

CORPORATE SOCIAL RESPONSIBILITY 2017

CSR Report
CHINA BAOWU GROUP



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Introduction

About This Report

This Report is the second Social Responsibility Report released to the public by China Baowu Steel Group Corporation Limited (hereinafter referred to as “China Baowu” or “the Corporation”).

The Report has been drawn up according to the “Guiding Opinions on Management Enhancement in Central Enterprises” (Document No. 23 [2012] of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) on Development and Reform of State-owned Assets), the “Guidelines to Central Enterprises on Fulfilling Corporate Social Responsibility” (Document No. 1 [2008] of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC)), the “Sustainability Reporting Guidelines” (Version G3) of the Global Reporting Initiative (GRI), the Ten Principles of the United Nations Global Compact, the “Guidelines for the Compilation of Social Responsibility Reports by Chinese Enterprises” issued by the Chinese Academy of Social Sciences and China Baowu’s unique understanding of social responsibility and its practical conditions.

Scope of This Report

Unless otherwise specified, this Report mainly describes China Baowu’s efforts in honest business, value creation, environment management, employees, community and supply chain from January 1 to December 31, 2017. This Report covers steel industry, new materials industry, trade logistics industry, industrial service industry, urban service industry and industrial finance industry.

Language and Format

This Report is published in both Chinese and English. In the event of any discrepancy between 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. Our contact details are as follows:

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ADDRESS BY CHAIRMAN



New Responsibilities for Lasting Success and New Accomplishments for Our Great Cause



The year 2017 marked the first year since the merger of Baosteel Group Corporation (Baosteel) and Wuhan Iron & Steel (Group) Corporation (WISCO). Despite multiple challenges in integration, production and operation, further reforms, transformation and development, China Baowu continued to ace the performance ranking in the Chinese steel industry with an annual operating revenue of RMB 400.5 billion, and a total profit of RMB 14.27 billion, an increase of RMB 7.24 billion from the previous year. We entered Fortune 500 for the 15th consecutive year, ranking No.162, the second highest among global steelmakers. We also received the highest credit rating for a global integrated steelmaker from the Big Three credit rating agencies including S&P.

In accordance with the decision and program of the CPC Central Committee and the State Council to launch supply-side structural reform, China Baowu undertook the missions of “capacity reduction, de-stocking, deleveraging, cost reduction and improving underdeveloped areas.” We succeeded in reducing our capacity by 5.45 million tons throughout the year and 15.42 million tons in total, achieving our three-year target in just two years. We reduced the number of legal entities by 180 in total, overachieving our annual target ahead of schedule. We firmly believe in the principle – “eliminate loss or be eliminated by loss” and we have made every effort to promote the campaign to reduce loss, increase profits, dispose of “zombie” companies and bail out companies that are in difficulty. This has reduced the number of loss-making subsidiaries by 61 from a year earlier, completing the handling of 33 zombie companies or companies in difficulty. Our guiding principle that we adhere to includes “all costs are reducible”, and this has succeeded in reducing our costs by RMB12.4 billion for the whole year. We have overachieved our target of improving labor efficiency by 8%.

To create synergy for the merger, China Baowu proceeded steadily and vigorously enhanced corporate integration. After buying out WISCO's shares, Baosteel Co., Ltd. moved ahead with the business integration based on an informatization campaign. Following this, we extended the coverage of the headquarters' functional management to our Qingshan base, achieved centralized management and integrated operations of part of our R&D, sales & purchasing business, and enhanced structural adjustment of our steel-making division. The group also made breakthroughs in cross-divisional coordination and integration of non-steel business, laying the groundwork for further integration. China Baowu also established “integrity, collaboration, innovation and sharing” as our core values, to boost our cadres and staff's sense of belonging and cohesion.

To infuse vitality, we at China Baowu, have enhanced our system and institutional reforms. To enhance mixed-ownership reforms in our tier-1 subsidiaries, Baosteel Co., Ltd. and Baosight Software (hereinafter referred as “Baosight”) successively launched stock-based incentive plans and Ouyee opened up equity to investors. The group's guidelines were “self-surpassing” budget, “beating the market” for the year and “pursuing excellence” within the term, and thus we introduced administrative measures for business performance appraisal, made plans to implement term-based management accountability system among our subsidiaries and made breakthroughs in three institutional reforms.

To improve industrial concentration, we enhanced recapitalization of Chinese steelmakers. By founding Siyuanhe Steel Industry Structure Adjustment Fund, China Baowu restructured Chongqing Iron and Steel Company (CISC) in a market-oriented manner, removed their inefficient or invalid steel assets, formulated a product structure adjustment plan and introduced green and smart manufacturing models, displaying the leading role of our sustainable development. The model that Siyuanhe used to restructure CISC served as the best example of restructuring in the Chinese steel industry.

Focusing on Baosteel Co., Ltd., a highly automated and information-based enterprise, China Baowu went all out to enhance the campaign of smart manufacturing. Baosteel Co., Ltd.'s smart manufacturing has moved from introduction stage to systematic implementation. A smart manufacturing system combining smart equipment, plants and networks was built to create new competitive advantage in the steel industry for the future, with reproducible and standardized practices and models for the steel industry.

China Baowu has adhered to the path of sustainable development. In 2017, through green manufacturing, we succeeded in significantly reducing our SO₂ and NO_x emission and comprehensive energy consumption per ton of steel. By enforcing the principles of no solid waste out of plants and waste-turned products, we helped reduce the amount of waste paint buckets and other urban industrial refuse, to strive for harmonious co-existence of our steel works with cities.

In accordance with the overall plan of the CPC Central Committee and the State Council, China Baowu continued to address the issue of poverty alleviation. We launched partner aid and targeted poverty alleviation programs in 11 counties in Tibet, Xinjiang, Qinghai, Hubei, Guangxi, Yunnan and other provinces and autonomous regions. Our aid projects in 2017 covered public well-being, infrastructure, education, industrial support, etc. and helped improve economic development and public well-being of the regions receiving aid.

As a pilot enterprise for investing in companies with state-owned capital, China Baowu has remained true to its original aspiration. We have taken on the mission to serve our national strategies and reinforce the strength of our steel industry, assumed the responsibility to improve competitiveness of state-owned capital, and kept innovating and improving our efficiency in terms of CSR.

Our development policies are “innovation, coordination, eco-friendliness, openness and sharing”. The Corporation has formulated a strategic development program with new requirements of high-quality development. China Baowu will enhance knowledge and implementation of President Xi Jinping's thoughts on socialism featuring Chinese characteristics in the new era and the guidelines of the 19th National Congress of CPC. We will implement the Party and the state's various strategic plans and policies, and further accelerate integration, reforms, transformation and upgrade and high-quality development, to make continuous efforts to grow into a global leader in the steel industry and become a world-leading group!

Party Secretary & President of China Baowu Steel
(Group) Corporation Limited

BRIEF INTRODUCTION

China Baowu Steel Group Corporation Limited (hereinafter referred to as "China Baowu"), established by consolidation and restructuring of former Baosteel Group Corporation and Wuhan Iron & Steel (Group) Corporation, was officially unveiled on December 1, 2016. Selected as a pilot enterprise of state-owned capital investment companies, the Corporation produced 65.39 million tons of crude steel totally in 2017, ranking first in China and second in the world. In 2017, the Corporation realized an operating revenue of RMB 400.48 billion and a profit of 14.27 billion. It was ranked the 162th among Global 500 in Fortune with a record high.

With its vision of "becoming a leader in the global steel industry and a world-class business group", the mission as "to drive the transformation and development of the steel ecosystem into a green and smart industry, and to enhance the joint growth of its stakeholders", the core values of "integrity, synergy, innovation and sharing", China Baowu is committed to building a leading edge in five aspects of steel production, green development, smart manufacturing, service transformation and excellent efficiency through reform and development, and creating a pattern of coordinated development of related industries such as new materials, modern trade logistics, industrial service, urban service, and industrial finance based on a green smart high-quality steel industry, in order to develop several pillar enterprises with hundreds of billions of yuan in revenues and tens of billions in profits, and a group of outstanding enterprises with tens of billions in revenues and billions in profits.

01 Steel Industry

The steel industry is positioned to grow into the largest manufacturer and service provider of premium steel products in China and a leader in the world, and with Baosteel Co., Ltd. as its flagship, it will together with Bayi Iron & Steel, Shaoguan Iron & Steel, Echeng Iron & Steel, Baosteel Special Steel, Baosteel Stainless Steel, Ningbo Baoxin Stainless Steel (hereinafter referred to as "Ningbo Baoxin") and Baosteel Desheng Stainless Steel (hereinafter referred to as "Baosteel Desheng"), gradually form a spatial strategic layout that matches the national "Belt and Road Initiative" and the Yangtze River Economic Belt Strategy.

Operating Revenue:
345.9 RMB Billion

Total Profit:
14.22 RMB Billion

Number of Employees:
110026

02 New Materials Industry

The new materials industry focuses on the fields of transportation, energy and new building materials, explores and fosters a number of cutting-edge new materials that are in line with strategic choices, and builds integrated materials suppliers and solution providers that integrate R&D, manufacturing and processing services, boosting the Group's new pillar industry to become China's second largest manufacturing business segment.

Operating Revenue:
25.4 RMB Billion

Total Profit:
0.81 RMB Billion

Number of Employees:
4937

03 Trade Logistics Industry

The modern trade logistics industry serves the whole circulation field of metallurgical industry's raw materials, steel and related materials and products, as well as related commodities, and builds a co-constructed shared B2B-based open platform and service-oriented production system to actively promote the restructuring of the industry.

Operating Revenue:
38.7 RMB Billion

Total Profit:
-6.1 RMB Billion

Number of Employees:
1685

The corporation realized an operating revenue:

400.48 RMB Billion

Total profit:

14.27 RMB Billion



04 Industrial Service Industry

The industrial service industry relies on the Baowu Group (hereinafter referred as "Group")'s technology accumulation and brand advantages, and with servicing the group and industries as the starting point, provides enterprises and society with full life-cycle and efficiently operating systematic solutions and corresponding engineering services.

Operating Revenue:

14 RMB Billion

Total Profit:

0.51 RMB Billion

Number of Employees:

11345

05 Urban Service Industry

Based on vitalizing of stock real estate, supplemented by modest increments, starting with the integration of "production, financing, network and city" and focusing on the development of industrial real estate, the urban service industry is stimulating supporting new urban industries, and innovating the new collaborative development model of "factory-park-urban", to become China's leading comprehensive development and operation service provider for industrial parks.

Operating Revenue:

41.3 RMB Billion

Total Profit:

0.99 RMB Billion

Number of Employees:

45590

06 Industrial Finance Industry

The industrial finance industry has created a professional, market-oriented and platform-based industrial financial service system, providing comprehensive financial services such as supply chain finance, industrial funds, asset management and social wealth management for metallurgical and related industries, and has become an important pillar industry of the Group.

Operating Revenue:

3.2 RMB Billion

Total Profit:

2 RMB Billion

Number of Employees:

1326



CORPORATE LEADERSHIP

Board of Directors



Chairman • Ma Guoqiang



Director • Chen Derong



Outside Director • Kerwei (Buck) Pei



Outside Director • Shen Xiaowu



Outside Director • Li Guoan



Outside Director • Lin Jianqing



Employee Director • Fu Lianchun

Note:

since March 2018, Ma Guoqiang has ceased to be Chairman of China Baowu and since June 2018, Chen Derong has held office as Chairman of China Baowu.

Senior Management



Chairman and Secretary of the CPC • Ma Guoqiang
Committee



Director, President and Vice Secretary of the CPC Committee • Chen Derong



Vice Secretary of the CPC Committee • Fu Zhongzhe



Vice President and Member of the CPC Standing Committee • Hu Wangming



Member of the CPC Standing Committee • Dai Zhihao



Member of the CPC Standing Committee • Zou Jixin



Vice President • Liu Xiang



Chief Accountant • Zhu Yonghong



Vice President • Guo Bin



Vice President • Zhang Jin'gang

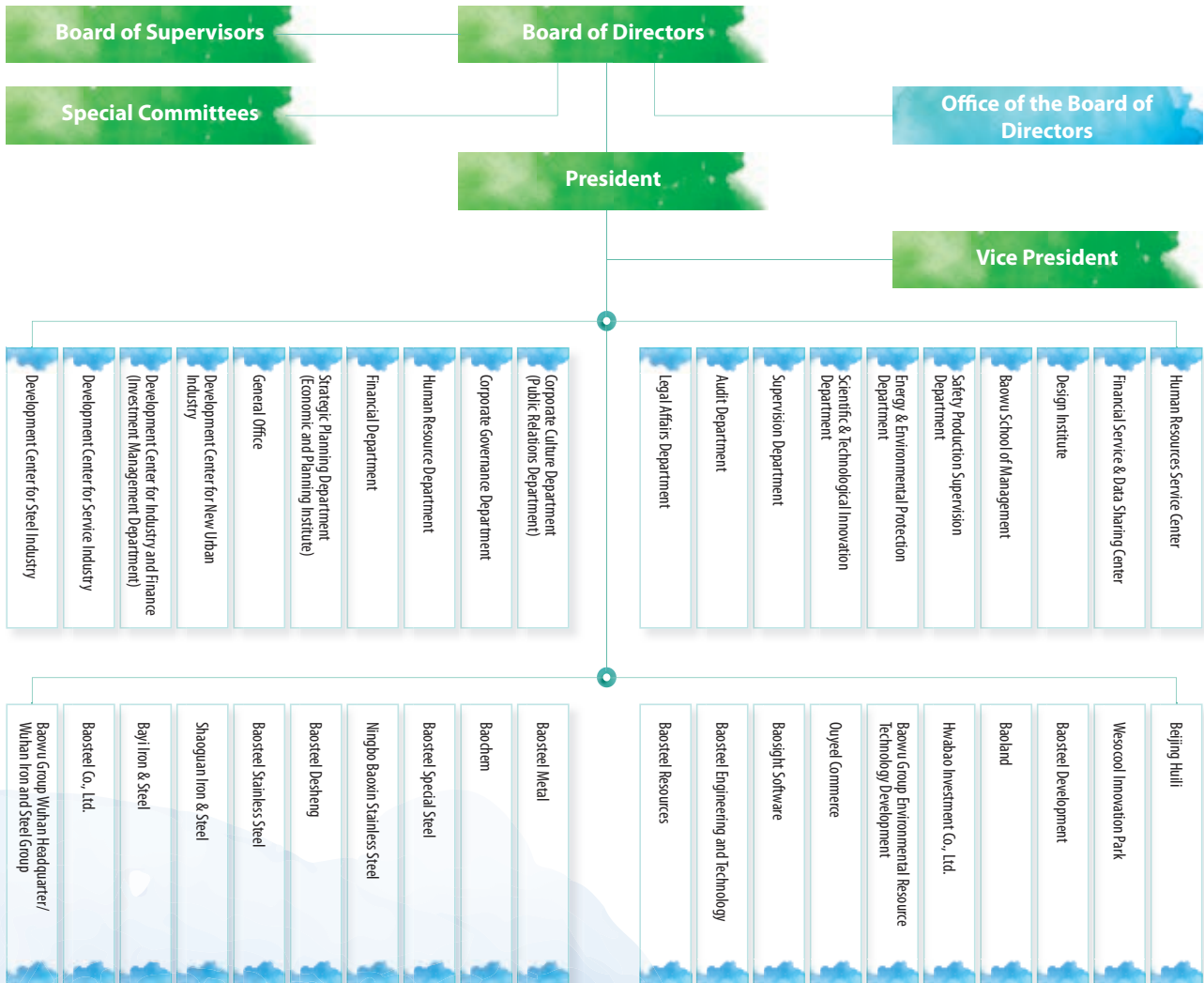


Member of the CPC Standing Committee and Secretary of the CPC Commission for Discipline Inspection • Zhang Kegjin

Note:

since March 2018, Ma Guoqiang has ceased to be Secretary of the CPC Committee and Chairman of China Baowu and since June 2018, Chen Derong has held office as Secretary of the CPC Committee and Chairman of China Baowu and ceased to be President and Vice Secretary of the CPC Committee.

ORGANIZATION STRUCTURE



Note:

- The full names of business departments are Development Center for Steel Industry and Related Manufacturing Industry (hereinafter referred to as "Development Center for Steel Industry"), Development Center for Steel Industry and Related Services (hereinafter referred to as "Development Center for Service Industry"), Development Center for Combination of Industry and Finance (hereinafter referred to as "Development Center for Industry and Finance"), and, Development Center for Real Estate and New Urban Industry (hereinafter referred to as Development Center for New Urban Industry). Development Center for Industry and Finance and Investment Management Department operate in the form of "one identical institution under two different names".
- Baowu School of Management and Baowu Party School operate in the form of "one identical institution under two different names", Design Institute and Baosteel Engineering and Technology operate in the form of "one identical institution under two different names".

FULFILLMENT OF THE STRATEGY



The Corporation completed the revision of the *Strategic Planning of China Baowu Steel Group Corporation Limited (2016 – 2021)* and determined that the corporate vision is “becoming a leader in the global steel industry and a world-class business group” and the mission is “to drive the transformation and development of the steel ecosystem into a green and smart industry, and to enhance the joint growth of its stakeholders”.

The Corporation will follow the trend of economic transformation and upgrading, and in combination with its ability and advantages, build an industry system that conform with its position of state-owned capital invested enterprise. Based on the vision, mission and current core competitiveness, holding fast to the base of iron and steel industry, and considering the great challenges and pressure

posed on the Corporation’s management, transformation and upgrading as well as social responsibilities due to changes of external operating environment, the Corporation will dynamically optimize the industry portfolio, so as to reduce industry cycle risk and stabilize the fluctuation of return on investment, improve the risk resistance capacity of state-owned capital and ensure maintenance and appreciation of state-owned capital. As for the industry selection and resource allocation, while continuing to taking advantage of the core competence and resource superiority in the iron and steel industry, the Corporation will fully exploit the competence and resources that have been formed over its long-term operation in this industry to shape an industry pattern of coordinated development of iron and steel industry and related industries, in order to develop several pillar enterprises with hundreds of billions of yuan in revenues and tens of billions in profits, and a group of outstanding enterprises with tens of billions in revenues and billions in profits.

The Corporation has determined its business portfolio to be of six sectors with “One basic industry and five related industries”, i.e., coordinated development of new materials industry, modern trade logistics industry, industrial services industry, urban service industry and industrial finance industry based on the iron and steel industry.

Since 2017, the Corporation has been adhered to planning guidance to accelerate and promote reform and transformation, innovation, integration and other efforts, resulting a smooth business system construction and great achievements in focusing and integration. The iron & steel industry has actively implemented leader strategy, gained initial success in integration and fusion and fully manifested benefits from synergies, generally continuing to maintain the best position in the domestic industry. The non-steel industry has deepened the integration and fusion, accelerated concentrated development of business and planned and implemented special integration scheme such as chemical industry, comprehensive utilization of resources, information technology and metal products. And by combining with business center construction and management relationship adjustment, development strategy of new materials industry is further clarified, positioning of modern trade logistics industry as well as industrial service industry is more focused, projects of urban service industry are progressing smoothly, and the industrial finance industry has achieved innovative development.



Eliminating Backward Production Capacity in the Iron & Steel Industry

After cutting overcapacity of 9.97 million tons in 2016, China Baowu has again resolved overcapacity of 5.45 million tons of iron and steel by the end of July in 2017, completing the target task of totally resolving overcapacity of 15.42 million tons in three years as approved by State-owned Assets Supervision and Administration Commission of the State. In October 2017, it has passed the acceptance of State-owned Assets Supervision and Administration Commission of the State. Completing the three-year tasks in two years, the Corporation has fully demonstrated its leading role in the industry. In 2017, in the course of resolving overcapacity, China Baowu has properly disposed the debts involving by overcapacity cutting and smoothly and orderly reassigned personnel, ensuring corporate and social reliability.



Planning and Development of the Steel Industry

The steel manufacturing sector is the core business of China Baowu and the main carrier to undertake the responsibility of the industry given by the State. The steel manufacturing sector of China Baowu implements the development strategy of “greenness, premium products, cost-effectiveness and smart manufacturing”, with the guidance of becoming “the leader of the global steel industry” and the goal of “becoming a

world-class smart manufacturing and service supplier of quality carbon steel, stainless steel and special steel”.

For some time to come, China Baowu’s planning and development of iron and steel will focus on the following aspects:

Holding firm to the vision of becoming a leader of global steel industry

While consolidating and enhancing the benefits from integration and fusion of Baosteel Co., Ltd.’s four bases and continuing to implement collaborative support of key units, the Corporation will, focusing on coastal and riverside strategic layout, with the planning goal of “hundred million tons Baowu”, implement leadership to expand the industrial spatial layout.

Improving innovation system building

In accordance with the technology leading strategy and the requirements of national innovation and entrepreneurship demonstration bases, the Corporation made efforts on building public research platform, relevant multi-industry specialized platform and innovation and entrepreneurship service platform, comprehensively enhancing the capability of technical innovation system.

Adhering to the strategy of premium product development

The Corporation increases investment on R&D, constantly enriches and expands the “premium products” family and continuously raises the high added value and the proportion of high-tech products, promoting commercialization of vertical continuous casting and thin strip continuous casting and rolling technology. Baosteel Desheng and Ningbo Baoxin respectively focus on strengthening and optimizing of mid and high-end cold rolled stainless products and full series full process products.

Sticking to the strategy of green development

Based on the fully life cycle green concepts, the Corporation conducts eco design of industrial products, develops green products and deepens environmental management to build a first-class urban steel plant that coexists harmoniously with the city.

Sticking to the strategy of smart manufacturing

Starting from the need of enterprise transformation and upgrading, the Corporation will accelerate the development and application of new technologies such as industrial Internet, artificial intelligence, cloud computing and big data and gradually build a smart manufacturing system integrating intelligent equipment, intelligent factory and smart operation to reduce costs, improve quality and improve service capacity.

STRENGTHEN THE PARTY'S CONSTRUCTION

The Party Committee of the Corporation earnestly put the guiding principles from 19th National Congress of the Communist Party of China into action, implements major decisions of CPC Central Committee and the State Council and the requirements of the SASAC, and makes new progress in implementing key tasks of party building, improving the system of responsibility for party building, promoting regular and institutionalized study and education so that Party members develop a good understanding of the Party Constitution, Party regulations, and General Secretary Xi Jinping's major policy addresses and live up to Party standards, and information construction for Party building, thus providing a strong guarantee for the joint and reconstruction, integration and fusion, and reform and development of China Baowu. By the end of 2017, there are 3,052 grassroots Party organizations at various levels of the Corporation, including 218 Party committees (20 of secondary level), 244 general Party branches and 2,590 Party branches. The total number of Party members is 84,900.

Building of Basic Organization

First, promoting affiliated enterprises to include the general requirements of the Party building in the articles of association of the Corporation. The amendment to the articles of association of China Baowu was approved by the SASAC of the State Council on April 9th. 355 subordinate wholly-owned and holding companies have included the requirements of the Party building in their articles of association. **Second, improving the leadership system with "bidirectional introduction and alternate appointment"**. 13 subordinate secondary companies with board of directors have put into practice so that the positions of Secretary of the Party Committee and Chairman are held by the same person. 37 affiliated Party Committee are allocated with vice secretary. **Third, improving the system of responsibility for Party building**. The Corporation has formulated and issued the *Measures for Implementing the System of Responsibility for Party Building*, defined for various responsibility bodies in the Corporation's Party organization system the list of responsibilities with 15 items for Party building, list of tasks with 61 items for responsibility performance, list of systems with 54 items for regulating responsibility performing and negative list with 9 items for investigating and affixing responsibility. **Fourth, conducting assessment and evaluation of Party building**. The Corporation has formulated and issued the *Method for Performance Evaluation of the Party Committees of Secondary Level Units (Trial) and the Rules for Performance Evaluation of the Party Committees of Secondary Level Units*. The Party Committees of Baosteel Co., Ltd., Wuhan Iron and Steel Group and Baosteel Chemical Co., Ltd. were named the outstanding Party Committees of the group companies in 2017. **Fifth, deeply promoting assessment and evaluation of reporting by secretaries of Party organizations on their responsibilities for grassroots Party building**. 13 secretaries of the Party Committee of affiliated secondary units have participated assessment and evaluation of reporting. 122 secretaries of the Party Committee of third-level units and 1,036 Party branch secretaries completed field assessment and evaluation of reporting. **Sixth, promoting regular elections of new grassroots Party organizations**. 296 grassroots Party organizations are urged to implement election of new organizations. Altogether 791 grassroots Party organizations had elected new organizations in 2017, including 79 Party Committee, 74 general Party branches and 638 Party branches. **Seventh, optimizing party-masses mechanism at group headquarters**. Notice on Adjustment of Party and the Masses Mechanism at Group Headquarters are issued and relevant adjustments have been



Building of Basic Teams

First, training for party members and party workers. We have conducted 11 sessions of training courses for party branch secretary qualification, with 345 participants; and a centralized training on all the 2,224 party branch secretaries, held a special training course for new Party committee secretary and full-time vice secretary, offering training to new Party committee secretaries and full-time vice secretaries without party-masses work experience and directly reporting to the group, and held 16 seminars for Party branch secretary, with 681 participants. **Second, incentives for party workers**. China Baowu has carried out the first selection for "two excellent and one advanced" honor and 100 outstanding individuals and 50 advanced teams were awarded. **Third, promoting development of party members**. A total of 802 party members were developed throughout the year. Among them, 147 were women, accounting for 18.3%; 521 are young people aged 35 and below, accounting for 65%; 583 are college graduates and above, accounting for 72.7% and 405 are front-line operating staff, accounting for 50.5%. Fourth, promoting information-based projects for party building. This covers all party organizations and party members in the group. 43,500 party members have bound the Wechat ID of Baowu Party members. 11 planned business modules have completed their secondary development.

made to the veteran cadre work departments, people's armed forces departments, science and technology associations, enterprise management associations and so on. **Eighth, adjusting Party organizations according to "Four Synchronization"**, that is, synchronous building of grassroots Party organization and production administration organization, synchronous allocation of Party cadres and production administration cadres, synchronous formulation of Party building system and production management system, and synchronous assessment of Party building and production management. The Party Committee of Baowu Group Environment Resource Technology Development is established, the Party Committee of Talent Development Institute is canceled and the affiliation between the Party organizations of Baosteel Desheng and Ningbo Baoxin is adjusted. **Ninth, standardizing and strengthening Party building in overseas units**. We have altogether 38 overseas units and 272 Chinese employees working there. For these units, we have set up 9 Party branches with 195 Party members and equipped 30 part-time personnel for party affairs. In order to further strengthen management, we have formulated and issued the Opinions on Strengthening the Implementation of Party Building in Overseas Units.

SOCIAL RESPONSIBILITY MANAGEMENT

Social Responsibility Organizations

Social Responsibility Organizations



Process of CSR Report Preparation



RESPONSIBILITY PROMOTION

Press Conference on CSR Report

China Baowu has been reporting the social responsibility the same year since its joint and reconstruction. In 2017, it held the first social responsibility report press conference, releasing the company's strategic planning, disseminating the company's brand image, and demonstrating the company's efforts to fulfill its social responsibilities, which had showed to the public the company's new vision, new strategy and new image.

