 Corporation-level events. Many master hands with extensive expertise and solid operation skills stood out from the competition and 42 participants were honored with the title of “Master Hands of Baosteel Group Co., Ltd”. Among them, 21 award-winning participants at the age of 35 and below were also granted with the title of “Young Master Hands of Baosteel”. These skill competitions created a stage for the growth of employees, paved the way for the career development of skilled talents and aroused the inner motivation and enthusiasm of employees to improve skills and study on businesses.



Awards of Invention Exhibitions

Baosteel sent a team to participate in the 113th Concours Lépine International Paris and won 2 golden medals, 4 silver medals and 3 bronze medals, making it the Chinese enterprise winning most awards. At 8th International Exhibition for Inventions in Kunshan, Baosteel won 23 gold prizes, 28 silver prizes and 40 bronze prizes, ranking top among national iron and steel enterprises in terms of the number of golden prizes and total prizes.

Awards Won by Employees

In 2014, Baosteel had 4 National Labor Day Medals, 1 National Pioneer Worker, 1 Shanghai Labor Day Certificate of Merit, 3 Shanghai Labor Day Medals, 5 Shanghai Pioneer Workers, and 1 Shanghai Model Work of the Year. At the same time, Baosteel selected 10 Baosteel worker inventors, and 20 “Zeng Le Award” advanced individuals, setting up models for the employees.

Staff Innovation Workroom

The workroom is designed to continuously deepen the “Blue Collar Innovation” of Baosteel and further arouse employees’ innovation enthusiasm and vigor. The second batch of “Demonstrative/Group-level Staff Innovation Workrooms” and “Baosteel Top Ten Staff Innovation Workrooms” were selected and set up a good example. A batch of Baosteel’s innovation achievements won awards. Among others, the “Comprehensive Technology for Maintenance of Breast Roller of Thick Plate Rolling Mill” developed by Ding Haishao of the Thick Plate Department of Baosteel Co., Ltd. was awarded the second prize of Shanghai Awards for Scientific and Technological Progress” and rewarded with RMB 100,000 yuan,

while another two achievements were designated as the Excellent Achievements for Reasonable Staff Suggestion and Advanced Operation Method of Shanghai. The Economic Affairs Department of All China Federation of Trade Unions visited Baosteel to learn information on construction of model worker innovation studios, spoke highly of the model worker innovations of Baosteel and promoted the experience and practices of Baosteel across China.



The Staff Dragon-Boat Race of Baosteel in 2014 started at Shanghai Aquatic Sports Center with a strike of gong, and more than 300 employees from 11 units joined the race.





Baosteel Persons of the Year Awarding Ceremony

On the afternoon of February 10, 2015, 2014 Baosteel Persons of the Year Awarding Ceremony was unveiled with the opening VCR titled Embrace Changes, showing the onsite audience an extraordinary year of Baosteel in 2014. Teams of Baosteel Blast Furnace Rapid Overhaul, industrialization of Baosteel thin-strip steel continuous casting, winner of the 7th National Iron and Steel Occupational Skill Contest, working capital management and control of the Corporation, industrialization of high alloy heat extruded tubes, Baosteel IDC projectization, BNA auto sheet user perception, engineering construction of Zhanjiang Iron and steel mounted on the stage and shared their stories of creation, innovation and business startup with the audience through the interaction and talk with the host. Winners of Baosteel “Zeng Le Award”, employees awarded the title of 4th Baosteel Worker Inventors”, Baosteel Top Ten Outstanding Youths, winners the first prize of National Awards for Scientific and Technological Progress, and other award winners received their awards on the stage. Xu Lejiang, Chairman and CPC Party Secretary of the Corporation, and President Chen Derong presented them the awards.

Xu Lejiang delivered a speech for celebration of the Spring Festival, and led members of the Corporation's management to give greetings to all Baosteel employees and their families.

Baosteel Youth “China Dream” Event

The Youth League Committee (YLC) organized excellent youths, including national young master hands and Baosteel “Top Ten Outstanding Youths”, to share their stories about “Those who Strive Are the Most Beautiful”. Activities were held to seek for the protagonists in Baosteel's classic stories, and Wang Tiemeng and other protagonists were invited to share their own experience and iterate the fabulous history of “85-9”, arousing the morale of Baosteel young people and guiding them to participate in the second startup of Baosteel with great enthusiasm.

Baosteel also held a series of activities, including Micro Commitment on “Core Values of Socialism”, “I Speak for the Core Values of Socialism”, Baosteel Young People Practice the Core Values of Socialism – “National Flag and Me” Photography Work Selection, and the Debate on Baosteel Young People Practicing the Core Values of Socialism – the Second Baosteel Young People Debate Contest, to guide young employees to establish the ideal and faith of “Doing My Work and Contributing to China” and practice the core values of socialism with actions.

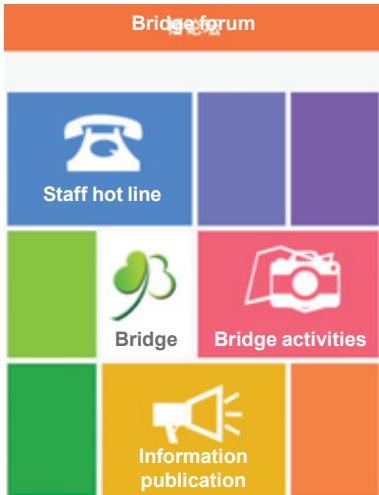
Activities for the Fifth Baosteel Youth Culture Festival

The activities were expected to expand the influence of Baosteel brand event and lead the trends of Baosteel youth culture. To reserve and promote Baosteel culture and demonstrate the vigor of Baosteel young people, the opening ceremony of the Fifth Baosteel Youth Culture Festival & “Enjoy Youth and Love Baosteel” Young Volunteer Culture Show was held while the Baosteel Young Volunteer Association was founded. At the festival, it concluded the experience of volunteer organizations, programs and individuals in various units, and held sports games such as “Special Steel Cup” Basketball Game, “Stainless Steel Cup” Badminton Game, and “Baosteel Soccer Association Cup” Soccer Game, language contests such as the First Baosteel Youth Professional English Contest and the Second Baosteel Youth Debate Contest, and many cultural activities with novel forms and rich content such as “My Team, My Partner” Photography Contest, Baosteel Co., Ltd. Cup” King of Microphone Young Singer Contest and “Hwabao Cup” the Third Youth Wealth Management Contest. These activities involved more than 2,000 young employees of the Corporation, relaxed them in off hours, improved their personal qualities and helped the talented young people rise from the ordinary. Meanwhile, units at the basic level also held over 1,200 cultural and sports activities in various forms and covered more than 37,000 young employees through the Group, enriching the life of employees in off hours and creating healthy, positive cultural atmosphere for the young people.



Construction of New Media Platform

The platform is designed to convey the voice of YLC. The mobile application of “Bridge” Forum, which includes three systems – employee hotline, “Bridge” Activity” and information release, was completed. It further synchronized the information release, perfected the communication access, and increased the response speed, on the basis of the former internet “Bridge” Forum. The official Weibo account of Baosteel YLC was continuously operated and maintained, and the official Wechat account “Baosteel YLC” was registered. More than 500 messages were sent in pictures and texts and viewed by 180,000 people. The extensive basic units were urged to use QQ groups, Wechat groups, Fetion groups, forums, SNS communities and other similar resources to build an online home for YLC young people and allow all YLC organizations to rapidly reach any of the 40,000 Baosteel young people. The “Bridge” Forum was revised with focus on individual employees and internet communities to demonstrate the personalized demand of employees and further improve the use rate of the forum among employees, management efficiency and the self-organization ability of the forum. Planning meetings of the “Bridge” Forum working group were convened regularly and the “Bridge” Forum work evaluation system was carried out.



Tips: Big Data of Baosteel “Bridge” Forum

Posts: 19,457 topic posts and 180,000 replies in 2014

Viewers: viewed by 1.8 million people in 2014, and by 180,000 people at most in a single month

Sections: 9 sections and 67 secondary columns

Employee hotline: received 1,149 inquiries totally in 2014, including 539 inquiries for information, 326 complaints, and 284 suggestions; received 856 flowers and 1,192 eggs.

E-interaction: 11 times totally in 2014, participated in by more than 800 employees. Xu Lejiang, Chairman and the secretary of the CPC Committee of the Corporation, was invited to interact and communicate online with users of “Bridge” Forum, by connecting with the “Mass Line” education and practices, taking the theme of “practicing the core values of socialism and protecting the fundamental interest of the people” and concentrating on the new round of development planning of Baosteel.

Administration force: 34 invited senior administrators and 16 virtual editors

Voting and survey: 264 various voting and surveys in total, with participation of 97,873 person-times on the Internet and 4,446 person-times on the mobile, viewed by nearly 100,000 people

CHERISHING LOVE AND RESPONSIBILITY TO CULTIVATE THE INNER STRENGTH OF BAOSTEEL

We are fully aware of the social responsibility on the shoulder of a top-notch enterprise. As in early 1990, Baosteel funded to establish the Baosteel Scholarship. So far **the education awards and financial assistance of the scholarship have totaled over RMB 180 million yuan**, thus benefiting **20,779 teachers and students** from more than one hundred institutions of higher education. By the end of 2014, Baosteel had funded and donated over **RMB 850 million yuan for public welfare programs**. On top of these, Baosteel has been awarded the **China Charity Prize**, the highest award granted by the government in the public welfare and charity domain in China, **for five consecutive times**. Behind these awards and honors are the love and affection of each person of Baosteel as well as the enthusiasm of Baosteel making all efforts to build shared value.

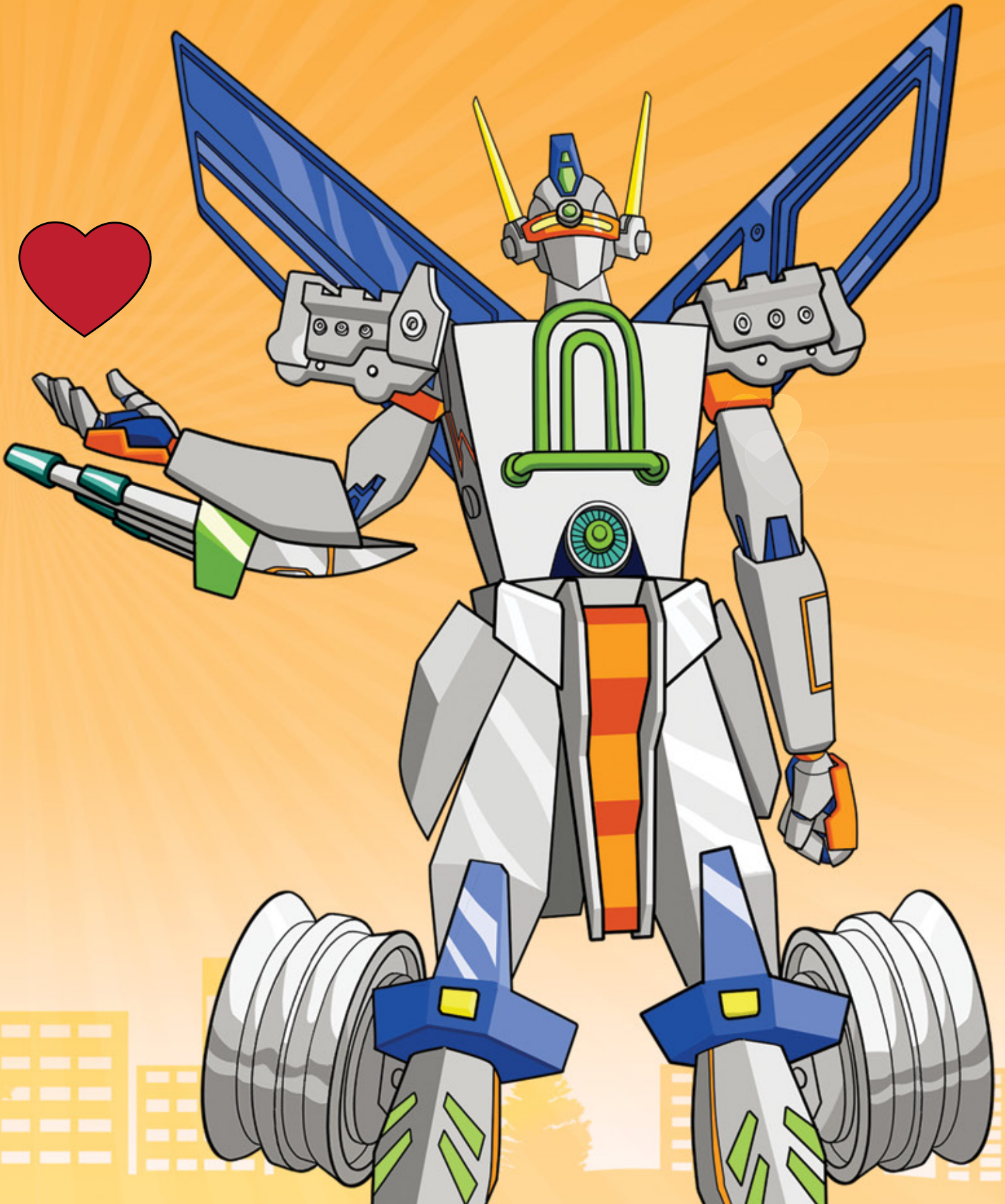


Thirty years since Baosteel's putting into production are the years full of love and responsibility, during which each employee has fulfilled his/her grand social responsibility with small acts. When I recalled my first time of blood donation, I felt nervous, dizzy and even nausea. However, when I thought that 400cc blood may save a life, it was worth suffering a little. In 17 years, I have volunteered blood donation for 57 times with a total volume of 21,000cc blood according to the national standard measurement. The 28 donor's cards are not only the witness of the changes in the national blood donation policy, but also the epitome of my persistence. Now with more and more workmates joining the blood donation, I see a growing team of volunteer blood donor in Bayi Steel, which is the embodiment of the spirit of Bayi Steel as well as the social responsibility of Baosteel.

Tang Hui
Bench Worker
Steelmaking Branch

30th Anniversary

THE 30TH ANNIVERSARY OF BAOSTEEL'S OPERATION



GENERAL INFORMATION ON DONATIONS



The amounts of Donation by Baosteel

2012
RMB **64.398**
million yuan

2013
RMB **68.586**
million yuan

2014
RMB **94.925**
million yuan

In 2014, in accordance with the requirements of the Managing Measures for Donation and Sponsorship and Circular on Strengthening the Administration of Donation of Baosteel, it strictly carried out its annual budget and completed various donations, with an actual amount of donation of RMB 94.925 million yuan.

Categories	Amount (RMB billion)	Proportion (%)
Donation to public relief and public welfare	3.376	3.6
Aid for the impoverished and disadvantaged and Baosteel-aided construction	83.754	88.3
Donation to education sector (education grants)	0.972	1.0
Donation to cultural and sports sector	0.300	0.3
Other donations	6.523	6.8
Total	94.925	100.0

RELATIONSHIP WITH COMMUNITIES

Shanghai

Establishing Livable Communities

Choosing Baoshan Community as a pilot project, Baosteel has actively propelled the public welfare programs of communities with a theme of caring for the elderly. Choosing Youyi Road Neighborhood as a pilot project, Baosteel has cooperated with Shanghai Social Workers' Association to explore and carry out the shared-governance of the government, the enterprise and the community, and to jointly build Youyi Road Neighborhood into a livable community. In addition, working with Bai Wanqing Volunteers Workroom, Baosteel provided title sponsorship support for the "Friendly Baosteel" Show for the elderly, and gave 100 shows for the elderly in 38 nursing homes of Baoshan District and the nursing homes in other districts or counties of Shanghai. Furthermore, through cooperating with Baoshan District Senior Citizens Foundation, Baosteel donated 1,000 New Year gift packs to the disadvantaged old people in some regions especially in Youyi, Yuepu, Wusong and Yanghang. In the last twenty days in December 2014, Baosteel planned and held the "Friendly Baosteel Taking Small Actions Every Day" New Year Activity for the elderly and Changqing Art Troupe of Bai Wanqing Volunteers Workroom) performance activities in communities.



Walk for an Egg

Baosteel supported the campaign of "Walk for an Egg", with the slogan of "Becoming Part of Love". Over 40 volunteers from Baosteel, as well as the "Love Supply Depot" arranged at the terminal point and the punch-in stations along the way, have become a scenery line of the campaign. The scale of 35 teams consisting of 210 Baosteel's employees hit a new high, so did the number of people finishing the whole 50-km journey and the amount of donation. The donated money was all used for the improvement projects with respect to children's nutrition and health, educational development, safety protection, social integration, etc. The campaign raised a total donation of RMB 220,000, which could be used to purchase 275,000 eggs for 3,063 children in poverty-stricken areas for one semester.



Zhejiang

Since 2010, Ningbo Iron and Steel has donated major disease relief fund for juveniles of RMB 2 million to the Beilun Charity Federation, Ningbo, donating RMB 400,000 each year, with a donation period of 5 years. The fund is used to succor the juveniles with major diseases in Beilun District. By the end of 2014, the fund donation had all been completed.

Guangdong

On June 30 (“Poverty Alleviation Day of Guangdong Province”), Shaoguan Iron and Steel donated RMB 2 million to the Shaoguan Charity Federation, including a directional donation of RMB 1.4 million, which would be used for assisting the poor villages determined in the poverty relief and development scheme of the provincial and municipal governments with the theme of “Planning for an Individual Household and Responsibility Assigned to an Individual Person”.