At the meeting, *Strategic Planning of China Baowu Steel Group Corporation Limited (2016-2021)* was released; proprietary platform for China Baowu's personnel, China Baowu Information APP was officially launched on the same day; and three of China Baowu's personnel working at the front-line of poverty alleviation shared their stories of participating in poverty alleviation with the audience, demonstrating the remarkable achievements of targeted poverty alleviation as China Baowu actively taking social responsibility and participating in aiding Xinjiang, aiding Tibet, aiding Qinghai, and aiding Yunnan.

At the press conference, Chen Derong delivered a keynote speech entitled *Focusing Integration and Innovative Development, Striving to Create New Foundation of China Baowu*.



Selection and Release of Outstanding Cases of Environmental Management

On the basis of the successful selection and release of outstanding cases of environmental management in 2016, combined with the publicity campaign as "Environmental Day", "National Energy Conservation Publicity Week" and "National Low Carbon Day", the company organizes the second term of collection and selection of outstanding environmental management cases. Altogether 34 environmental management cases are submitted for selection and 12 cases were awarded the title of "China Baowu Annual Outstanding Cases of Environmental Management".

CASE

- Energy and Environmental Protection Department: Building an Effectiveness Monitoring System to Effectively Promoting Environmental Compliance Rectification
- Wuhan Iron and Steel Group: Application of Ionic Wind High Voltage Electrostatic Dust Removal Technology in Transformation of Dust Removal of Overhead Storage Tank In Sintering Area
- Wuhan Iron and Steel Group: Modification on Energy Saving and Emission Reduction of Pelletizing Flue Gas Desulfurization
- Baosteel Co., Ltd.: Zhanjiang Steel Flue Gas Treatment
- Baosteel Co., Ltd.: Development and Application of Thermal Diagnostic System for Steel-Cast Interface Energy Efficiency Improvement
- Shaoguan Iron & Steel: Efficient Treatment of Heavy Metal Bismuth in Wet Sintering Flue Gas Desulfurization Wastewater
- Baochem: Centralized Treatment of VOC in Coking Coal Fines
- Baosteel Engineering and Technology: Baosteel Co., Ltd. Phase I Coke Oven Flue Gas Purification Project
- Baosteel Engineering and Technology: Baosteel Zhanjiang Sintering Waste Heat Power Generation Contract Energy Management Project
- Baosteel Engineering and Technology: Jiaxing Dongfang Special Steel Roller Slag Treatment Project
- Baosteel Engineering and Technology: Baosteel's Incineration Facilities Environmental Adaptability Improvement Project
- Baosteel Development: Exploration and Practice of the Construction of Green Corridor (Factory tree Belt) in Baosteel Co., Ltd.

RESPONSIBILITY COMMUNICATION

Plant Opening Up

On March 10th, Baosteel Co., Ltd. held the 2017 Spring Tree Planting and Company Open Day activity. Cadre employees from Baosteel Co., Ltd., Yuepu Town Community Representative and Baoshan District Youth League members, altogether nearly 200 people planted 400 trees, including camphor, waterelm, eucalyptus and sapindus saponaria. After the tree planting activity, we had a green tour and green walking activity around the factory.

On April 22nd, the "World Earth Day", in the morning, "Baosteel Forest" unveiling ceremony and "World Earth Day" themed tree planting and hiking activities were held in Zhanjiang Sanlingshan Forest Park. The event was jointly organized by Zhanjiang Steel and Zhanjiang Environmental Protection Bureau. Nearly 120 Zhanjiang citizens and Zhanjiang Steel employees participated in the event. Participants contributed to the environmental protection of Zhanjiang by practical actions. Walking 10,000 steps reflected the development concept of "green steel" coexisting harmoniously with the beautiful city and the natural environment. "Baosteel Forest" is a donation project set by the former Baosteel Group in Zhanjiang City during the "Zhanjiang Baosteel Green Charity Walk" on June 28, 2014. It is a green symbol for the integrative development of Zhanjiang Steel and Zhanjiang city. Funded by the company, the site is located in Sanlingshan Forest Park to build the Baosteel Forest Public Welfare Park. Under the active support and cooperation of the Sanlingshan Forest Park Management Office, the company has donated RMB 2 million for the construction of the forest area in the past three years. At present, Baosteel Forest, which covers an area of about 6.67 hectares, has begun to take shape.

On June 3th, Shaoguan Iron & Steel held the second "Open Day" – "Meeting and Building a Green Home" activity, and invited representatives of surrounding residents and employees' families to visit the factory and experience the achievements of "Beautiful Shaoguan Iron & Steel". Shaoguan Iron & Steel introduced the company's corporate culture, production information, process technology, future development planning as well as the work and specific implementation of wastewater, waste gas, solid waste treatment methods and online environmental monitoring in recent years. Representatives of residents and employees' families said that through close up visits, they had experienced the changes in the overall environment of Handan Steel in recent years and learned more about the efforts made by Shaoguan Iron & Steel to build a green home.

On June 3th, on the eve of the 46th Environmental Day, Baosteel Co., Ltd. held the carnival "2017 Green Sustainable Baosteel • Creating Changes Life". About 700 people from Shanghai Municipal and Baoshan District government agencies, communities, media representatives, and employees and family representatives attended the event. Eight interactive experience booths are respectively themed with "Raw iron materials - utilization of iron elements on the earth", "Heavy plates - the progression strength for human to build bridges", "Automobile steel - the progressive strength of human transport", "Iron and steel slag - material magic created by human production activities", "Silicon steel - evolutionary power of human energy", "Scrap steel - resource power of human activities", etc., which, from raw materials, products, waste disposal, smart manufacturing, urban steel mills, social public welfare and other aspects demonstrate the achievements of Baosteel Co., Ltd. in environmental protection in recent years. A variety of experience activities have enabled the surrounding residents to truly experience the environmental protection practices and achievements of Baosteel Co., Ltd..

On September 20th, Baosteel Co., Ltd. held a media communication meeting on clean production and environmental improvement results in ironmaking and sintering areas, and invited media reporters from such

"Steel are more human friendly now. Baosteel Co., Ltd. is not only green in the factory, but also their green steel products have already integrated and changed our lives."

— Ms. Fu from the community

as China Securities Journal, China Metallurgical News and Baoshan Release to come to the ironmaking and sintering production line for field experience of the progress and gratifying achievements Baosteel Co., Ltd. has made in recent years in continuing to strengthen its investment, adhering to high starting point and strict standards to promote energy conservation and environmental protection of enterprises, leading the development of environmental protection technology in the industry and creating environmentally friendly urban steel mills. Baosteel Co., Ltd. actively implements the environmental management concept, and continues to invest heavily in cooperation with domestic manufacturers. With the large-scale modification of the No. 3 sintering machine as an opportunity, the company has independently developed a world-class comprehensive environmental protection technology for sintering with high starting point and strict standards. The No.3 sintering machine has advanced technological features such as on-line automatic detection, strengthening raw material particles and combined segregated feed, and has formed 10 technological innovation achievements including activated carbon flue gas purification technology, liquid sealed circular cooler technology, energy saving and environment-friendly vertical comprehensive screening technology. All the plants, unit production and belt corridors, etc. are fully enclosed. Since it was completed and put into production, the units and related environmental protection facilities have showed stable operation, with dust pollution basically eliminated, and the main exhaust emission indicators much better than the national standard, and its environmental protection operation indicators ranking among the world leading steel mills.



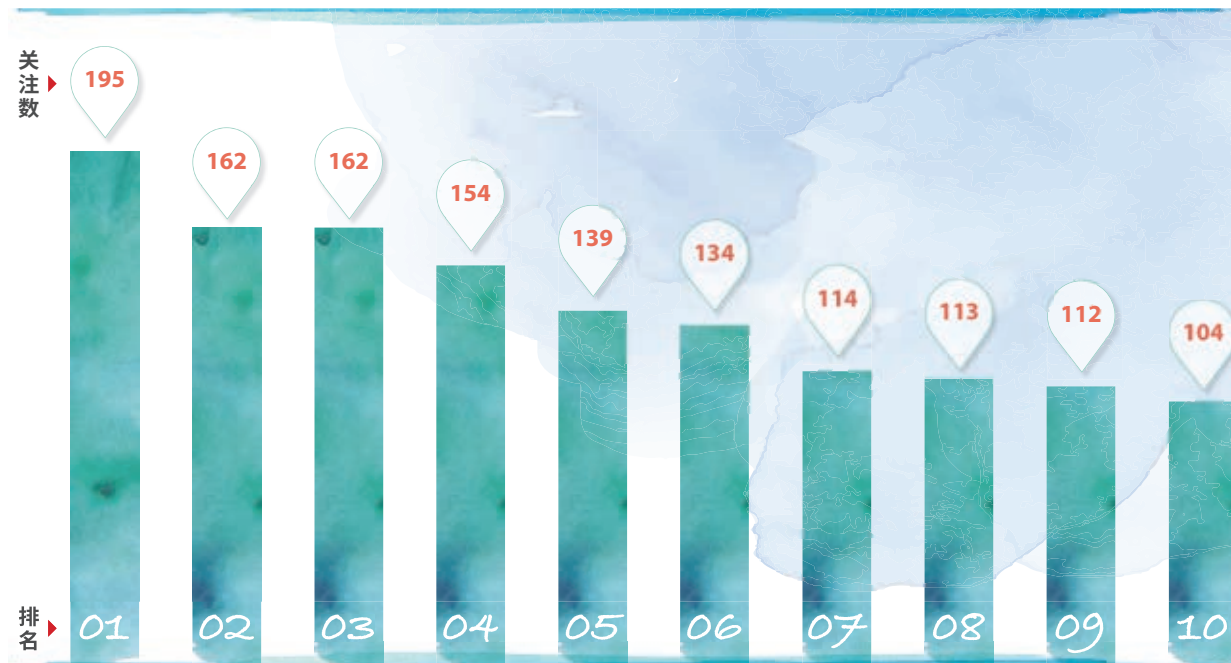
OPINION SOLICITATION FOR 2017 CSR REPORT



In 2017, the Corporation continued to launch investigation into the concerns of social responsibility through its official website, paper questionnaires and other channels so as to help stakeholders know about the Corporation. Altogether 204 questionnaires were distributed during the survey and 204 responses were recovered. Altogether 204 questionnaires were distributed during the survey and 204 responses were recovered.

Top 10 Issues of Concern

Customer management and quality service	195
Supplier management	162
Strategic partnership	162
M&A, elimination of backward production capacity	154
Compensation and benefits	139
Economic indicators such as profit and operating revenue	134
Building a green industrial chain	114
Green craft and environmentally friendly products	113
Employee recruitment and career development	112
Safety and protection of rights and interests	104





The reduction rate is

28.4%

The loss of subsidiaries decreased

by RMB **69.7** billion
year-on-year.

Doing Business with Integrity

Rebirth can be made only after nirvana

There can be no construction without destruction, and no rebirth without nirvana

Work together to remove redundancy and keep essence

In the first full year, China Baowu embarked on a new journey of doing business with integrity in the course of self-innovation.

HONEST BUSINESS

China Baowu completed and exceeded the target of reducing the number of legal persons ahead of schedule, and in 2017, total number of legal persons was reduced by 180, with a reduction rate of 28.4%. China Baowu made efforts to make up deficits and increase surpluses, treat zombie enterprises and became profitable. In 2017, the number of loss-making subsidiaries decreased by 61, and the accumulated loss decreased by RMB 6.97 billion year-on-year.

CORPORATE GOVERNANCE

Amendments to the Articles of Association and Rules of Procedure of the Board of Directors

The first board meeting of China Baowu deliberated and approved the Proposal on the Articles of Association of China Baowu Steel Group Co., Ltd., which had included the requirements on Party buildings, specified the purpose and scope of the business and clarified the function and power of the Board of Directors. The articles of association were officially approved by the SASAC of the State Council on April 9, 2017. For the consistency between the Rules of Procedure of the Board of Directors and the Articles of Association of the Corporation, the Board of Directors had amended the rules of procedures in consideration of the actual needs of board operation and company business, which further details and defines the decision-making authority empowered by the board of directors to chairman and president, and clarified important requirements of the board meeting period, thus providing organization guarantee and system guarantee for compliant and efficient operations of the board of directors.



Tenure of the Members of the Board of Directors and the Board of Supervisors and Their Operation

As of December 31, 2017, the situation of tenure in special committees by the members of board of directors was as following,

	Director	Nomination Committee	Remuneration and Appraisal Committee	Audit Committee	Strategy and Risk Management Committee
Chairman	Ma Guoqiang	● Head			● Head
Director and President	Chen Derong	●			●
Outside Director	Kerwei Pei (Buck)	●	●	● Head	●
Outside Director	Shen Xiaowu		●	●	●
Outside Director	Li Guoan	●	● Head	●	
Outside Director	Lin Jianqing	●	●	●	●
Employee Director	Fu Lianchun				

In 2017, the board of directors of China Baowu held 10 meetings in total, including 4 on-site meetings and 6 impromptu meetings, discussing and deliberating on 50 items and forming 38 board resolutions. The office of the board of directors, in accordance with the relevant provisions of the Articles of Association of the Corporation, the Rules of Procedure of the Board of Directors and the rules of procedure of the special committees of the board of directors, implements the meeting affairs and secretarial work of each meeting and provides special services for the standard operations of the Corporation's board of directors.

Year	Board of Directors	
	Number of meetings convened	Number of items discussed and deliberated on
2015	14	58
2016	21	79
2017	10	50

AUDIT FRAMEWORK

The internal audit of China Baowu is oriented to the audit function of “promotion of both supervision and service, control on both process and result, as well as embodiment of both achievements and value”. By centering on the business management objectives of the company, with problem recognition and risk prevention, we have carried out and completed all audit tasks in an orderly manner, so that full play is given to the dual functions of supervision and service of internal audit and effective support is provided for the strategic development of the company.

In combination with the requirements of audit work and characteristics of business areas of the Corporation, and based on the strategic goal of the Corporation, the orientation of audit work is set towards “Going beyond the account books, going deep into processes, supporting management and control and strengthening supervision” and a general audit system of vertical control with “two-level setting, unified management and shared resources” is formed, so that the audit work is promoted in a solid, order and secure manner by building a horizontal linking mechanism of standards unification, information sharing and task interaction” with business departments and the risk management department.



In 2017, the Corporation transferred to the audit department the responsibilities of dispatching supervisors to subsidiaries and set up the management function of dispatching supervisors to subsidiaries, in order to promote the building of the company's internal large supervision system, improve the supervision efficiency, establish and improve the supervision feedback rectification mechanism, and form a closed loop of supervision work, thus further strengthening support for the performance of dispatched supervisors.

Effective operation of the supervision system with daily audit and supervisor dispatching guarantees requirements of various levels of operators for their own supervisory functions and required development, and also ensures that the whole internal audit system is capable of reaching the goal of “systematic planning of audit projects, unified deployment of audit resources, expanding and improving audit functions and effectively supporting strategic management and control”.

Business Audit

We fully cooperate with the National Audit Office to conduct economic responsibility audits, serving well as a communication bridge between the National Audit Office and China Baowu, track audit progress, coordinate audit arrangements, and control the quality of audit feedback. At the same time, the problems discovered by the National Audit Office are taken as a breakthrough and a grasp for improving the management of the company, so the role of the state audit was fully utilized to improve the management level of the company.

We conduct economic responsibility audit projects. With penetrating audit ideas from strategy to operation and from account books to the process, we assess the implementation of the strategic tasks of the audited units and the completion of the annual economic indicators, find the differences and main influencing factors of differences, and at the same time by analyzing and process sorting the key business models, profitability, cost control, etc., point out the outstanding problems in the operation and management of the audited units, and actively provide value-added services in the audit supervision process to help the subsidiaries improve their management level, as well as providing support for company leaders to have a deeper understanding of subsidiaries' operating conditions, and for the organizational department to define the economic responsibility of leaders, and fully complete the leadership management process.

We conduct a net asset audit of property rights changes and comprehensively improve the quality control of net assets audits, which effectively prevents the loss of state-owned assets, reduces operational risks, and safeguards corporate interests. The specific measures are: first, continuously optimizing the review process and mechanism for the net assets audit of property rights changes; second, revealing the operational risks of M&A projects and reducing the cost of M&A; third, paying attention to the special matters of reducing net assets and ensuring safe and complete exit of state-owned equity security; fourth, comprehensively sorting out credits and debts, thus providing guarantee for the company's streamlined and standardized operation.

Investment Audit

Audit and evaluation of fixed assets investment projects are conducted to facilitate careful research and decision-making in the early stage of project approval, push to develop more clarified goals of project building and promoting the management improvement and business standard of the investment projects in the implementation stage.

Audit of equity investment is conducted to identify the deficiency in the decision-making during early stage and the investment implementation stage, and promote more scientific and sound management of equity investment.

Audit of final financial statements on fixed asset invested project is conducted to verify the authenticity, legality and integrity of final financial statement and promote the management improvement of project construction process.

Special audit of fixed asset invested project is conducted to promote the management improvement and risk prevention at key control points of project construction.

Audit of project costs is conducted to reasonably determine the construction project cost, reduce project settlement and pricing deviation and save the total amount of investment in construction project.

Management Audit

The Corporation conducts internal control evaluation, reveals the company's internal control defects, continuously improving the internal control system and improving risk prevention capabilities.

The Corporation carries out special management audits for business outsourcing, insurance costs, control of accounts receivable and inventory, etc., going deep into process to reveal problems in high-risk areas, promoting companies to block management loopholes, standardize operations, reduce costs and increase efficiency, and strengthen working capital management, so as to ensure the safety and integrity of state-owned assets.

Dispatching Management Personnel to Assist Supervisors in Subsidiaries

Special inspections are conducted on financing trade, revealing the problems existing in Baosteel Metal's financing trade as well as in "idling" and "informal electronic order" businesses, producing a good warning effect throughout the company and promoting the implementation of guiding principles of relevant documents of the SASAC by all subsidiaries.

We plan out an optimization plan for the operation mechanism of the Board of Supervisors, further promoting the building of the Group's internal supervision system and improving the effectiveness of supervision.

We provide hints for risks to relevant proposals from subsidiaries' board of directors, better supporting supervisors' supervision on subsidiaries.

In 2017, China Baowu's internal audit system completed 515 audit projects, with 3,394 problematic items identified and 470 pieces of audit recommendations put forward, and RMB 185 million saved by the audit findings.

saved by the audit findings:

185 RMB million



Table of Completed Audit Projects in 2015-2017

Category of audit project	2015	2016	2017
Audit of financial revenues and expenditures	12	10	23
Audit of economic responsibilities	144	140	145
Audit of net assets of property right changes	52	38	87
Audit of final settlement at completion of investment projects	24	27	20
Audit evaluation of investment projects	12	11	9
Investment project cost auditing	11	9	19
Management audit	139	148	140
Other audit items		56	72
Total	394	439	515
Number of the items of investment project cost sent for auditing	525	616	379
Net project fund reduced after audit (RMB Billion)	0.43	0.45	0.795

ANTI-CORRUPTION

At China Baowu, we resolutely put into practice the guiding principles of the 19th National Congress of the CPC, the sixth plenary session of the 18th CPC Central Committee, the seventh plenary session of the 18th CPC Central Commission for Discipline Inspection, and the spirits communicated at the national state-owned enterprises Party building meeting as well as construction of the Party style and anti-corruption campaign for Central Enterprises, thoroughly act upon the spirits of General Secretary Xi Jinping's important speeches, seriously perform tightening disciplines and rules of the Party, persevere to put disciplines and rules in the first place and are committed to promoting construction of the Party's work style and anti-corruption campaign.

Improvement in the Organizational System and Work Mechanisms

Strengthening the power of inspection. We set up disciplinary inspection work leading group and inspection office for the group party committee, enriched the work force of the inspection office, and recruited the inspection group with personnel having good political quality, strong business ability, hard work style, and daring to adhere to the principles.

Promoting system reform at pilot discipline inspection and supervision organization. Discipline inspection commission of Shaoguan Iron & Steel implemented agency dispatching and stationing system and 14 discipline inspection commissions of subordinated units were adjusted to 4 inspection groups, directly dispatched with commission for discipline inspection of Shaoguan Iron & Steel. This clearly defined the responsibility orientation, career path, management mode and working methods and gave play to the power of "dispatching" and the advantage of "stationing".



Related Measures and Results

(I) Earnest implementation of “Two responsibilities” and deeply acting on the requirement for full and rigorous Party self-governance

Improving the institutional system. We made further efforts to specify the content of responsibility, clarify the subject of responsibility and standardize the accountability. We **promoted the implementation of responsibility**, and decomposed 28 projects in 6 aspects into the team members and the main responsible departments; the Corporation leaders interviewed principals of subordinate units more than 260 person-times, and conveyed and communicated responsibility to each level; the assessment of the implementation of the responsibility system of each unit was included in the annual performance evaluation of party organizations and leaders. We **continued to deepen the rectification of the disciplinary inspection feedback from the central committee**, and referred to more than 20 items discovered by internal self-examination, special supervision, key spot checks, inspections and patrol, as well as the special supervision and inspection opinions of the SASAC, in order to deepen the inspection and rectification to drive the overall work improvement. We **increased accountability and efforts** and investigated 58 leaders and managers who did not implement the responsibility, in which 7 persons were imposed with Party and administrative disciplinary punishment, and 51 persons were given with admonition talks and criticized by circulating a notice.

(II) Ensured compliance with the Central Committee’s eight-point decision on improving conduct and staying engaged with the people and persevering to correct working styles and disciplines

Seriously investigating behaviors that constitute flagrant violations of discipline. The Corporation regarded violation of the CPC Central Committee’s eight-point rules as the key point of disciplinary review, investigated, reported and exposed 12 cases of violation of the CPC Central Committee’s eight-point rules. We **strengthened holiday reminding education and targeted inspections**, seized sensitive time points to issue more than 200 job tips and pushed over 9,000 reminding SMS, WeChat messages and emails, and carried out supervision and inspection during holidays more than 200 times. We **improved long-term mechanism**, revised the implementation opinions on further strengthening the guiding principles of the CPC Central Committee’s eight-point rules and further strengthening the building of work style, refined per capita office space and allocation standards, and promoted economic intensive management of office buildings.

(III) Strengthened disciplinary inspection supervision and full coverage of inspections on secondary units

We **promoted the standardization of disciplinary inspections** and formulated regulations on the inspection system. Sixteen secondary units, including Baosteel Co., Ltd. and Wuhan Iron and Steel Group, established an inspection system. The **innovated ways and methods**, combined comprehensive inspection with special inspections and conducted comprehensive inspections of 9 secondary units such as Baosteel Metal, Baosteel Stainless and Baoland in 4 rounds, as well as flexible inspection of 7 secondary units including Wuhan Iron and Steel Group, Baosteel Co., Ltd. and Shaoguan Iron & Steel. We **adhered to the problem-oriented method**, in 4 rounds of inspections we found more than 200 issues concerning the implementation of “two responsibilities”, the selection and employment of people, the implementation of the CPC Central Committee’s eight-point rules, and the integrity of business. Through feedback to the inspected unit with found problems and urging them for rectification, transferring problem cues for verification and accountability, and reporting problems to the company’s functional departments, we have held more than 200 persons accountable and promoted building and improvement of more than 100 systems.



(IV) Strengthening supervision and control, and promoting the operation of power regulations

Intensifying system building. We revised the meeting system of the Corporation's CPC Standing Committee of the Party Committee, the Corporation's executive meeting, and the Grassroots Party Committee, further clarified the decision-making scope, meeting organization requirements, and decision-making implementation requirements of the Group and grass-roots party committees; we **strengthened the implementation of internal supervision and consultation systems**, and regularly organized departments such as the Board of Supervisors and the discipline inspection and supervision to research and analyze the emerging and prone problems found in the management and operation, the party style building and anti-corruption campaign, and reported the six major categories of issues such as "lacking of review in signing and certifying, resulting in repeated calculation of engineering volume". The supervision and consultation were carried out around the deepening the implementation of rectification on feedback from the CPC inspection. The "three important and one major" decision-making system and the special inspection of implementation were carried out. The problems that at some units, systems were not revised in time, systems were not detailed enough, and the pre-procedure of party organization research and discussion were not institutionalized were rectified and corrected. **We carried out special inspections and special monitoring with accountability and effectiveness as the main clue.** Disciplinary inspection and supervision organizations at all levels focused on key areas and key links such as procurement and sales, engineering construction, and management performance, and carried out in-depth special inspections and special monitoring on management of existing companies and operating property leasing business; and investigated

and held 31 people accountable, recovered economic losses of RMB 9.94 million and promoted system improvement and process optimization according to the discovery of illegal purchases of official vehicles, lack of real estate leasing management system, etc.

(V) Intensifying Supervision and Restraint

Strengthening discipline enforcement and review. In the whole year, 511 problem-related clues were accepted for investigation, and 108 cases were filed. We seriously investigated and dealt with cases of violation of rules of discipline and work discipline, such as illegal accepting gift or money, illegal business operation, and unauthorized change of the pallet business model, causing the risk of capital exposure and so on. The Corporation insisted on discovering, reminding and correcting of emerging problems or tendencies earlier and made reminding interview for 1,100 person-times, conducted admonition talks with more than 130 person-times and criticized over 100 person-times by circulating a notice. **We strengthened the role of warning education.** We used typical surrounding cases to warn and educate people around us. We analyzed, reported and exposed violation of discipline on over 100 leaders, managers and people with right of business disposition, and organized warning education for over 2,200 times, with participants of over 80,000. **China Baowu published its first list of forbidden units**, which includes 65 units that are forbidden to have economic transactions with China Baowu or its subordinate enterprises.

Working items of integrity upholding	2015	2016	2017
Amount of part-time remuneration given in by directing staff (RMB Thousand)	277	181.9	107.3
Gift of money, gifts and securities given in voluntarily (person-times)	1110	826	1278
Amount of cash gifts, gifts and securities given in voluntarily (RMB Thousand)	1384.5	627.4	1441.2

Note: Wuhan Iron and Steel Group is not included in the data of 2016.

Items	2015	2016	2017
Number of problem-related clues	801 (including 419 clues handed over by the inspection team of the CPC Central Committee)	695	511
Number of cases filed for investigation	83	85	108
Number of cases closed	78	81	89
Number of people punished by Party discipline	50	54	71
Number of people punished by administrative discipline	41	55	64
Number of people with whom the labor contract was terminated	12	11	14
Number of people transferred to judicial organs	2	18	13



Operating Income of
400.48
RMB billion

Congratulate



Value Creation

Defend ideals to cast glory

Glory and Dream. No ideal, no glory.

Great ambition and brilliant prospects

China Baowu has demonstrated its business success and ushered in a new era of value creation.

VALUE CREATION

In 2017, the operating performance of China Baowu increased significantly, achieving operating income of RMB 400.48 billion, profit of RMB 14.27 billion, and YoY profit increase of RMB 7.24 billion.

DIRECT ECONOMIC PERFORMANCE

In 2017, under the “heavy punch” of deepening the structural reform of the supply side, the market competition order of the steel industry was standardized and the ecological environment was optimized and reshaped. China Baowu clearly defined its strategic positioning, seized market opportunities, integrated and exploited potential, innovated transformation and development, and achieved good business results in the first full operation year after the joint restructuring. In 2017, the Group achieved steel production of 65.39 million tons, ranking second in global steel companies, with operating revenue of RMB 400.48 billion, total profit of RMB 14.27 billion, total assets of RMB 745.61 billion, and net assets of RMB 343.49 billion.