Yunnan

- On May 6, Baosteel delegation came to Pu'er to inspect the implementation of entire-village advancement, industrial poverty alleviation and other projects constructed with the assistance of Baosteel. Baosteel signed the 2014 Assistance Agreement on Targeted Poverty Alleviation with Ning'er, Mojiang, Zhenyuan and Jiangcheng County governments respectively. Since Baosteel started targeted poverty alleviation in Pu'er in 2003, it has provided assistance funds of RMB 99.607 million yuan in the past decade, assisted in 376 projects concerning entire-village advancement, industrial poverty alleviation, social undertaking development, assistance to Kucong people of Lahu, drought relief, etc. Such projects cover 186,000 people from 45,000 households of 255 villages of 38 townships (towns) of 4 counties in Pu'er, thereby, injecting strong driving force for the poverty relief and development of Pu'er. This year, Baosteel invested RMB 8.85 million yuan in 24 assistance projects of 4 targeted poverty alleviation counties, i.e., Ning'er, Mojiang, Zhenyuan and Jiangcheng. Among the 24 assistance projects, there are 18 entire-village advancement projects, 3 educational training and poverty grants projects, as well as other 3 projects including industrial development. Such projects will cover 21 villages of 16 townships (towns) of 4 counties.

In 2014, the Corporation launched “Baosteel Country Doctor Training” project to solve the problem of the limited professional qualification of some country doctors and the difficulty of getting medical service of the people in Pu'er City. The project was intended to train one country doctor for each of 985 village clinics across the city, with accumulative investment of RMB 1.94 million, in the combined form of centralized theory training and clinical training in the three years from 2014 to 2016. With the investment of RMB 0.55 million in 2014, the project trained 280 country doctors.

- In 2014, Jinggu in Pu'er City, Yunnan Province was stricken by a M6.6 earthquake. Soon after the earthquake, the Corporation decided to donate RMB 1.5 million yuan to Pu'er

Xinjiang

In 2014, Bayi Iron & Steel Co., Ltd. made external donations, equivalent to RMB 2.11 million yuan. It donated RMB 630,000 yuan to the counterpart assistance area – Kalasu Township, Nilka County, Ili Prefecture, for the purpose of strengthening the infrastructure construction in Kalasu Township. On the Army Day (August 1) and the National Day, it visited the frontier defense troops in Xinjiang 9 times, with consolation money and gifts amounting to RMB 380,000 yuan. It also donated student grants and scholarships of RMB 600,000 yuan to Northeastern University, Chongqing University of Science & Technology, Changchun Institute of Technology and Xi'an University of Architecture and Technology. Moreover, it sent a working team of 5 people to carry out an activity themed by “Visiting, Benefiting and Uniting the People” in Wusute Village, Yekexianbaibaza Township, Yopurga County, Kashgar Prefecture, invested RMB 500,000 yuan in helping Wusute Village Committee to build burglar meshes of office doors and windows, courtyard walls, sewers as well as shade-sheds for discussions of villagers, and visited poor families.



City (including RMB 800,000 yuan of administrative grants and RMB 700,000 yuan raised by employees through “One Day Donation”). The Corporation gave full play to the traditional virtue of Chinese people “Sharing Difficulties together”, thus gaining local government’s high praise and evaluation.

CONTRIBUTION TO THE SOCIETY



Qinghai

In September 2014, on the occasion of the first anniversary of Baosteel's aid for Qinghai in Tongde County, Hainan Autonomous Prefecture, a new city zone of Tongde County covering 3.1 square kilometers with a total investment of RMB 1 billion yuan rose from the ground in Duobasongduo Town, and will be completed in 2015. By that time, a brand new and modern city zone will stand on the Tibetan Plateau.

The New City Zone of Tongde County is constructed under the joint support of the Central Committee of the CPC and the whole nation. Through conducting investigations and visiting, focused on livelihood projects, Baosteel's cadres who were sent to support Qinghai made a series of detailed plans, and established a pharmacy for the Tibetan medicine hospital, a health service center of the new city zone of Tongde, Tongde County Library and movie theaters. Moreover, Baosteel also reconstructed the canteen of Kaligang Primary School, and provided heating equipment for Douhesuo Primary School. So far, there are 11 completed projects constituting the first batch of Baosteel's assistance projects.

Charity Works with Vision Rehabilitation Actions

Through cooperating with the China Disabled Persons' Federation (CDFA) and the China Welfare Fund for the Handicapped on "Charity works with Vision Rehabilitation Actions", Baosteel provided free surgery opportunities concerning vision rehabilitation for 1,000 poor patients with cataract from Guyuan City, Ningxia, and Xinjiang Production and Construction Corps.

➤ Case

"Love, Come Together" Micro Public Welfare Student Aid Campaign

The Baosteel Young Volunteers Association and the Baosteel Youth League Committee carried out the "Love, Come Together" micro public welfare student aid campaign, subsidizing the teachers and students from Douhesuo Primary School, Tongde County, Qinghai, to improve their learning and living conditions. Among the schools in Tongde County which received counterpart poverty alleviation from Baosteel in the first year, Douhesuo Primary School has the highest altitude and the furthest distance from the county, and has lots of disadvantages such as remote location, large mountains with deep valleys, poor natural environment and shabby school facilities. In this activity, over 400 employees made donations, including 1,715 pieces of clothes, scarves, caps and gloves, 128 schoolbags, 1,692 stationery supplies, 1,246 books and RMB 13,450 yuan in cash.

Baosteel's Young Volunteer Work

Relying on the Baosteel Young Volunteers Association, Baosteel youth volunteers provided in-depth public welfare volunteer services in 2014. They elevated the social image of Baosteel via volunteer service activities. In addition, Baosteel also actively expanded the service scope of Baosteel's young volunteers, covering major national activities such as student aid, respect for the elderly, environmental protection, aid for the disabled, charity sale, fund raising via walking and even the Youth Olympic Games. By December 31, 2014, the Baosteel Young Volunteers Association had launched 624 volunteer service activities, with 10,135 person-times of volunteers participating in such activities. In 2014, in the name of the association, Baosteel gave scholarships and faculty fellowships worth RMB 81,200 yuan to 204 students and 20 teachers from 12 hope schools in Yunnan, Hunan and Jiangxi.



► Case

Galsang Flowers Blooming on the Zhongba Plateau – 12 Years' Records of Baosteel's Counterpart Aid to Zhongba County, Tibet

Baosteel has provided counterpart aid for Zhongba County, Tibet for 12 years, during which Zhongba underwent the biggest changes in urban and rural appearances; the masses have obtained the most tangible benefits, and experienced the most stable social situation at the borders. As Degi, veteran cadre of Zhongba County, said, "I'm a local cadre in Zhongba. I saw Baosteel's contributions to my hometown during the 12 years of aid for Tibet. Zhongba has undergone great changes. Zhongba people will never forget Baosteel, the cadres sent to support Tibet as well as the kindness of the CPC and the government!"

Every summer, galsang flowers, which mean happiness in Tibetan language, may bloom on the beautiful Zhongba Prairie. 12 years ago, Zhongba County ranked last for economy in Shigatse Prefecture. Now it has jumped to the 5th place in terms of fiscal revenue. On Oct. 15, 2014, the Phase I Project of Baryang Town Cultural Tourism Complex – aid-Tibet project receiving the largest investment from Baosteel, was structurally completed, which marks a new start for Zhongba County turning from animal husbandry to tourism.

12 Years' Changes

In July 2002, responding to the call of the nation, Baosteel sent the first batch of cadres to aid Tibet. Baosteel brought not only funds, but also the long-term planning of "laying a foundation in the first 5 years, while grasping the development in the later 5 years", a perfect poverty alleviation mechanism, as well as experienced cadres selected from Baosteel's outstanding young people. It is proved by practice that the tangible moves indeed are good tools for shattering the poverty situation of Zhongba.

Fragile infrastructure is a big flaw causing the poverty of Zhongba. Without unobstructed cattle tracks or bridges, it's hard for the cattle and sheep that the herdsmen feed up through hardships to move to another pasture in bad weather. They have to be trapped by the frozen ground and lose weight day by day, let alone export sales. Less than a year, an aid fund of RMB 16 million is used for the construction of roads and bridges in counties, towns and villages. A plurality of roads and bridges carrying the herdsmen's dream for happiness zigzag their way across the remote mountain area. At the end of last year, the road and bridge network concerning 13 townships / towns of Zhongba County was basically completed.

Giving people happiness lies in making people live and work in peace and contentment. As batches of supporting projects of affordable housing works have been carried out in succession, more and more Zhongba herdsmen walk out

of draughty tents and live in bright and spacious stone or wooden houses.

Before Baosteel provided aid for Tibet, the educational facilities in Zhongba were extremely shabby. Walking in a school, you might see neither desks nor chairs; entering a dormitory, you might find no bed. Children are Zhongba's future and hope. Given the situation, the cadres aiding Tibet compiled a research report and sent it to Baosteel. Hence, Improving Zhongba's Teaching Conditions became one of the earliest aid-Tibet projects. Under the organization of the cadres aiding Tibet and the overall promotion of Baosteel, a boom in making donations to the children in Zhongba and assisting impoverished students in education in a paired way emerged. Baosight specially established the "Baosight Aid Fund for Impoverished Tibetan Students" to help Tibetan students complete their studies. Taking temporary posts in turn, the cadres started a long charity relay. Supported by Baosteel, the "Baosteel Educational Fund for Zhongba County" was founded, which is mainly used for rewarding outstanding teachers & students and impoverished students. In 2013 and 2014, a dozen of students from peasants and herdsman families in Zhongba County were admitted to university, achieving a historical breakthrough in terms of education in the county. Among them, most students received paired donations from Baosteel.

In the early days of the aid for Tibet in 2002, Baosteel gave top priority to guaranteeing and improving people's livelihood. In the 12 years, there're 98 construction projects related to people's livelihood, with accumulative investment of RMB 168 million yuan, accounting for over 80% of the total investment of aid for Tibet. As for education and hygiene, a full set of education infrastructure concerning kindergartens, primary schools, middle schools, vocational schools, etc., have been built, with enrollment rates of primary schools and junior high schools reaching 99.1% and 99.87% respectively; the number of health centers in towns and townships has been increased from 1 to 13, achieving full coverage of the towns and townships in the county. As for infrastructure, Baosteel mainly implemented Zhonglong Highway, Horpa-Lunggar Highway, leading-county road and county road hardening. The traffic mileage of Level 3 and Level 4 sand highways in the county has reached 127km and 178km respectively. In particular, the road and bridge network concerning 13 towns and townships has been completed, thereby, greatly improving the traffic conditions in the county and the travel conditions of peasants and herdsmen. As for production and living, Baosteel has implemented 68 warm wells and 2 pipeline water diversion projects in 55 villages, thereby, benefiting 8,849 people and solving the water supply problem for 369,700 domestic animals. Baosteel has implemented over 2,600 projects concerning affordable housing for herdsmen and supporting projects of low-rent housing, as well as plateau



“Shopping Basket” pilot project, animal by-products trading market, short-term fattening plan, venture base for young herdsmen, etc. The implementation of a series of livelihood projects has provided tangible benefits for the people in Zhongba County.

From Temporary Alleviation to Thorough Renovation

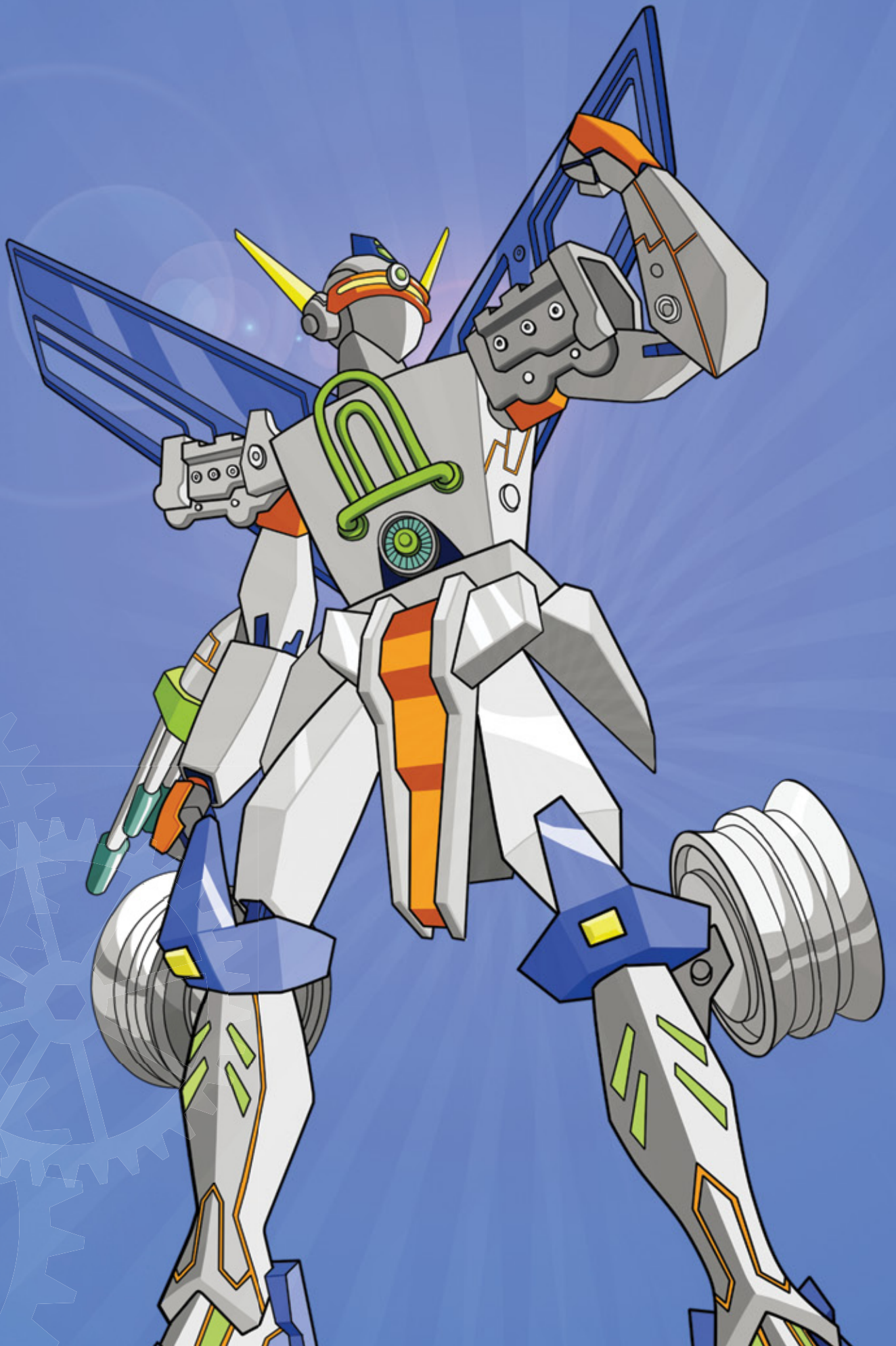
Baryang Town radiates to 4 townships, namely, Gela, Horpa, Penchi and Nagqu. As a pearl on G219, can it be built into a new modern town in pastoral area to drive the pattern of integrated regional development? A scheme for building Baryang Town into a “Mountain Post House” on the snow-covered plateau has been designed, concerning Baryang Town tourism complex, self-driving tour campsite, renovation works along G219, relevant tourism projects, cultural projects, etc.



The aforesaid scheme has received much attention from Baosteel's leaders. In particular, the scheme of “constructing fine projects, building a new modern town in pastoral area with the brand of tourism and national culture, and making it become the engine for a new round of development”, which manifests a new height of poverty alleviation, has been highly affirmed by the cultural tourism department in Tibet Autonomous Region and the major leaders of Shigatse. In addition, the cadres sent to aid Tibet by Baosteel made featured speeches and exchanged experience on this issue. The people in Shigatse regarded it as a model for poverty alleviation in the new era, resulting in a boom in propaganda and promotion. Yang Qianwei, one of the cadres, was selected as the “National Advanced Individual in Social Poverty Alleviation Work” by Tibet Autonomous Region.

In May 2014, with an investment of RMB 24 million yuan, the Phase I Project of Baryang Town Cultural Tourism Complex (Tourist Distributing Center) – landmark project in the urbanization process of Baryang Town, was officially launched. On Oct. 15, 2014, the Phase I Project was structurally completed. After being completed and put into operation, the project is expected to directly add fiscal revenue of RMB 6 million to Zhongba County and solve the employment problem of the local peasants and herdsmen.

Among the 18 counties (cities) of Shigatse Prefecture, Zhongba, full of vigor, is like a pearl on the plateau, rising slowly from the western plateau. Zhongba, vast in territory, was once like a desolate drawing board. With great efforts, Baosteel put the color of happiness on it.



EMBRACING TRUST AND WIN-WIN SITUATION TO CULTIVATE THE INNER STRENGTH OF BAOSTEEL

Baosteel has spared no effort to build a service-oriented ecosystem of the steel industry featuring joint development, sharing and trustworthiness. Baosteel has set up **102 marketing outlets in 45 large and medium-sized cities** in China and possesses **74 subsidiaries** which are under the management and control in operation and strategy; Baosteel' s overseas marketing service network now consists of **4 overseas regional headquarters**, **15 subsidiaries** and representative offices and **2 service centers**; and Baosteel has exported its products and services to more than 70 countries and regions. Baosteel has gradually fulfilled three strategic transformations, i.e., from the production of high quality iron and steel to the research of new materials, from “product-orientation” to “customer-orientation” and from China to the globe and established integrated sales and service system, resource procurement and guarantee system in home country and abroad by innovating service mode for the users.