Total assets:

745.61 RMB billion

Net assets:

343.49 RMB billion

	2015	2016	2017
Operating Revenue (RMB Billion)	230.06	309.62	400.48
Total Operating Costs (RMB Billion)	244.23	317.46	398.31
Total Profit (RMB Billion)	1.03	7.03	14.27
Total Assets (RMB Billion)	529.33	741.68	745.61
Owners' Equity (RMB Billion)	279.59	337.16	343.49
Output of Crude Steel (Million Tons)	36.11	58.49	65.39

ALL-ROUND RISK MANAGEMENT

China Baowu, according to the classification principle of strategy and investment, supply chain operation, internal pure risks and external pure risks, formulates targeted risk management and control strategies, constantly improves differential risk classification and management framework and constantly enhances its management and control capability. Support work of the group headquarters and the key work for universal risk management of all units is put forward from three levels of strategic and investment risk, supply chain risk and internal control system capacity, and the objective of work, work content and benchmarking achievements are defined. Therefore, the overall level of corporate risk management is improved by promoting key work.

Through the improvement of corporate governance and the improvement of corporate management, the company's articles of association and rules of the board of directors were revised, and the decision-making body and decision-making authority of the "three majors and one big" issue were further clarified, and the major risk management and control of "melting, investing, managing, and retreating" was comprehensively strengthened. The system documents such as *Ten Ban on Business Risk Control*, *Long-term Investment Management System*, *Fixed Asset Investment Management System* and *Guidance Opinions on Key Business Risk Control in Supply Chain* were issued and updated.

The board of directors approved four major risks and four important risks that should be focused on in 2017, which involved responsibility implementation of operation and investment, debt management, overseas investment, stability and security, commodity price fluctuations, supply chain capital control, execution of operating prohibitions, environmental risk prevention and so on. The Corporation defined the requirements for management and control of each risk and corresponding accountability units.



TECHNOLOGICAL INNOVATION

Description of Indicators	2015	2016	2017
Input in R&D (RMB Billion)	4.74	6.17	7.25
Percentage of R&D Input (%)	2.0	2.0	1.81
Number of Patent Applications	1979	2534	2452
Sales Rate of New Products (%)	16.8	14.0	15.6
Number of Granted Patents	1476	1879	1850
Economic Benefits of Scientific Research Projects (RMB Billion)	1.37	1.7	1.72
Amount of Technology Trade Contracts (RMB Million)	19.38	60.75	28.31
Number of Technology Trades	30	50	39

Work Objective

China Baowu focuses on the company's new round of development planning, adheres to technology-leading strategy, continuously promotes optimization of technology innovation systems and vigorously carries out product innovation, cost reduction by technology, R&D of green smart manufacturing technology and utilization of technology policy, so as to continuously enhance the ability to support business by technological innovation.



System Building

In 2018, the Corporation implemented the guiding spirit of the Technology Innovation Conference, and issued "1+N" policy documents such as *Guiding Opinions on Further Strengthening Technological Innovation Work*, *Implementation Opinions on Promoting the Transformation of Scientific and Technological Achievements*, and *Guiding Opinions on Implementing the Profit Sharing Plan for the Transformation of Scientific and Technological Achievements (Provisional)*, and *Guiding Opinions on Promoting the "Golden Apple" Initiative (Provisional)*, and focused on the promotion of the national innovation and entrepreneurship demonstration bases, the steel public research platform, the professional platform technology innovation system and the profit sharing plan, etc. the Corporation was successfully selected into the second batch of national innovation and entrepreneurship demonstration bases in the country.

In order to speed up the docking of science and technology management after the integration of China Baowu, the Corporation has promoted synergy both from Wuhan Iron and Steel Group and Baosteel Co., Ltd.. Wuhan Iron and Steel Group has completed the optimization and adjustment of the work promoting system, revised and improved relevant management system and work system; Baosteel Co., Ltd. completed the 100-day R&D and integration plan, formed a unified technology management model of multi-manufacturing base, and built a multi-base R&D organization structure with "one institute with multiple centers", achieving the synergy and integration of all aspects of technological innovation.



Achievements of Technological Innovation

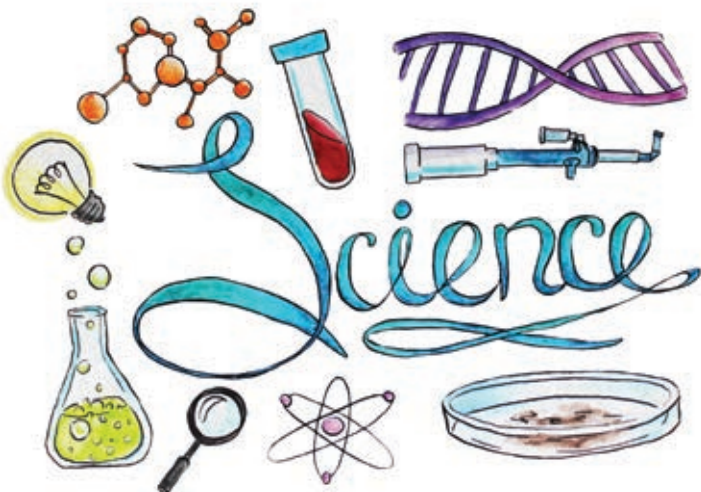
In the face of the complicated market environment, the Corporation adheres to the innovation strategy of differential product and continuously promotes the R&D of premium products. A group of products realized global debut and several achievements were awarded with national or industry honors, of which “Research on Production Process and Environmental Friendliness of Baosteel Products Based on Life Cycle Assessment”, “Technical Development and Application on Sintering Intensification with Coke Oven Gas” and “Technical Development and Application on Production of Electrical Steel (Oriented and Non-oriented) with Continuous Casting and Rolling of Sheet Billet” were awarded the first prize of Metallurgy Science and Technology Progress Awards.

Making New Progress in New Product R&D

High-performance carbon steel: a new generation of ultra-high-strength automobile steel, thin gauge-oriented silicon steel, low-noise oriented silicon steel, corrosion-resistant martensitic stainless-steel composite panels and other new products realized global debut. Heavy gauge large container ship crack arresting low temperature steel made the company the first steel enterprise in China to obtain the certification of the authoritative classification society. The 2050MPa grade spring steel wire rod passed SAIC certification, making the company the only domestic supplier. High torsion performance bridge cable steel met the supply requirements of Shanghai-Nantong Bridge. High strength marine steel supplies the world’s most advanced ultra-deep-water drilling platform “Blue Whale No.1” independently built by China, supporting the country’s high-end energy equipment manufacturing.

High-end stainless-steel products: stainless steel for the next-generation automotive exhaust system was certified by a joint venture automobile brand, meeting the requirements of the next-generation emission standard. High-strength stainless steel for automobile fuel tanks was used realized customer expansion.

Special alloy material: Ni36LNG has passed the product certification of French GTT, China Classification Society and Lloyd’s Register of Shipping, and has become the world’s second qualified supplier of film-type LNG marine Invar alloy. Supply of 690 alloy material for Fangchenggang No.3 and No.4 nuclear generator steam generator has been finished, which further lays the leading position of the tubes for domestic pressurized water reactor nuclear power steam generator. We have developed the UNS N10003 alloy sheet plates for the fourth-generation nuclear power equipment, and fully grasped the whole manufacturing process of Hastelloy series alloy, of which related products have been widely used in petroleum, chemical, environmental protection and other industrial fields.



Continuous R&D of green manufacturing technologies realizing fusion between production and the urban

In order to meet the environmental restriction and national environmental laws and regulations, the Corporation carries out technology innovation based on the atmosphere, waste water, solid waste and energy-saving technologies, to provide support for the construction of urban steel mills.

As for air pollution control, in view of the emission indicators and sewage charges of organic pollutants, we focus on promoting of the research on VOC control of complex organic pollutants from coke ovens and color coating.

In terms of wastewater treatment technology, emphasis was put on study on a series of targeted issues including up-to-standard discharge of concentrated brine from cold rolling and silicon steel, recycling of wastewater and recovery of valuable resources in wastewater.

For energy-saving technologies, in response to the increasingly severe coal-control constraints and energy-saving requirements of urban steel mills, the Corporation implemented application and development of energy value-added technology, focused on the improvement of energy efficiency of iron and steel interfaces, the energy-saving industry application of waste tire metallurgical processes, and less oxidation of rolling furnaces, and systematically sorted out the key areas of “by-product gas” and “waste heat” that could achieve low carbon emission and high energy efficiency in the steel process.

For solid waste recycling technology, we continued to promote the no releasing of solid waste from factory and source reduction, focusing on the recycling and utilization of solid waste and production of by-products. We focused on the research on technologies such as cold rolling emulsion consumption test, reusing of oil sludge from steel rolling, consumption of hazardous waste in metallurgical furnace kiln and resource utilization of blast furnace slags. Converter disposal of social paint barrel was transferred from pilot to promotion.

Accelerating smart manufacturing to build a competitive advantage for the future

As the first batch of smart manufacturing pilot enterprises, Baosteel Co., Ltd. has successfully applied for national-level smart manufacturing pilot demonstration projects such as “hot rolling intelligent workshop” and “steel cold rolling digital workshop” through active practice. During the past two years since “hot rolling intelligent workshop” was carried out, technical and economic indicators had been improved significantly, energy consumption of the processes had been decreased by 6.5%, and labor efficiency had been increased by 11%. At the same time, through the method of point to area, Baosteel Co., Ltd. had launched an internationally advanced unmanned intelligent material yard construction and vigorously promoted the application of robots in “3D” (dangerous, dirty, duplicate) jobs, significantly improving employee safety and working efficiency.

In addition, related service industry is accelerating the cultivation of smart manufacturing business and gradually improving its capabilities. Among them, smart manufacturing solutions such as Baosight intelligent equipment and industrial robots, multi-base distributed platform, big data platform and application services are the first to be applied within the Group, and have been selected into the first batch of “Recommended Directory of Intelligent Manufacturing System Solution Providers” by the Ministry of Industry and Information Technology. At the same time, Baosteel Engineering and Technology accelerated the research on intelligent operation and maintenance technology of key equipment. The “Cloud-based Virtual Remote Operation and Maintenance Platform and Standard Research” project was selected as “2017 Sino-German Smart Manufacturing Cooperation Pilot Demonstration Project”.



First Prize of 2017 Metallurgical Science and Technology Awards

Steel Product Life Cycle Assessment Technology

The green transformation of steel industry is the trend of the times. However, the energy conservation and emission reduction effort of iron and steel enterprises had always focused on the local and the end in the past. It was limited inside the industry and processes, and further enhancement had met the bottleneck. To get out of the bottleneck, it was necessary to systematically implement energy conservation and emission reduction in the entire process of steel manufacturing and the upstream and downstream of the whole industry chain.

The company had been using Life Cycle Assessment (LCA) method since 2004 to conduct a full life cycle study of steel products, in order to establish a green design and green manufacturing method, standards and evaluating model based on the whole life cycle. This had been applied in the upstream and downstream of the whole industry chain and extended to the eco-design level of the product, gradually forming a steel product life cycle assessment (LCA) evaluation and application system for steel products throughout the whole process of manufacturing.

Based on this, Baosteel took the lead in systematically establishing a steel life cycle environmental performance database. The database integrates localized data from upstream raw materials, various grades of steel of steel companies, and related downstream user end products. It is the world's most comprehensive LCA database of steel products and its upstream and downstream, providing data support for green solutions for Baosteel, the global steel industry and other manufacturing industries.

At the same time, Baosteel systematically applied the engineering application of the LCA method in the whole process of steel industry. The potential analysis method of energy saving and emission reduction improvement for the whole product manufacturing process is based on the indicator sensitivity and indicator improvement space of the whole manufacturing process, combined with the world's best available technology (BAT) to analyze the potential of energy saving and emission reduction and arrange technical priorities. This has provided a systematic approach to the whole process of green manufacturing, providing solutions targeting "optimal environmental performance in the whole life cycle of products" in terms of energy saving and emission reduction in the whole process, optimization of production scheduling throughout manufacturing process flow, and evaluation of various process technology improvement measures.

Technical Development and Application on Production of Electrical Steel (Oriented and Non-oriented) with Continuous Casting and Rolling of Sheet Billet

Electrical steel manufacturing technology and product quality are one of the important indicators to measure the production level of a country's special steel. In order to meet the demand for high-quality electrical steel products in the development of the power industry, and to give full play to the features of controllable solidification structure of thin slab process and excellent hot continuously rolled sheet shape, Baosteel Co., Ltd. and WISCO have been exploring the efficiency, energy saving and emission reduction as well as high performance in the production of electrical steel in thin slab process.

After ten years of experience, the project has gone through the whole process from basic theoretical research to industrialized stable production. It has overcome a number of key technical problems of high magnetic induction oriented electrical steel produced by thin slab continuous casting and rolling process, such as the key element control, continuous casting bonded steel leakage, casting billet surface crack and linear defects in finished products, solved a series of manufacturing technical problems such as nozzle clogging, corrugated defects and unstable magnetic properties of non-oriented silicon steel and realized large-scale production of high magnetic induction oriented and non-oriented electrical steel from thin slab continuous casting and rolling process, forming a series of independent intellectual property rights, and the overall technical level is in the international leading position. After the implementation of the project, CO₂ emissions have been reduced by more than 150,000 tons in the past three years.

Promotion and application of the project results not only led the development direction of varieties of thin slab continuous casting and rolling production line, but also promoted the progress of short-process steel manufacturing technology, and also expanded the way for low-cost production of high-quality electrical steel in China. All this has provided reference for efficient green manufacturing of silicon steel products and played a typical demonstration role for similar enterprises at home and abroad. The products are used in the manufacture of various electrical products and have been widely praised by users, with remarkable economic and social benefits.





2017年冶金科学技术奖一等奖

Development and Industrial Application of Strengthening Sintering with Coke Oven Gas

Strengthening sintering with coke oven gas is a green technology that can reduce the fuel consumption in sintering solid and the total energy consumption of producing sinters, and reduce the cost of sinter and pig iron. Coke oven gas is used to strengthen the sintering. If it is not effectively circumvented, the coke oven gas will be in a state of flow and pose a certain danger to the operator. At the same time, the coke oven gas flow rate is fast and local concentration is high, also blowing is uneven and fire frequently happens at nozzles. Thus, there is a risk of coke oven gas explosion, and the blowing effect is weakened, posing a technical problem that has long plagued domestic counterparts.

After many years of efforts, Meishan Steel of Baosteel Co., Ltd. had cooperated with Northeastern University to overcome the problems in the process of strengthening sintering of coke oven gas and mastered the key technologies for stable use of this technology. According to different process requirements, reasonable strengthening sintering methods and parameters were developed, and the blowing system under different targets was developed. Uniform blowing method with equal strength and segmental strength was developed. Methods were developed to prevent the coke oven gas

nozzle from fire and for uniform mixing of inhaled air, achieving the effect of strengthening sintering. Gas blowing device, control system, instrument monitoring system and safety auxiliary system for coke oven gas strengthening sintering with high safety and automatic control are developed, ensuring safe and stable operation of the blowing system.

The application of this technology in Meishan Steel shows that uniformity of sintering process is improved, environmental load is further reduced, consumption of sintered solids is reduced by 7.3%, with annual CO₂ emission reduction of 27,000 tons, and the emission of SO₂ and NO_x is also reduced. This is one of the effective means for energy conservation and emission reduction of steel enterprises with long processes.

The successful development of this technology has filled the gap in the domestic technology of strengthening blowing of flammable gases during sintering process. In November 2016, as an international advanced level, the technology was certified by the Chinese Society for Metals.







Environmental Management

Co-existing relies on harmony

Harmony and Co-existence. No harmony, no co-existence.

Respect for nature and adhere to harmony

China Baowu follows the way of green sustainable development.

ENVIRONMENT MANAGEMENT

In response to the difficulties and key points of environmental protection of steel mills, Baosteel Co., Ltd. invested heavily in reforming the sintering process and adopted technologies such as flue gas purification by activated carbon to greatly control dust pollution, decreasing sulfur dioxide emissions by more than 80%.



Environment management vision

Driving the development of green steel industry ecosystem

Environment management objective

Creating a competitive green corporate brand

Management Guidelines

Complying with environmental laws and regulations
Implementing responsibility as a legal entity

Adhering to resource and environment restraints
Building green production mode

Upholding innovation, coordination and opening
Promoting transformation of industrial structure

Adhering to shared and integrative development
Promoting urban ecological civilization

Adhering to the strategy of excellent and special products
Fostering the advantages of green brand

Adhering to both advocacy and practice
Leading green lifestyle



Management principles

China Baowu adopts the environment management principle characterized by legal person responsibility system, "Party and administrative leaders sharing responsibilities and one position taking both the responsibilities for production and environmental protection", hierarchical

management, conducting control and management by industry, comprehensive coverage of business and localized synergy on energy saving and environment protection.



GREEN MANUFACTURING

Building of Energy and Environmental Protection Management System

According to the Corporation's adjustments on the management relationship and scope of Wuhan Iron and Steel Group, Baosteel Co., Ltd., Wuhan Iron and Steel Corporation (WISCO), Baosteel Desheng, Ningbo Baoxin and other units, the energy and environmental management rights and management contents of these units have also been adjusted in a timely manner to clarify responsibility objectives and assessment methods the units, ensuring full-coverage and seamless management.

Echeng Iron & Steel and Baosteel Desheng passed the energy management system certification for the first time. Zhanjiang Iron and Steel Co., Ltd. and Zhanjiang Subsidiary of Baochem passed the environmental management system certification for the first time.

According to the new environmental protection policies and regulations of the state and local governments, the Corporation revised the *Accountability Management Measures for Environmental Protection Incidents* in accordance with the new requirements for environmental protection supervision in different industries and regions. We further improved the management measures to be more scientific, rigorous and rational. *Energy Management Work Evaluation Rules, Environmental Work Assessment and Evaluation Rules* and other documents were revised according to new requirements for energy and environmental management to ensure that the environmental subject responsibility "party and administrative leaders sharing responsibilities and one position taking both the responsibilities for production and environmental protection" is strictly implemented. We issued *China Baowu's Guiding Opinions on Strengthening the Use of Special Funds for Energy Saving and Emission Reduction by the Government*, and through strengthening incentives and evaluations, urged the units to actively declare and utilize the government's energy conservation and emission reduction funds, thus effectively reduce the capital investment of the company's energy conservation and emission reduction projects, promote the Corporation's green development and enhance the Corporation's competitiveness.

Energy Saving and Emission Reduction Action

The Corporation continued to increase investment in energy and environmental protection technologies and promoted structural adjustment in energy conservation and emission reduction, ensuring the after-effect and sustainability of energy conservation and emission reduction efforts. We continued to enhance the Corporation's competitiveness by reducing costs and improving efficiency of energy and environmental protection systems, implemented the most stringent water resource management and improved the efficiency of water resources utilization. We vigorously developed circular economy with the aim of "not releasing solid waste from factory" and producing from waste, actively promoted green development, circular development, low-carbon development and harmonious development of the city and enterprises with the aim of integration of production and city, actively promoted carbon emission reduction related work and promoted energy conservation and emission reduction management to a new level with foundation work as a guarantee.

Continuously increasing investment in energy and environmental protection technologies

With the Corporation's active promotion, the units invested a total of 450 million and implemented 93 energy-saving technology transformation projects, achieving energy savings of 136,000 tons of standard coal and implemented 20 contract energy management projects, achieving energy savings of 81,000 tons of standard coal, and invested RMB 2.31 billion to implement 236 environmental protection technology transformation projects. Baosteel Co., Ltd. completed ultra-low emission control, electric furnace waste heat recovery and sintering low-temperature waste heat power generation transformation at No. 1 and No. 2 units of its inde-

pendent coal-fired power plant. Wuhan Iron & Steel Electricity Co., Ltd. transformed the ultra-low emission of its No. 1 and No. 2 coal-fired power units, Bayi Iron & Steel Mengku Iron Ore Pellet plant relocated its finished products warehouse and Shaoguan Iron & Steel completed #5 unit sintering denitration and other projects. In addition, a number of projects are under implementation.

According to Shanghai's *Seventh Round of Three-Year Environmental Protection Action Plan* arrangement, the Corporation organized various units in Shanghai to research and compile a list of completed projects, actively making contribution of China Baowu to Shanghai's green water and green mountains!

Increasing structural adjustment and promoting energy conservation and emission reduction

In 2017, all units of the group made great efforts to develop and utilize new energy. The subordinate enterprises of Wuhan Iron and Steel Group, Baowu Group Environmental Resource Technology Development, Baosteel Development, Baosteel Metal and other subsidiaries had completed and put into production or are commissioning photovoltaic power generation projects totaling 17.3MW during the year. The group's companies' annual new energy utilization amounted to 10 million kWh.

Implementing the most stringent water resources management and improving water use efficiency

All units of the Corporation have established a strict water resources management system to get water with license, and strengthened the implementation of water management and water conservation measures.

Through the implementation of water balance testing, we continued to explore the potential of water saving and through the implementation of cascade use of water, wastewater reuse, recycling of condensed water and reducing leakage and other measures, we had continuously improved water use efficiency.

The total water consumption of key units is controlled within the government's target, and most of the water use efficiency has reached the national clean production level one or two.

Zhanjiang Iron and Steel Co., Ltd. was awarded the title of "Water Efficiency Leader" by the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Water Resources and the General Administration of Quality Supervision, Inspection and Quarantine.

Ningbo Baoxin was rated as "Zhejiang Water-saving Enterprise (Second Batch)" by Zhejiang Economic and Information Committee and Water Resources Department.



Vigorously developing circular economy with the aim of not releasing solid waste, and producing from wastes

In recent years, steel companies of China Baowu have been committed to building “urban steel mills” and actively promoting “no releasing of solid waste from factory”.

Baosteel Co., Ltd. realized 100% recycling of steel-making limestone filter cake. Limestone is an important ingredient in steel production. Baosteel Co., Ltd. combines the desulfurization reform of power plant generator sets to implement comprehensive utilization of steel-making limestone filter cakes, which can dispose nearly 60% of steel-making waste limestone filter cakes. In 2014, Baosteel Co., Ltd. organized an independent research team to study the comprehensive utilization of the remaining 40% limestone filter cake. The team used existing plant of the steel mill to complete the installation and commissioning of the limestone filter cake pelleting equipment. It successfully carried out the batch pelleting test and the converter furnace test, which laid the foundation for mass recycling and reusing. After years of exploration and practice, Baosteel Co., Ltd. has now achieved “zero releasing” and 100% recycling of steel-making limestone filter cakes, achieving a double harvest of environmental protection and economic benefits.

Bayi Iron & Steel recycles instead of releasing solid waste. For the 9 sodium ion exchangers of Industrial Water Advanced Treatment Center at the Bayi Iron & Steel Energy Center Thermal Power Plant, the resins will fail after reaching the limit operating exchange capacity and must be replaced periodically. According to hazardous waste disposal regulations of national environmental protection law, the replaced resin must be specially disposed of by a specialized hazardous waste disposal center, so the resin was sent to the Xinjiang hazardous waste disposal center for treatment. But since November 2017, Bayi Iron & Steel has been recycling the exhausted resin to the coking tar residue of the coking plant, and incinerating the resin in a harmless manner, which not only realizes waste utilization, but also saves costs and reduces energy consumption.

Baosteel Building Material successfully developed the “soil mate” GS soil hardener. GS soil hardener, so called “soil mate”, is an alternative of cement and a new type of cementing material successfully developed by Baosteel Building Material of Baowu Group Environment Resource Technology Development. Specially used for soil reinforcement, it has achieved sales of over 30,000 tons in 2017. The GS soil hardener has high early strength and late strength. The strength of the reinforced soil can be 50-100% more than the strength of cement soil, and the required curing time is shorter, which can effectively save the construction period. Engineering application shows that GS soil hardener has higher utilization rate of waste residue such as slag, steel slag, desulfurized fly ash and desulfurization gypsum. It can replace cement in the mixing pile and can reduce CO₂ emission by up to 70%, having better social benefits of saving energy and protecting environment. At present, GS soil hardener has obtained the Shanghai New Product New Technology Evaluation Certificate. This new material has positive significance for promoting technological progress in the construction industry, efficient use of industrial waste, energy saving and environmental protection. At the same time, the *Technical Regulations for Application of GS Soil Hardeners* based on Baosteel's building material standards had been implemented as a Shanghai Engineering Construction Code from August 1, 2017.

Actively promoting green, circular, low-carbon and harmonious development between city and enterprises with the aim of integrating production and the city

At Baoshan Base of Baosteel Co., Ltd., disposing of used paint buckets by converter has been developed from emergency treatment to pilot promotion, disposing nearly 10,000 tons of social paint barrels throughout the year.

Bayi Iron & Steel actively promoted the coordinated disposal of social hazardous waste projects of metallurgical furnaces and kilns, and explored new ways to dispose of hazardous wastes. Altogether more than 6,000 tons of hazardous wastes have been disposed throughout the year.

Baowu Group Environmental Resource Technology Development affiliated Baofa Environmental Resource Technology Development completed the task of remediating heavy metal contaminated soil of about 28,000 cubic meters in Pujiang Country Park, and made an important contribution to the soil treatment of Shanghai through testing and verification of third-party inspection authority, providing valuable experience and laying a good foundation for Baowu Group Environmental Resource Technology Development's soil remediation business development.

“Baosteel Forest” of Zhanjiang Iron & Steel Co., Ltd., which covers an area of about 6.7 hectares, has begun to take shape after three years of construction and has become a green symbol for the integrative development between Zhanjiang Iron & Steel and Zhanjiang City.

Taking the basic work as a guarantee, promoting management of energy conservation and emission reduction to a new level

Through strengthening risk management, the Corporation continued to deepen the connotation of energy and environmental management, and promoted the annual environmental compliance monitoring project in an orderly manner. We organized and implemented a series of important festivals such as Environmental Day, Energy Conservation Week, Low Carbon Day, and World Earth Day and organized energy conservation and emission reduction campaign and education activities to promote the awareness of energy saving and emission reduction for employees.

The Corporation has formulated the *Standardized Management Indicators and Checklists for Hazardous Waste Generating Units (2017)*, which include 12 clauses and 30 items for inspection. We have organized 115 person-times to conduct on-site interactive inspections and mutual learning at 19 units to learn from each other. All this has deepened understanding of standard management on hazardous waste of each unit, improved the self-examination and self-correction level of each subsidiary and enhanced the overall hazardous waste compliance of the group company.





Participation in the “National Key Large-scale Energy-consuming Steel Production Equipment Energy Saving and Consumption Reduction Benchmark Competition”

At 2016 “National Key Large-scale Energy-consuming Steel Production Equipment Energy Saving and Consumption Reduction Competition” organized by the National Committee of Machinery and Metallurgical Building Materials Trade Union and the China Iron and Steel Industry Association, a total of 7 champion furnaces and 28 outstanding furnaces were awarded, in 2 champion furnaces and 5 outstanding furnaces were from China Baowu.