The contemporary competitions among enterprises nowadays depend on comprehensive rivalry in the level of the supply chain instead of the individual competition of technology, cost or management. Always engaged in the work of customer service, I have had the first-hand experience of the evolvement in which Baosteel provided premium products and services for its customers. Over 30 years, from Baostar to SHGT.com and then to Ouyeel, which have unswervingly provided full-flow and one-stop service of trading, logistics, processing, finance, technology and information, are also the strategic measures of Baosteel in fulfilling the transformation from products to services. We, as the spearhead of Baosteel Internet+ Steel, are always thinking and reframing each link of the full flow in the steel circulation domain so as to make the business more convenient and provide better experience for the users. By the end of 2014, the users of Ouyeel platform had exceeded 3,2000 with a transaction volume of over 5.5 million tons and a settlement amount of over RMB 20 billion yuan. Ouyeel is playing a leading role among its peers. Ouyeel! Oh Yeah!

Zhang Haifeng
Customer Service
Ouyeel e-commerce

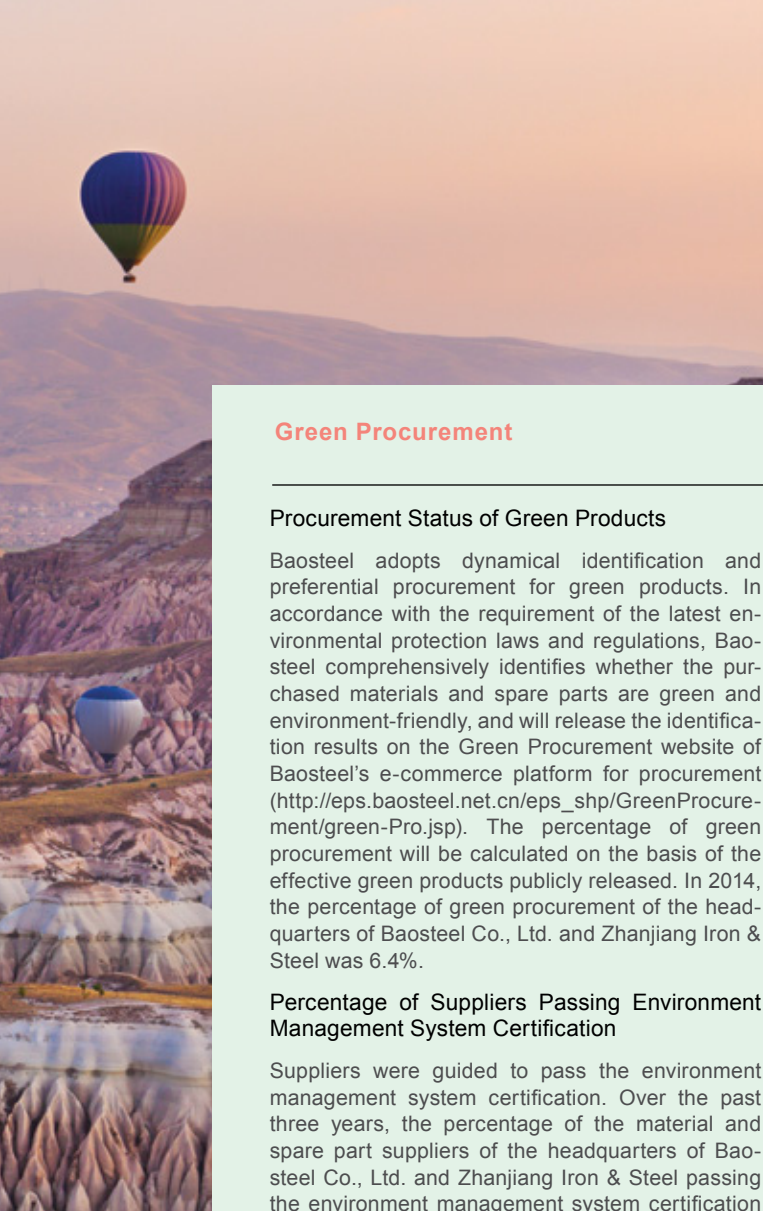
JOINT DEVELOPMENT WITH SUPPLIERS



As of the end of 2014, altogether 974 materials and spare parts suppliers of the headquarters of Baosteel Co., Ltd. and Zhanjiang Iron & Steel were qualified, including 451 suppliers passing the environmental management system certification.

Sunshine Procurement

In 2014, Baosteel promoted open procurement in an all-around way, developed the differential purchase pricing strategy on the basis of material classification, established operation rules and information system functions, and formed a four-in-one open procurement mode integrating “material sorting, classified packaging, sourcing planning and matched guarantee”. In addition, through applying the “Production – Supply – Research” project platform, Baosteel made open procurement closely tally with users’ requirement for cost reduction, thereby, driving a batch of important materials to break monopoly and introduce competition, and forming benign interaction between open procurement and field cost improvements. In the whole year, the total amount of open procurement reached RMB 4.6 billion yuan, accounting for 38%, with open ratio of information 77%. Through open procurement, 336 new suppliers were attracted to competition (226 manufacturers and 100 merchants). The supply amount of new suppliers reached RMB 200 million yuan, while the supply ratio of dealers reduced from 9.7% to 8.3%. The number of non-value adding links gradually reduced.



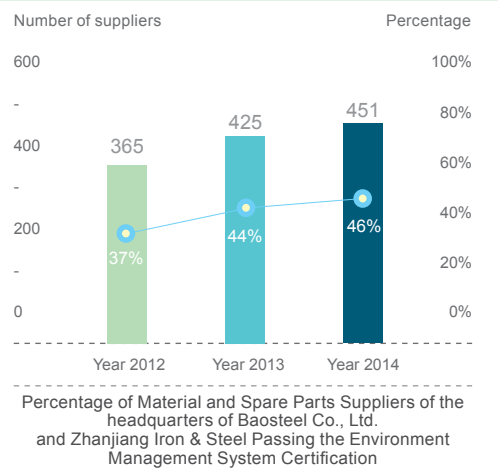
Green Procurement

Procurement Status of Green Products

Baosteel adopts dynamical identification and preferential procurement for green products. In accordance with the requirement of the latest environmental protection laws and regulations, Baosteel comprehensively identifies whether the purchased materials and spare parts are green and environment-friendly, and will release the identification results on the Green Procurement website of Baosteel's e-commerce platform for procurement (http://eps.baosteel.net.cn/eps_shp/GreenProcurement/green-Pro.jsp). The percentage of green procurement will be calculated on the basis of the effective green products publicly released. In 2014, the percentage of green procurement of the headquarters of Baosteel Co., Ltd. and Zhanjiang Iron & Steel was 6.4%.

Percentage of Suppliers Passing Environment Management System Certification

Suppliers were guided to pass the environment management system certification. Over the past three years, the percentage of the material and spare part suppliers of the headquarters of Baosteel Co., Ltd. and Zhanjiang Iron & Steel passing the environment management system certification is illustrated in the following figure:



Helping Small and Medium-Sized Suppliers Implement Life Cycle Assessment (LCA)

In 2014, Baosteel added three varieties, i.e., lubricating oil, graphite electrodes and rollers, based on the previous pilot projects of refractory materials and auxiliary materials, and carried out LCA researches with three key suppliers in the industry respectively.

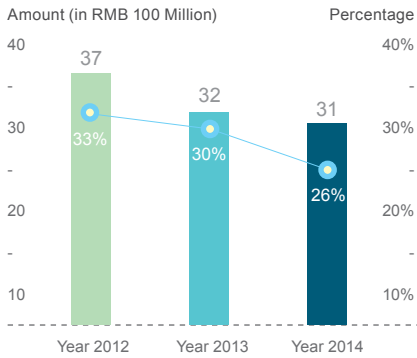
Application of Information Technology in Procurement

Based on the original enterprise resource planning (ERP) system as well as business feature of the materials and spare parts suppliers of Zhanjiang Iron & Steel under the centralized management and coverage of the headquarters of Baosteel Co., Ltd., the adaptive allocation transformation has been completed in a comparatively short time, and the extensive application of industrial product supermarket business has been achieved. In the principle of one set of code systems with one set of supplier systems, relying on a system platform, Baosteel achieved the complete coverage of procurement and supply business in Zhanjiang.

In 2014, online cooperatives accounted for 98.7% of materials and spare parts procurement while e-contracts accounted for 78.1%.

In 2014, Baosteel launched a number of intelligent logistics construction projects based on the key technology application of Internet of Things such as automatic recognition and mobile web. With industrial product supermarkets as a pilot, priority is given to propelling the application of electronic tag technique in the logistics distribution link of supermarkets. In the first step, Baosteel achieved the information technology operation and standard management on such links as material procurement, putting in storage, taking out of storage, physical inventory and sorting or distribution in supermarkets, thereby ensuring the real-time exchange and tracking of process data.





The headquarters of Baosteel Co., Ltd. and Zhanjiang Iron & Steel's Procurement of Materials and Spare Parts from SMEs

Status of Procurement from SMEs and Local Procurement

The actual statistics of materials & spare parts that the headquarters of Baosteel Co., Ltd. and Zhanjiang Iron & Steel procured from SMEs in the past three years are illustrated in the following figure. (In pursuance of the Classification Standards of SMEs (MIIT and Enterprises [2011] No.300), SME suppliers are defined as enterprises with the registered capital of no more than RMB 10 million yuan.

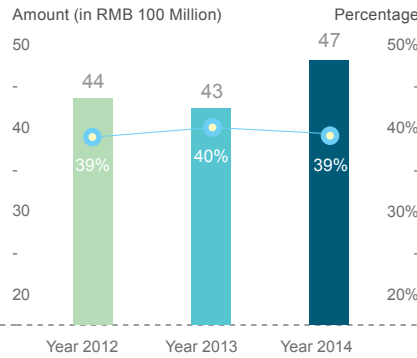
The actual statistics of materials & spare parts that the headquarters of Baosteel Co., Ltd. and Zhanjiang Iron & Steel procured from local enterprises in the past three years are illustrated in the following figure (Local suppliers refer to the manufacturing enterprises of the procurement of the headquarters of Baosteel Co., Ltd. registered in Shanghai and those of the procurement of Zhanjiang Iron & Steel registered in Guangdong).

Supplier Management

In 2014, Baosteel cooperated with an internationally renowned standard certification consulting company to carry out researches on the management ability promotion of suppliers, established an eight-step method for supplier and material certification, as well as a six-step method for process control and performance appraisal, and developed the supplier system audit standard and the performance appraisal system combined with the materials & spare parts procurement characteristics of iron & steel enterprises, thereby laying a foundation for elevating supplier quality management and lowering procurement costs and risks.

Case of Joint Development with Suppliers

The supplier seminar for the engineering material supplied by Party A (the owner) and sporadic materials was held in July and Sept. 2014 respectively, with the participation of 53 suppliers (as shown in the attached picture). Through the improved mentoring on suppliers' operating system and the exchange between the supplier and the buyer, the seminar was aimed at creating a win-win atmosphere for the supplier and the buyer, promoting the core value of procurement, strengthening good faith and standardized cooperation, and establishing a "clean, open and win-win" supply chain system.



The headquarters of Baosteel Co., Ltd. and Zhanjiang Iron & Steel's Procurement of Materials and Spare Parts from Local Suppliers in Shanghai /Guangdong

Joint Development with Suppliers

Baosteel succeeded in developing ultra-pure ferritic stainless steel series for passenger vehicle exhaust system, and became the sole domestic supplier which passed the product certifications of European & the US, Japanese, South Korean and OBM passenger vehicles and fully substituted batch supply for importing. In 2014, through conducting R&D investment in advance and exploring users' demands in an in-depth way, the Stainless Steel Technology Center achieved the goal of guiding users' new demands under the comprehensive support of technical marketing and user application technology. According to the service environment of the commercial vehicle exhaust system and the users' requirements for material performance, Baosteel has specially designed low-cost and high-performance ferritic stainless steel materials for the industry. From 304 (stainless steel) that is widely used abroad but just emerging at home to ferritic stainless steel B441M and B436M for commercial vehicle SCR which are researched and developed under the guidance of Baosteel, Baosteel changed the status of material application in domestic and overseas industries. By replacing 304, Baosteel has applied ferritic stainless steel to main engine plants such as Weichai, Weifu Lida and Yinlun, as well as supporting facility plants in batch, and successfully rewritten the specification for production design and material selection. Compared to 304, B441M and B436M not only reduce material cost for users, but also have better corrosion resistance in the service environment, thus receiving wide acclaim from users.





VALUE CREATION THROUGH SERVICES



► Provide Customers with Quality Services

Typical Cases of Value Creation through Services

Due to product upgrading, the production line of Qingdao Haier suffered a great quantity of cracks in weld joints after laser welding, thereby failing to meet the inspection requirements, and almost leading to production halt of the production line for 7kg roller washing machines. Haier's engineers and equipment suppliers conducted commissioning for more than one week but failed to find out the causes. So, they turned to Baosteel for help. Xu Haigang was then dispatched to Qingdao by Baosteel Stainless Technology Center to provide technical support. Through two successive days of endeavor, they got the welding process satisfying the production requirement and the production line was put back on production. Besides, one of Haier's (in Sanshui of Foshan) automatic production lines of rollers in the early stage is now in the stage of pilot production, but the Erichsen value of laser weld joints couldn't meet the inspection requirements. Xu Haigang and Ma Xiaoguang from Baosteel Stainless Technology Center and technicians of Haier and engineers of equipment supplier jointly tried to solve the problems and finally made performance of weld joint meet the requirements and acquired ideal technology. The automatic production line then went into normal production. After that, they then trained the field technical personnel about welding knowledge and response solutions of process reform. For this reason, Haier especially sent a letter of thanks to Baosteel.

VALUE CREATION THROUGH SERVICES

Providing Customers with Quality Services

Domestic Sales Network

In China, Baosteel has set up 102 marketing outlets in 45 large and medium-sized cities and invested in the founding of 74 subsidiaries for operation and strategic control, including 15 commercial companies, 2 e-commerce companies, 3 logistic companies and 48 rolled steel service centers, thus basically forming a multi-base development layout which completely covers butler services to the important customers and effectively supports the strategic customers.

As of the end of 2014, Baosteel International had had a cumulative approved processing capacity of 8 million tons (shearing of 6.23 million tons, blanking and rocking shear of 1.37 million tons, steel cutting processing of 130,000 tons, wear-resistant steel production of 130,000 tons and fine-blanked steel of 140,000 tons), a cumulative approved tailored blank laser welding capacity of 31.27 million pieces, 10.5 million wheels, 2.7 million stokes of hot pressing, 880,000 strokes of hydraulic pressing, 15 million strokes of cold pressing and 7 million sets of parts assembly.

Product service hotline: 400-820-8590

Western companies

Chongqing
Kunming, Lanzhou, Guiyang
Chongqing Bao-Mit,
Chongqing Baosteel,
Xi'an Baosteel,
Chengdu Baosteel,
Ba'nan Baosteel,
Chongqing Motor Wheel
Chongqing Baoji

Southern companies

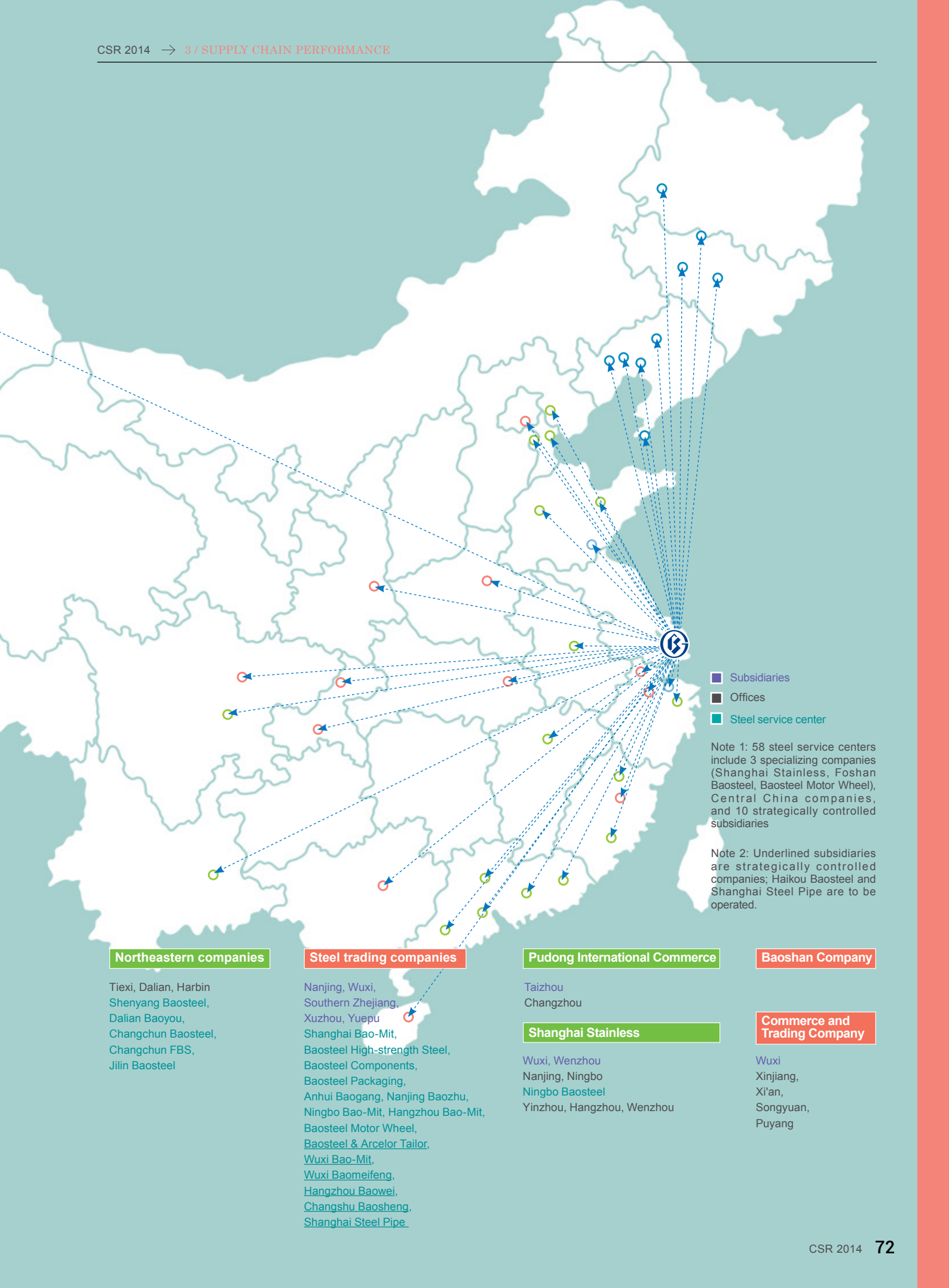
Guangzhou International Commerce,
Jieyang Baosteel
Foshan Association, Chang'an
Foshan Baosteel
Guangzhou Baojingchang,
Dongguan Baosteel,
Fuzhou Baosteel,
Huadu Bao-Mit,
Baofengjing,
Liuzhou Baosteel,
Xiamen Baosteel,
Sanshui Baosteel,
Dongguan Components,
[Guangzhou Bao-Commerce](#)

Northern companies

Baoding
Tianjin companies,
Baosteel Chuling,
Qingdao Bao-Mit,
Tianjin Baosteel
Yantai Bao-Mit,
Jinan Baosteel,
Tianjin Bao-Mit
[Shandong Wear-Resistance Steel](#),
Yantai Tiezhongbao,
Yantai Motor Wheel

Central China companies

Nanchang Baojiang,
Zhengzhou Baosteel,
Changsha Baosteel,
Xiangyang Baohong,
Wuhan Baozhang,
Hunan Motor Wheel,
[Zhengzhou Hongzhongbao](#),
[Changsha Baosheng](#)



- Subsidiaries
- Offices
- Steel service center

Note 1: 58 steel service centers include 3 specializing companies (Shanghai Stainless, Foshan Baosteel, Baosteel Motor Wheel), Central China companies, and 10 strategically controlled subsidiaries

Note 2: Underlined subsidiaries are strategically controlled companies; Haikou Baosteel and Shanghai Steel Pipe are to be operated.

Northeastern companies

Tiexi, Dalian, Harbin
Shenyang Baosteel,
Dalian Baoyou,
Changchun Baosteel,
Changchun FBS,
Jilin Baosteel

Steel trading companies

Nanjing, Wuxi,
Southern Zhejiang,
Xuzhou, Yuepu
Shanghai Bao-Mit,
Baosteel High-strength Steel,
Baosteel Components,
Baosteel Packaging,
Anhui Baogang, Nanjing Baozhu,
Ningbo Bao-Mit, Hangzhou Bao-Mit,
Baosteel Motor Wheel,
Baosteel & Arcelor Tailor,
Wuxi Bao-Mit,
Wuxi Baomeifeng,
Hangzhou Baowei,
Changshu Baosheng,
Shanghai Steel Pipe

Pudong International Commerce

Taizhou
Changzhou

Shanghai Stainless

Wuxi, Wenzhou
Nanjing, Ningbo
Ningbo Baosteel
Yinzhou, Hangzhou, Wenzhou

Baoshan Company

Commerce and Trading Company

Wuxi
Xinjiang,
Xi'an,
Songyuan,
Puyang

VALUE CREATION THROUGH SERVICES

Providing Customers with Quality Services

Overseas Network

Baosteel's overseas marketing service network, stretching across the world with first-tier representative offices in four major regions including the Europe, Africa and Middle East region, the Southeast Asia and South Asia region, the Northeast Asia and Australia region and the Americas region, consists of 4 regional headquarters, 15 subsidiaries and representative offices and 2 processing centers which are responsible for the overall overseas trading services of Baosteel.



01 Canada

Canada Office, Baosteel America

Address: SUITE 302, 941 RUTHERFORD ROAD, VAUGHAN, ONTARIO, L6A 1S2
Tel.: 001-905-7315885

02 The U.S.

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Fax: 001-201-3073358

Los Angeles Office, Baosteel America

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Tel.: 001-949-7526789
Fax: 001-949-7521234

03 Mexico

Mexico Office, Baosteel America

Address: RM 1204, TORRE ESMERALDA II, BLVD. AVILA CAMACHO #36, COL. LOMAS DE CHAPULTEPEC, EDL. MIGUEL HIDALGO, CP. 11000, MEXICO, D.F.
Tel.: 0052-55-91911988
Fax: 0052-55-91711787

04 Brazil

Baosteel Do Brasil Ltda. (Brazil Office, Baosteel America)

Address: AV. RIO BRANCO, NO. 277, SALA 1210, CEP 20040-009, CENTRO, RIO DE JANEIRO, RJ, BRAZIL.
Tel.: 0055-21-25311363
Fax: 0055-21-25310298

05 Spain

Baosteel España S.L.

Address: AVINGUDA DIAGONAL 662-664, PLANTA 2A C 08034 BARCELONA SPAIN
Tel.: 0034-93-4119325
Fax: 0034-93-4119330

06 Germany

Baosteel Europe GMBH. HQ

Address: NONNENSTIEG 1, 20149 HAMBURG GERMANY
Tel.: 0049-40-4119410
Fax: 0049-40-41994130

07 Poland

Baosteel Central and Eastern Europe Representative Office

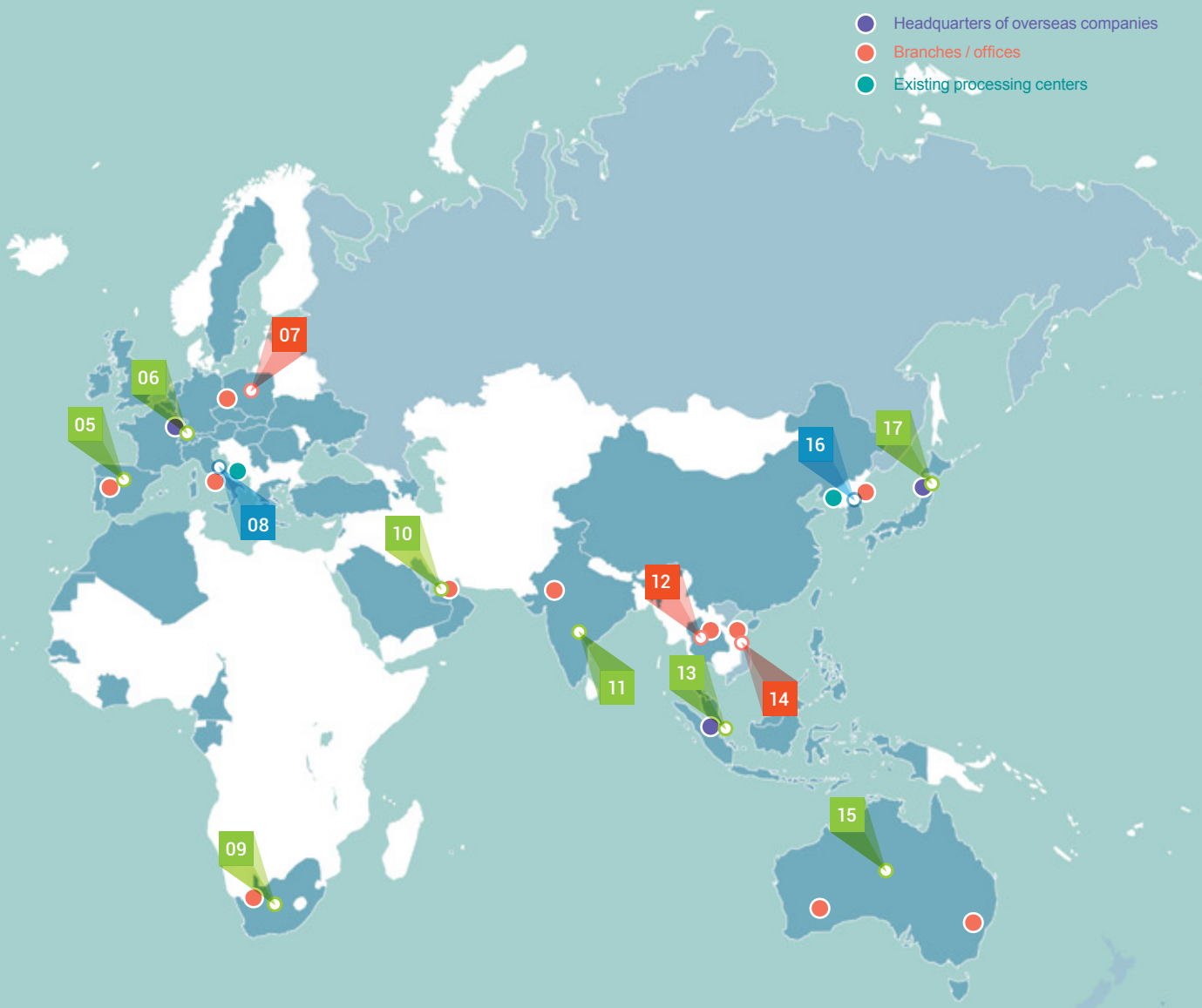
Address: UL. MICKIEWICZA 29, 40-085 KATOWICE, POLAND
Tel.: 0048-32-2072886
Fax: 0048-32-2072889

08 Italy

Baosteel Italia Distribution Center S.P.A.

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Tel.: 0039-010-5308872
Fax: 0039-010-5308874

Italy NSM Shear Processing Center



09 South Africa

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 CORNER 5TH STREET & FREDMAN DRIVE,
 SANDTON, 2196, JOHANNESBURG, SOUTH
 AFRICA
 Tel.: 0027-11-7839985
 Fax: 0027-11-7842408

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 Tel.: 00971-4-8840458
 Fax: 00971-4-8840458

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 THAILAND
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 Fax: 0066-2-2348989

13 Singapore

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 Fax: 0065-63336819

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 Fax: 0084-8-9100124

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 Fax: 03-96636835

Bao Australia Pty Ltd.

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 Fax: 0067-8-94810536

16 South Korea

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 SEOUL, 13-280, KOREA
 Tel.: 0082-2-5080893
 Fax: 0082-2-5080891

BGM Corporation

17 Japan

**Headquarters of Baosteel Howa Trading
 Co., Ltd.**

Address: HOWA BLDG., 15 BANCHI, ICHIBAN-
 CHO, CHIYODA-KU, TOKYO, 102-0082, JAPAN
 Tel.: 0081-3-32379121
 Fax: 0081-3-32379123

The Production-Marketing-Research Operation Model

In 2014, the production-marketing-research management continued to improve the production-marketing-research business chain based on “Product Management”, and to focus on intensifying such aspects as “profitability”, “solutions to all types of customers’ problems” and “promotion of growth-oriented products” and the “customer-oriented” marketing mechanism and clearly demanding that all production-marketing-research promotion groups should include the problems fed back by customers in the annual production-marketing-research advancing target; relevant quarterly action plans were also made as well as the implementation of quarterly evaluation. The production-marketing-research promotion groups should introduce the problems happening at the client side and urgent to be solved in the production-marketing-research promotion and focus on the rapid problem solving of customers’ problems to increase the customer satisfaction.

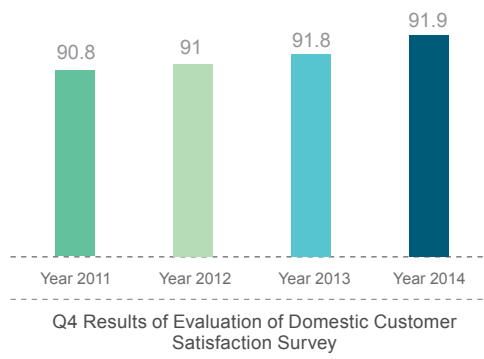
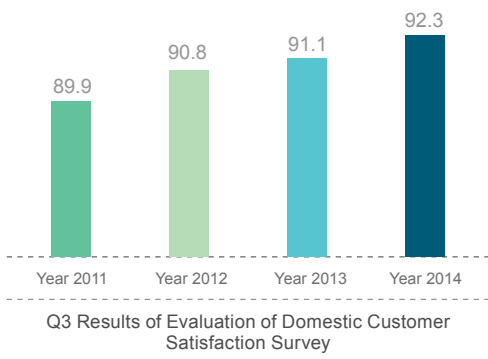
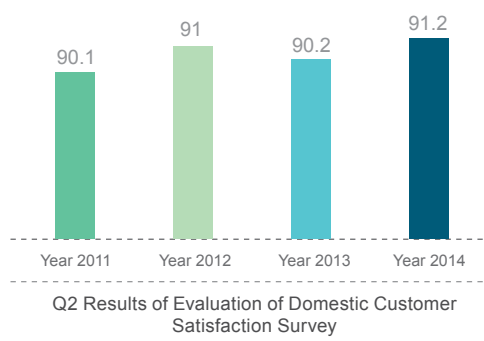
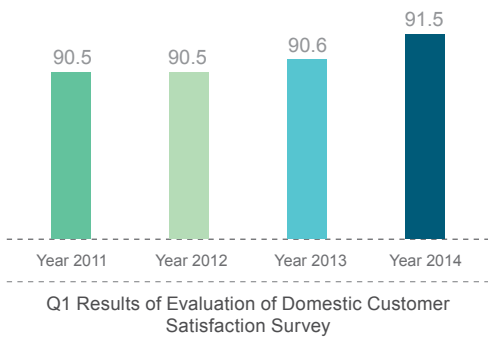
Customer Satisfaction Survey

The overall ratings for domestic customer satisfaction in 2014 were satisfactory, with an annual average percentage of 91.7%, which is higher than the annual objective (91%).



Quarterly Ratings for Domestic Customer Satisfaction in 2011-2014

	Objective	Q1 Actual Performance	Q2 Actual Performance	Q3 Actual Performance	Q4 Actual Performance
2011	90	90.5	90.1	89.9	90.8
2012	90	90.5	91.0	90.8	91.0
2013	91	90.6	90.2	91.1	91.9
2014	91	91.5	91.2	92.3	91.8





Service Hotline

Since 2014, to enhance the full function and image of Baosteel Call Center and to ensure the effective implementation of all tasks in the optimization plan for construction of the call center, the continuous concern and closed-loop management over track items have gradually got improved. The Call Center's service hotline provides multi-channel and professional "one-stop" services via various receiving modes such as telephone, e-mail, fax, written message and text message for customers.

In 2014, the Call Center received 15,238 calls from customers with the completion rate of 98.64%. During the 248 working days, around 61 customer incoming calls were answered on daily average and the on-the-spot satisfaction rate of the Call Center hotline was 100%, without any dissatisfaction.

Continuously Improve Customer Visit Management

This year, Baosteel started with the contribution of customers and strategic significance of products, optimized and worked out the visit plan of customers with direct supply and the top management visit plan, and carried out the annual customer visit communication with respect to multiple dimensions implemented in a hierarchical order. Through hierarchical visit, the exchange visit with customers has become increasingly frequent. It deepens the strategic partnership with key customers and promotes the communication and cooperation between Baosteel and the customers, making their respective advantages complementary to each other. To strengthen the tracking and control on the completion of the visit plan, the implementation of the visit plan was tracked on a real-time and monthly basis and the implementation of departments in charge was evaluated on a quarterly basis to propel the proper implementation of the visit plan of departments in charge on schedule by adoption of various control measures like reminders setting in system.