1. Baosteel Co., Ltd.: 3DL 660m³ sintering machine won the 400m³ and above champion furnace award
2. Zhanjiang Iron & Steel: #2 550m³ sintering machine won the 400m³ and above outstanding furnace award
3. Baosteel Co., Ltd.: #4 4,747m³ blast furnace won the 4,000m³ and above champion furnace award
4. Zhanjiang Iron & Steel: #2 5,050m³ blast furnace won the 4,000m³ and above outstanding furnace award
5. Meishan Iron & Steel: #5 4,070m³ blast furnace won the 4,000m³ and above outstanding furnace award
6. Shaoguan Iron & Steel: #7 2,200m³ blast furnace won the 2,000m³ (including) -3,000 m³ outstanding furnace award
7. Baosteel Co., Ltd.: #1 300t converter won the 200t and above outstanding converter award



Shaoguan Iron & Steel Energy Management Award

Shaoguan Iron & Steel has been continuously promoting the innovation and continuous improvement of enterprise energy management by adopting a series of effective management methods and energy-saving technical measures such as improving the efficiency of production line, strictly managing and improving fine management, carrying out benchmarking and potential exploring and on-site management evaluation, thus promoting energy management work to progress towards excellence. In 2017, Shaoguan Iron & Steel won the title of “2016 Guangdong Province Steel Industry Advanced Energy Management Enterprise”, and the comprehensive energy consumption per ton of steel was rated as a benchmark.



Achievements in Energy saving and emission reduction technology

The energy saving and emission reduction technology jointly completed by China Baowu group won the second prize of the 2017 National Science and Technology Progress Award. The 2017 National Science and Technology Award were announced on January 8th and 3 technologies jointly completed by China Baowu group won the second prize of National Science and Technology Progress Award, including the "R&D and Application of Energy-efficient and Environmentally-friendly Sintering Technology and Equipment". In response to many problems of sintering such as low production efficiency, unstable product quality, high energy consumption, serious environmental pollution, and outdated equipment, China Baosteel Co., Ltd., together with Zhongye Changtian International Engineering Co., Ltd. and other companies, have launched technical research on the "R&D and application of high-efficiency energy-saving and environmentally friendly sintering technology and equipment". After 15 years of independent innovation, we have developed key technologies and equipment for high-efficiency sintering of thick sinter beds, pioneered the technology and equipment for liquid sealed circular cooler technology, invented technology and equipment for efficient utilization of recycled and recovered waste heat, and developed technology and equipment of activated carbon flue gas purification. The project has resulted in 1 monograph, 1 national standard, 26 authorized patents, and 1 software copyright.

Several energy conservation and emission reduction projects of China Baowu won the metallurgical science and technology awards. On August 3, 2017, China Iron and Steel Industry Association and Metallurgical Science and Technology Awards Committee of Chinese Society for Metals announced that China Baowu won 4 first prizes, 4 second prizes and 12 third prizes. Among them, the "LCA-based Research on Production Process and Environmental Friendliness of Baosteel Products" independently completed by Baosteel Co., Ltd., the "Development and Application of Strengthening Sintering Technology with Coke Oven Gas" jointly completed by Meishan Iron & Steel and Wuxi Dongda Industrial Research Institute Co., Ltd. and the "Key Technology R&D and Series Product Application for Energy Saving and Environmental Protection New Materials for Large Coke Ovens" jointly developed by Sinosteel Refractory Co., Ltd., Baosteel Co., Ltd. and Zhengzhou University won the first prize and some other energy conservation and emission reduction projects won the second and third prizes.

Green Production Efficiency

At China Baowu, the total amount of SO₂, NO_x and chemical oxygen demand (COD) emission in 2017 were 30,983 tons, 71,000 tons and 2,112 tons respectively, with a year-on-year decrease of 8.7%, 10.8% and 1.1% than 2016. The comprehensive energy consumption per ton of steel was 593 kg of coal equivalent, 9 kg of coal equivalent / ton less compared with 2016, energy consumption per RMB 10,000 output value was 1.22 tons of coal equivalent, 10.3% less than that of 2016. The total energy and coal consumption in Shanghai area in 2017 were 13.48 million tons of coal equivalent and 12.99 million tons respectively, completing the annual assessment targets set by the city of Shanghai.

Green Manufacturing Performance of the Subsidiaries of the Steel Sector

Indicator	Year-on-year growth or decrease of 2017 than 2016 (%)					
	Baosteel Co., Ltd. ^{Note3}	Bayi Iron & Steel ^{Note2}	Shaoguan Iron & Steel	Baosteel Stainless Steel ^{Note3}	Baosteel Special Steel	Echeng Iron & Steel
Comprehensive Energy Consumption per Ton Steel	-1.23	3.00	-4.64	-27.65	8.71 ^{Note4}	-7.57
Total Residual Energy Recovery	95.25	15.17	5.30	-76.48	----	----
Tap Water Consumption per Ton Steel	-12.88	-15.03	-21.61	6.44	-55.95	-6.02
Total SO ₂ Emission	30	-2	-0.1	-98	/	-13
Total Nitrogen Oxides Emission	5	29	-0.2	-70	-17	-13
Total COD Emission	12	-70	-0.6	-16	9	-6
Total Ammonia Nitrogen Emission	33	/	-0.3	-24	-79	-23
Solid Waste Resource Comprehensive Utilization Rate ^{Note5}	99.19	72.69	99.13	56.66	97.28	----

Note:

1. In 2017, Zhanjiang Iron & Steel and WISCO were included in the indicator statistics of Baosteel Co., Ltd., so its total indicator saw an obvious growth;
2. In 2017, Ouyeel furnaces of Bayi Iron & Steel were put into operation, causing big fluctuation in the indicator;
3. In 2017, the pre-iron process at Baosteel Stainless Steel was stopped for the whole year, only producing stainless for electric furnace, so there was big change in the indicator;
4. Baosteel Special Steel replaced the indicator "comprehensive consumption per ton steel" with "total energy consumption";
5. Indicator "Solid Waste Resource Comprehensive Utilization Rate" is the performance data.

GREEN PRODUCTS

Green products refer to products which enable energy-saving, reduced consumption and reduced pollutant emissions throughout the life cycle of design, manufacture, transportation, use, recycling, reuse and disposal and contribute to improvement in environmental quality and reduction of health hazards.

Introduction to Research into Product Life Cycle

LCA Research Project of Baosteel Co., Ltd. Won the First Prize of Metallurgical Science and Technology Awards

In August 2017, winners of "Metallurgical Science and Technology Awards of China Iron and Steel Industry Association and Metallurgical Science and Chinese Society for Metals" announced was released. Baosteel Co., Ltd. LCA-based Research on Production Process and Environmental Friendliness of Baosteel Products won the first prize.

The green development project is an important part of the Chinese government's implementation of the manufacturing power strategy "Made in China 2025" action plan. The project "LCA-based Research on Production

Process and Environmental Friendliness of Baosteel Products" not only pursues the environment friendliness of steel manufacturing process, but is also committed to "becoming the driver of green industry chain" to promote environment friendliness of the whole industry chain and the whole society in steel industry. It is the specific practice of the "Made in China 2025" action plan. After more than ten years of development, the project has evolved from the establishment of a life cycle green design and green manufacturing methodology and standards system, evaluation and application of model development, to the application of the entire industry chain in the upstream and downstream, and sublimating to the ecological design level of products, forming a complete application system.

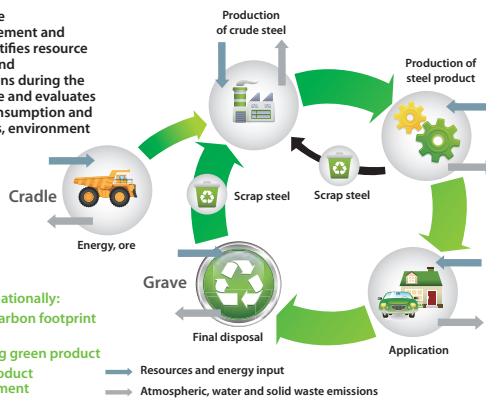
The implementation of the project at Baosteel results in energy-saving, cost-effective and efficiency-enhancing process of manufacturing, and the sales to customers of green steel services are increased. Cooperating with 8 suppliers in the top five industries and 27 customers in the downstream 8 industries (automobiles, home appliances, electric power, etc.), the project has promoted green solutions to the upstream and downstream of the entire industrial chain, reflecting the reproducibility and feasibility of the project results. The project results have been promoted and applied to the group and some upstream and downstream enterprises, with the prospect of external technology promotion. With a number of international leading level independent intellectual property achievements, we have won the "LCA Leadership Award" of World Steel Association.



WHAT?

- What is life Cycle Assessment(LCA)

LCA is a cradle-to-grave environmental management and analysis tool that quantifies resource energy consumption and environmental emissions during the entire product life cycle and evaluates the impact of these consumption and emissions on resources, environment and human health.



- LCA has become internationally:
- Tool for calculating carbon footprint of product
 - Method of identifying green product
 - Basis for issuing a product environmental statement

DONE?

- What has China Baowu done by using LCA



Realizing the digitalization of environmental performance of steel product



Analyzing environmental history and load differences of product



Quantitative assessment on improvement potential of energy saving and emission reduction

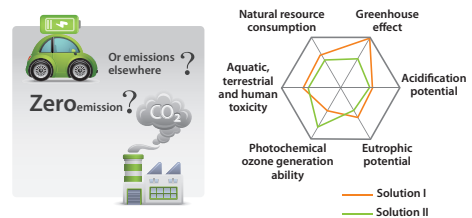


Whole value chain environmental performance analysis by combining upstream and downstream

WHY?

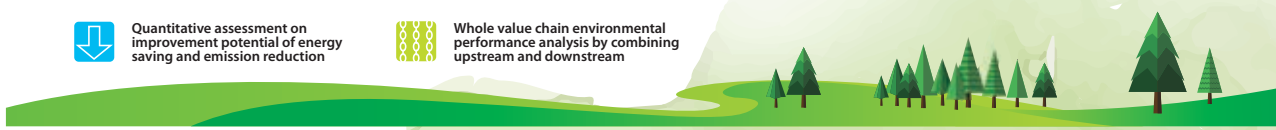
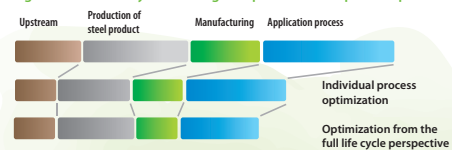
- Why using LCA

- Identifying the transfer of environmental impacts (transfer at different stages and transfer of different pollutants)



- Looking for the most effective improvement (there are many improvement options at every link, and which one is the most effective?)

Significance of life cycle thinking for optimization of product process



Green Product Development

The world's first thin-gauge low-iron-loss oriented silicon steel products for high-efficiency transformer

In response to the national energy conservation policy and for promoting high efficiency and energy saving of distribution transformers, Baosteel Co., Ltd. has focused on new product development, commercial manufacturing and customer technology research of 0.18mm and 0.20mm thin-gauge high-magnetic-induction oriented silicon steel. Since 2014, B20R070, B18R065 and B20R065 have been successfully launched onto market in batches and exported to Europe and America. Among them, B20R070 successfully filled the domestic industry gap and B18R065 and B20R065 are the world's first.

By the end of 2017, it had been applied to more than 5,000 high-efficiency energy-saving distribution transformers. It is particularly worth mentioning that ABB chose Baosteel B20R070 and successfully manufactured two 110KV power transformers, realizing the "zero breakthrough" of domestic 0.20mm oriented silicon steel on large power transformers, and also opening up downstream market for Baosteel's thin-gauge-oriented silicon steel no thicker than 0.20mm.

Commissioning and load operation of the large-scale rolling mill 110kV main transformer made of ultra-thin oriented silicon steel have shown technical and economic indicators, and the energy efficiency was significantly improved. The operation showed that the no-load loss is reduced by half compared with the original iron core, which is 15-20% lower than the domestic average.

Marketing of Green Products

In 2017, the sales volume of green products of Baosteel Co., Ltd. was 8,840,200 tons, achieving 109.36% of the annual target. Among them, the sales volume of cutting-edge (BEST type) green products was 1,745,400 tons, and that of excellent (BETTER type) green products was 7,094,800 tons.

the sales volume of cutting-edge (BEST type) green products:

1.7454 million tons

Year	2015	2016	2017
Sales of Better products (million tons)	6.27	7.1079	7.0948
Sales of Best products (million tons)	1.28	1.3905	1.7454
Total of green products (million tons)	7.55	8.4984	8.8402

Solutions of Green Products

Development and Popularization of Baosteel's Third Generation Super High Strength Steel-QP Steel

Quenched and partitioning steel (QP steel) is a new generation of ultra-high strength steel with high strength and high ductility. It was a process concept proposed by American metallurgists to improve the strength and ductility of steel plates. Baosteel took the lead in industrial production. In 2010, it successfully completed the industrial trial production of QP steel and made the world debut of QP steel in the same year. Since 2010, the family of Baosteel QP Steel had been growing and developing, making world debut of several third-generation ultra-high-strength steels, and realizing the mass promotion and application of QP980 and QP1180. In 2017, Baosteel's annual sales of QP steel exceeded 10,000 tons for the first time, made the world debut of QP980 GA products and successfully completed the industrial trial production of QP1180 GA.



Making buildings more environmentally friendly and brighter

The product R&D team of Baosteel Co., Ltd. has been developing aluminum-zinc-plated NW chrome-free products with high weather resistance and high fingerprint resistance for three years since 2014. It was launched in 2017. It timely met the environmental compliance according to the EU issued environmental protection directives on building materials issued in the same year and received the first batch of orders from the EU. This product not only has corrosion resistance comparable to that of chrome-coated products, but also has high weather resistance and high lubrication properties. It is perfectly adapted to the environmental protection, processing and outdoor use needs of home appliances, construction and other applications. In addition, since the ordinary color coated plate as a building envelope system will be stained with dirt over time, and the adhesion and penetration of the dirt will greatly damage the decorative and aesthetic feeling of the color coated plate. In order to solve this problem, Baosteel Co., Ltd. successfully developed self-cleaning color coated plate, of which the dirt on the surface can be washed away automatically by rainwater, keeping the building bright and new. After one year of natural exposure, the test results show that the color difference of self-cleaning color coated plate is better than that of ordinary color coated plate.



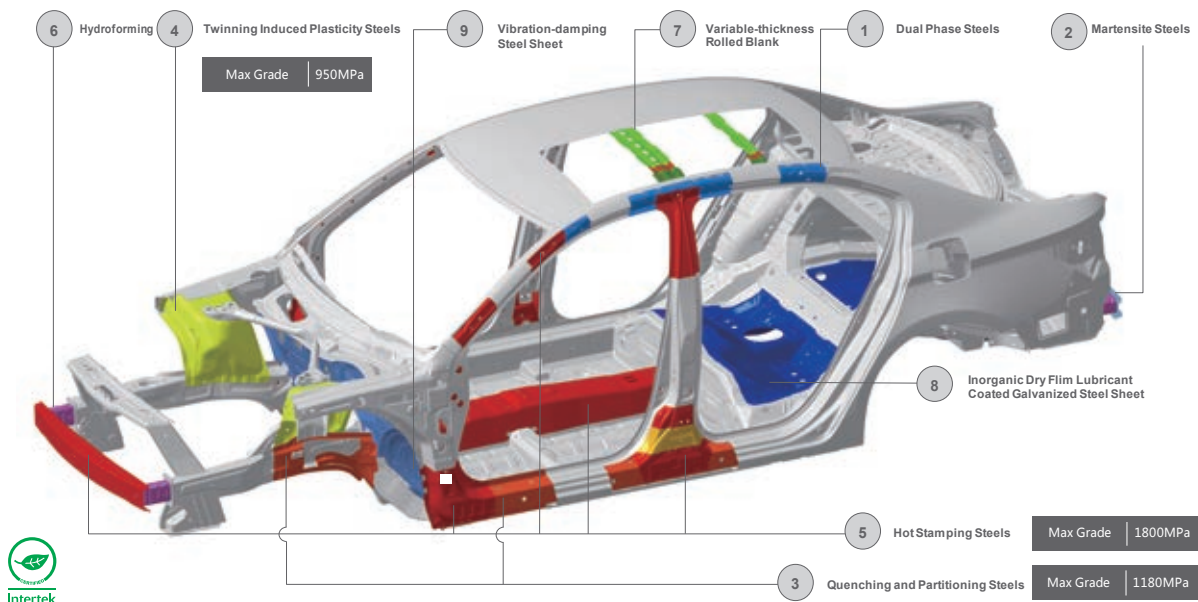
High-grade hot-rolled automotive steel helping commercial vehicles to reduce weight and save energy

Hot rolled products are often used in the production of commercial vehicles. For a long time, Baosteel Co., Ltd. has been promoting the upgrading of steel for the commercial vehicle industry to help reduce weight and save energy.

For the truck industry, Baosteel Co., Ltd. promoted the 700MPa grade hot-rolled girder steel instead of the original B510L to produce longitudinal beams and beams, achieving 20% weight reduction. In the passenger car industry, the square tube and shaped tube produced by high-strength steel improved the collision safety of passenger cars, while reducing weight by about 18%, thus reducing energy consumption and extending the mileage of new energy buses. For the modified car industry, Baosteel Co., Ltd. provides a comprehensive solution. The welded girder steel of 900MPa or more and the

high-hardness wear-resistant steel extend the service life of the vehicle in addition to weight reduction and energy saving. The wheels produced by high-grade automotive steels are lighter and more aesthetically pleasing, with higher safety performance, and can replace aluminum wheels to reduce energy consumption during production.

Baosteel Co., Ltd. not only provides high-grade automotive steel products, but also provides comprehensive solutions. EVI helps customers design, validate, and provide technical support to ultimately assist users in material upgrades. Driven by the entire hot rolling production, sales and research, many customers in the industry used high-grade hot-rolled automotive steel of Baosteel and have achieved significant weight reduction and energy saving effects.



GREEN INDUSTRY

The green industry involves integration of energy-conserving and environmental protection technologies, to develop energy-conserving and environmental protection industries, and expand the application of energy-conserving and environment-improving technologies accumulated by the steel industry both internally and externally, conducts systematic commercial development of energy-conserving and environmental protection technologies, and fosters the capacity to provide the parties within and outside the industry with energy-conserving and environmental protection solutions, so as to provide the society with valuable products and services and at the same time realize both economic benefits and social benefits.

China Baowu's green industry realized sales revenue of

RMB **56.4** billion in 2017.

Industrial Energy Saving

A Demonstration Project - Low-Temperature Waste Heat of Exhaust Gas from the Circular Cooler of the 3rd Sintering Plant at the Iron Works of Baosteel Co., Ltd. for ORC Power Generation

The circular cooler of the 3rd sintering plant of Baosteel Co., Ltd. has been in service for 15 years, and there is a long-term problem of low-temperature exhaust gas and low-grade steam emission and energy waste at around 220°C. At the 600m² circular cooler of the 3rd sintering plant, the project uses the circular cooler waste heat from cooling sinters and the discharged steam waste heat from the sinter circular cooling waste heat boiler to generate electricity. According to the calculation parameters and experience evaluation of the gas-solid heat transfer of the circular cooler, the circular cooler can use the waste heat from the third exhaust funnel, with air volume and average temperature of 600,000Nm³/h and 220°C respectively and available heat about 28MW. Besides, the 15t/h discharged steam from sinter circular cooling waste heat boiler totals a heat source of about 11MW.

The installed capacity of the ORC generator set of this project is 3.0MW. Under the design conditions, the output power of the generator set is 2.8 MW. Calculated with an annual operation time of 8000 hours, after completion, it is estimated to have an annual power generation capacity of 2,240×10⁴ kWh after completion, deducting its own energy consumption about 5,368 tons of coal equivalent/year.

Environmental Protection and Environmental Monitoring

Flue Gas Treatment

Baosteel Engineering & Technology has carried out innovation and optimization based on the introduction of SDA desulfurization technology from GEA in Germany. At the same time, through the cooperation with Taiwan Zhongding, it has developed the S-SCR integration technology of flue gas denitration and dioxin removal technology, which has solved the international technical bottleneck of using low calorific value fuel for replenishing heat in desulfurization and dioxin removal of sintering flue gas. By applying the medium temperature selective catalytic reduction technology, and matching heat exchange system and heating system, it has formed the sintering industry-specific S-SCR technology. SDA+S-SCR integration technology can achieve SO₂ removal efficiency of 95%, NO_x removal efficiency of 90%, and dioxin removal efficiency of more than 90%. Its relevant technical level has reached the international leading level.

Leveraging the national series of new environmental protection policies, we have carried out in-depth promotion at more than 20 enterprises including Benxi Steel, Nanjing Steel, Ningbo Steel, Xingcheng Special Steel and Qingdao Steel in the business of sintering coke oven flue gas purification, forming nearly 30 potential tracking projects and successfully winning several projects.

Among them, "Ningbo Steel Coke Oven Flue Gas Purification Project" is Baosteel Engineering & Technology's first project outside the group. After completion, the flue gas after desulfurization and denitrification treatment meets the Emission Standard of Pollutants for Coke Chemical Industry (GB 16171-2012). That is, the SO₂ emission concentration after desulfurization is not higher than 30mg/Nm³, the NO_x emission concentration is not higher than 150mg/Nm³, and the dust emission concentration is not higher than 15mg/Nm³.

The project "flue gas purification at WISCO #9, #10 coke oven" is the first BOT project implemented by Baosteel Engineering & Technology. After the project is in operation, it will realize the design requirements of coke oven emission of flue gas with sulfur dioxide no higher than 30mg/m³, nitrogen oxide no higher than 150mg/m³, particulate matter no higher than 15mg/m³, and the ability to improve performance indicators.



Environmental monitoring technology

Baosteel Engineering & Technology undertakes the first domestic high-end mobile environmental air quality monitoring laboratory of Shanghai Environmental Protection Bureau. The mobile laboratory is responsible for mobile air quality monitoring of the entire Shanghai industrial zone radiating the Yangtze River Delta region, especially long-term daily online monitoring of volatile organic compounds (VOCs) in ambient air, and also for emergency monitoring of environmental air pollution emergencies. The mobile laboratory has greatly improved the real-time monitoring, flow monitoring, emergency monitoring and forecasting and early warning monitoring capabilities of VOCs in ambient air, providing a scientific basis for the government and management departments to control VOCs in the region. The mobile laboratory of the Shanghai Environmental Protection Bureau has been put into operation and has become another practice of China Baowu's development concept of integrating and co-existing with the city. Baosteel Engineering & Technology has successfully built an integrated team of "integration" + "operation and maintenance" + "scientific research" around the mobile laboratory and has become a pioneer in the mobile monitoring industry.



Soil remediation

For the ecological remediation of urban industrial land, China Baowu's affiliated professional environmental protection company has technical services for soil remediation from soil environment testing, technical consultation, remediation program design, remediation equipment, and general contracting of engineering project. The "National Environmental Protection Urban Soil Pollution Control and Remediation Engineering Technology Center" jointly developed with the Shanghai Academy of Environmental Sciences is the first R&D and manufacturing base for soil remediation equipment in Shanghai, providing powerful equipment support for soil remediation work in Shanghai.

Baowu Group Environmental Resource Technology Development organized and established the "Shanghai Soil Remediation Industry Alliance" and served as the first president unit. The alliance is voluntarily composed of enterprises, universities, research institutes, social organizations and industrial parks (startup hubs) that are committed to promoting the healthy development of environmental pollution control industries in this city. Focusing on the key issues of technological innovation and industry development that urgently need to be solved in the field of soil and groundwater environmental protection and polluted site treatment and remediation, it built a comprehensive platform for technical equipment research and development, technical exchange and cooperation, innovation results transformation and application and government management decision support, thus upgrading the technical level and comprehensive competitiveness of the industry and promoting healthy development of Shanghai polluted site remediation industry.

In 2017, Baowu Group Environmental Resource Technology Development remediated more than 50,000 square meters of polluted soil in Taopu Smart City of Putuo District and Pengpu Machinery Factory of Jing'an District. Four projects have been completed or planned to be started, including Taopu Smart City of Putuo District, Xinbang Town landfill site of Songjiang District and the great southern centralized disposal base and soil remediation project of Baoshan District. With these projects, it has established long-term and stable cooperative relations with Beijing Geo-Environ Engineering & Technology, Inc., Beijing Construction Engineering Group and other domestic industry leading units.

Pujiang Suburb Park
Polluted Soil Remediation Project for Partial Land

Transform the polluted land into gorgeous suburban park

Comparison Pictures Before and After Remediation of Polluted Soil

Before remediation During remediation After remediation

Resource Utilization Business

Metallurgical slag ash deep processing and urban extension services

Baowu Group Environmental Resource Technology Development has comprehensively utilized solid waste resources such as blast furnace water granulated slag, steel slag, fly ash, waste refractory and desulfurization slag, and has resulted in products like slag powder, steel slag powder, steel slag compound powder, steel slag sand, fly ash, etc. In 2017, the annual output of mineral powder reached 2.987 million tons, including 38,100 tons of soil hardener and more than 5,000 tons of metallurgical slag silicon fertilizer.

Soil hardener is made up of the compound admixture produced by Bao-steel Co., Ltd. as a main raw material, with a small amount of cement and other activators added, (The solid waste content is over 70%, i.e., 70% of CO₂ emissions is saved), and is mainly used for the construction of cement mixing piles. It can be directly bonded with foundation soil particles by stirring at ambient temperature, and has high early strength and late strength. The strength of the hardened soil can be 50%-100% more than that of cement soil, and the required curing time is shorter, which can effectively save the construction period, while having the social benefits of energy saving and environmental protection. The silicon fertilizer product processed by metallurgical slag with high safety and high effectiveness can provide various kinds of medium and trace elements required for plant growth, and also has the functions of improving acidified soil, saline-alkali soil and passivating activity of heavy metal. It is a multifunctional fertilizer that incomparable by other chemical fertilizers.

Metallurgical iron oxide red iron scale magnetic material utilization

We made comprehensive utilization of solid waste resources such as iron oxide red and iron oxide scales to produce magnetic materials. The products mainly include soft ferrite magnet powder, soft ferrite core and permanent magnet mill powder, which are mainly used in electronic information and other fields. In 2017, more than 80,000 tons of iron oxide red were disposed and recycled.






Industrial solid waste recycling and municipal waste co-processing services

We vigorously cooperated with Baoshan District's "five violations and four musts" rectification work, and investigated the construction waste status and disposal for "five violations" in Baoshan District in the respect of disposal, the process route, disposal channels, product application areas, government subsidies, etc. The 500,000 tons of construction waste disposal plan for Jinhu Road block was compiled and will be fully launched in 2018.

In the year of 2017, we signed a contract for the waste paint buckets with 283 units in Shanghai, and disposed of 10,098 tons of waste paint buckets.

The Corporation invested RMB 289 million to build the company's first iron containing solid waste disposal center, including homogenization line, cold-pressed block line, iron oxide scale screening line and rotary hearth furnace line, which disposes the zinc and iron containing dust and sludge produced in the metallurgical industry production process. The products of the rotary hearth furnace line are mainly metallized pellets, metallized powder, ZnO containing powder, etc. Among them, metallized pellets and metallized powders are recycled to production and utilization, which greatly enhances the ability of China Baowu for "not releasing solid waste from factory". The rotary hearth furnace was successfully tested with thermal load on June 15, 2016, and the monthly production target was achieved in September 2017. The iron containing solid waste disposal center handled a total of 484,300 tons of iron containing dust and sludge and about 170,000 tons were disposed by rotary hearth furnaces. After reaching production target, it effectively relieved the pressure of recycling and utilization of iron-containing secondary resources in Zhanjiang Iron & Steel, and basically achieved the goal of in-house recycling in iron-containing solid waste. In particular, the recycling of OG dust has changed from the original sale to the current comprehensive utilization, which will greatly benefit the environmental protection efforts and environmental pollution during storage and transportation. The zinc oxide released from the rotary hearth furnace was sold as a by-product, with a total of about 4,000 tons throughout the year.

We carried out safe and harmless disposal of hazardous waste "urban solid waste incineration fly ash" to provide a total solution. Through simultaneous conducting two business, i.e., agent sales and contracted operations, the company has safely disposed of more than 120,000 tons of fly ash for garbage power enterprises such as Shenzhen Energy Group, Hongfeng Environmental Protection, Everbright Group, Sound Group, and Capital Group, we found a safe disposal method to solve the problem of fly ash produced from incineration of municipal solid waste and had achieved better social benefits.



Labor efficiency
increased

8.8%



Employees

Cohesion of employees contributes to a common prosperity

Cohesion and Prosperity. No, cohesion, no common prosperity.

Excellence in business comes from diligence, and unity of employee is the foundation

Employees are always the most treasure of China Baowu.

EMPLOYEE PERFORMANCE

In 2017, labor efficiency of China Baowu increased 8.8% by effective streamlining.

EMPLOYEE DEVELOPMENT

“Becoming a model enterprise for joint development of employees and the company” is a vital concept followed by China Baowu. Always upholding the principle that employees should be put in a prioritized position, China Baowu gives great impetus to promote human-oriented modern management, proactively creates environment conducive to put talented people to the best use, and keeps refining the system of employee growth and development starting with inspiring employees’ potential and realizing the individual value of every employee so as to secure employee growth by creating sound conditions and enhance common growth and development of the enterprise and employees, which is an important part of China Baowu’s fulfillment of its social responsibility.

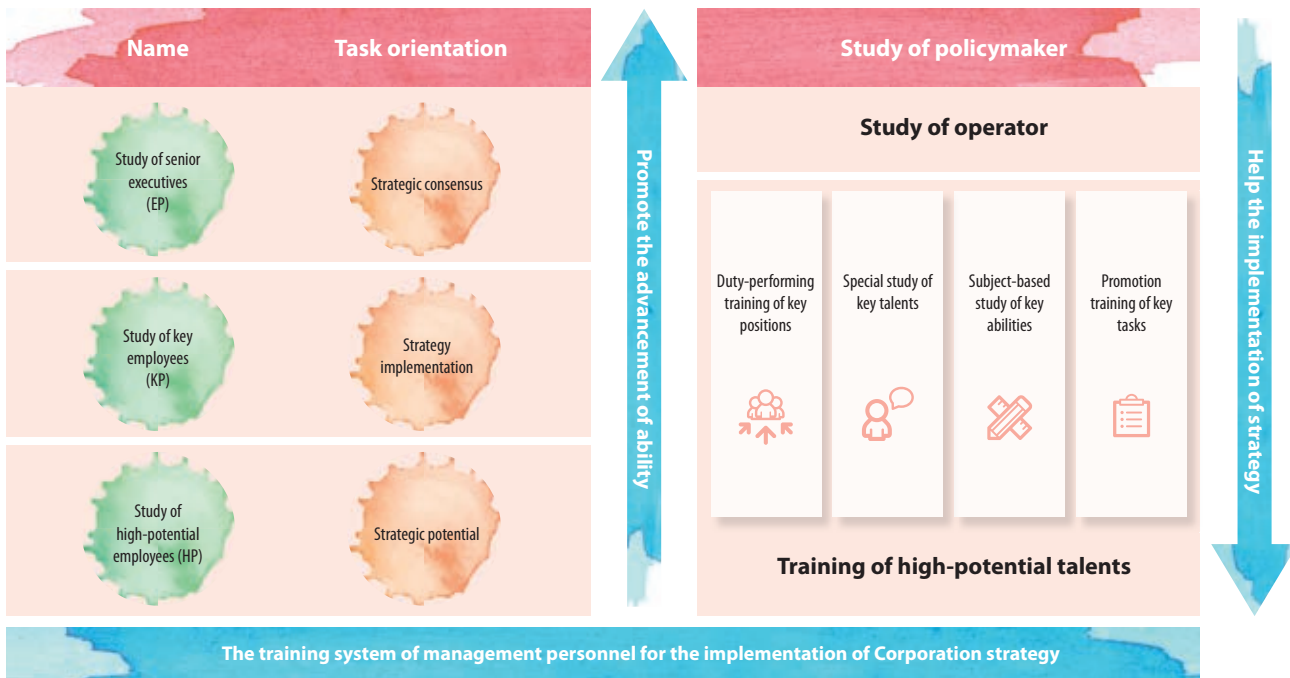
	2015	2016	2017
Employees (persons)	126204	190700	177007
Female employees (persons)	25240	37631	34946
Proportion of management personnel (%)	7.6	9.9	9.5
Number/Percentage of new employees	5729/4.6	4869/2.6	3182/1.8
Number/Percentage of employees resigning	3962/3.2	5909/3.1	2774/1.6
Proportion of females in the management (%)	10.5	0.0	0.0
Composition of employees by age (%): 35 and below, 36-45, 46-55, 56 and above	33.8\33.8\28.6\3.8	28.9\38.7\29.6\2.7	27.8\38.5\31.3\2.4
Composition of employees by educational level (%): Postgraduate, university, junior college and secondary technical school and below	5.9\24.6\30.0\39.5	5.8\26.5\28.7\39.1	6.1\27.1\28.5\38.4
Composition of employees by titles and competence (%): Medium- and high- titles, high technical competence, and others	16.1\29.5\54.4	15.9\36.8\47.3	13.9\36.7\49.4
The ratio of local employees to all employees in overseas subsidiaries	72.2	81.6	75.5
Number of dispatched personnel	3122	5960	5353
Training investment (RMB million)	114.327	104.973	97.114
Training hours per capita (hour)	67.3	42.1	50.7
Training investment per capita (RMB yuan)	1035	724.7	694.4
Total employee remuneration (RMB billion)	14.06	21.49	22.23

Note:

Senior skilled workers refer to the employees with a senior worker title or above

Operation and Management

Match the orientation and mission of state-owned capital investment company and constantly optimize the training system of management personnel, so as to promote the advancement of ability and help the implementation of strategy. The Corporation has remodeled the training system and achieved phased progress. Intensify the role and consider the level, to form a new idea for training of management personnel with the feature of grasping both ends, strengthen the keys, leaving space and valuing the brand. Construct a training system featuring "Two High and Four Key" for management personnel.



Holding the first training class for new managers

On December 11, 2017, the Corporation's first training for new managers was conducted successfully in Baowu Management Institute. The 5-day training is an important part of the duty-performing training of key positions in the "Two High and Four Key" training system. The faculty mainly consists of internal senior experts and teachers in the Institute and from outside.

The training for new managers adopted a mode that combines on-line and off-line training. Before the face-to-face training, the students, through Baowu cloud learning platform, learned on line the course of 7 modules including cognition of role, setting of objectives, authorization to others, guidance of work, motivating the employees, evaluation of feedback, etc. The off-line training mainly aims to improve the abilities of students with respect to politics, leadership, execution and innovation. Through the four training methods of asking, learning, discussing and conducting, the students are expected to transform from managing himself/herself to managing others, laying foundation for becoming a qualified and outstanding manager.

Cultivation of international talents

Further promote the development of international ability and quality, focus on the vigorous cultivation and development of international talent team for the implementation of the strategy of making the enterprise stronger with talents, and ensure an open and transparent soft environment. 31 employees were chosen internally and sent to Zhejiang University for TOEFL class and 26 employees attended the major overseas training programs in Harvard University, University of California-Berkeley, University of Manchester, Maastricht University, University of Twente, etc. A more specific customized course is studied in combination with the reality of the Corporation, so as to guide precisely and learn for practice. With combination and allocation of resources of overseas cooperative enterprises, 23 chosen employees attended the A&B project of Bao-HI Ranges and function study as well as GMA project of Mitsui & Co., Ltd. It helped the employees not only broaden their international visions, but also understand and master the advanced mode of management and operation of foreign enterprises.

Technical Business

“Golden Apple” Initiative

2017 is a key year for the implementation of “Golden Apple” Initiative (Term III). In 2017, 4 products with world debut were developed successfully and R&D of over 40 leading major products and process equipment technologies made breakthroughs. With a direct economic benefit of RMB 370 million, the initiative has provided strong support for the Corporation’s technological progress, production and operations. As an important part of the Corporation’s talent cultivation system, the “Golden Apple” Initiative provides a good platform for the development of scientific research talents, being a ladder for the growth of scientific and technical personnel as well as a stage to show their abilities. 8 employees, through the practice and cultivation of “Golden Apple” Initiative, successively became chief technicians. With support from the “Golden Apple” Initiative and big scientific research projects, the research was accelerated with respects to the demonstrative key technology of 1,580 Smart Workshop, steelmaking robot, 3D surface detection of casting blank and bar, etc.

“Green Apple” Initiative

The initiative pays constant attention to the cultivation of talents with great potential. According to the TTT training mode, a total of 115 persons participated and finished three sessions of “Green Apple” study, among them 10 students attended overseas study and 40 persons took part in the salon. In addition, one issue of Yefeng magazine was compiled. The above activities build a stage for young people with great potential to show and improve themselves.



Operation and Maintenance

Sound environment of mass entrepreneurship and innovation

In April, an on-the-job innovation communication meeting themed by “Cultivate the Spirit of Craftsman” was held in the Gong Jiuhong’s innovation workroom of Wuhan Iron and Steel Group, so as to promote innovation and development on the basis of inheritance and integration respectively. In May, the Corporation organized an innovation salon for innovative key employees in Baowu Tower, further deepening on-the-job innovation and determining the key projects of promotion plan for on-the-job innovation. In June, the Corporation organized 34 employees including model workers, advanced workers and innovative key employees to conduct innovation communication in the air control center of East China Air Traffic Management Bureau, thus broadening the vision of on-the-job innovation. Paying special attention to inheritance, integration and sharing of innovation practice, the Corporation held on-the-job innovation study. Around 70 front-line innovation experts from Wuhan Iron and Steel Group and Baosteel Co., Ltd. gathered and took part in communication, case release and group discussion, which promoted mutual learning, popularization and application of the experience, methods and achievements concerning on-the-job innovation.

Organization of events for the Employee Innovation Day

The Corporation organized events themed by “Ingenuity-Skill & Innovation-Development” for the Employee Innovation Day, at which on-the-job innovation key employees communicated on certain subjects, paired guidance of volunteers was conducted, workrooms were co-built and co-created and on-the-job innovation achievement was popularized, applied and signed, so as to actively create sound environment for staff innovation and promote new leap forward of on-the-job innovation. During the innovation day, retired key employee Zhu Youfa was awarded a certificate of “Senior Honorary Innovative Volunteer” to further bring him into play in the on-the-job innovation guiding of senior innovative volunteer. China Baowu assessed and guided the work of 232 staff innovation workrooms, 10 group-level demonstration innovation workrooms, 18 group-level innovation workrooms and 10 top group-level innovation workrooms were named; and 35 outstanding China Baowu self-management teams and 35 outstanding staff economic and technical innovation teams.

Major breakthrough in discovering the popularization and application of innovation achievement

In July, the Corporation’s trade union, department of technological innovation and talent development institute organized the kick-off meeting of recommendation and technology advisory for the achievement of on-the-job innovation. Of all the 53 pilot projects, 36 innovation achievements received 90 demand intentions from Wuhan Iron and Steel Group, Baosteel Co., Ltd., Bayi Iron & Steel, Shaoguang Iron & Steel and other units. Currently, 33 achievements with 72 demands have been transplanted according to the management measures for the transformation of scientific achievements.



Staff Development Index

In 2017, China Baowu adopted Baowu Staff Development Index (BSDI) within the Corporation for investigation and research on staff development index among the headquarter of China Baowu, overseas employees and 30 subsidiary units. A total of 33,400 employees participated in the investigation and research through on-line assessment. The effective participation rate reached 98.65 % with an improvement compared with the former rate. In accordance with the same caliber, the overall level of BSDI for China Baowu in 2017 was slightly higher than that in 2016.



Innovation achievements

Employees actively participate in labor competition events. A total of 156,600 incentive suggestions were put forward in 2017, of which 101,300 were carried out, bringing economic benefits of RMB 2.086 billion. And 7,177 self-management groups (JK) were established, which accomplished 6,219 achievements; 2,312 staff economic and technological innovation groups were established, with 22,700 employees participating in their activities; 2,446 patents were applied for from on-the-job innovations, including 1,319 patents for invention; 2,024 technological know-hows were made; and 445 advanced operation methods of employees were entitled.

At the 116th Paris International Inventions Exhibition in 2017, China Baowu won 2 gold awards, 5 silver awards and 3 bronze awards. Wang Jun was granted the honorary award of Lepine Invention Award, the highest award in the exhibition, making him the second Chinese receiving this honor. At the 22nd China Invention Exhibition, 31 of 211 innovation achievements won gold award, 51 won silver award and 67 won bronze award, with the innovation capability of China Baowu's front-line blue collar highly recognized by the organizing committee who wrote the commendatory letter. At the 29th Shanghai Excellent Invention Qualification Trial, China Baowu won a total of 38 excellent invention awards, including 3 gold awards, 10 silver awards and 25 bronze awards. In addition, China Baowu also won 40 Workers Technology Innovation awards, including 1 gold awards, 7 silver awards, 10 bronze awards and 22 finalist awards, being the enterprise winning most awards. On-the-job innovation achievements of Zhang Renqi, senior technician from Hot Rolling Plant of Baosteel Co., Ltd., and Ji Yilong, senior technician from Meishan Steel, won the second prize and third prize of Shanghai Science and Technology Progress Awards respectively. The innovation achievement of Song Jun from Silicon Steel Department of Baosteel Co., Ltd. won the gold award of 12th Cross-Strait Employee Technological Innovation Invention Exhibition. On-the-job innovation achievement of Ji Zhiyong, senior technician from Baosteel Engineering & Technology, won China Baowu Technological Innovation Award (Worker Award).

In 2017, Wang Jun's innovation workroom was awarded "National Demonstration Model Worker and Craftsman Talent Innovation Workroom" by All-China Federation of Trade Unions, and exchanged his experience on a work conference of national trade unions on the deepening of creation of model worker and craftsman talent innovation workroom. The innovation workrooms of Jin Guoping from Steel Tube & Bar Steel Business Department of Baosteel Co., Ltd. and Yang Lei from Baosteel Special Steel were named as "Shanghai Model Innovation Workroom". The innovation workrooms of Gao Yuqiang from Cold Rolling Plant of Baosteel Co., Ltd., Hong Hua from Power Plant of Baosteel Co., Ltd. and Xu Huihua from Baosteel Development were named as "Shanghai Employee Innovation Workroom". Hong Hua and Ji Yilong from Baosteel Co., Ltd. and Yang Lei from Baosteel Special Steel were honored as "Shanghai Craftsmen" and Zhang Yongjie from Baosteel Engineering & Technology was awarded the title of "Manufacturing Craftsman" in Jiangsu Province.

Promotion of employee's constant learning and development with informationization

On February 22, 2017, Baowu cloud learning platform, which covered the whole group, was put into operation. Online learning was organized and implemented on schedule in 2017, including 435 projects, 717 classes, 90,480 persons, 4,253 class hours and 59,045 training days. Baowu cloud learning platform provided 1,803 network courses (including micro course), offered 592 Corporation's open classes including Party building and corporate culture, leadership and management, technical skill and safety training, etc., opened 91 learning sections and organized 197 on-line examinations, realizing effective cross-region sharing of Corporation's training resources.

COMPENSATION AND BENEFITS

In 2017, pilot management of total salary budget with filing system was implemented in combination with the orientation of state-owned capital investment company and the requirement of deepening reform, the concept that income increases or reduces with the performance and the principle of adhering to benefit orientation, emphasizing on value return, strengthening self-regulation and supporting industry development. With a dramatic increase of business performance, the total annual salary paid amounted to RMB 22.23 billion.

The Corporation further optimized the total salary control and emphasized the total amount control of subsidiaries. Sticking to benefit orientation and encouraging efficiency increase, the Corporation established a mechanism of linking salary with benefit that the total salary increases or decreases 6 million as the gross profit increases or decreases 100 million and intensified such requirements as making up shortages with surpluses, classified management and control of key points.

the total annual salary paid amounted:

22.23 RMB billion

Corporate Annuity

Within the Corporation, there were 19 primary subsidiaries under direct management joining China Baowu's Annuity Program, involving 200 independent payment accounts. In 2017, the Corporation's annuity management committee and the trustee Hwabao Trust, in accordance with the policy of "safety first, steady investment, intensified supervision and optimized service", strengthened the supervision of investment administrators, adjusted and optimized large assets allocation schemes and positively explore the management mode of improving performance stability. As a result, the growth rate of net value in 2017 was 2.53%, despite the plummet of domestic bond market (the fall of China's bond index was 4.72%).



SAFETY AND PROTECTION

In 2017, the Corporation fully implemented the *Opinions of the CPC Central Committee and the State Council on Promoting the Reform and Development in Safety Production* (hereinafter "*Opinions*"). Adopting the principle characterized by "Party and administrative leaders sharing responsibilities, one position taking both the responsibilities for production and environmental protection, making concerted efforts and blaming for neglect of duty" and sticking to the strategy of moving down the focus and moving forward the pass, China Baowu continued to deepen grassroots and basic management and optimize safety management system. With enhancing the standardization of safety production as the principle line and building a scientific, concise and practical dual prevention mechanism for classified control of safety risk as well as inspection and treatment of hidden dangers as the tool, the Corporation focused on key units and businesses, dangerous sources and operation, as well as maintenance and construction and implemented the principle of "mechanization replacing manual operation and automation reducing manual operation", so as to effectively reduce occupational hazardous factors, guaran-

tee employees' vocational safety and health and ensure the situation of safe production became better in a continuous and steady manner.



Accurately implementing the reform and innovation in safety production and ensuring constant strengthening of responsibility system

In the annual safety work conference, the Corporation made it a top priority of safety work in 2017 to study and implement the *Opinions*. Major leaders and other leaders of China Baowu led teams to production sites for investigation and safe production guiding. They demanded that managers at all levels should firmly establish the concept of safe and scientific development, always give priority to safety production, strengthen the red line consciousness and bottom line thinking and pay constant attention to safety while staying vigilant. They also required the managers to make safety work the first destination of and first guarantee from capital, regard the safety production as the primary work and combine the safety production with streamlining the Corporation, turning loss-making into profit-making and transformation and development.

Emphasizing technological innovation's role of driving safety development and ensuring constant improving of safety management level

By summarizing the experience of promoting Baosteel Meishan Steel's belt conveyor technological progress, the Corporation sorted out the project of "mechanization replacing manual operation and automation reducing manual operation". With the objective of building Smart Factory, China Baowu continued to promote the practice and application of advanced manufacturing technology, automation and artificial intelligence in the production. With mechanization replacing manual operation as the means and increasing of labor efficiency and intrinsic safety level as the objective, the Corporation sorted out the positions and procedures in compliance with 3D principle, organized company-wide labor competitions themed by "Smart Manufacturing", so as to improve the work mechanism, integrate the project resources and build a platform for communication.

Promoting the construction and integration of safety culture and ensuring constant strengthening of soft power for safety management

To strictly implement the requirement of the *Opinions* on constantly promoting the culture innovation in safety production, the requirement for responsibility of enterprises as the main body in safety production and spirit of the instructions with regard to the summary and popularization of former experiences and practices of Baosteel Co., Ltd. and Wuhan Iron and Steel Group in safety management by Ma Guoqiang, Secretary of the CPC Committee and Chairman, the Corporation conducted investigation and research in construction of safety culture and study themed by "China Baowu Corporate Culture Integration and Safety Culture Construction" in 2017, in order to further accelerate the integration of corporate culture and strengthen the construction of safety culture.

Establishing a dual prevention mechanism for risks and hidden dangers and ensuring full control over key industries

In accordance with the Manual of Guidance on Identification and Prevention of Major Hazardous Factors promulgated by the State Administration of Work Safety, the Corporation firmly identified and controlled major risks as well as inspected and treated significant hidden dangers, thus establishing an endogenous mechanism that features participation of the whole people, autonomous operation and continuous improvement. Managers at all levels fully adhered to the principle of "one position taking both the responsibilities for production and environmental protection and moving forward the pass", identified and anticipated the safety risks in positions and regions and effectively prevent and control various safety risks. China Baowu also implemented the review of "Four Principles" for accident management and conducted deep analysis for the reason of violation and hidden danger, got to the root of management problems and implemented the responsibility and measures of rectification, so as to keep the employee safe.

Using goal-oriented and problem-oriented methods and ensuring the strengthening of grassroots and basic safety management

With respect to the accidents of serious and minor injury and near misses in the previous year, the Corporation, in order to learn lessons, seriously organized warning education on safety accidents, followed and interviewed branch plants, workshop managers and employee representatives to verify on site the implementation of accident accountability and responsibility and measures of rectification for the "Four Principles". The workshop head in branch plant made full use of the data library for the analysis of accident cases to conduct "review" of safety production accidents with the same procedure and in the same trade, organized various forms of accident warning education such as "Today in History" and included relevant targeted descriptions of position risk.

With efforts of the subsidiaries and the whole staff, the Corporation witnessed an overall decline in total accidents and persons injured or dead, without serious or worse safety accidents.

Employee Work Injury Statistics in the Past Three Years

Year	Number of Casualties	Frequency of Injuries (Number of Casualties per million working hours)	Severity of Injuries (Number of working days lost per million working hours)
2015	105	0.40	111.00
2016	70	0.18	102.03
2017	57	0.15	47.10

COMMUNICATION WITH EMPLOYEES

Publicity of Factory Affairs and Democratic Management

2017 Staff Congress of China Baowu

On January 18, 2017, the representatives present at the 2017 staff congress listened to and deliberated on work report given by President Chen Derong, "Report on the Safety Production Management in 2016 and the Work Plan in 2017", "Report on the Energy and Environmental Protection Work in 2016 and the Work Plan in 2017" and "Report on the Operation and Management of China Baowu's Corporate Annuity in 2016" and deliberated on the "Report on Employee Education Funds Use in 2016 and Training Plan in 2017"; "Report on Information Management of Employees Demand and Concerns in 2016" and "Comprehensive Report on Publicity of Factory Affairs and Democratic Management in 2016" in written form. The congress reviewed and approved "China Baowu's Resolutions of the 2017 Staff Congress". The representatives agreed on the conclusion that the Corporation, under the background that CPC Central Committee implemented supply-side structural reform as well as cut overcapacity and adjusted structure of the steel industry, at an important period when China Baowu was established and in the face of complicated global economic situation in 2016, made resolute decisions, took powerful measures and overcame numerous difficulties, making hard-won achievements.

Special report meeting on publicity of factory affairs

On August 15, 2017, the Corporation held Special Report Meeting on Publicity of Factory Affairs, at which "strategic planning", "business performance", "correcting the undesirable Party work styles and anti-corruption and integrity upholding", "executives' position-related treatment and business expenditures", "safe production" and "energy saving and environmental protection" and other matters were reported, and the implementation of representatives' opinions and suggestions on the work report given by President and on other reports during the 2017 staff congress was fed back. At the meeting, the carrying out of the below work when the staff congress was not in session was reported to the representatives: the descriptions of position safety risk was further promoted to maintain employee's right of life and health; the employee's position skill was improved and on-the-job innovation achievement was popularized to enhance the business performance of the Corporation; the employees were cared for to positively promote decent work; the team building of industrial works was investigated and researched and suggestions were proposed to make the employees well-qualified and stable for the Corporation to be a leader in the global steel industry.

The special report meeting, with a feature of rich report content, many representatives and high enthusiasm, is the first one after the merger of Baosteel and WISCO, in which two topics of strategic planning and implementation of representatives' opinions and suggestions were added. 143 representatives of staff congress at various levels attended the meeting, a number nearly tripling that of the previous years. The representatives positively offered advice, put forward 52 opinions and suggestions and completed satisfaction evaluation.

Activity of employee representatives' views on Baowu

On November 13, 2017, China Baowu organized the first "Employee Representatives' Views on Baowu" activity themed by "Views on Actions for Smart Manufacturing and Seeing the Results for Environmental Improvement." Around 150 employee representatives from subordinate units participated in the activity. The Corporation gave subject introductions in relation to overall Smart Manufacturing of China Baowu, special labor competition on employee working condition improvement and planning and promotion of POSCO Smart Factory respectively, and gave reports to representatives concerning the operation and development of the Corporation and publicity of factory affairs and democratic management. The representatives visited units including Baosteel Co., Ltd., Baochem, Baosteel Special Steel, Baosteel Development, Baosteel Engineering & Technology and Baowu Group Environmental Resource Technology Development by three groups for on-site check, accessed the employee working condition improvement of various units in written form and communicated concerning opinions and suggestions. The representatives said, during the symposium, that they had a vivid and concrete understanding of Smart Manufacturing and employee working condition improvement.



Communication with Female Employees

On March 4, China Baowu organized and held Women's Day 2017 and "Roses Happy Journey" Activity. The activity advocated the idea of happy work and healthy life for female employees, created and cultivated the cultural atmosphere and employment state characterized by "I Love, I Create, I Share and I Develop" for them and further inspired them to contribute to the development of China Baowu.

At the meeting, leaders presented awards to advanced collectives and individuals, including Wang Juan, Head of Finance Department of Baosteel Co., Ltd., who won Shanghai March 8 Red-banner Holder, Electrical Reply Protection Team of Shanghai Jinyi Inspection Technology Co., Ltd. of Baosteel Engineering & Technology, that won Shanghai March 8 Red-banner Group and those winning "Gold Rose Medal" and "Gold Rose Certificate". Over 200 female employees participated in the 5-kilometer walking.