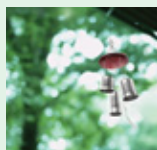
Premium Steel of Baosteel



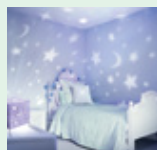
Baosteel Automotive Sheet



Baosteel Home Appliance Steel



Baosteel Tinplate Sheet



Baosteel Electrical Steel



Baosteel Prepainted Steel

Honors Granted by Users

- 01 FAW-Volkswagen conferred the title of 2014 Best Supplier on Baosteel Co., Ltd., which is the only awarded iron and steel enterprise.
- 02 Dongfeng Nissan conferred the title of 2014 Excellent Supplier on Baosteel Co., Ltd.
- 03 Guangqi Honda conferred the title of 2014 Excellent Supplier on Baosteel Co., Ltd.
- 04 FAW Car conferred the title of 2014 Top Ten Supplier on Baosteel Co., Ltd.
- 05 SAIC-GM-Wuling conferred the title of 2014 Excellent Supplier on Baosteel Co., Ltd.
- 06 Dongfeng Liuzhou Motor Co., Ltd. conferred the title of 2014 Excellent Supplier on Baosteel Co., Ltd. for the 15th consecutive year.
- 07 FAW Haima conferred the title of 2014 Excellent Supplier on Baosteel Co., Ltd. for the 11th consecutive year.
- 08 GAC Fiat conferred the title of 2014 Excellent Supplier for Cost Improvement on Baosteel Co., Ltd. It is the second time for Baosteel to be commended by GAC Fiat after being conferred the title of "Excellent Supplier" last year.
- 09 Dongfeng Honda conferred the title of 2014 Best Cost Supplier on Baosteel Co., Ltd.
- 10 Jiangling Motors conferred the title of 2014 Best Supplier on Baosteel Co., Ltd.
- 11 Chang'an Motors conferred the title of 2014 Excellent Supplier on Baosteel Co., Ltd. for the 8th consecutive year.
- 12 Chang'an Mazda conferred the title of 2014 Excellent Supplier on Baosteel Co., Ltd.
- 13 JAC Motors conferred the title of 2014 Excellent Supplier on Baosteel Co., Ltd.
- 14 Weichai Motor conferred the 2014 Best Quality Award on Baosteel Co., Ltd.
- 15 Jiachuan Motor conferred the 2014 Best Quality Award on Baosteel Co., Ltd.
- 16 Liebao Motors conferred the title of 2014 Excellent Developing Suppliers on Baosteel Co., Ltd.
- 17 BYD conferred the title of 2014 Top Ten Supplier on Baosteel Co., Ltd.
- 18 CIMC Raffles conferred the title of 2014 Excellent Supplier of Materials and the Excellent Partner Award in Project COSL PROSPECTOR on Baosteel Co., Ltd., which is the only iron and steel enterprise being conferred such title and award.
- 19 TBEA conferred the title of 2014 Excellent Supplier on Baosteel Co., Ltd.
- 20 Matsushita-Wanbao conferred the title of 2014 Excellent Supplier on Baosteel Co., Ltd.
- 21 Beijing Embraco Snowflake Compressor Co., Ltd. conferred the 2014 Excellent Supplier on Baosteel Co., Ltd.
- 22 Shandong Wiskind Group conferred the title of 2014 Best Supplier of Cooperation on Baosteel Co., Ltd.
- 23 ORG Packaging conferred the title of 2013 "Best Supplier of Color Iron Printing" on Foshan Iron Printing Branch of Shanghai Baosteel Packaging Co., Ltd.
- 24 Guangzhou Baiyunshan Pharmaceutical Holdings conferred the title of "2014 Diamond-Level Supplier" on Shanghai Baosteel Packaging Co., Ltd., which becomes the only supplier awarded this honor among two-piece can suppliers.
- 25 Swire Coca-Cola Beverages Zhengzhou conferred the title of "2013 Best Supplier of Service" on Shanghai Baoyi Canmaking Co., Ltd.

Status of the Directors for Key Customers

In 2014, Baosteel started to thoroughly promote the accountability system of directors for key customers and constantly optimized the plan of key customer management. It worked out the scheme for performance appraisal of the director (managers) for key customers and comprehensively deepened the propulsion of key customer management.

Since 2014, the system of directors for key customers and key customer manager system have been respectively implemented in 18 overseas and domestic major group customers and 27 major group customers involving autos, household appliances, shipbuilding, power transmission and distribution industries with 6 full-time key customer directors appointed and 19 part-time key customer managers assigned to major customers. 32 key customer service teams have been set up to provide continuous personal individual services and superior integrated solutions.

Cases of Value Creation through Services

In the first half of 2013, when using Baosteel Desheng's nickel saving stainless steel, the customers in Jiangsu often encountered cold explosion, which seriously restricted the regular production of customers. In the face of severe market competition, Baosteel Desheng, under the leading of Ye Xiaoning, Chief Technician of Stainless Steel Technical Center, developed the N1TC cold explosion resistance steel with the participation of the manufacturing department and the sales department. During the process of trail-manufacture of new type of steel, they went to the customer's site time after time to communicate with the customers face to face and instructed the customers to use the steel on site so as to make continuous improvements according to the feedback from customers. When the new type of steel was launched, Ye Xiaoning and the after-sales service personnel of the sales department went to the customer's site time after time to familiarize the customers with the product features faster and drive the utilization of new type of steel. At present, this type of steel has gained good public praise from customers, reduced complaints about quality objection against cold explosion resistance, and created high economic value. The customers now not only come from Jiangsu, but also come from Foshan. The new customers such as Jiangsu Sunthink have become loyal customers of Baosteel Desheng. This Company's products all adopt Baosteel Desheng's blanks, and its order quantity around the year even exceeded 35kt.

Remarks from the Third Party

"We started to use it since the commissioning of Baosteel Resources' Go Platform. We have placed 36 orders on the Platform, totaling 120kt goods. I feel it is very convenient and fast and greatly increases our work efficiency."

by SINIAN Metal

HIGHLIGHTS 2014



Joint Building, Sharing and Trustworthiness

► Awards

Awards for Honest Business

March

In March, “2013 China Information Industry Innovation Selection” ended and Baosight won the title of “2013 Leading Enterprise in China Information Industry”.

In March, the selection result of 2013 Quality Technology Award of the Shanghai Association for Quality was revealed. The “Design and Application of Integrated Customer Service Management System Based on Quality Management System Standard” project of Baosteel Co., Ltd. won the first prize.

April

In April, Shanghai Baosight Software Co., Ltd. won 2013 “Shanghai Mayor Quality Award” which is the highest honor of Shanghai quality work.

May

In May, Baosteel Co., Ltd. was rated as Class-A Corporation for Information Disclosure of Listed Companies by Shanghai Stock Exchange.

July

In July, Baosteel’s archives management work of 2013 was rated as Class A among the 113 central enterprises governed by the SASAC, which was the second time for Baosteel’s archive work to be rated as Class A since the previous year.

In July, at the 35th Excellent Quality Management Team Representative Conference of Xinjiang Autonomous Region, Bayi Iron & Steel Co., Ltd. was honored with the title of Excellent Enterprise in Quality Management Team Activities of Xinjiang Uygur Autonomous Region; eight QC teams were honored with the title of excellent quality management teams in the autonomous region, including 2 second prizes and 5 third prizes.

In July, at the “2014 China Trust Industry Summit and the 7th Selection and Award Ceremony of Excellent Trust Corporations”, Hwabao Trust Co., Ltd. was honored with the most influential award of “Chinese Excellent Trust Corporation” and Hwabao’s Production and Financing Integration 4 – Lander Holdings and Zhuhai Lanqin Trust Plan was awarded the “Best Real Estate Trust Plan”.

August

In August, the selection result of “Demonstration Enterprise on Emerging Innovative Services of Shanghai” was revealed. Baosight Software was honored with the title of “Demonstration Enterprise on Emerging Innovative Services of Shanghai” by virtue of its innovation advantages and leading role in commercial mode, service technology and other fields.

In August, the General Administration of Customs of the People’s Republic of China awarded Baosteel Co., Ltd. the title of “Sample Enterprise for Export Leading Indicators of China’s Foreign Trade”.

In August, Baosteel was honored with the title of 2012-2013 Enterprise Honoring Contracts and Valuing Credibility of Shanghai and its contract credit grade was rated as AAA grade.

October

On October 23, “Research and Study of Baosteel’s Decision Makers” won the “Best Award” by ranking top three in comprehensive score in special practice cases selection for senior executives training of central enterprises.

In October, Baosteel Chemical’s management achievement of “Strengthening Process Management to Reduce Logistic Cost and Prevent Logistic Risk” was honored with the second prize for innovation achievement of Shanghai enterprise management modernization.

November

On November 11, Bayi Iron & Steel Co., Ltd. passed the acceptance inspection by the pilot acceptance team for enterprises with standard good behaviors in Xinjiang Uygur Autonomous Region and was awarded AAAA (4A), the highest grade verification of the third batch of demonstration enterprises with standard good behaviors.

In November, the SASAC awarded 35 units including Baosteel the title of “2013 Advanced Units for Financial Final Cost Management of Central Enterprises”. Baosteel was the sole iron & steel enterprise selected, and it was fourth consecutive time for it to be awarded this title.

In November, American Institutional Investor, a world-class financial magazine, commenced its first selection for “Asia Investment Management Award” and Fortune SG Fund Management Co., Ltd. became the only award winner for “Chinese Stock Type”.

In November, the selection result of Metallurgical Enterprise Management Modernization Innovation Achievement Award was revealed. 8 innovative achievements of Baosteel won prizes, of which the Research and Practice of Operating Management Visualization Based on Multi-regional Big Data of Baosteel International and the Reform and Practice of Organization System of All-member Business Model of Ningbo Baoxin were awarded the first prize.

In November, it was the third consecutive time for Baosteel to be honored with the title of “National Advanced Collective for Internal Audit”.

December

From December 4 to 5, Baosteel Meishan Mining was honored with the title of "Top Ten Plants and Mines" again in the selection of the 5th "Top Ten Plants and Mines" of national metallurgical mines. So far, Meishan Mining was the sole one which has been honored as "Top Ten Plants and Mines" for 15 consecutive years in China.

In December, at 2014 National E-Commerce Innovation Promotion Conference, the project "Chattel Mortgage Information Platform of Shanghai Banking Industry" declared by Bsteel was awarded "2014 E-commerce Integration Innovation Award".

In December, in the selection of "2014 Core Software Brand of Independent and Reliable Enterprises" jointly launched by China Information Technology Industry Federation, China Electronics Chamber of Commerce and China Software Industry Association, Baosight Software was honorably listed into Top 20, showing that its brand influence and technical strength were fully recognized again by the market.

In December, the product of "E-police and intelligent toll-gate" of Baokang Electronic, branch of Baosight, was once again recommended as "2014 Shanghai Famous Brand" by the Shanghai Famous Brand Recommendation Committee.

In December, in "CBN Annual Meetings" hosted by CBN Daily, Hwabao Securities was honored with the award of "Security Corporation with Best Quantization Service Platform" of 2014 CFV.

In December, examined by the organization committee of Shanghai "Enterprise Credit Creation", Hwabao Securities was awarded the title of Shanghai "Five Star Credit Creation Enterprise".

In December, Baosteel Engineering & Technology Group Co., Ltd. was awarded the title of 10th "National Excellent Unit of Equipment Management" issued by China Association of Plant Engineering.

In December, Shanghai Baosteel Engineering Consulting Co., Ltd. was honored with the title of 2012-2013 National Enterprise "Observing Contract and Valuing Credit" issued by the State Administration for Industry & Commerce of the People's Republic of China.

In December, Baosteel Group Co., Ltd. and Baosteel Engineering & Technology Group Co., Ltd. were honored with the title of Top Hundred Enterprises for Honest Payment in the 5th Shanghai Housing Fund of "CCB Cup".

In December, Standard & Poor's, Moody and Fitch Ratings, top three credit rating agencies internationally launched credit rating review for Baosteel and respectively gave Baosteel the long-term enterprise credit ratings of A-, A3 and A-, with the rating outlook of "stable". Baosteel continues to possess the highest level in globally comprehensive iron & steel industry. The top three credit rating agencies gave the same credit rating to Baosteel Co., Ltd. as well.

In December, the 19th batch of Shanghai famous brands were officially published, and the trademark "Shanghai Baoci"(Baosteel Magnetic) was selected. Baosteel has possessed five trademarks which are honorably listed as Shanghai famous trademarks. In addition to "Shanghai Baoci" newly recognized, the other four respectively are: "Baosteel" trademark for steel sheet, steel bar and steel tube products of Baosteel Co., Ltd., "Baosight" trademark of Baosight computer software (recorded) products, "Baotian" trademark of slug products of Shanghai Baotian New Type Building Material Co., Ltd. and "Shanghai Baoyi" trademark of can products of Shanghai Baoyi Canmaking Co., Ltd.

Awards for Value Creation

January

On January 10, at the 2014 National Science and Technology Awarding Conference, the project "Innovative R&D and Application for 600°C Ultra-supercritical Thermal Power Unit Steel Pipes" of Baosteel won the first prize of National Prize for Progress in Science and Technology, which was Baosteel's third time to win the first prize of National Prize for Progress in Science and Technology following the automobile and silicon steel achievements and Baosteel also won the first prize in two consecutive years.

In January, the "Project of Efficient and Automatic Manufacturing Technology Development for Large-scale Mill Housing" declared by BLHI co-funded by Baosteel Engineering won the third prize of 2013 Jiangsu Provincial Science and Technology.

February

In February, the 2013 National Effective Patent Ownership List was published. Baosteel Co., Ltd. was listed into Top Ten Enterprises, ranking 9th in all enterprises throughout the nation with 1,436 patents.

March

In March, two products of "hot-rolled light circle (coil) rebar for reinforced concrete" and "hot-rolled wire rod for wire drawing" produced by Shaoguan Iron & Steel were honored with the title of "Famous-Brand Products in Guangdong".

April

In April, Bayi Iron & Steel Co., Ltd. was honored as the winning unit in 2013 National Ankang Cup Competition.

In April, the project "Development and Industrialization of High-Grade Non-oriented Silicon Steel Manufacturing Technology" of Baosteel Co., Ltd. won the first prize of Shanghai Municipal Prize for Progress in Science and Technology.

In April, Baolehui Lifestyle Center Project developed by Baosteel won the "Potential Rookie Award of 2014 Mall China", making it the only shopping mall center project which was honored with this award among other participating units in Shanghai.

In April, at the Shanghai Metal Construction Trade Association Conference, three projects of Baosteel Construction of Baosteel Engineering won awards, including a special prize for Jin Gang Award and two Jin Gang Awards.

In April, in the selection activity of the 11th China "Golden Fund Award", Fortune SG Fund Management Co., Ltd. won "Golden Fund • TOP Corporation Award".

May

In May, Baosteel's wonderful invention appeared at Concours Lépine International and got two gold awards, four silver awards and three bronze awards.

June

In June, Baosteel Talent Development Institute won the "2014 Excellent Implementation Award in China e-Learning Industry"

In June, Shanghai Meishan Iron & Steel won "BIS Excellent Integration and Management Award" of British Standards Institute.

In June, Baosteel's "Third Generation Hot-Rolled Plate Coil with High Corrosion and Weathering Resistance for Railway Vehicles" won the Gold Award of the 26th Shanghai Excellent Invention Qualification Trials.

In June, in the selection of 2013 "Star Fund Award in China's Fund Industry" hosted by Securities Times, Fortune SG Fund Management Co., Ltd. was honored with the title of "2013 Top Ten Star Fund Corporations".

July

On July 7, Fortune released a new "Global 500" ranking list and Baosteel ranked 211th, rising 11 places compared to last year and being listed for 11 consecutive years.

August

In August, 2014 Metallurgical Science and Technology Award was released. 8 projects of Baosteel won the award, of which the Research and Application of Nuclear Island Main Equipment of Pressured Water Reactor Nuclear Power Plant under the cooperation of Baosteel Special Steel Co., Ltd., General Institute for Steel Research, China First Heavy Industries Co., Ltd., THM, Shanghai Heavy Machinery Plant Co., Ltd. and other corporations won the Special Award for Metallurgical Science and Technology of China Iron and Steel Industry Association and The Chinese Society for Metals. Lu Jiangfan and Zhang Lihong of Baosteel Special Steel won the Individual Special Award. Two projects, Cold-rolled Hot-dipped Al-Zn Equipment and Technology and Industrialization and High Surface Control Technology of Medium-High Chrome Ferritic Stainless Steel won the first prize, another two projects won the second prize and the other three projects won the third prize.

On August 22, at the 2014 Assets Management Annual Meeting and the Award Ceremony of the 7th "Jinbei Award", Hwabao Trust was honored with the title of "2014 Trust Corporation with Best Service Innovation".

September

On September 1, the Recycled Treatment Technology of KR Desulfuration Residue Transformation created mainly by Yu Haiming Innovation Workroom of the Second Steel Plant of Bayi Iron & Steel Co., Ltd. won the third prize of "2014 National Metallurgical Science and Technology Award".

In September, BTW1 wear resistant steel plate, nickel-base U-shape pipe and nickel-base oil well pipe won the Gold Award of the 3rd China International Advanced Materials Industry Exposition.

October

From October 26 to 31, the 7th "Baosteel Cup" National Iron & Steel Industry Occupational Skills Competition hosted by Baosteel was successfully held. Baosteel won the first prize of four work types, ranked 1st (team placing), the best performance historically, and won the Special Contribution Award.

In October, China Metallurgical Construction Association published the 2014 winner list of excellent engineering investigation, design and software awards in metallurgical industry. 16 projects of Baosteel Engineering and Technology were awarded, including 4 first prizes, 7 second prizes and 5 third prizes.

November

On November 22, at the 8th International Exhibition of Inventions, Baosteel won 23 gold prizes, 28 silver prizes and 40 bronze prizes and also gained the Award for Excellent Exhibition Team.

In November, Baosight was awarded "2014 Shanghai Star Software Enterprise". Three products, "Baosight Basic Energy Management Software", "Baosight MES Software" and "Baosight Integrated Monitoring and Command Platform Software", won the title of "2014 Shanghai Excellent Software Product".

In November, Baosight was awarded the title of 2013 National Demonstration Enterprise for Technology Innovation. This selection was jointly developed by the Ministry of Industry and Information Technology and the Ministry of Finance and focused on six standards, including core competence, leading position, competitive capacity, research and development investment, industrial leading role and self-owned brand. It adopts dynamic management and will be rechecked once every three years. Winning this award shows sufficient appreciation of Baosight on technology innovation.