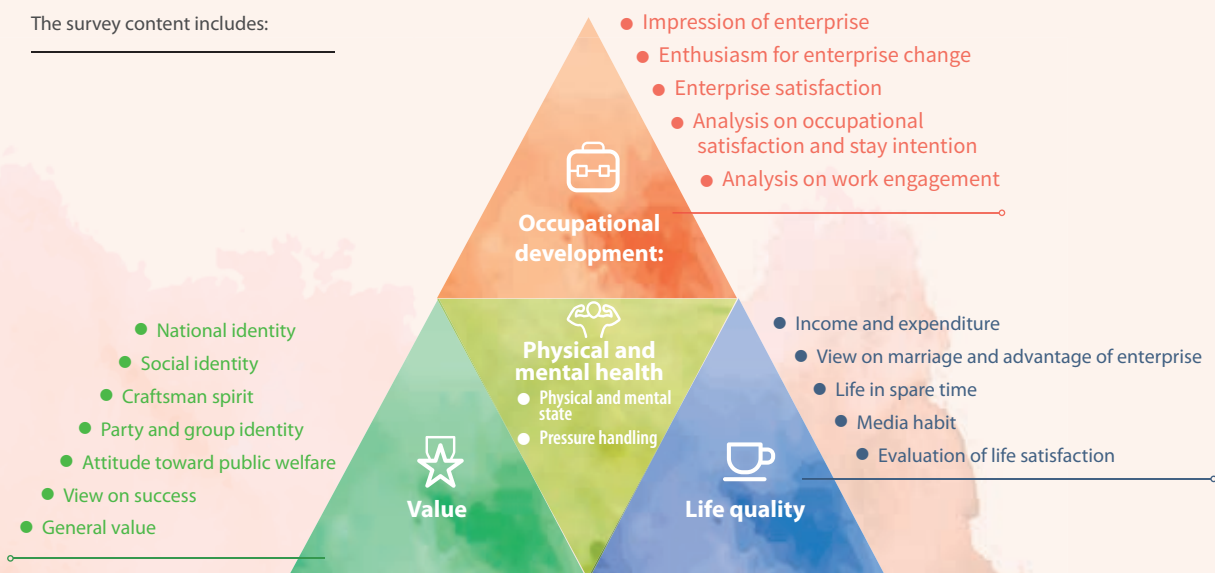
Communication with Young Employees

Focusing on the similarity and appeal in youth development

China Baowu conducted a sample survey aimed at all young employees. By analyzing 4252 effective questionnaires, the Corporation understood the value, occupational appeal and life of the current young employees of China Baowu scientifically and objectively in an all-round way and explored new ways of thought guidance and occupational development for young employees.



The survey content includes:



Employee Assistance Activities

Statistics of Staff Assistance in 2015-2017

Year	Total Person-times Aided	Amount (RMB Million)	Living Allowance		Education Grants		Medical Relief	
			Person-times Aided	Amount (RMB Million)	Person-times Aided	Amount (RMB Million)	Person-times Aided	Amount (RMB Million)
2015	46300	32.12	42942	24.85	1126	1.33	2232	5.94
2016	64170	42.85	58622	30.98	2091	2.33	3457	9.54
2017	57624	37.64	52866	26.41	1817	2.29	2941	8.94

Employees' Three Top Concerns

In 2017, "Work Environment Renovation for Front-line Employees" was a key project of the "Three Top Concerns". Renovation of staff lounges, bathrooms, dressing rooms, canteens, toilets and other projects were promoted and implemented. All the subsidiaries seriously carried out the "Three Top Concerns" projects, paid attention to the independent maintenance, inspection and evaluation of renovation projects and actively improved the overall environment of the work area for employees. There were 1720 "Three Top Concerns" projects at the grassroots level through the year, including 1267 renovation projects. The completion rate of the 1,720 projects reaches 100%.



Operation of the "Bridge" Forum

The "Bridge" Forum has been running well since establishment and has become a mature platform for employees to communicate, which attracted continuous attention of employees. The "Bridge" Forum gradually shows an effect of building a platform for employees to communicate and solve problems. Totally 199 inquiries were received through the employee hotline in 2017, including 78 inquiries for information, 74 complaints and 47 suggestions. The inquiries covered compensation and benefits, system building, security and environment, catering service, shuttle buses and commuting and information system, and the reply rate reached 100%. Compared with the 444 inquiries in 2016 (including 210 inquiries for information, 113 complaints and 121 suggestions), the quantity in 2017 de-

creased by nearly 55.81%. Meanwhile, the "E-interaction" section was further promoted in application among all the units of the Corporation and a total of 1 round of "E-interaction" communication were carried out, with 17 questions received, and a steady communication mechanism connecting the leadership and the "Bridge" has been formed. In addition, the work of connecting "Five Olds" with the "Bridge" was constantly promoted to achieve regular communication and follow hot political topics. With the advantage of solid theoretical foundation and rich experience, the retired cadres could, through the "Bridge" Forum, actively guide young employees to have firm ideal and belief, form correct outlook on development, build up character and proactively devote to work and business.

Meanwhile, the Corporation actively explored the operation mechanism, strengthened the building of new media professionals including League members and youths and established the "Youth Baowu" media center team and a WeChat matrix containing 13 direct League organizations and 18 grass-root League organizations. It also integrated and optimized the PC client of China Baowu • Smart League, added the youth-benefit service in youth center and completed such key projects as Baowu Youth Day of National "Entrepreneurship and Innovation" Week, live broadcast of the first congress of China Baowu Communist Youth League, etc., so as to constantly open the channel of extensive contact with the youth, attract the youth to participate in various activities and guide them to embrace the reform and keep struggling.

China Baowu Information APP

Since the employees of China Baowu spread all over China, the integration of information channels and corporate culture is an important part for the planning and implementation of new strategy. On the basis of integration and optimization of the existing information platform, the Corporation added China Baowu Information App, a multifunctional and all-weather information platform with full coverage. Exclusive to the employees, the platform, like a "central kitchen" of information, covers information, work and study. The employees can, as needed, choose any module for mobile working or learning and follow the hot news and information of China Baowu.

Aid for Tibet
446 RMB million

Aid for Qinghai
35.39 RMB million





Society

Honest feedback to bring gain

Give and Gain. No give, no gain.

Be born and raised in the place, and repay maternal love with gratitude

China Baowu is anchored in the society and strives to feed back to the society.


SOCIAL PERFORMANCE

China Baowu insists on targeted poverty alleviation

Aid for Tibet for 16 years, inputting RMB 446 million in 175 aid projects

Aid for Yunnan for 16 years, inputting RMB 149 million in 482 aid projects

Aid for Qinghai for 3 years, inputting RMB 35.39 million in 12 aid projects



GENERAL INFORMATION ON DONATION

In 2017, in strict accordance with the requirements of the “Management Measures for Outward Donation and Sponsorship” and “Circular on Strengthening the Administration of Donation”, China Baowu standardized the approval processes for donation and strengthened tracking donation programs. And China Baowu totally donated outwards RMB 127.169 million.

Totally donated outwards :

127.169 RMB million

Categories	Amount (RMB Million)
Donation to public relief and public welfare	1.885
Aid for the impoverished and disadvantaged and support for construction	106.479
Donation to education sector (education grants)	0.390
Donation to cultural and sports sector	18.000
Other donations	0.4152
Total	127.169



RELATIONSHIP WITH COMMUNITIES

Shanghai

Walk for an Egg

The newly-established China Baowu continued to support the activity of "2017 Walk for an Egg". Over 60 employees divided into 11 teams walked for 50 kilometers. More than 80 young volunteers from China Baowu signed in and gave directions along the way to support over 4000 participants in the activity. 17 buses, delivering supplies to the sign-in points and transporting the participants to the metro station, was a wonderful picture. Baowu Iron Man cheered for love to jointly promote the charity brand, "Friendly Baowu".

Restaurant of the service center for the elderly

The restaurant of the service center for the elderly, collaborated by Baosteel Development Catering Management Company and Youyi Road Sub-district of Baoshan District, mainly aimed to provide meals to the elderly from surrounding communities. In order to constantly improve the meal quality of the elderly, the service personnel often talked with the old people and listened carefully to their needs and suggestions. The restaurant, in its daily operation, paid strict attention to food safety and reasonably set the meal price. Taking into full account the tastes of the elderly and from the viewpoint of nutrition and health, it made light and delicious meals and served A and B 10-yuan set meals daily with one meat dish, two vegetable dishes and one soup. For the old people with mobility difficulties and living far away, the restaurant provided distribution service with around 20 distribution sites. With an operation of over two years, it was well-received by the elderly from surrounding communities and highly praised by the residents.

At present, totally 20 neighborhood communities order the catering service and the daily supply reaches around 250 (including 120 old people with distribution service).

Hubei

Wuhan Iron and Steel Group invested RMB 2.01 million in 2017 to assist four projects in Zigui County of Yichang City, Jianshi County of Enshi Prefecture, Tongshan County of Xianning City and Dengnan Street, Hannan District of Wuhan City in Hubei Province. Wuhan Iron and Steel Group paid attention to the effect of using poverty alleviation funds to promote the economic and social development and improvement of people's livelihood. For Zigui County, RMB 0.65 million was invested to transform the girl's dormitory of Zigui No. 1 High School, so as to promote the education in Zigui County. For Jianshi County, RMB 0.8 million was invested to the lighting projects in mountainous towns, so as to improve the infrastructure of Guandian Town. For Tongshan County, RMB 0.4 million was invested for beautiful country construction of Dafan Town. Yaotou Village, Dengnan Street, Hannan District of Wuhan City is Wuhan Iron and Steel Group's poverty alleviation village, where the work teams, in accordance with the requirement of "Connecting wires, Erecting antennas, Switching channel and Building image" made by Wuhan Iron and Steel Group, performed their duties earnestly and conducted targeted poverty alleviation effectively. Based on the actual condition of Yaotou Village, Wuhan Iron and Steel Group actually invested RMB 0.16 million in 2017 to alleviate poverty.

Guangxi

Wuhan Iron and Steel Group donated RMB 0.7 million to Shanglin County in Nanning City of Guangxi Zhuang Autonomous Region for fixed-point poverty alleviation for assisting new village construction and CPC members and the masses service center in Lidan Village, Dafeng Town, Shanglin County and establishment of platforms for sales of farm and sideline products to promote sales of the special farm and sideline products of Shanglin County.

Guangdong

Shaoguan Iron & Steel donated RMB 2 million to the Shaoguan Charity Federation to assist the poor villages determined in the poverty relief and development scheme of the provincial and municipal governments, which was characterized by "Planning for an Individual Household and Assigning Responsibility to an Individual Person". Shaoguan Iron & Steel assisted Zhangwu Village, Nanmu Town, Nanxiang City, Guangdong Province for fixed-point poverty alleviation. Zhanjiang Steel assisted Dongshi Village, Nanxing Town, Leizhou City, Guangdong for fixed-point poverty alleviation. The 2016-2018 Overall Plan for targeted poverty alleviation of Dongshi Village, Nanxing Town, Leizhou of Guangdong was formulated. The poverty alleviation projects in 2017 included drinking water projects of Tangwei Village and Dongshi Village, with a donated fund of RMB 1.54 million in total.

Xinjiang

Bayi Iron & Steel conscientiously carried out the spirit of the conference of Xinjiang Autonomous Region on poverty alleviation by working on poverty alleviation and fulfilling the responsibility as a Central Enterprise based in Xinjiang in poverty alleviation. China Baowu established a working team for poverty alleviation of the No.1, No. 2 and No. 8 Villages of Ye Ke Xian Bai Ba Zha Township of Yopurga County of Kashgar Prefecture, which were the object of its fixed-point poverty alleviation, and for poverty alleviation of Yawulong Development Area in Tianshan Township and Ashele Village of Kurt Township in Hami Prefecture. Taking improvement of people's livelihood as the standpoint and adhering to the principle of "filing-first and focusing on technologies and industries in poverty alleviation", China Baowu standardized Cross-stitch Cooperative, set up cooperative for poultry raising and carried out innovative poverty alleviation through e-commerce platforms. To maintain sales of cross-stitch, poultry and farm and sideline products, the working team, on the basis of bilingual training and computer training, actively planned for operations of e-commerce. In Nov. 2016, an e-commerce platform opening ceremony was held, and the turnover in the first month reached nearly RMB 4,000.

Bayi Iron & Steel assisted Yopurga County of Kashgar Prefecture, and its subsidiaries Yamansu Mining and Mengku Iron Mine assisted Yizhou District of Hami and Fuyun County of Altay Prefecture respectively. The project of "Assistance to Yopurga County of Kashgar Prefecture" is arranged by the leading group of "Observing people's conditions, Benefiting people's livelihood and Winning people's support" in Xinjiang Autonomous Region. It was also the biggest poverty alleviation project for Bayi Iron & Steel in 2017, with an investment of RMB 3 million.

CONTRIBUTION TO THE SOCIETY

China Baowu totally invested RMB 103.169 million in 2017 to alleviate poverty, including RMB 64.64 million for aiding Tibet, RMB 13.62 million for aiding Qinghai, RMB 14.80 million for fixed-point poverty alleviation and RMB 10.109 million for other types of poverty alleviation, which received high recognition from the State-owned Assets Supervision and Administration Commission of the State Council.

Aiding Tibet

According to the unified arrangements of the CPC Central Committee, China Baowu has provided pairing aid to Zhongba County of Shigatse City and Basu County of Changdu City since 2002 and 2004 respectively. The Tibet-aiding of China Baowu comprehensively implemented the decisions and arrangements of the CPC Central Committee and followed General Secretary Xi Jinping's important strategic thinking of "State governance includes frontier governance which begins with stability of Tibet" and the principle of "Ruling Tibet by law, Enriching people and flourishing Tibet, Building Tibet permanently, Uniting people and Strengthening the foundation". Firmly holding the missions of leapfrog development and lasting political stability, China Baowu took maintaining and developing people's livelihood as the starting point and standpoint around the center of economic development and made positive contribution, in close combination with the reality, to the leapfrog development and lasting political stability of Zhongba County and Basu County. China Baowu totally invested RMB 64.64 million for aiding Tibet.

Striving to build beautiful houses in the plateau and concentrating on building a beautiful Tibet. Despite of such difficulties as tight schedule, hard traffic, low temperature, serious altitude stress, etc., 10 fabricated model houses with steel structure were built in the plateau. With the obvious advantages in earthquake resistance, fire prevention and environmental protection, the model houses were highly praised by the local residents with respect to thermal insulation after living for one winter. China Baowu also built the well-off village on the frontier of Doklam.

Striving to aid Tibet by intelligence and concentrating on cultivating local talents. In the sixth round of Tibet-aiding projects, around RMB 11 million was donated as special fund to support education and talent training, so as to fully aid Zhongba by intelligence from education, medicine, facility and system and improve the medical level and education level of Zhongba and employment level of local people. At present, telemedicine "Internet plus medicine" has been applied in Zhongba and Air Class "Internet plus education" has been adjusted with success. 400 computers, 28 most advanced touch all-in-one PC and 3 classrooms with multimedia and re-



mote education will be installed in the first half of 2018, in order to fully bring the education facilities of Zhongba County to a new high. China Baowu will train 100 "Moon" kindergarten principals and "Seed" teachers in preschool education for Dingqing County in three years. Two young talents from Dingqing County and Basu County held temporary posts in the General Office of Wuhan Iron and Steel Group and Modern Urban Service (Wuhan) Group Co., Ltd., a subsidiary of Wuhan Iron and Steel Group, respectively.

Striving to construct distinct cities and towns and concentrating on the improvement of the hematopoietic function. Thanks to the strong support of China Baowu in aiding Tibet, Paryang Town in Zhongba County, once unknown to the public, has been a distinct town in Tibet plateau and an important town in the west of Tibet. As a jewel on No. 219 National Highway, it gained heightened attention from leaders at all levels and all walks of life. In 2016, "An Inn in the Holy Mountain" was inscribed by the 11th Master Panchen, which added a new culture connotation for Paryang Town. China Baowu will invest RMB 20 million to Paryang Town in the sixth round of Tibet-aiding projects, so as to develop the tourist resources, drive the consumption of local people, improve employment level and ability of local people, improve the local hematopoietic function and further aid Tibet by industrialization.

Striving to establish a stability-safeguarding system and concentrating on the implementation of frontier governance and stability of Tibet. China Baowu invested RMB 16 million to build the command center of Zhongba County Public Security Bureau, with an aim to make the most advanced stability-safeguarding and commanding system at county level in Tibet. The project, undertaken by Shanghai Baokang Electronic Control Engineering Co., Ltd., a subsidiary of Baosight Software of China Baowu Group, and fully completed on October 17, 2017, can provide software and hardware with the best quality for Zhongba County.

Aiding Qinghai

China Baowu assisted Tongde County, Hainan Tibetan Autonomous Prefecture in Qinghai for fixed-point poverty alleviation. Taking the guarantee and improvement of people's livelihood as the starting point and standpoint, it strove to concentrate funds available to do things closely related to interests of the people. Providing pairing aid to Tongde County every three year, China Baowu took the guarantee and improvement of people's livelihood as the starting point and standpoint. Concentrating on the 12th Five-Year Plan and 13th Five-Year Plan of Tongde County and the pressing problems of the masses, the Corporation has implemented 11 Qinghai-aiding projects, invested RMB 21.773 million and dispatched a cadre in the first round (2013-2016), and plans to implement 17 Qinghai-aiding projects and invest RMB 24.15 million in the second round (2017-2019). The projects, covering infrastructure of agricultural and pastoral areas, improvement of people's livelihood and public service capacity, poverty reduction and alleviation, talent training and other fields, aimed to promote the economic and social development of Tongde County in an all-round way and benefit the local people directly, widely and persistently, making them real people-benefit projects.

Aiding Yunnan

China Baowu provides fixed-point poverty alleviation for Ning'er County, Zhenyuan County and Jiangcheng County of Pu'er City, and Guangan County, Wenshan Prefecture. On the basis of full research, China Baowu formulated scientific plans for poverty alleviation. First, combining fixed-point poverty alleviation with construction of villages with characteristics; second, organically combining infrastructure construction with improvement of production and living conditions of villagers in poverty, and providing assistance for infrastructure construction of the villages, towns and counties receiving fixed-point poverty alleviation to lay a solid foundation for development of villagers in poverty of ethnic groups; third, organically combining economic development with increase in incomes of villagers in poverty. China Baowu regarded the farming and animal breeding projects which could contribute to income increase as the key of input and provided support for development of special industry to increase farmers' income; fourth, organically combining development of economy with development of social undertakings. By supporting construction projects closely related to the economic development of paired villages for poverty alleviation, China Baowu made great efforts to promote harmonious development of the paired villages and help the villages, towns and counties receiving fixed-point poverty alleviation build harmonious society and new socialist countryside. In 2017, China Baowu carried out 14 poverty alleviation projects for Yunnan-aiding, with a total of RMB 9.84 million input.



Volunteer Services

China Baowu is committed to improving the system of public service and volunteer service and building distinctive brands to enhance its influence. The Corporation also normalizes and perfects the registration and management of League members and youths with respect to volunteer service. By the end of 2017, a total of 8,041 young volunteers from 72 branches had registered in the "Volunteer China" website. A unified image recognition system for the volunteer service of China Baowu young employees was established. Till now, 18 volunteer service items in six categories including education grants, respecting the aged, environmental protection, helping the disabled and charity sale have been implemented. 31,099 persons participated in about 8,010 volunteer service activities, with accumulative service time of 174,507 hours. A batch of teams and distinctive brands for volunteer service, represented by "Gui Yuan Yuan" (included in "Youth Dating", the match-making project for young people organized by the Central Committee of the Communist Youth League) from Baosteel Co., Ltd. and "Pine i Public Welfare" from Shaoguan Iron & Steel was formed.

National Natural Science Fund --"Joint Fund for Iron and Steel Research"

In 2017, China Baowu continued to cooperate with National Natural Science Foundation of China to promote the management and operation of the "Joint Fund for Iron and Steel Research", which strengthened the basic research and the basic research for application in the industry and subsidized a number of frontier key research and development projects and cultivating projects, including 6 key research and development projects such as "Friction Stir Welding Technology for Homogeneous/Heterogeneous Material of Ultrahigh-strength Aluminum Alloy and Magnesium Alloy and Relevant Basis" led by Xi'an University of Architecture and Technology and 21 explorative cultivating projects such as "Mechanism for Removal of Oxygen, Nitrogen and Non-metallic Inclusions from Ultrapure K4169 Alloy Used in Aero-engine" led by Shanghai Jiao Tong University. Till 2017, the "Joint Fund for Iron and Steel Research" had accumulatively provided a subsidy of RMB 224 million (including 112 million contributed by China Baowu).







Supply chain

Look far ahead and aim high for bright future

Near and Far. No vision, no future.

Think globally and act locally

China Baowu will keep an open mind to create better future with more partners.

SUPPLY CHAIN PERFORMANCE

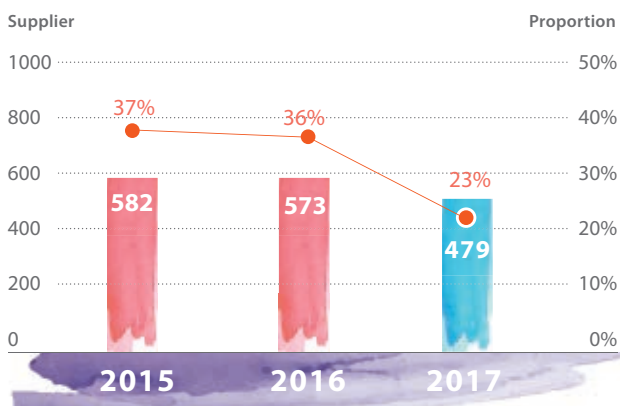
We have 113 domestic and 23 overseas marketing outlets, with a marketing network covering all over the world. We will expand product structure to serve more industries.

JOINT DEVELOPMENT WITH SUPPLIERS

Supplier Certification

In 2017, the ISO14001 certification rate of the raw material suppliers reached 22% and the rate of the engineering equipment suppliers certified to the Environmental Management System was 29%. For the materials and spare parts suppliers of three bases of Baosteel Co., Ltd. (the headquarter of Baosteel Co., Ltd., Zhanjiang Steel and Meishan Steel, similarly hereinafter), the rates of the suppliers certified to the Environmental Management System were shown in the figure below.

Rate of Qualified Materials & Spare Parts Suppliers of Three Bases (Baoshan, Dongshan and Meishan) of Baosteel Co., Ltd. Certified to the Environmental Management System



Formulating Responsible Purchasing Policy

In 2015, Baosteel Co., Ltd. formulated and implemented the Standard for Reviewing Materials and Spare Parts Suppliers, which, with a structure of three-stage process module, included sustainable development, management of safety, environmental protection and occupational health, green supply, management of hazardous substances, etc. By formulating the standard for reviewing suppliers, Baosteel Co., Ltd. can expand the breadth and depth of supplier review, ensure the scientificity and effectiveness of the review, improve the level of supplier management and reduce the cost and risk for purchase. From the implementation of review standard to the end of 2017, Baosteel Co., Ltd. reviewed 119 suppliers in total, which effectively improved the system capacity of key materials and suppliers, and trained a team of supplier review in practice.

Sunshine Procurement

Signing honesty and integrity agreements

By the end of 2017, 2,073 suppliers for the materials and spare parts procurement of the three bases of Baosteel Co., Ltd. all signed honesty and integrity agreements.

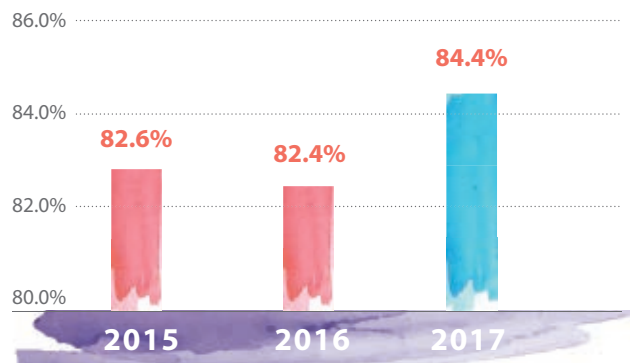
Legal bidding procurement

In 2017, the headquarter of Baosteel Co., Ltd., Zhanjiang Steel and Meishan Steel, through bidding, procured engineering equipment of RMB 1.33 billion, materials provided by Party A of RMB 540 million and fixed asset equipment of RMB 26 million.

Promoting competitive procurement

Baosteel Co., Ltd. has a good practice of compiling instruction manuals for the strategy of purchasing by materials and spare parts every year. The business personnel responsible for multi-base, integrative and collaborative purchasing, when formulating procurement schemes, can choose the pricing strategy normatively and reasonably according to the manual. The purchasing process can be transparent with value-added efficiency when the management and control is followed. By implementing competitive strategy with classification of goods, Baosteel Co., Ltd. can promote resource allocation as per market mechanism and control the purchasing cost. In 2017, the percentage of competitive procurement of the materials and spare parts by the headquarters of Baosteel Co., Ltd. and Zhanjiang Steel was 84.4%. The actual statistics in the past three years were shown in the figure below.

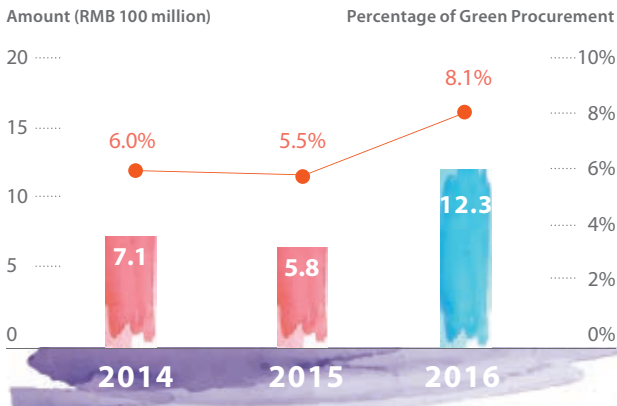
Percentage of Competitive Procurement of Materials and Spare Parts by the Headquarter of Baosteel Co., Ltd. and Zhanjiang Steel



Green Procurement

Dynamically tracking the environmental requirements of various industries, China Baowu identified the green attribute of purchased goods and evaluated the green products identified in 2014. In 2017, the management expanded from the headquarter of Baosteel Co., Ltd. and Zhanjiang Steel to Meishan Steel and the percentage of green procurement of the materials and spare parts was 8.1%. The information of identified green products for procurement of the materials and spare parts could be enquired on the "Green Procurement" column of Baowu's e-procurement platform. The actual statistics of the percentage of green procurement of the materials and spare parts by the three bases of Baosteel Co., Ltd. in the past three years were shown in the figure below.

Green Procurement of Materials and Spare Parts by Three Bases (Baoshan, Dongshan and Meishan) of Baosteel Co., Ltd.

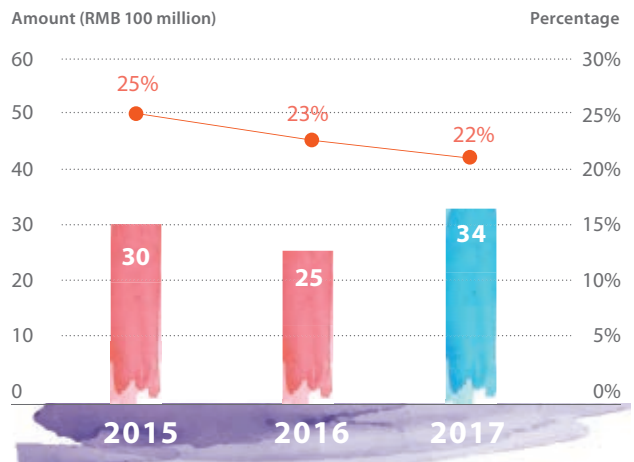


Procurement from SMEs and Local Procurement

In 2017, Baosteel Co., Ltd. first included Meishan Steel in the management of procurement from small and medium enterprises (SMEs) and local procurement.