In November, Baokang Electronics, branch of Baosight, was listed into the Intelligent Transportation System Product and Technology Collection hosted by China Intelligent Transportation System Association and was honored with the title of "2014 Recommended Unit for Intelligent Transportation System".

In November, Shanghai Nuclear Power Office conferred the title of "2014 Advanced Unit for Shanghai Nuclear Power Equipment Manufacturing Quality" on Baosteel Special Steel Co., Ltd.

In November, the products of pure benzene and refined naphthalene of Baosteel Chemical were awarded as Shanghai Famous-brand Product.

In November, Baosteel's patent "A Ferritic Stainless Steel and Manufacturing Method Thereof" was conferred with the Excellent Award of China Patent by the State Intellectual Property Office.

December

In December, Baosteel roller of "large-scale forged steel bearing roller with overall induction hardening" was certified as "Jiangsu Provincial Hi-tech Product" by the Jiangsu Department of Science and Technology.

Awards for Environment Management

March

In March, the Planning and Development Department of Baosteel Development was awarded the Model Collective for National Circular Economy and Technology Work by China Association of Resource Comprehensive Utilization.

April

In April, the Shanghai Water Resource Management Leading Group and Shanghai Water Authority conferred excellence for water resource management work on Baosteel. It was the achievement made by Baosteel since the severest water resource management system was implemented.

May

In May, Bayi Iron & Steel Co., Ltd. won 2013 Advanced Unit for Governance of Polluting Enterprises in Urumqi.

June

In June, it was the sixth time for Shaoguan Iron & Steel to win the title of Green Brand Enterprise with Environment Protection and Creditability.

September

In September, Shanghai Environment and Energy Exchange conferred Baosteel Special Steel the title of 2013-2014 "Enterprise of Active Participation" for Shanghai Carbon Trading.

In September, Baosteel was rated by Shanghai Municipal Commission of Economy and Information Technology as the Excellent Enterprise for Energy Saving for overfulfilling the energy-saving target.

October

In October, the hazardous substance management system (QC 080000) of Baosteel Co., Ltd. HQ was certified and recommended by the British Standards Institute, an international authorized certification institute, making it the first enterprise passing the system certification in large-scale iron & steel enterprises throughout China.

November

In November, Baosteel was awarded the first prize of Shanghai Energy Statistics Work by Shanghai Statistics Bureau.

December

In December, Ningbo Steel was awarded 2014 "Enterprise for Clean Production and Environmental Protection in China's Iron & Steel Industries".

In December, the management innovation achievement selection of Shanghai Federation of Industrial Economics was revealed. 14 achievements of Baosteel won the awards, including one first prize for Energy Value Management of Modern Enterprise Based on Information and Communication Technology of Energy and Environmental Protection Department of Baosteel, ten second prizes and three third prizes.

Awards for Employees

March

In March, the Labor Unions of Steelmaking Plant and Scale Operating Area of Measuring and Weighing Control Branch Plant of Energy Center of Bayi Iron & Steel Co., Ltd. were respectively awarded the honorary plaques and certificates of 2013 "National Model Home of Staff" and "National Model Family of Staff".

April

In April, the result of the 8th "Haiyangwang Cup" National QC Team Achievement Publication Competition was revealed. Baosteel recommended six achievements, of which two were honored with Excellent Awards, three won first prizes and one won a second prize.

In April, the Department of Transportation of Baosteel and Shanghai 10th steel were conferred the honorable title of 2012-2013 "Shanghai Enterprise and Public Institution for Labor Relationships Harmony and Employee Satisfaction".

In April, Jin Guo from the Silicon Steel Department of Baosteel Co., Ltd. and Chen Xinyu from Coking Coal Group of Xinjiang Bayi Iron & Steel Co., Ltd. were honored with the title of "National Youth Post Expert". The Youth Safety Supervision Post in the Silicon Steel Department of Baosteel Co., Ltd. was awarded "2013 National Model Post for Youth Safety Production".

May

In May, 2013 Shanghai "Model Worker of the Year" was published. Wang Kangjian, a "worker inventor" of Baosteel, and the other 9 model workers were awarded. It was the first time for Baosteel to have employees selected as Shanghai "Model Worker of the Year".

June

In June, the ammonium & benzene operating area of Graphite Plant of Baosteel Chemical Meishan Branch was awarded the title of Shanghai Youth Civilization.

July

In July, at the QC Team Achievement Publication Competition for National Metallurgical Industry, Baosteel won six first prizes and two second prizes, of which the achievements concerning the "reduction of the ore breaking amount of spare ore stacking system in raw material Phase III" of Day-Shift JK Team in the mixing operation area of Raw Material Branch of Baosteel Ironmaking Plant, the "improvement of water production rate of level-I RO device for secondary recycled water membrane treatment" of JK Team of Shift D of Secondary Recycled Water of Water Production Branch Plant of the Energy and Environmental Protection Department of Baosteel Co., Ltd, the "reduction of power consumption per ton steel in the 3,450mm rolling mill process of board mills" of the Steel Rolling QC Team of Shaoguan Steel Board Mill, the "reduction of repeated flaw detection rate of GE ultrasonic automatic flaw detection" of Flaw Detection Team of Steel Bar Plant of Baosteel Special Steel, the "reduction of unit gas loss of COREX vertical mill" of Baotian Vertical Mill Shift-B QC Team of Shanghai Baotian New Type Building Material Co., Ltd. and the "reduction of the operating time of tippler trolley device" of Tippler JK Team of the Department of Railway Transportation of Shanghai Baosteel Logistics Co., Ltd. won the first prize.

In July, Baosteel was awarded the 12th TOP 10 Best Employers in Energy, Chemical and Resource Industry of Chinese College Students hosted by ChinaHR.com.

September

In September, Shaoguan Iron and Steel was conferred the title of Guangdong "TOP 10 Literary Enterprises", and awarded books worth RMB 15,000 by the Guangdong Federation of Trade Unions.

November

In November, the research report on the "Joint Development of Employees and Enterprise" of Baosteel Party Committee was honored with the first prize of 2013 Excellent Research Achievement hosted by the Special Committee for State-Owned Enterprise of National Party Building Research Society.

Awards for Social Achievements

February

On February 8, when China Taishan Station in the South Pole is being put into use after being completed, Xi Jinping, General Secretary of the Central Committee of the Communist Party of China, State President and Chairman of the Central Military Commission, wrote a letter to Taishan Station expressing warm congratulations. Taishan Station is a landmark building constructed in the South Pole scientific investigation base via one-package EPC mode (“engineering + procurement + construction”) adopted by Baosteel for the first time.

In February, Baokang Electronics, a subsidiary of Baosight, was rated as one of “Ten Top Excellent Enterprises” and “Ten Top Excellent System Integrators” by China Transport Technology Website.

March

In March, Fortune released its ranking list of the 2014 World’s Most Admired Companies. Baosteel was selected as one of the most admired companies in metal industry once again, ranking seventh.

In March, the Youth League Committee of Baosteel won the title of “2013 Advanced Youth League Organization Pacesetter of Shanghai Youth League System”.

In March, Baosteel won the title of “Advanced Collective for Targeted Poverty Alleviation in Central State Organs”. Carrying out targeted poverty alleviation for ten years in Yunnan Province, Baosteel has invested capitals for RMB 89.337 million.

April

In April, the development youth team for cold-rolled super-strength steel products of Baosteel Central Research Institution and the youth volunteer service team of Baosteel Development Co., Ltd. won the title of “Shanghai Youth May 4th Medal Collective” of 2013.

June

In June, the Party Committee of Baosteel Chemical was awarded the honorary title of “Advanced Primary Party Organization of Central Enterprises” by the Party Committee of SASAC.

September

In September, Baoshan District No. 5 Steel Special Steel Branch, China Democratic League, was awarded the title of “Advanced Grass-Roots Organization for Grass-Roots Organization Construction of China Democratic League” by the Central Committee of China Democratic League.

November

In November, the Second Party Branch of Retired Veteran Cadres in Baosteel Veteran Cadre Division I was rated as an “Advanced Collective of Retired Cadres in Shanghai”.

In November, Baosteel Songtao Chorus participated in 2014 chorus festival of Chinese cities with the theme of “Constructing Chinese Dream Together and Singing for Civilized Cities” jointly sponsored by the National Public Culture Development Center of the Ministry of Culture, China Chorus Association and Zhongshan City, Guangdong Province, and acquired a gold prize.

December

On December 7, at the press conference of achievements in China Marine Economy Expo, Zhanjiang Iron & Steel was awarded a gold medal for display and demonstration in China Marine Economy Expo.

On December 15, on the Member Day and Commendation Conference of China Association for Science and Technology, Baosteel won the title of 2013~2014 advanced collective in the activity of “Talking about Ideals and Comparing Contributions” and Bayi Iron & Steel Co., Ltd. was awarded the title of Innovative Team.

Awards for Supply Chain Performance

March

In March, at the Great Wall Motor 2014 Suppliers’ Conference, Baosteel Co., Ltd. was awarded the GWM “Sincere Partner Award”. It had won this award for two consecutive years. The award was the highest award set up for carrying out a comprehensive evaluation on suppliers.

In March, Baosteel Co., Ltd. got the title of “2013 Excellent Supplier of Guangzhou Auto Fiat” and it was the first time that GAC FIAT conferred this title on suppliers of materials.

April

In April, Baosteel continued to win the title of General Motors Corporation “Global Supplier of the Year”.

May

In May, Baosteel Special Steel was rated as a golden supplier of AVIC Shenyang Liming Aero-Engine (Group) Corporation Ltd.

June

In June, in the first suppliers’ conference of DEC (Dongfang Electric Machinery Co., Ltd.), Baosteel was awarded the title of “Excellent Supplier of Dongfang Electric Machinery Co., Ltd. and became the sole steel supplier acquiring this title.

August

In August, Baosteel Special Steel was awarded the title of 2012-2013 Excellent Supplier of China Aerospace by China Aerospace Science and Technology Corporation.

September

In September, the wear-resisting steel plates, nickel-base U-type tubes, and nickel-base oil well pipes of Baosteel Special Steel separately won a gold prize of the 3rd China International Advanced Materials Industry Exposition. Baosteel Special Steel was awarded the title of 2013~2014 “Enterprise Taking an Active Part in Trading” for carbon transactions in Shanghai by Shanghai Environment and Energy Exchange Co., Ltd.

December

In December, Baosteel Special Steel was awarded the sole “Annual VA/ VE Achievement Award” (VA/ VE means a value analysis / value engineering conducting a function analysis for products or services through intelligent and organized activities of a collectivity, thereby, promoting the value of products or services) by GETRAG (Jiangxi) Transmission Co., Ltd. GETRAG is a globally well-known German-funded manufacturing enterprise for speed changing boxes in passenger vehicles.

► Chronicle of Events

2014

January

On January 2, Baosteel Group Corporation Limited (hereinafter referred to as "Baosteel" or "the Corporation") convened the 2014 safety production work meeting. All units were required to further reinforce their capacity building of safety management system and managers at all levels shall have a baseline thought and a "red-line consciousness", vigorously put safety management responsibilities in practice, and practically reverse the passive situation of safety production so as to firmly construct safety networks for employees and create a good safety atmosphere for Baosteel to start a second undertaking and to deepen reform.

On January 8, the China Steel Circulation Industry-University-Research Innovation Alliance jointly sponsored by Shanghai Baosteel International Economic and Trading Corporation Limited, China Materials Storage and Transportation Association and other units was formally established. The establishment of the alliance will further integrate resources concerning industries, universities and researches, set up a diversified, open intelligent, and innovative platform, carry forward transformation and upgrading as well as healthy development of the steel circulation field, and inject new vitality to iron & steel industry in the meager profit age.

On January 10, Baosteel convened the 2014 working meeting and the Second Meeting of the Third Workers' Congress. The main task of the congress was to deeply carry out the spirit of the 3rd Plenary Session of 18th CPC Central Committee and the spirit of the Central Economic Working Conference, make a work summary for 2013, make an analysis for the current situation, deepening all cadres and employees' understanding of deepening institutional mechanism reform and making innovations on development thoughts, agglomerating their reform consensus, and make provisions for the key work in 2014 as well as the tasks of reform and development of Baosteel in the new few years.

On January 10, at the 2014 awarding conference of national science and technology, Baosteel's project "development and industrialization of high temperature and high magnetic strength oriented silicon steel manufacturing technology" got the first prize of 2013 National Prize for Progress in Science and Technology.

On January 13, Baosteel Group convened an enlarged meeting of the leading group. Jing Dejian, inspector and deputy director of the 5th Cadre Bureau in Organization Department of the CPC Central Committee arrived, and Xiao Zonghui, deputy director of the 1st Enterprise Cadre Bureau of SASAC, came to Baosteel. Entrusted by the Organization Department of the CPC Central Committee, they announced the Central Committee's decision about adjusting the secretary of the party committee of Baosteel: appointing Xu Lejiang as the secretary of the party committee of Baosteel; remove Liu Guosheng from the position of secretary of the party committee of Baosteel. In the meantime, the party committee of the SASAC decided to remove Liu Guosheng from the position of deputy chairman of Baosteel.

On January 14, Baosteel set up a special safety supervision group which is mainly responsible for: supervising the weak units of safety management, especially the units which were incorporated into Baosteel for a short time and were faced with a rigorous situation in safety production; supervising the key special work in safety production; supervising the execution of each safety management system, and putting forward suggestions for perfecting and optimizing systems. Later, the first batch of members of the special safety supervision group entered three units of Baosteel Group, including Xinjiang Bayi Iron & Steel Co., Ltd., Guangdong Shaoguan Iron & Steel (hereinafter referred to as "Shaoguan Iron & Steel") and Baosteel Desheng Stainless Steel.

On January 16, Baoshan Iron & Steel Co., Ltd. and Shanghai University of Engineering Science held a signing ceremony for enterprise-school joint school running. Both parties signed the Agreement on Joint School Running between Baosteel Co., Ltd. and Shanghai University of Engineering Science. In accordance with the agreement, both parties will learn from the mode of German "Dual System" vocational education, jointly set up a "mechanical-electrical integration class of Baosteel", and jointly carry out training for high-quality back-up skilled talents in Baosteel.

From January 17 to January 18, Baosteel Co., Ltd. held the 2014 management seminar. The seminar discussed such aspects as construction, construction capability promotion and other aspects of Baosteel Zhanjiang Iron & Steel Co., Ltd. (hereinafter referred to as "Zhanjiang Iron & Steel").

On January 23, Baosteel held a summary meeting for educational practice activities of the Party's mass line. Leader Wang Weiqiang, Deputy Leader Lu Hongxing and other members of the 41st Supervision Group were present at the meeting. The meeting summarized basic information, main practices, main effects and experience of Baosteel's educational practice activities, and put forward reinforcing and expanding achievements of educational practice activities by reform and innovation, promoting the construction of working style to a higher level, propelling Baosteel's second undertaking with good working style, as well as making due contributions to realizing Chinese dream and the dream of strengthening China with steel at an early date.

On January 23, Baosteel founded the leading group for comprehensive reform deepening. Xu Lejiang, Secretary of the party and committee Chairman of Baosteel, served as the group leader, and He Wenbo, President of Baosteel served as the vice leader. They're responsible for researching and determining the general thought and working direction of Baosteel's comprehensive reform deepening, uniformly arranging the great reform of overall importance, examining and approving various schemes with respect to deepening the reform of Baosteel and subsidiary corporations, coordinating and promoting the significant matters of Baosteel's reform deepening and directing, supervising and urging the implementation of various measures of the reform deepening.

On January 24, Baosteel held the awarding ceremony for Baosteel persons of 2013 in the auditorium of the HRD Center. The representatives of award winners of Baosteel "Zeng Le Award", "Golden Bull Award", "Silver Bull Award", Great Achievement Award for technological innovation and other awards, went up to the stage and received awards.

During January 26 to January 27, Baosteel held the 2013 overseas development seminar. It was confirmed in the seminar that Baosteel would comply with the general trend of events, promote the globalization process firmly, slowly and steadily, continue to deepen the establishment of a global supply chain system, and reinforce global services of strategic users so as to truly become a global supplier with international competitiveness.

In January, the first prize of significant achievements in technological innovation of Baosteel in 2013 was awarded to such projects as the "online inspection core technology research of strip steel surface quality, as well as equipment development, application and promotion", the "development and industrialization of high-surface medium-high chrome (17-23% Cr) ultra-pure ferritic stainless steel manufacturing technology", the "development of iron-nickel based austenite alloy oil casing products", and the "integrated monitoring system technologies of urban rail transit and their applications in Chengdu Metro Line 1".

In January, the demonstration project of 50MW Golden Sun energy photovoltaic power generation of Baosteel Co., Ltd. (Phase I) was completed and put into operation. The project was the first roof photovoltaic power generating project of a large-scale iron and steel enterprise in China with a budgeted investment for RMB 500 million. The project comprises 206,000 installed photovoltaic panels, with a predicted annual generating capacity of 45 million kWh, and an annual emission reduction of 30kt carbon dioxide.

2014

February

February

On February 7, Zhu Xiaodan, Governor and Deputy Secretary of the Party Guangdong Committee, went to Zhanjiang Iron and Steel Base of Baosteel in Donghai Island, Zhanjiang City, to visit Baosteel's employees and constructors at the construction site.

On February 7, Baosteel announced the appointment of Zhu Junsheng to the Secretary of the Party Committee of Baosteel Co., Ltd. and the removal of He Wenbo from the post of secretary of the party committee of Baosteel Co., Ltd.

On February 8, China Taishan Station in the South Pole constructed by Baosteel, was completed and put into operation.

On February 11, Baosteel held the 2014 party style construction and anti-corruption conference, which reviewed and summarized the party style construction and anti-corruption work of Baosteel in 2013, and comprehensively arranged the main tasks of 2014. The conference required thoroughly implementing the spirit of the 18th National Congress, the 2nd Plenary Session of the 18th CPC Central Committee, the 3rd Plenary Session of the 18th CPC Central Committee, the 3rd Plenary Session of the 18th Central Commission for Discipline Inspection and anti-corruption construction working conference of central enterprises, comprehensively fulfilling the requirements for party style construction and anti-corruption work in 2014 of the CPC Central Commission for Discipline Inspection and the SASAC, focused on the enhancement of work style construction, applying the responsibility system, and strictly executing disciplines, supervision and accountability to further propel the construction of party style and anti-corruption work. Besides, considering the reality of Baosteel, the conference also required implementing the requirements of the central government, bearing the mission in mind with firm beliefs and strong wills, further propelling each work, and providing a strong guarantee for Baosteel's second undertaking, transformation & upgrading and scientific development with the new effect of the construction of party style and anti-corruption work.

On February 15, Baosteel Group and Dongfeng Nissan Passenger Vehicle Company held a comprehensive strategic cooperation symposium in Huadu, Guangzhou. The forum indicated that both sides should share responsibilities, achieve value fusion, and jointly face the future challenges.

On February 17, Baosteel Co., Ltd. held the technical innovation working conference of 2014, which indicated the work ideas and main work of technical innovation and called upon the great majority of scientific and technical personnel to insist on the market-oriented mechanism, to give priority to leading technologies, to create value with wisdom and to make unremitting efforts to build an enterprise with differentiated competitive advantages and to achieve the vision of "being the leader of iron & steel technology".

On February 17, the intelligent work platform of Baosteel was put into service. The platform was upgraded and renovated by the original cooperative office system and was launched in June 2013. The new system, makes full use of new technologies such as mobile internet, cloud computing and unified communication and integrates the original subsystems and multiple office systems to form a highly intelligent work platform dominated by three functional modules, namely, intelligent communication, intelligent work and intelligent space, thereby making daily work more effective and convenient.

On February 20, on the first day when the Detailed Rules for Cross-border Use of RMB in China (Shanghai) Pilot Free Trade Zone was issued, Baosteel Co., Ltd. drew RMB 70 million of cross-border working capital loans to complete the first financing operation of cross-border RMB.

On February 20, the State Intellectual Property Office issued the information on patents for invention of China in 2013 in Beijing. In the authoritative list, Baosteel Co., Ltd. with 1,436 patents, ranked 9th among the enterprises in China.

March

March

On March 1, Zhanjiang Iron & Steel commenced its 4200mm thick plate project.

On March 5, Baosteel pronounced that the Capital Operating Department of Hwabao Investment Co., Ltd. (hereinafter referred to as "Hwabao Investment") would be completely transferred to the Capital Operating Department of Baosteel and Hwabao Investment would no longer undertake the business of the Capital Operating Department of Baosteel.

On March 12, the Award Ceremony of 2013 "Global Supplier" of General Motors Corporation was held in Detroit, the US, and it was the fourth time that Baosteel won the title of "Global Supplier" of General Motors Corporation since 2006, 2011 and 2012.

On March 14, Zhanjiang Iron & Steel commenced its resource regeneration and comprehensive utilization project – steel slag treatment project.

On March 19, Fortune published its list of Worlds' Most Admired Companies of 2014. Baosteel was selected to be the most admired company in metal industry again, ranking 7th.

On March 20, the marketing center of Baosteel Co., Ltd. was organized and put into operation. The newly organized marketing center will be responsible for the marketing management of Baosteel Co., Ltd. client value management, technology and client service system management, sales management of carbon steel sheet products and so on. The Original Marketing Management Department, Sheet Sales Department, Thick Plate and Engineering Materials Sales Department, Auto

Sheet Sales Department and the Client and Product Service Department of Baosteel Co., Ltd. were transferred to the marketing center.

On March 25, Shanghai Banking Chattel Mortgage Information Platform, the first banking chattel mortgage information platform in China, was settled in Bsteel – Baosteel E-commerce Company, and Bsteel would be responsible for the construction and operation of the platform.

From March 25 to March 26, the project team of "Sharing Responsibilities in China", planned by the SASAC and sponsored by the Corporate Social Responsibility Research Center of the Chinese Academy of Social Sciences, went to Baosteel to conduct investigation. The project team considered that Baosteel is the company model for social responsibility management, steady development and shared value building and has a strong ability of sustainable development.

On March 26, Yu Zhengsheng, a member of the Standing Committee of the Political Bureau of the CPC Central Committee and Chairman of the CPPCC, inspected Kashgar Metalwork Plant of Bayi Iron & Steel Co., Ltd. Metalwork Company.

In March, Baosteel Co., Ltd. was awarded the title of "Advanced Collective for Targeted Poverty Alleviation of Central State Organs".

2014

April

On April 1, the No.1 blast furnace shell of Zhanjiang Iron & steel was lifted officially.

On April 1, at the 2013 award conference of science and technology in Shanghai, the project “development and industrialization of high-grade and non-oriented silicon steel manufacturing technology” of Baosteel Co., Ltd. acquired the first prize of 2013 Shanghai Scientific and Technological Progress Award. The projects for “development of high-strength and high-toughness hot continuous rolling series products and supporting welding materials”, “development of the X80 Large-diameter LSAW steel plates and welded pipes”, “synthesis technique for maintenance of thick plate breast rollers”, and “hot rolled high-grade coiling control technology” of Baosteel Co., Ltd. acquired the second prize of 2013 Shanghai Scientific and Technological Progress Award. The project of “several key techniques and series automation equipment of manufacturing drilling tools for oil and gas production” participated in by Baosteel Co., Ltd. and the project of “the key technologies and application of ultra-high strength, low-relaxation and corrosion-resistant bridge steel wires” participated in by Baosteel Group Nantong Wire Products Co., Ltd. acquired the second prize of 2013 Shanghai Technical Innovation Award. The project of “the development of unitized technology and equipment for hot metal ladle desulfurizing” of Baosteel Engineering & Technology Group Co., Ltd. (“Baosteel Engineering”) and the project of “the R&D and application of production-supply-marketing software of modern metallurgy industry based on cloud computing technology” of Shanghai Baosight acquired the third prize of 2013 Shanghai Scientific and Technological Progress Award.

From April 3 to 4, during the centralized training of leaders and the 16th decision makers study and training held by Baosteel, Xu Lejiang, Chairman and Secretary of the Party Committee of Baosteel, raised requirements to the cadre management of Baosteel: the key point of Baosteel’s “three institutional reforms” is that cadres can work both at higher and lower levels. It’s required to enhance cadre management, to value conduct and performance, to be strict on rewards and punishment, to boost the reform of cadre personnel system and to create a new sight of Baosteel’s cadre work.

From April 22 to 23, the Engineering Thinking and Engineering Methodology, the 178th Chinese Engineering Technology Forum hosted by the Chinese Academy of Engineering and organized by Engineering Management Department of the Chinese Academy of Engineering and Baosteel, was held in Baosteel (Changshu) Leadership Development Center. The participating experts conducted studies on enhancing engineering methodology and discussed problems such as scientific method instructions for engineering practice.

On April 23, Baosteel held the 2014 Baosteel Technology Service Experts Conference.

On April 27, Baosteel Co., Ltd. signed the Strategic Cooperation Agreement and the Financing Agreement on Zhanjiang Iron & Steel Project with the Agricultural Bank of China. The financing of Zhanjiang Iron & Steel project and the cooperation between enterprise and bank entered into a substantial period.

May

On May 6, Baosteel Co., Ltd. signed Dongfeng Renault—Baosteel Co., Ltd. Strategic Cooperation Agreement with Dongfeng Renault Automotive Co., Ltd., and authorized the five specific cooperative projects during 2014 and 2015.

On May 15, the second 5,050m³ blast furnace of Zhanjiang Iron & Steel commenced piling construction.

On May 20, Baosteel Co., Ltd. held the first extraordinary general meeting of shareholders of 2014. At the meeting, the proposals such as the Restricted Stock Plan for Baosteel’s A-share (Draft), the Initial Granting Scheme for Restricted Stock Plan of Baosteel’s A-share (Revised Draft), the Interim Procedures for Restricted Stock Plan Management of Baosteel’s A-share and the Assessment Methods for Restricted Stock Plan Implementation of Baosteel’s A-share were approved at the meeting, and the employee equity incentive plan was launched. According to the plan, Baosteel Co., Ltd. will grant restricted stock to the incentive object when the business performance meets the condition and the stock is forbidden to be transferred within two years’ lock-up period. The stock restriction will disappear gradually within three years after expiration of the lock-up period when the business performance meets the unlocking conditions and the incentive object can transfer the acquired stock, and the stock granted comes from Baosteel A-share of Baosteel Co., Ltd. purchased in the secondary market.

On May 28, the 10th Staff Art Festival and the 8th Senior Citizen Art Festival of Baosteel kicked off. The 10th Staff Art Festival will last for half a year and has more than 20 activities of 4 series concerning group show, top ten employee cultures & arts of Baosteel, culture tour and cuisine culture. Besides, it specially arranged safety production sketch comedies and essay competition, group talent contest and staff home cooking contest to compete at 6 meeting places such as Xinjiang, Guangdong, Ningbo, Meishan and Shanghai.

On May 31, the waste heat recycling project for No.4 sintering machine of Shaoguan Iron & Steel was put into production and commissioning.

In May, Baosteel held the commissioning ceremony of the new generation alloy 690 U-shape pipe for vapor generator (“690 nuclear power pipe”) at Baoyin Special Steel Pipe Co., Ltd. (“Baoyin company”). After the ceremony, the products were sent to Dongfang Electric (Guangzhou) Heavy Machinery Co., Ltd. and Shanghai Electric Nuclear Power Equipment Co., Ltd., and used for CAP1400 unit of national key demonstration project. Baosteel is the first enterprise that produces alloy 690 U-shape pipe. At this time, the new generation 690 nuclear power pipe, developed by Baosteel, broke the foreign technical barrier, thereby making contributions to the nationalization of CAP1400 nuclear power units.

In May, the phase I project of “Baosteel Cloud” Luoqing Cloud Computing Data Center started. As the cloud computing data center on the largest single scale in Shanghai, “Baosteel Cloud” would play an important role in pushing the infrastructure construction of cloud computing industry in Shanghai and boosting the deep integration of industrialization and information.

In May, BW300TP new wear-resistant steel for agitating lorry, with international advanced level, developed by Baosteel, made its world debut, and the product could prolong twice of machine service life.

In May, at the 113th Concours Lepine, Baosteel got two gold awards (“mini full-automatic laser welding machine” by Ni Guangming of Baosteel Co., Ltd. and “a desulfurizer with two machines in a tower or multiple machines in a tower applicable to sintering system” by Chen Junming of Ningbo Steel), four silver awards, three bronze awards, thereby, becoming the enterprise winning most awards in Chinese delegation.

In May, Baosteel Co., Ltd. put 10kt carbon emission permit up for sale at Shanghai Environment and Energy Exchange.

2014

June

On June 5, the phased completion & delivery ceremony of five employees environment projects of Baosteel Co., Ltd was held in 2013, Baosteel Co., Ltd. launched its first three-year action plan of practical projects focusing on improving employees' working and living environments, increasing employees' benefits and developing humanistic care. Within three years, Baosteel Co., Ltd. will implement some projects related to employees' "three most" (most concerned, most direct, and most realistic) problems, such as improvements of living & logistic facilities and green area increase of factories, and finally will achieve the "five 100%" goal of renovating shift rest rooms, installing air-conditioners in the dressing building, adopting "self-selection" mode of mess hall, improving toilets environment of the factory and remodeling the 850,000 square meters of green area.

On June 6, the 2014 Baosteel-SKF strategic cooperation exchange meeting was held at Baosteel Tower. At the meeting, Baosteel and SKF communicated with each other on cooperation conditions and had an in-depth discussion about how to further enhance strategic cooperation and to realize a win-win result.

On June 6, the first batch of "love boxes" in the project of "outfitting 'love boxes' for the health of employees in grass-roots team" of Baosteel Group Labor Union were distributed to workers and staff in the front line. Electronic sphygmomanometers, sewing kits and commonly-used medicines for heatstroke prevention were included in the "love box".

On June 9, the financial department of Baosteel Co., Ltd. submitted an electronic bill which presented for payment to China Minsheng Bank via the electric system of Baosteel Group Finance, and received RMB 500,000 yuan from the bank within two minutes. Hence, Baosteel Group Finance joined the high value payment system of People's Bank of China and became the one of the first batch of finance companies allowed to directly conduct electronic bill fund clearing business with commercial banks. Among more than 180 finance companies in China, only 7 companies took part in the first batch of experiments.

On June 11, Baosteel Co., Ltd. held the exchange meeting for the low temperature waste heat utilization and the clean energy alternative technology of coal-fired boilers in the steel industry to publicly display the whole process and future planning of recycling steel waste heat energy to social enterprises.

On June 12, Shanghai Baosight and Shanghai Mobile signed the Further Strategic Cooperation Agreement. In the principle of "complementary advantages, mutual support, equality, mutual benefits and mutual development", through an omnibearing and diversified cooperation model and mechanism, the two companies will take further business cooperation in internet data center (IDC) business information and communication technology (ICT) extension, industrial innovation platform and interaction of superior resources, and work together to provide "end-to-end" services from basic data services, cloud computing to big data for the construction of "four centers" in Shanghai.

On June 27, the news conference of 2013 Social Responsibility Report of Baosteel was held in Zhanjiang and first put forward the topic of working hard together to be part of the beautiful world to the society. The theme of the report was "constructing shared value", which expressed Baosteel's good intention to jointly develop with interested parties. They will manage sincerely to return to shareholders and protect the environment, and Baosteel will work hard to be a platform for employees to develop, to be a part of the wonderful community and a factor that makes partners succeed. After the meeting, the "Zhanjiang · Baosteel Walk for Green Public Welfare" campaign was held.

In June, Baosteel Special Steel Co., Ltd. got the qualification of Class A management enterprise from Shanghai Customs.

In June, Shanghai Meishan Iron & Steel Co., Ltd. was awarded the "BSI Excellent Integrated Management Award" by British Standards Institution (BSI).

June

July

On July 1, Baosteel held a theme symposium for celebrating the 93rd anniversary of the founding of the Communist Party of China, and called on all CPC members to keep the belief of "being a qualified CPC member" in mind, to play a leading role in the second undertaking and transformation development on the basis of their posts and attitude of "PDCA + Earnestness" and to make excellent contributions to developments of the Party and Baosteel.

On July 4, Baosteel's subsidiary Baosteel Resources (International) Co., Ltd finished acquiring Aquila Resources Limited in Australia, thus Baosteel achieved a key breakthrough of control on overseas iron ore and coal resources. Aquila Resources Limited, headquartered in West Australia, is an integrated mining company with business scope including iron ore, coal and manganese ore. Aquila Resources Limited has huge resource reserves which are adequate to realize an annual exploitation amount of 30 million tons of iron ore and 5 million tons of coking coal.

On July 7, Fortune released its ranking list of "Global 500". With the sales revenue of USD 49.2973 billion yuan and the net profit of USD 925 million yuan, Baosteel ranked 211th. It is the eleventh time for Baosteel to consecutively enter this list.

On July 7, an investigation group led by Hu Chunhua, Member of the Political Bureau of CPC Central Committee and Secretary of Jiangsu Provincial Committee of the CPC, and Peng Qinghua, Secretary of Guangxi Zhuang Autonomous Regional Committee of the CPC and Di-

rector of the Standing Committee of Autonomous Regional Congress, visited Zhanjiang Iron & Steel Construction Base and gained information on the project plan and project progress, etc.

On July 22, the ground project of Baosteel Headquarters Base commenced in the Expo Park.

On July 22, SASAC released the list of Class A enterprises in the annual business performance appraisal on central enterprise leaders. Baosteel was one of the 46 enterprises which were honored as Class A enterprises. According to the score of the annual business performance appraisal of central enterprise leaders, the appraisal results the annual business performance and the business performance during the tenure were divided into five classes, i.e., Classes A, B, C, D and E.

In July, Baosteel Engineering and Technology Group Co., Ltd., in collaboration with General Electric (GE) Bentley Co., Ltd., successfully established "Baosteel-GE Bentley Diagnostic Technique Customer Experience Center".

In July, Baosteel Special Steel succeeded in developing CAP1400 nuclear steam generator tube support plate, becoming the first domestic enterprise manufacturing nuclear steam generator tube support plate and the first global supplier for AP1400 nuclear steam generator tube support plate.

July

2014

August

On August 1, Baosteel Group held an enlarged conference of the leading group. Du Yedong, Deputy Director of 5th Cadre Bureau of the Organization Department of the CPC Central Committee and Wang An, Deputy Director of 1st Enterprise Cadres Bureau of SASAC attended the conference. Entrusted by the Organization Department and SASAC, they announced the Central Committee's decision on the appointment and removal of president of Baosteel: Chen Derong was appointed as the president of Baosteel Group Co., Ltd while He Wenbo was removed from the post and appointed to other position.