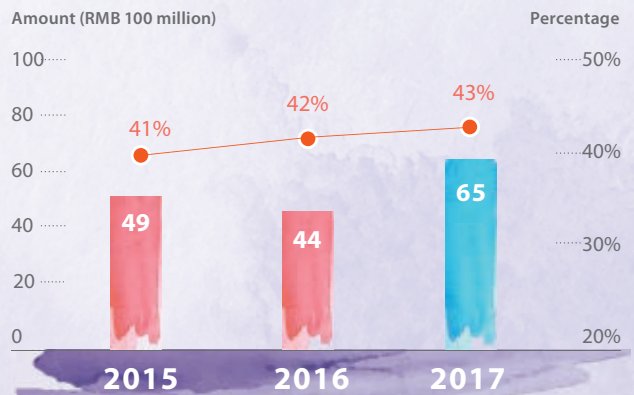
The actual statistics of the materials and spare parts procured by the three bases of Baosteel Co., Ltd. from SMEs in the past three years was shown in the figure below. (In accordance with the "Classification Standard for Small and Medium Enterprises" (No. 300 [2011] of the Ministry of Industry and Information Technology), SME suppliers are defined as an enterprise with a registered capital of not more than RMB 10 million.)

Actual Statistics of Materials and Spare Parts Procured by Three Bases (Baoshan, Dongshan and Meishan) of Baosteel Co., Ltd. from SMEs



Although the supply of materials and spare parts in Zhanjiang Steel made full use of the available resources of other steel bases of Baosteel Co., Ltd., the local resources around Zhanjiang Steel are competitive in cost and quick in response. From the start of Zhanjiang Steel project to the end of 2017, a total of 71 local suppliers for equipment and materials had been developed. The actual statistics of materials and spare parts procured by the three bases of Baosteel Co., Ltd. from local enterprises in the past three years are shown in the figure below (For the three bases of Baosteel Co., Ltd., local procurement refers to the procurement from the enterprises registered in Shanghai, Guangdong and Jiangsu respectively).

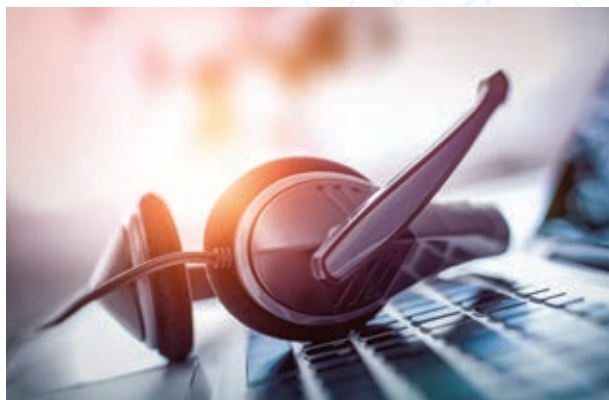
Actual Statistics of Materials and Spare Parts Procured by Three Bases (Baoshan, Dongshan and Meishan) of Baosteel Co., Ltd. from Local Enterprises



VALUE CREATION BY SERVICE

Domestic Network

China Baowu has 113 marketing outlets in 50 large and medium-sized cities of China, which has basically formed a multi-base development layout providing all-round personalized services for important users and providing effective support for strategic users.



HOTLINE

Products service hot-line

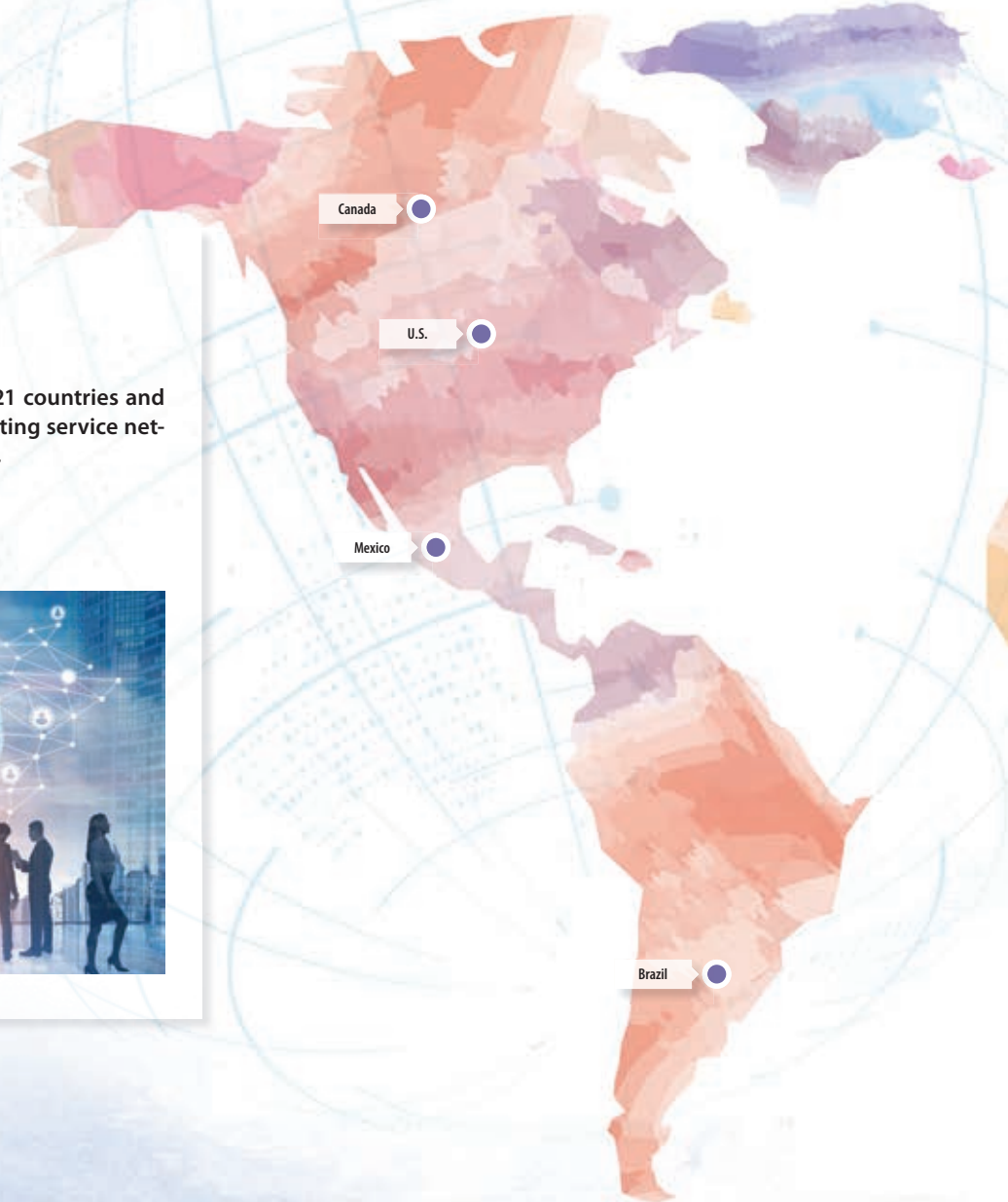
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VALUE CREATION BY SERVICE

Overseas Network

China Baowu, with 23 service outlets in 21 countries and regions, has extended its overseas marketing service network to all the major regions of the world.





Russia

Germany

Italy

Spain

Turkey

China

South Korea

Japan

Shanghai

Taiwan

India

UAE

Thailand

Vietnam

Singapore

Indonesia

Australia

South Africa



Service Innovation

Improving customer service

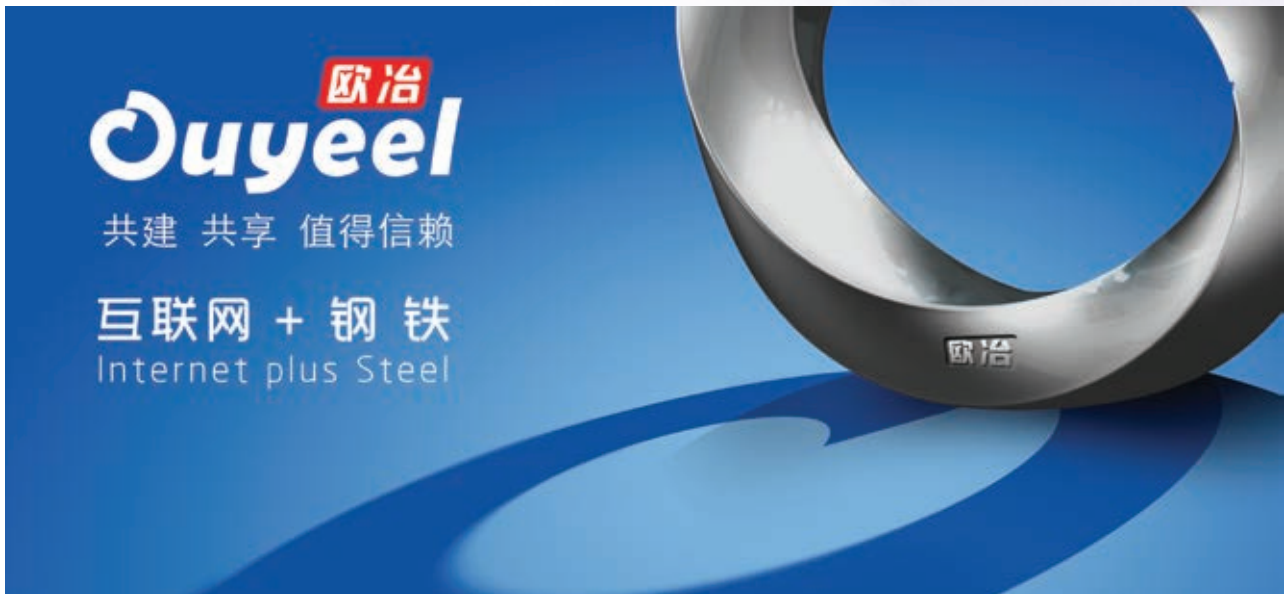
Guided by the principle of “market orientation, integration and innovation, systematic planning, coordination of supply and demand and being the most trustworthy and valuable partner of customers”, Baosteel Co., Ltd. quickly responded and actively explored a marketing management mode adaptable to multiple manufacturing bases. It gave full expression to the cooperative effect of marketing and continually enriched and improved innovative measures for customer service. It also fully explored smart marketing service, built smart supply chain and achieved a unified window for external service. The marketing information system covered WISCO and operated successfully. Mobile Internet was used to achieve automatic reply to technical inquiry reply and on-line response to complaints on quality. A customer satisfaction evaluation system combined with subjective and objective evaluation was established, in order to achieve a unified customer satisfaction evaluation for various bases. Progress was made in the year when the marketing of Baosteel and WISCO was integrated and a marketing synergy of RMB 486 million was achieved in 2017.

Overall docking between the manufacturing bases of Baosteel and those of customers was realized and production line-level dialogue from manufacturing of iron and steel to the press room of automobiles was achieved. The service was extended not only to the distribution of customer bases to explore on-site technical service and cooperation of production operation at platform level but also to the internal manufacturing to explore the resource balance and smart ordering in the mode of multiple manufacturing bases. The service was expanded to include the supporting facilities of supply chain such as supporting factories and third-party warehouse logistics in the lean operation to cover all strategic users in the field of automobile. The service was upgraded by fully upgrading the technical service capability at platform level.

iBaosteel

With the proposal of “Internet Plus” and “Made in China 2025”, Baosteel Co., Ltd. proactively deployed the strategy of “Smart Manufacturing”. Targeted at “Facing the next decade and building new competitive advantage for Baosteel Co., Ltd.” and centered on “Customer orientation”, “On-line platform operation” and “Datamation”, Baosteel Co., Ltd. planned and designed the overall business structure of marketing and built iBaosteel, an open Internet platform, with an aim to construct a new Internet steel ecosphere connecting Baosteel Co., Ltd. with customers, integrate internal and external resources for supply chain and technical marketing, meet customer demands comprehensively and offer one-stop solution and total on-line service to customers. Meanwhile, by building a data center for full business chain, Baosteel Co., Ltd. can achieve data connection and real-time sharing so as to support marketing planning, technical service and supply chain assurance.

iBaosteel served the customers by combining virtual and physical service networks and gave play to scale advantage and cooperative effect through intelligentization, platformization, interconnection and sharing, so as to achieve quick response of market, low cost, high efficiency and good user experience.



Services of Steel Internet Platform

Under the background of rapid development of industrial Internet and urgent restoring of bulk commodity circulation, Ouyeel E-commerce, as a third-party B2B platform integrating trade, finance, storage, transportation, processing and distribution, data, technology, information and other comprehensive services, always positions itself as a customer-oriented third-party platform with steel supply chain service at its core. Guided by the value of “co-construction, sharing and trustworthiness” and through continuous innovation in service and products of supply chain, Ouyeel E-commerce persistently provides full-process and one-stop trading service, builds intensive, web-based, cooperative and smart infrastructure and constructs a multi-dimension and data-based credit system of supply chain with risk control at its core. It aims to be a provider of bulk commodity transaction, builder of infrastructure and constructor of credit system and makes the most dynamic ecosphere for shared service of bulk commodity. In 2017, Ouyeel E-commerce became one of the first central enterprises implementing employee stock ownership experimentally. It successfully opened its stock equity for the first time in the first half of 2017 and introduced superior resources such as private capital, foreign

capital, employee stock ownership platform, etc., raising funds of about RMB 1.05 billion and completing mixed ownership reform.

After development of around three years, Ouyeel E-commerce constantly optimizes the system, architecture and capability of steel supply chain service and tries to provide the best service to customers and partners in the ecosphere. In 2017, Ouyeel E-commerce achieved a gross merchandise volume (GMV) of 68.15 million tons, still leading the industry. By integrating social sources and constantly improving the ability of off-line basic service, Ouyeel E-commerce built a system cooperation system including 1,880 enterprises and formed a logistics service network covering the whole country. Meanwhile, based on the application of Internet of Things, block chain, big data credit and other modern risk control technology, Ouyeel E-commerce restored the new order of commodity circulation and launched innovatively financial service products of supply chain such as green finance, factoring, insured value, win-win, etc.

Customer Service Tools

Customer satisfaction survey

The score of comprehensive assessment of domestic customer satisfaction in 2017 was satisfactory, with an annual average of 91.9.

Year	Annual objective	Annual actual performance	Q1 Actual performance	Q2 Actual performance	Q3 Actual performance	Q4 Actual performance
2015	91	92.2	92.4	92.6	91.9	91.8
2016	91	91.6	91.7	91.5	91.2	92.0
2017	91	91.9	92.0	91.6	92.0	92.0

Customer Recognition

Award-granting Unit	Award	Award winner/product
GM Headquarter	Global Annual Excellent Supplier	Baosteel Co., Ltd.
FAW-Volkswagen	Outstanding Partner	Baosteel Co., Ltd.
FAW-Besturn	Outstanding Supplier for Besturn	Baosteel Co., Ltd.
SAIC Volkswagen	Excellent Cooperation Performance Award	Baosteel Co., Ltd.
SAIC-GM	Best Supplier	Baosteel Co., Ltd.
GAC TOYOTA	Excellent Quality Award	Baosteel Co., Ltd.
Siemens Headquarter	Best Comprehensive Performance Award	Baosteel Co., Ltd.
Siemens Headquarter	Nomination of Best Reliable Product Award	Baosteel oriented silicon steel
Dongfeng Honda	Annual Excellent Supplier	Baosteel Co., Ltd.
Haier Group	Gold Cube Reward	Baosteel Co., Ltd.
Jiangnan Shipyard	Five-star Excellent Partner	Baosteel Co., Ltd.
Dongfeng Liuzhou Motor Co., Ltd.	Excellent Supplier and Strategic Supplier	Baosteel Co., Ltd.
Haima Automobile	Annual Management Contribution Award	Baosteel Co., Ltd.
SGMW	Excellent Supplier	Baosteel Co., Ltd.
GAC MITSUBISHI	Excellent Supplier	Baosteel Co., Ltd.
GAC FCA	VAVE Contribution Award	Baosteel Co., Ltd.
Geely Auto	Excellent Material Supplier	Baosteel Co., Ltd.
Great Wall Motor	Sincere Partner and VAVE Cost Improvement Reward (6 consecutive years)	Baosteel Co., Ltd.
Chery	Excellent Supplier	Baosteel Co., Ltd.
Zhengzhou Nissan	Excellent Supplier (9 consecutive years)	Baosteel Co., Ltd.
NLM Motor	Excellent Supplier	Baosteel Co., Ltd.
JMCG	Excellent Supplier (3 consecutive years)	Baosteel Co., Ltd.
JAC	Excellent Supplier	Baosteel Co., Ltd.
Changan Ford	Excellent Supplier	Baosteel Co., Ltd.
Shannxi Heavy Duty Truck	Excellent Supplier	Baosteel Co., Ltd.
JMC	Excellent Supplier (17 consecutive years)	Baosteel Co., Ltd.
Changfeng Leopaard	Excellent Supplier	Baosteel Co., Ltd.
Soueast Motor	Excellent Supplier	Baosteel Co., Ltd.
Lingyun	Best Supplier	Baosteel Co., Ltd.
Changan Mazda	Excellent Supplier	Baosteel Co., Ltd.
Hualing Xingma	Excellent Supplier	Baosteel Co., Ltd.
India Fiat	Best Quality Award	Baosteel Co., Ltd.
Jingu Wheel	Best Service Award	Baosteel Co., Ltd.

Award-granting Unit	Award	Award winner/product
Yanfeng Adient	Technology Innovation Award	Baosteel Co., Ltd.
Yanfeng	Technology Innovation Award	Baosteel Co., Ltd.
Dongfeng Yulon	Excellent Supplier	Baosteel Co., Ltd.
DFPV	Excellent Supplier	Baosteel Co., Ltd.
Beijing Embraco Snowflake Compressor Co., Ltd.	Excellent Quality Supplier	Baosteel Co., Ltd.
Hisense	Excellent Supplier	Baosteel Co., Ltd.
PWAPCGZ	Excellent Supplier	Baosteel Co., Ltd.
Daikin Air-conditioning(Shanghai)Co.,Ltd.	Partner of Daikin China	Baosteel Co., Ltd.
Yutong Bus	Best Quality Award	Baosteel Co., Ltd.
CFMCC	Excellent Supplier	Echeng Iron & Steel
Shanghai Shenmei	Best Service Supplier of 2016	Shanghai Baoyi Can Making
Pepsi-Cola Shanghai	Excellent Supplier of 2016	Shanghai Baoyi Can Making
Swire Coca-Cola Zhejiang	Annual Best Partner	Shanghai Baoyi Can Making
GPHL	Diamond-level Drinks Partner of 2017	Baosteel Packaging

Baosight assists the development of urban rail transit

With the application of Internet of Things, Internet, mobile Internet, cloud computing, big data and intelligent optimization model technology, Baosight conducted research on the key technology and technological difficulties of urban rail transit. After development of over ten years, Baosight formed a complete L1-L4 all-level and smart rail transit control and management system with completely independent intellectual property featuring on "Dispatching-oriented, device-oriented and passenger-focused" in the rail transit industry, being the only integrator with solutions at all levels in the industry. Its rail transit business participated in the construction of over 500 stations opening to traffic in at least 13 domestic cities.



Providing one-stop and integrated professional service and supporting the maiden flight of C919 large aircraft

SAMC Department of Shanghai Baosteel Yuankang Property Management Co., Ltd. adopted the cooperative mode of "Management, Technology and Social Cooperation" and regarded the equipment and facility management system of Baosteel Development as the standard to provide Shanghai Aircraft Manufacturing Co., Ltd. (SAMC) with services with regard to operation and maintenance of seven professional power facilities.

During the maiden flight of C919 large aircraft, all employees of SAMC Department gave full play to the political sensitivity and responsibility of state-owned enterprises and embodied the team value with unquestioning, hard-working and meticulous actions, such as 24-hour stand-by personnel, emergency maintenance of lighting equipment in assembly workshop, renovation of lighting equipment in 2001 electrical room, formulation and exercising of emergency support plan, etc. SAMC Department made due contributions to the successful maiden flight and was appreciated and praised by SAMC.



HIGHLIGHTS 2017



Major Awards

China Baowu Steel Group Corporation Limited was included in Fortune's 2017 World's Most Admired Companies List.

China Baowu Steel Group Corporation Limited was included in the list of "The World's Most Valuable Mining, Iron & Steel Brands 2018" issued by Brand Finance, a world-leading third-party branded business valuation and strategy consultancy. China Baowu ranked No. 10 on the list and No. 4 in the steel industry. Its brand value was USD 2.004 billion, an increase of 103% compared with that in 2017.

- 01 China Baowu Steel Group Corporation Limited won gold rewards for 2017 Equity Exchange Capital Operation and 2017 Equity Exchange Organization.
- 02 China Baowu Steel Group Corporation Limited won 2017 Special Economic Contribution Award of Baoshan District.
- 03 China Baowu Steel Group Corporation Limited was granted by China Metallurgical News the title of "China's Top 10 Outstanding Steel Enterprises (2016-2017)".
- 04 China Baowu Steel Group Corporation Limited was granted by General Office of Shanghai Work Safety Commission the title of "2017 Shanghai Winning Unit for Work Safety".
- 05 Shaoguan Iron & Steel won the title of "2016 Guangdong Advanced Enterprise for Energy Management in Steel Industry" and the comprehensive energy consumption per ton of steel was chosen as a model indicator.
- 06 Baosight was granted by China Software Industry Association the title of "2017 Top 10 Innovative Software Enterprises".
- 07 Bayi Iron & Steel was granted by Xinjiang Uygur Autonomous Region People's Government the title of "2017 Advanced Unit for Observing people's conditions, Benefiting people's livelihood and Winning people's support".

EVENT CHRONICLE

01

JANUARY
2017

On January 5, China Baowu held the first work safety & energy saving and environmental protection meeting after its establishment, at which China Baowu summarized the work of 2016, deployed key tasks of 2017 and signed target pledge of work safety and target pledge of energy saving and environmental protection with Wuhan Iron and Steel Group, Baosteel Co., Ltd., Baosteel Stainless Steel, Baosteel Special Steel, Baochem, Baosteel Metal, Baosteel Resources, Baosteel Engineering & Technology, Baosteel Development, safety supervision department, energy and environment department and other units.

On January 9, at the 2016 National Science and Technology Awarding Meeting, the "Research, Development and Application of Plunger Type Laminar Cooling System for Hot-rolled Strip Steel" project conducted by Wang Jun, the technical expert from Hot Rolling Plant of Baosteel Co., Ltd., won the second prize of The State Scientific and Technological Progress Award.

On January 18, China Baowu held the 2017 Work Meeting & Staff Congress to summarize the achievements and shortcomings on production and operation, reform deepening, "de-capacity, de-stocking, de-leveraging, cost reduction and makeup of weakness" and transformative development in 2016 and deploy the key work of 2017.

On the same day, China Baowu held the first Persons of the Year Awarding Ceremony after its establishment to commend the collectives and individuals winning advanced honors or titles at national level, at the provincial or ministry-level or from China Baowu in 2016. Employees winning Excellent Party Member Model of Central Enterprises, Excellent Party Workers of Central Enterprises, Shanghai Craftsmen, Jingchu Craftsmen in Hubei Province, National May Day Labor Medal, Shanghai May Day Labor Medal, Baosteel worker inventors, the second prize of The State Scientific and Technological Progress Award, China Metallurgical Science and Technology Award, National Young Master-hands Model appeared on the stage successively.

On January 23, WISCO (stock code: 600005) closed quotation on Shanghai Stock Exchange with RMB 3.71 yuan per share and ended the last trading day with shares suspension.

On January 25, WISCO applied to Shanghai Stock Exchange for delisting of shares.

In January, Laminated steel product of Baosteel Co., Ltd. was certified by U.S. Food and Drug Administration (FDA) with a certificate, which meant the official recognition of U.S. to the food safety performance of laminated steel product of Baosteel Co., Ltd. and laid the foundation for its entry into American market.

02

FEBRUARY
2017

On February 4, the Party Committee of China Baowu issued a document declaring that Dai Zhihao and Zou Jixin was appointed as Secretary (additional post) and Vice Secretary (additional post) of the Party Committee of Baosteel Co., Ltd. respectively.

On February 6, China Baowu signed a strategic cooperation agreement with China COSCO Shipping Corporation Limited (hereinafter "COSCO Shipping") in Baosteel Tower. According to the agreement, both sides would build a comprehensive strategic partnership and strengthened cooperation in such fields as shipping, logistics, ship building and repairing,

docking, etc. Ma Guoqiang, Secretary of the CPC Committee and Chairman of China Baowu, Chen Derong, Vice Secretary of the CPC Committee and President of China Baowu, Dai Zhihao, President of Baosteel Co., Ltd., Zhu Yonghong, Chief Accountant of China Baowu, and Xu Lirong, Chairman and Party Secretary of COSCO Shipping, Wan Min, President and Deputy Party Secretary of COSCO Shipping, Sun Yueying, Chief Financial Officer of COSCO Shipping, Huang Xiaowen, Executive Vice President of COSCO Shipping and heads of related functional and business units from both sides attended the signing ceremony. Chen Derong and Wan Min signed the agreement on behalf of China Baowu and COSCO Shipping respectively.

On February 7, Shanghai Stock Exchange accepted and issued the Decision on Delisting of Shares for Wuhan Iron and Steel Company Limited.

On February 8, China Baowu held the first Work Meeting on Construction of the Party's Work Style and Anti-corruption Campaign after its establishment to review and summarize the construction of the Party's work style and anti-corruption campaign in 2016 and deploy the key work of 2017. At the meeting, cases in violation of the Party's disciplines in organization, honesty, work, life, etc. seriously investigated by CPC Commission for Discipline Inspection and discipline inspection and supervision organizations at all levels of former Baosteel Group and WISCO in 2016 were reported. Party committees of secondary units in Shanghai submitted "2017 Pledge for Construction of the Party's Work Style" to the Party of China Baowu.

On the same day, Baosteel Co., Ltd. announced that President Chen Derong and Director Liu An, due to the requirement of work, applied to the Board of Directors for resigning the post of Director and other posts in the Board and was approved.

On February 9 and 10, China Baowu held the 2017 Symposium on Overseas Development in Changshu Leadership Development Center. This is the first meeting on overseas work after the establishment of China Baowu, at which China Baowu proposed to construct an international ability system corresponding to its industry status. The meeting deployed specifically key work such as the integration and incorporation of overseas business and the promotion of the Belt and Road Initiative, etc.

On February 14, the shares of WISCO were delisted from Shanghai Stock Exchange and exited the A-share market. Baosteel Co., Ltd. issued A shares to all WISCO stock-exchanging holders and merged WISCO in the form of swap of shares. Baosteel Co., Ltd. was the combining party and the surviving party and WISCO was the combined party and the non-surviving party. After the merger, the total shares of Baosteel Co., Ltd. increased to 22.1 billion, of which China Baowu held 52.14%, WISCO held 13.49% and other outside shareholders held the rest 34.37%.

On February 17, Fortune magazine issued 2017 World's Most Admired Companies List. China Baowu was included in the list as the No. 9 most admired company in the metal industry. World's Most Admired Companies List focuses on the balanced capability in innovation, quality of management, social responsibility, financial soundness, long-term investment value, global competitiveness, etc. and is authoritative with respect to the global reputation of companies. Besides the all-star list, there were most admired companies lists involving over 50 industries.

On February 24, a group led by Jiang Jinquan, Chief Inspector of the Inspector's Office of the Central Commission for Discipline Inspection of the CPC at SASAC, went to China Baowu for a survey. The group communicated with grassroots Party members and cadres and visited Baoshan base of Baosteel Co., Ltd.