From August 1 to 2, Baosteel Group organized the 2014 centralized training of leading personnel and the 17th decision-maker research & study which mainly focused on such aspects as strategic planning and investment management of Baosteel Group, operational efficiency of assets, efficiency of human resource, value of the Headquarters and reference of international steel enterprises. Based on actual problems, it's aimed at exploring the coping strategies.

On August 13, the result of 9th "Baosteel Top Ten Distinguished Young Persons" was announced. Ten persons were awarded, including Diao Keshan, Zheng Tao, Wang Qingliang, Zhang Duanyang, Jiang Shaolin, Cheng Chang, Liu Zhi, Shen Tianli, Li Guojun and Chen Qi.

On August 13, Baosteel Co., Ltd. held the 2014 construction and technical reform seminar.

On August 15, Baosteel adopted the "Baosteel-Ocean linkage" mode to deliver the first batch of export containers. This transportation mode of finishing supervision on expert containers and water transfer transportation in the factory set a precedent for achieving the linkage between the enterprise terminal and the local port, and provided Baosteel an "expressway" to export high-quality steel.

On August 15, Baosteel's Project in Ningxia with the theme of "Charity Works with Vision Rehabilitation Actions" was officially launched. Co-launched by China Disabled Persons' Federation (CDPF) and China Welfare Fund for the Handicapped, the project is a cataract extraction project at the largest scale and with the broadest coverage and most remarkable effect in China. As the first state-owned large enterprise participating in the project in 2007, Baosteel has donated a total amount of RMB 4 million to pay expenses of cataract operations for over 4,200 impoverished patients from Yunnan, Tibet, etc. The visual recovery rate reached 100%. The project realized the aim of "helping a patient, relieving a family and affecting a large number of people", obtained a good social effect.

On August 20, Baosteel officially kicked off the supervision on rectification and implementation of mass line education practice. The kick-off meeting put forward the principle of neither allowing inadequate implementation nor causing any complaint from the mass, demanded the supervision team to supervise and urge all members of various leading groups in secondary units to attach great importance to the rectification and to pursue actual rectification effect, and wished leaders to play a leading role in rectifying and solving serious issues strongly reflected by the mass.

On August 25, Baosteel held a signing ceremony for the contract on providing a steel structure to China Corporate United Pavilion of Milan Expo. At the Milan Expo 2015, in a collaborative way of core exhibition, Baosteel would participate in the construction of China Corporate United Pavilion and undertake the steel supply of the whole pavilion. Baosteel Construction Co., Ltd. would be responsible for structure steel fabrication.

On August 30, Zhanjiang Iron & Steel 1550 Cold-rolled Steel Pickling Project commenced. This project constituted of one pickling line, one continuous rolling line, one continuous annealing line, one hot-dip galvanizing line, two medium-low grade electrical steel lines, three recoiling lines, four packing lines and other public & auxiliary facilities.

In August, GACC conferred an honorable title of "China Sample Enterprise with Leading Foreign Export Index" on Baosteel.

September

On September 1, Baosteel Co., Ltd. officially commenced its renewal and reformation project for the hearth of No.4 blast furnace (first generation).

On September 1, the result of 2014 Metallurgical Science & Technology Award was announced. Baosteel had 8 projects awarded, among which the project "Technical research and application of material of main equipment of pressurized water reactor nuclear islands" jointly developed by Baosteel and General Iron & Steel Research Institute won the special prize; two projects including "cold-rolled and hot-dipped Al-Zn equipment, process and industrialization" and "high surface control techniques of medium-high chromium ferritic stainless steel" won the first prize, another two projects the second prize and three projects the third prize.

On September 2, Baosteel Co., Ltd. Steel Mill officially commenced its comprehensive renovation of No. 1 continuous caster.

On September 4, Baosteel started up its first camp of "Dianshan Legion—Entrepreneurs' Cultivation Camp", which was launched to meet the requirements of Baosteel's second undertaking and aimed to discover, guide and cultivate managerial and administrative talents with stronger entrepreneurial spirit and better entrepreneurial literacy. "Dianshan" means that one should accumulate knowledge and deliver benevolence in daily life so that he/she is about to achieve success step by step and to maintain continuous improvement. The project paid more attention to members' enlightenment and improvement of execution instead of knowledge and skills. Since its start-up in July 2011, the first camp had carried out four activities including visiting entrepreneurs, delivering lectures and attaining enlightenment, integrating senior executives and conducting independent studies in the last three years. During the training, the trainees broadened their horizons and became mentally mature. In addition, they acquired various working experience and applied their creative ideas to their practical work. In a word, trainees made great progress from the camp.

On September 15, Baosteel launched a theme activity of "Green Baosteel, Environmental Protection" to celebrate its anniversary in 2014.

2014

September

September

On September 19, the first professional qualification training class for directors and supervisors from Baosteel was completed in Baosteel Talent Development Institute. Focusing on the Chinese state-owned enterprise reformation and corporation governance status, the operation of the board of directors/supervisors on the background of reformation of state-owned enterprises, the operation and management of the board of directors of Baosteel, the management and control of Baosteel's parent-subsidiary enterprises and the governance of subsidiaries, the role positioning and performance of the board of directors/supervisors, the management & control of risks and the outstanding practical cases of the board of directors/supervisors, this class supplied massed learning and intensive training.

On September 23, the signing ceremony for the strategic cooperation agreement and synthesis gas project among Baosteel, Shanghai Huayi (Group) Company and China National Salt Industry Corporation was held in Shanghai. According to the agreement, the three parties would collaborate and take the advantages of their own professional fields to develop air separation, synthesis gas and other relevant business.

October

October

On October 14, Baosteel released Baohouse, a new generation of century house system with prefabricated steel structure, which adopts building information modeling to realize life-cycle management on construction products.

On October 17, Baosteel held a seminar with respect to the new technology of Baosteel's automobile sheet. In order to meet the development requirements of "being green, safe and economical" in automobile industry and considering customers' potential strategy and demand for materials, Baosteel would stick with technical innovation, further research and develop automobile sheet products and fully share achievements in new materials and technologies with customers. Combining with customers' personalized demands, it would perfect the supply chain system for automobile sheets, improve the service capability of cutting, processing and delivery so as to offer a more convenient and efficient service for customers.

During October 26 to 31, Baosteel successfully undertook the "Baosteel Cup" 7th Professional Skills Competition of National Iron & Steel Industry. 216 competitors from 64 iron & steel enterprises participated in the contests covering four professions including blast furnace iron making, metal rolling and equipment point checking and craning. Finally, competitors from Baosteel won all champions of the four professions and ranked 1st for team score. The organization and service of the competition were highly praised by China Iron & Steel Association and various participating units, thereby winning the Special Contribution Award.

On October 28, the 2014 Summit Forum of Iron & Steel Industry focusing on "new knowledge, new technology and new idea" was held in Shanghai. This forum was aimed to establish a communicating platform for senior persons from different professions of the iron & steel industry, to help senior executives occupy leading positions of this industry and timely know and master new knowledge, technologies, ideas and changes of this industry, to improve managers' capability of management and expansion of thinking and to aspire leaders of this industry to keep pace with industrial development and promote their capacity of making scientific decisions.

On October 30, an interview team which was established by the Office of the Central Leading Group for Cyberspace Affairs and consists of the legal-person micro-blogs of 12 media with numerous fans and great influence including People's Daily, CCTV-News and Xinhua Network, conducted an interview on Baosteel with the theme of "Seeing Confidence from Enterprises".

On October 31, Baosteel Resources Co., Ltd. officially launched Resources GO, an online e-business platform, which provides a "One-Stop Solution" integrating online request for quote, contract signing, transaction, payment, B/L issuing, information consultation and financial property services.

In October, Baosteel Special Steel completed the production of its first batch of small-diameter alloy high-pressure boiler pipes for 700°C ultra-supercritical power plants. The success of this trial production proved that Baosteel had occupied the leading position in producing small-diameter alloy high-pressure boiler pipes for 700°C ultra-supercritical power plants and that it has ranked among the first echelon of iron & steel enterprises in the world.

In October, Baosteel Engineering successfully researched and developed the first digital welded pipe inspection equipment system with high accuracy and efficiency under independent technology integration. The equipment system, with high dynamic resolution and radiographic quality reaching level B (supreme level) of international welding pipe detection, has become the first domestic detection equipment which meets requirements of European Standard.

In October, the headquarters of Baosteel Co., Ltd. attained the recommendation for certification of hazardous substance management system (QC080000) from British Standards Institution (BSI), an international authoritative institute, and became the first large iron & steel enterprise which has passed such certification in China.

2014

November

On Nov. 1, the equipment in the main workshop of the Zhanjiang Iron & Steel mill officially began to be installed.

On Nov.7, the first exchange meeting of the “three institutions” (including Baosteel Central Research Institution, Economic Management Institution and Talent Development Institution) sponsored by the Baosteel Association for Science and Technology was held in the talent development institution. The “three institutions” gathered all the outstanding talents of Baosteel in the fields of technological innovation, research on operating management, talent cultivation and so on, forming rich knowledge resources. Under the circumstance of promoting the second undertaking and a new normal market of Baosteel, how to take advantages of the talent, management and technology of the “three institutions” and form a united force to further seek for cross-domain cooperation and collaboration in order to provide services and support for the development of Baosteel Group is a new task for the “three institutions”. As a result, the Baosteel Association for Science and Technology set the platform of “sharing communication of the three institutions”.

On Nov. 12, the overhaul of the No.4 blast furnace (second-generation furnace campaign) of Baosteel Co., Ltd. was finished and ignited successfully.

On Nov. 12, the furnace of No.1 generator unit of Zhanjiang Iron & Steel's own power plant was ignited successfully.

On Nov. 14, Zhanjiang Iron & Steel issued the Report of Staff Development for the first time.

On Nov. 7, the all-weather finished product terminal of Baosteel was completed and put into operation.

On Nov. 17, witnessed by Chinese President Xi Jinping and Australian Premier Abbott, Xu Lejiang, Chairman and Secretary of the Party Committee of Baosteel, and Hockridge, CEO of Aurizon, as main signers, concluded and signed the Memorandum of Understanding for the Financial Cooperation among Baosteel, Aurizon, CDB and ANZ Bank in the Parliament House in Canberra, Australia. This MOU specifies the principle, purpose, field and mechanism for the cooperation of the four parties, shows that the financial organization is confident of the resource development project of Baosteel and Aurizon in Australia, and improves the project's credibility, which is beneficial to decrease the financial cost.

On Nov. 19, the Second Baosteel Sharing Forum of Science and Technology — Sharing Meeting for Energy Saving and Environment-friendly Technologies, was hosted by the Baosteel Association for Science and Technology. The experts present in the meeting exchanged views on technologies according to the work of energy saving and environment protection and offered suggestions on Baosteel's environment management.

On Nov. 22, at the 8th International Exhibition of Inventions, 23 exhibition projects of Baosteel including the “diagnosis and control equipment technology for the edge defects of hot-rolled strip steel”, the “safety technology of fire extinguishing system with super-effective energy conserving and emission reduction”, the “technology of metal detection and protection for the conveyor in the steel mill terminal” and so on won gold awards; 28 exhibition projects including “a knife lip wiping device”, the “remote controlling system for gas inflating-and-exhausting and pressure maintaining” and so on won silver awards; 40 projects including “a multi-point jacking method available for the replacement of reclaiming pivotal bearing” won bronze awards. In addition, Baosteel won the award of Excellent Exhibition Group at the exhibition.

On Nov. 28, Baosteel established China's first unmanned warehouse for steel products.

In November, Baosteel was awarded the honor of “2013 Advanced Unit for Financial Final Account Management of Central Enterprises” and “National Advanced Group for Internal Audit”.

In November, the three major international credit rating agencies, namely Standard & Poor's, Moody's and Fitch Ratings carried out credit rating reexamination to Baosteel Group and gave three long-term enterprise credit ratings respectively, A-, A3 and A- with the credit outlook of “stabilization”. It shows that Baosteel maintains the highest credit ranking among the world's iron and steel enterprises. The three agencies also gave Baosteel Co., Ltd. the same credit rating.

2014

December

On Dec. 4, Shanghai Baosteel Chemical Co., Ltd. signed the agreement on project cooperation intention with Sichuan Daxing Energy Co., Ltd.. According to the agreement, Baosteel Chemical and Daxing Energy will deepen cooperation in the field of metallurgical coal and chemical industry to provide a new platform for the green development of cities.

On Dec. 5, Ye Meng, President of Baosteel America Inc., was selected as the Chairman of the Trade Commission of China General Chamber of Commerce – USA.

On Dec. 5, the “Shenlan Precious Residence” project – a large-scale living park in Zhanjiang Iron & Steel Base commenced.

On Dec. 5, Zhanjiang Iron & Steel signed the Agreement on Business Collaboration Framework with Baosteel Development Co., Ltd., and the two parties will cooperate in the fields of solid waste recycling and some manufacturing supplies and services.

On Dec. 8, Baosteel released an announcement, utilizing part of its A-share of New China Life Insurance as the underlying stock and to publicly issue exchangeable corporate bonds on December 10, with an issuing scale up to RMB 4 billion. The bonds will be listed for transactions in the Shanghai Stock Exchange. It's the first public issuance of exchangeable corporate bonds in the China securities market. The credit ratings of both the issuing body (Baosteel Group) of the exchangeable corporate bonds and the debt are AAA. The term to maturity of the bonds is three years as from the first issuing day, and the term of share swap is from the first transaction day after 12 months of the issuing expiry to the maturity date of the exchangeable bonds. The initial price of share swap for the underlying stock is RMB 43.28 per share.

On Dec. 8, the reorganization ceremony and launch ceremony of the heat transfer unit of the HTGR evaporator of Baoyin was held in Yixing, Jiangsu. Set up in June 2007, Baoyin was jointly invested in and built by Baosteel Co., Ltd. and Jiangsu Yinhuan Precision Steel Pipe Co., Ltd. Its products cover such fields as nuclear power, thermal power, petrochemical industry, rail transit, aerospace and military industry. In October 2014, China Huaneng Group bought a stake in Baoyin, and jointly invested in and completed the new round of asset reorganization with Baosteel Group, China General Nuclear Power Group, Yinhuan Holding Group. The reorganization focused on integrating the superior resources to build the nuclear power industry chain reaching the world-leading level with “product development, smelting of raw material, sophisticated manufacturing and engineering application”, and to lay a solid foundation for the strategic security of China's nuclear power development and nuclear field as well as the industrialization of high cutting-edge materials.

On Dec. 15, Baosteel Group was awarded the title of 2013~2015 Advanced Collective in the National Activity of “Talking about Ideals and Comparing Contributions”. Xinjiang Bayi Iron & Steel Co., Ltd. was honored with the title of the Innovative team in the activity.

Mo Zhen, Deputy Director of the Commission of the “Talking about Ideals and Comparing Contributions” Activity, was honored with the title of 2013~2014 National Outstanding Organizer, and three employees of Baosteel Group was honored with the title of 2013~2014 Innovative Pacesetter in the activity. They are Shenjie from Baosteel Engineering, Zhao Yujing from Baosteel Development and Yu Haiming from Xinjiang Bayi Iron & Steel Co., Ltd..

On Dec. 24, Baosteel's exchangeable corporate bonds with transaction code 132001 were listed on the Shanghai Stock Exchange.

In December, Baosteel's “demonstration project of technical innovation and industrialization for recycling use and low carbon emission of the waste heat from sintering waste gas” passed the national inspection acceptance.

In December, Baosteel Special Steel was awarded the honor of “2014 Advanced Unit of Nuclear Power Equipment Manufacturing in Shanghai”.

In December, Ningbo Steel was awarded the honor of “2014 Environment-Friendly Enterprise for Cleaner Production in Chinese Steel Industry”.

December

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Survey of the Concerns of Stakeholders

Thank you for reading this Baosteel CSR Report 2014. Baosteel greatly values your comments and suggestions so that we are able to make improvements accordingly. Please feel free to scan the following QR codes and log on to our official website to fill out the “Survey Form for Stakeholders’ Issues of Concern”.



Our WeChat Matrix

In We-Media time, we created multiple channels for communicating with you, please search our WeChat Matrix via our WeChat official account to gain further insight into Baosteel and keep abreast of our latest developments.

The Corporation Level			
 Friendly Baosteel Official WeChat of Baosteel	 Xinxin Bao News Center WeChat	 Baosteel Communist Youth League Official WeChat of Youth League Committee	
Subsidiary level of different sectors			
 Baosteel Iron & Steel Co., Ltd. express Official WeChat of Baosteel Iron & Steel Co., Ltd.	 Hello, Baosteel Official WeChat of Baosteel Iron & Steel Co., Ltd.	 Bayi Iron & Steel Co., Ltd. News Official WeChat of Bayi Iron & Steel News	 Home in Shaoguan Iron & Steel Official WeChat of Shaoguan Iron & Steel
 Baosteel Metals Co., Ltd. Official WeChat of Baosteel Metals	 Baosteel Engineering Official WeChat of Baosteel Engineering	 Colorful Warburg Baosteel financial system WeChat	 Ouyeel Cloud Commerce Official WeChat of Ouyeel Cloud Commerce

30th Anniversary

THE 30TH ANNIVERSARY OF BAOSTEEL'S OPERATION



Official WeChat of Baosteel



Official Microblog of Baosteel

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