On the same day, Baosteel Co., Ltd. announced that it held the First Interim General Meeting of Stockholders in 2017 to adjust the Board of Director. At the Interim Director Meeting held in the afternoon, Dai Zhihao, former President and Director was elected as the new Chairman and Zou Jixin, the new Director, was appointed President.

On February 27, the listing ceremony of Baosteel Co., Ltd. after merging WISCO was held in Shanghai Stock Exchange. At half past nine, Baosteel Co., Ltd. (600019) officially resumed trading and was listed. Baosteel Co., Ltd. closed quotation that day with RMB 7.31 yuan per share, a rise of 7.5%. The value of traded stocks was RMB 2.641 billion.

On February 28, China Baowu held the joint meeting of staff congress, at which Employee Director and Employee Supervisor of the Corporation were elected. Fu Lianchun, Chairman of China Baowu Trade Union, was elected as Employee Director and Lu Qiaoling, Head of Audit Division of China Baowu and He Bolin, Director of Disciplinary Inspection Office under the Party Committee were elected as Employee Supervisors.

On the same day, Hwabao Finance & Leasing Co., Ltd. (hereinafter referred to as "Hwabao Finance & Leasing"), jointly promoted and funded by Hwabao Investment Co., Ltd., Baosteel Hong Kong Investment Co., Ltd. and Shanghai Duding Enterprise Management Center (limited partnership), was incorporated in China (Shanghai) Pilot Free Trade Zone. The company's main business is normal lease (direct lease, leaseback and operating lease) and related consulting, complemented with business for channels of financing and leasing. It also, together with other leasing companies, conducts such business as joint lease and sublease.

03

MARCH
2017

On March 1, China Baowu held the first mobilization and deployment meeting for disciplinary inspection in 2017. From March 8 to April 20, Disciplinary Inspection Group under the Party Committee of China Baowu conducted disciplinary inspection on Baosteel Metal and Baosteel Stainless Steel.

On March 2, the Inaugurating Meeting of Baosteel Wuhan Iron & Steel Co., Ltd. (hereinafter referred to as "WISCO") was held. Dai Zhihao, Member of the CPC Standing Committee of China Baowu, Party Secretary and Chairman of Baosteel Co., Ltd. and Zou Jixin, Member of the CPC Standing Committee of China Baowu, President and Deputy Party Secretary of Baosteel Co., Ltd., jointly unveiled the nameplate of WISCO.

On March 7, Baowu Group Environmental Resource Technology Development Co., Ltd. (hereinafter referred to as "Baowu Group Environmental Resource Technology Development") was officially unveiled. It is the first primary subsidiary established after foundation of China Baowu and directly under its management, and mainly engaged in recycling and utilization of metallurgical solid waste, technical consulting for environment protection, ecological remediation of polluted land and integration of technologies and equipment for environment protection. Chen Derong, President and Deputy Party Secretary of China Baowu, Wang Hong, Secretary of the CPC Baoshan District Committee, Fan Shaojun, Chief Executive of Baoshan District, Dai Zhihao, Party Secretary and Chairman of Baosteel Co., Ltd. and Lv Ming, Deputy Chief Executive of Baoshan District, and industrial partners such as Shanghai Building Material Corporation, Shanghai Academy of Environmental Sciences, MCC Baosteel Technology Services Co., Ltd. and MCC CISDI, representatives of Baoshan District Environmental Protection Bureau, Yuepu Town, Yanghang Town and Songnan Town, leaders of China Baowu and representatives of related functional units of the headquarter, related subsidiaries and related affiliated companies of Baosteel Co., Ltd. attended the ceremony.

On March 21, China Baowu held the entry and flag-raising ceremony in the square of Baowu Tower, which marked that the office of the headquarter of China Baowu moved from Baosteel Tower in No. 370 Pudian Road to Baowu Tower in No.1859 Shibo Avenue. Since March 27, China Baowu has officially worked in the new address.

On March 22, at the 2016 Shanghai Science and Technology Awarding Meeting, the "Industrial Manufacturing Technology and Product Development of 690 Alloy U-shaped Tube for Pressurized Water Reactor Nuclear Power Steam Generator" project developed by the team led by Zhang Lihong, Principal Engineer of Baosteel Special Steel, won the first prize of 2016 Shanghai Science and Technology Progress Award, the "Technology of Automatic Shape Control and Quality Improvement for Hot Rolling and Rough Rolling" conducted by Zhang Renqi, technical expert from Hot Rolling Plant of Baosteel Co., Ltd., won the second prize (Group of Workers) of 2016 Shanghai Science and Technology Progress Award and the "Application Technology for a High Environmentally-friendly and High Efficient Coke Oven" conducted by Ji Yilong, senior technician from Meishan Steel of Baosteel Co., Ltd., won the third prize (Group of Workers) of 2016 Shanghai Science and Technology Progress Award.

On March 25, the OY furnace (an ironmaking device with smelting reduction process) of Bayi Iron & Steel blew in and resumed production, tapping at 18:06 of the next day. At that point, the OY furnace with an overhaul of 19 months was included in the production and three 2500-cubic-meter blast furnace and OY furnace of Bayi Iron & Steel fully resumed production.

On March 31, Meishan Steel Technology Center of Baosteel Research Institute was officially unveiled and established.

04

APRIL
2017

On April 7, China Baowu, together with WL Ross & Co., U.S.-China Green Fund and China Merchants Finance Holdings, held a contract-signing ceremony for Four Rivers Steel Industry Structure Adjustment Fund (preparatory) Framework Agreement in Jinmao Tower, Lujiazui, Shanghai, planning to promote Four Rivers Steel Industry Structure Adjustment Fund, the first steel industry structure adjustment fund in China.

On April 13, Wang Yong, State Councilor, went to WISCO for a survey of work safety.

On the same day, Shanghai Baowu JFE Clean Iron Powder Co., Ltd., a joint venture of Baosteel Metal and JFE Steel Corporation, was officially unveiled. It is the first enterprise in China that uses domestic quality iron powder to produce and sell segregation-free and pre-mixed iron powder used in auto parts. Chen Derong, President and Deputy Party Secretary of China Baowu, and Koji Kakigi, President of JFE Steel Corporation, jointly unveiled the nameplate of the new company.

On April 14, China Baowu issued a document declaring that the organizations of the headquarter were adjusted: Industry and Finance Development Center and Hwabao Investment, established separately, operated according to their respective positioning; Urban New Industry Development Center and Baoland, established separately, operated according to their respective positioning; Planning & Development Department was renamed as Strategic Planning Department (Economic and Planning Institute) and positioned as a functional department; the responsibility of managing supervisors appointed to subsidiaries was transferred from Steel Industry Development Center, Service Industry Development Center, Industry and Finance Development Center and Urban New Industry Development Center to Audit Department respectively.

On April 24, Ministry of Human Resources and Social Security and State Oceanic Administration held the Commendation Meeting for China's Polar Exploration in Beijing, at which Antarctic Taishan Station Project Team of Baosteel Engineering & Technology Group Co., Ltd. was granted the title of "Advanced Collective for China's Polar Exploration" and Wang Zhongjun, Chief Architect of the Project from Baosteel Construction System Integration Co. Ltd. was granted the title of "Advanced Individual for China's Polar Exploration".

On May 4, the Party Committee of China Baowu issued a document declaring that the setting and responsibilities of Party-mass organizations in the Headquarter were optimized and adjusted: For the Veteran Cadre Work Department, its management and operation were separated and it was co-located with CPC Organization Department, CPC United Front Work Department and Human Resource Department; For the People's Armed Forces Department, its management and operation were separated and it was co-located with CPC General Office; Science and Technology Association was no longer affiliated to the CPC Committee or authorized with the administrative function and the Department of Technological Innovation was responsible for its work and staff; Enterprise Management Association was no longer affiliated to the CPC Committee and Baosteel Co., Ltd. was responsible for its work and staff.

On May 5, the First China Baowu Staff Art Festival, Youth Culture Festival and Senior Citizen Art Festival themed by "Communication, Integration and Development" opened. The festival was held in six regions including Shanghai, Wuhan, Xinjiang, Shaoguan, Meishan and Zhanjiang with 15 cultural events.

On May 8, the 11th Congress of the Communist Party of China in Shanghai opened. 8 representatives including Ma Guoqiang, Li Shanqing, Zou Dongying, Zhang Yang, Zhang Peiyuan, Chen Derong, Xing Lijun and Chu Shuangjie (in the order of the number of strokes in the surnames) from China Baowu attended the Congress. Of them, 3 representatives are Party leaders and 5 representatives are grassroots Party members. Ma Guoqiang, Party Secretary and Chairman of China Baowu, was a member of the Congress Presidium.

On May 8, the 116th Paris International Inventions Exhibition closed. Of the 11 inventions present at the exhibition, China Baowu won 2 gold awards, 5 silver awards and 3 bronze awards. The "Precious Welding Technology and Equipment for Ultrahigh-strength Thin Steel Strip Used for Continuous Production of High-speed Tandem Cold Rolling Mill" conducted by Chenjie, Chief Inspector of Cold Rolling Plant of Baosteel Co., Ltd., and the "Practice of Environmental Protection and Noise Reduction and Intelligent Exploration of Pressure Stability Technology in Swash Plate Axial Piston Pump" conducted by Wang Jun, technical expert from Hot Rolling Plant of Baosteel Co., Ltd., won gold awards. The gold awards won by China Baowu accounted for 50% of those won by Chinese inhibitors. Meanwhile, Wang Jun was granted the honorary award of Lepine Invention Award, the highest award in the exhibition, making him the second Chinese receiving this honor.

On May 12, the 11th Congress of the Communist Party of China in Shanghai closed. Ma Guoqiang, Party Secretary and Chairman of China Baowu, was elected as a member of the 11th CPC Shanghai Municipal Committee.

On May 16, "Shanghai Equity Exchange & Wesocool Innovation Park Incubator for Listing of Enterprises", jointly established by Wesocool Innovation Park and Shanghai Equity Exchange and operated by Shanghai Senzo Investment Management Co., Ltd., was officially unveiled and established. From May 17 to May 19, Baosteel Co., Ltd. participated in Made in Steel 2017.

On May 20, Wang Haizhou, Vice Chairperson of Tibet Autonomous Region, visited Guajiaxin Village of Sangzhuzi District in Shigatse City for an on-site survey of model houses with light steel structure built by China Baowu.

On May 22, an inspection unit by Supervisory Board for Key Large State-Owned Enterprises and related bureaus of SASAC of the State Council was appointed to China Baowu to inspect the overseas state-owned assets of China Baowu.

On May 23, S&P Global Ratings confirmed: the credit rating of China Baowu and Baosteel Co., Ltd. was BBB+, with the outlook upgraded from "credit watch negative" to "stable". At that point, China Baowu and Baosteel Co., Ltd. continued to maintain the optimum rating level in global comprehensive steel enterprises.

On May 27, China Baowu signed a strategic cooperation agreement with China Merchants Group. Both sides would give play to their respective advantages and cooperate in logistics and transportation, development of communities and parks, finance, innovative business and other fields. Ma Guoqiang, Party Secretary and Chairman of China Baowu, and Li Jianhong, Chairman and Party Secretary of China Merchants Group, attended the signing ceremony. Chen Derong, President and Deputy Party Secretary of China Baowu, and Li Xiaopeng, President and Deputy Party Secretary of China Merchants Group, signed the agreement on behalf of China Baowu and China Merchants Group respectively. Hu Wangming, Vice President of China Baowu, Sun Chengming and Wang Hong, Vice Presidents of China Merchants Group, and heads of related units and departments from both sides attended the signing ceremony.

On May 31, Ouyeel E-commerce conducted the first round of opening stock equity. 6 investors including Benxi Steel Group Corporation, Beijing Shougang Fund Co., Ltd., Global Logistic Properties Investment (Shanghai) Co., Ltd., Beijing Jianxin Equity Investment Fund (limited partnership), Jiangsu Shagang Group Co., Ltd. and Mitsui & Co., Ltd. bought shares of Ouyeel E-commerce and 126 key employees of Ouyeel E-commerce became its shareholders. After the round of opening stock equity and employee stock ownership, Ouyeel E-commerce raised a development fund of over RMB 1 billion.

06

JUNE
2017

On June 1, Meishan Steel tried out the management mode of "Factory-managing Operation Zones" in Hot-rolled Plate Plant, Department of Energy and Environmental Protection and Transportation Department and cancelled the organizational system of management at the branch (workshop) level. The new mode was officially adopted on July 1.

On June 9, Moody's, an American bond rating agency, upgraded the rating of China Baowu and Baosteel Co., Ltd. from Baa1 with the rating outlook of "negative" to Baa1 with the rating outlook of "stable". It indicated that China Baowu and Baosteel Co., Ltd. continued to maintain the optimum rating level in global comprehensive steel enterprises.

On June 11, by 5:39, two blast furnaces in Zhanjiang Steel integrated and built by China Baowu independently produced over 10 million tons of molten iron in total.

On June 12, Symposium on the Promotion of Central Enterprises to the Sustained and Sound Development of Qinghai & Signing Ceremony of Strategic Cooperation was held in Xining, at which China Baowu signed cooperation agreement on talent introduction with Xining Special Steel Co., Ltd., to which China Baowu provided pairing intelligence aid.

On June 13, the first roll of product manufactured by 1550 Rolling Line in Zhanjiang Steel rolled off the line. The 1550 Rolling Project was commenced on May 5, 2015 and cold load test was conducted on May 8, 2017. The designed annual capacity of the rolling line was 1.5973 million tons. The products included carbon steel and silicon steel mainly used in home appliances.

On June 14, after nearly two months, 2017 China Baowu Science and Technology Festival themed by "Innovation, Collaboration and Sharing" came to an end. During the festival, about 2,000 people participated in around 30 events.

On June 23, China Baowu signed a strategic cooperation framework agreement with FAW Group in Baowu Tower. According to the agreement, both sides would, by means of project cooperation, conducted multi-dimension, multi-faceted and in-depth cooperation in supply of auto material, R&D and application of new material, new process and new technology, integration and development of industry chain, exploration and construction of supply chain "Internet Plus", communication on Party building, etc.

On June 27, the opening ceremony of Hwabao Finance & Leasing Co., Ltd. was held in Baowu Tower.

07

JULY
2017

On July 1, Baosteel Co., Ltd. was officially entrusted to manage Baosteel Special Steel Long Products Co., Ltd. and its wholly-owned subsidiary Baosteel Special Steel Shaoguan Co., Ltd.

On July 12, SASAC released the list of Class A enterprises in the annual business performance appraisal on central enterprise leaders. China Baowu was one of the 51 enterprises in the list.

On July 20, the Fortune released its ranking list of "Global 500". China Baowu ranked 204 with revenue of USD 46.606 billion and profit of USD 443 million in 2016, the second highest in global steel companies.

On the same day, Zhanjiang Steel Technology Center of Baosteel Central Research Institute was officially established and opened.

On July 31, Fortune China released its ranking list of "2017 Fortune China 500". Baosteel Co., Ltd. ranked 35 in the list. In 2016, Baosteel Co., Ltd. sold 24.087 million tons of steel billet and steel products with gross revenue of RMB 185.46 billion and total profit of RMB 11.52 billion. It accounted for 4.3% and 6.2% of the production and revenue respectively of the domestic large and medium steel enterprises, with a profit contribution of 38%.

On the same day, China Baowu held the second mobilization meeting for disciplinary inspection. China Baowu would conduct comprehensive inspection on 4 units including Baosight, Baoland as well as Engineering & Technology Group and River North Group Co., Ltd. affiliated to Wuhan Iron and Steel Group, and random inspection on 3 units including Baochem, Baosteel Engineering & Technology and Baosteel Development.

On August 3, China Iron and Steel Association and The Chinese Society for Metals announced the result of 2017 Metallurgical Science and Technology Award and 20 China Baowu projects won awards. 4 projects including "Research on Production Process and Environmental Friendliness of Baosteel Products Based on Life Cycle Assessment (LCA)", "Technical Development and Application on Sintering Intensification with Coke Oven Gas" from Meishan Steel, "Technical Development and Application on Production of Electrical Steel (Oriented and Non-oriented) with Continuous Casting and Rolling of Sheet Billet" from WISCO and "Research and Development of Key Technology and Application of Serialized Products for New Energy-saving and Environmentally-friendly Material Used in Large Coke Oven" jointly developed by Baosteel Co., Ltd. and Sinosteel Refractory Co., Ltd. won the first prize, 4 projects won the second prize and 12 projects won the third prize.

On August 6, China Baowu issued a document declaring that it decided to establish a preparatory group to be responsible for related preparation of a metallurgical asset management company and conduct communication and coordination with corresponding government departments.

On August 17, 1550 Cold-rolling Smart Line in Zhanjiang Steel was fully completed and began production trial run, marking that all the projects under construction in Zhanjiang Steel were completed and put into operation. The construction of 1550 Cold-rolling Line, the second in Zhanjiang

Steel, started on May 5, 2015. The line constituted of one pickling line, one rolling line, one continuous annealing line, one hot-dip galvanizing line, two electrical steel lines, two recoiling lines, three packing lines and other public auxiliary facilities, with an annual capacity of 2.55 million tons. Dai Zhihao, Party Secretary and Chairman of Baosteel Co., Ltd., Zheng Renhao, Secretary of the CPC Zhanjiang Municipal Committee, Jiang Jianjun, Deputy Secretary of the CPC Zhanjiang Municipal Committee and Mayor of Zhanjiang, Xu Shun, Party Secretary and Chairman of CPPCC Zhanjiang Committee, Sheng Genghong, Vice President of Baosteel Co., Ltd., Party Secretary and Chairman of Zhanjiang Steel, related departments of Baosteel Co., Ltd. and Zhanjiang Steel and representatives from units in construction, design, supervision and equipment attended the launching ceremony.

On August 21, Wuhan Branch of Baosteel Central Research Institute (R&D Center of WISCO) was unveiled and established. Baosteel Co., Ltd. Dai Zhihao, Party Secretary and Chairman of Baosteel Co., Ltd. and President of Central Research Institute and Liu An, Member of the CPC Standing Committee of Baosteel Co., Ltd., Vice President of Baosteel Co., Ltd., Executive Director and President of WISCO jointly unveiled its nameplate. Baosteel Co., Ltd. Liu Qiang, Member of the CPC Standing Committee of Baosteel Co., Ltd. and Party Secretary of WISCO attended the unveiling and establishing ceremony.

On September 7, China Baowu signed a strategic cooperation framework agreement with Wenzhou Municipal People's Government. Both sides would give play to their respective advantages and cooperate in new material, urban service industry, environmental protection industry, smart city and other fields and build a strategic partnership with mutual benefit, win-win cooperation and sustainable development. Chen Derong, President and Deputy Party Secretary of China Baowu, Hu Wangming, Vice President of China Baowu, Zhang Geng, Mayor of Wenzhou, and Wang Chi, Vice Mayor of Wenzhou, attended the signing ceremony. Hu Wangming and Wang Chi signed the agreement on behalf of China Baowu and Wenzhou Municipal People's Government respectively.

On September 10, China Enterprise Confederation and China Enterprise Directors Association released the list of "2017 Top 500 Chinese Enterprises" in Nanchang City, Jiangxi Province and China Baowu ranked 44. Of all the 46 enterprises in steel industry included in the list, China Baowu ranked first.

On September 11, China Baowu held the Press Conference on the Promotion of Supply-side Structural Reform in Baowu Tower. Mainstream media including People's Daily, Xinhua News, CCTV-1, CCTV-2, CNR (China National Radio), China Daily, China Business News, CBN Channel, etc. focused on topics such as supply-side structural reform, integration and incorporation after the merger of Baosteel and WISCO and reform on system and mechanism, and communicated with Chen Derong, President and Deputy Party Secretary of China Baowu, Zhu Junsheng, Deputy Party Secretary of Baosteel Co., Ltd. and Jin Wenhai, Senior Vice President (presiding) of Ouyee E-commerce. When interviewed by the media, Chen

Derong said that after the merger, Baowu accelerated the integration and incorporation and seized the opportunity of a recovering market, with sharp increase in business performance and initial emerging of cooperative effect after the merger.

On September 12, China Baowu issued a document declaring that it decided to establish leading group and working group for the construction of Xiongan New Area. Chen Deron and Hu Wangmin held office as Leader and Deputy Leader of Leading Group for the Construction of Xiongan New Area respectively.

On the same day, Baosteel Special Steel was certified by GTT (Gaztransport & Technigaz), a French company, with a certificate for Invar alloy used in LNG carrier, being the second enterprise manufacturing this steel product in the world. LNG carrier, which can tolerate the ultralow temperature of -163°C, is a world-recognized "crown jewel" in shipbuilding industry. Invar alloy is a key material of LNG carrier.

From September 13 to September 15, employees from 51 units including the headquarter of China Baowu, various companies of Banshan Base of Baosteel Co., Ltd., Baosteel International, Baoland, Baosteel Industry, etc. participated in the 2017 Emergency Voluntary Blood Donation organized by Baosteel Red Cross in Baosteel Sports Center.

09

SEPTEMBER
2017

On September 14, the “Achievement Exhibition on Implementing New Vision of Development, Deeply Implementing Strategy of Innovation-driven Development and Vigorously Promoting Business Startups and Innovation of Central Enterprises” (hereinafter referred to as “Achievement Exhibition of Central Enterprises”) was officially held in China Academy of Electronics and Information Technology in Beijing. Wang Yong, State Councilor, accompanied by Hao Peng, Party Secretary of SASAC of the State Council, and Xiao Yaqing, Chairman and Deputy Party Secretary of SASAC of the State Council, visited the exhibition stand of China Baowu.

On September 15, 2017 National Mass Entrepreneurship and Innovation Week themed by “Business Startups and Innovation Promoting Upgrading, Building Up Powerful New Drivers” was unveiled in Chang Yang Valley, Yangpu District, Shanghai. Zhang Gaoli, Member of the Standing Committee of the Political Bureau of the CPC Central Committee and Vice Premier of the State Council, Han Zheng, Member of the Political Bureau of the CPC Central Committee and Secretary of the CPC Shanghai Municipal Committee, Wan Gang, Vice Chairman of CPPCC and Minister of Ministry of Science and Technology, He Lifeng, Chairman of National Development and Reform Commission, Ying Yong, Deputy Secretary of the CPC Shanghai Municipal Committee and Mayor of Shanghai, Huai Jinpeng, Party Secretary of China Association for Science and Technology, and other leaders visited the exhibition stand of China Baowu and listened to the work report given by Chen Derong, President and Deputy Party Secretary of China Baowu.

On the same day, the launching ceremony for China Baowu Branch Session of 2017 National Mass Entrepreneurship and Innovation Week & Employee Innovation Day was held in B-Link-Shanghai “Internet Plus” Industrial Park, formerly Shanghai No. 2 Steel Works with a history of nearly 80 years. The park, through optimization and modification of space and transformation and upgrading of industry, became the first park for business startups and innovation preliminarily built by China Baowu. It was also one of the important supporting areas for Shanghai Technology Innovation Center.

On the same day, the launching ceremony for “Li Ming and the Road of Baosteel” written by China Baowu and edited and published by Citic Press was held in Youyi Hall, Baoshan Hotel.

On September 16, the second Team of the 18th Inspection Group of Work Safety Commission of the State Council, led by Xu Xianghong, visited Baosteel Co., Ltd. and conducted comprehensive inspection on work safety check.

On September 19, Hong Hua, technical expert from Power Plant of Baosteel Co., Ltd., Yang Lei, chief operator from Baosteel Special Steel, and Ji Yilong, senior inspector from Ironmaking Plant of Meishan Steel were honored as “2017 Shanghai Craftsmen”.

On the same day, in the Aviation Expo/China 2017 (17th Expo), Hwabao Finance & Leasing signed an agreement for purchasing 30 C919 large jetliners with Commercial Aircraft Corporation of China, Ltd., marking that Hwabao Finance & Leasing officially entered the field of aircraft leasing.

On the same day, the 6th session of board of directors of Baosteel Co., Ltd. announced the resolution of the 21st meeting, approving the “Proposal on the Project of Purchasing Equity of Shanghai Rural Commercial Bank Co., Ltd. (SRCB)” Baosteel planned to buy purchase 10% equity of SRCB held by Australia and New Zealand Banking Group Limited (hereinafter referred to as “ANZ Bank”) with a consideration of RMB 4.595 billion.

On September 20, 2017 “Internet Plus Steel” Business Startups and Innovation Summit Forum, hosted by China Baowu and undertaken by Ouyeel E-commerce, was held in Chang Yang Valley, Yangpu District, Shanghai. As the key event of the Main Session of National Mass Entrepreneurship and Innovation Week, the forum gathered top experts and scholars, government leaders, representatives of investment organizations and leaders from steel works and e-commerce platforms in the industry, who shared the newest view on the cooperative development, transformation and innovation of steel industry and e-commerce platform, and discussed the future of “Internet Plus Steel”. Chen Derong, President and Deputy Party Secretary of China Baowu, Zhou Yupeng, President of Shanghai Modern Service Industry Federation, Former Member of the Standing Committee of the CPC Shanghai Municipal Committee, Former Vice Mayor of Shanghai, Former Deputy Director of the Standing Committee of Shanghai Congress, Yuan Gang, Member of the Standing Committee of the CPC Baoshan District Committee and Deputy Chief Executive of Baoshan District, Hou Angui, President Assistant of China Baowu, Party Secretary and Chairman of Ouyeel E-commerce, Zhou Aoying, Vice President of East China Normal University, and other leaders attended the forum.

On September 21, “Saint-Gobain Open Innovation Incubator” was unveiled in Wesocool Innovation Park. Saint-Gobain group is a multinational corporation designing, manufacturing and distributing high performance materials with a history of 352 years. It headquarters in France and entered Chinese market in 1985.

On October 1, Baosteel Desheng and Ningbo Baoxin, formerly entrusted to Baosteel Stainless Steel, was managed by China Baowu directly.

On October 13, China Baowu held the third mobilization meeting for disciplinary inspection and conducted comprehensive inspection on 5 units including Baosteel Special Steel, Baosteel Resources, Ouyeel E-commerce, Baowu Group Environmental Resource Technology Development and Hwabao Investment.

On October 17, at the annual meeting of World Steel Association (hereinafter referred to as "Worldsteel") held in Brussels of Belgium, the Council of Worldsteel elected leading members of the association and members of executive committee from 2017 to 2018. Ma Guoqiang, Party Secretary and Chairman of China Baowu, was elected as executive director of Worldsteel.

From October 23 to October 27, the 18th science and technology exchange between China Baowu and "China Steel Corporation" based in Taiwan (hereinafter referred to as "CSC") was held in Taiwan. Wang Xiqin, Executive Vice President of CSC, Cai Songzhao and Guo Xinjin, Vice Presidents of CSC, Zhang Jingang, Vice President of China Baowu, Chu Shuangjie, Vice President (executive) of Baosteel Co., Ltd., Wang Jianyue, President Assistant of China Baowu attended the opening ceremony. The science and technology exchange between China Baowu and CSC, dating from 1995, was held by China Baowu and CSC in turn annually. The topics of this exchange were hot rolling, cold rolling and technological management.

On October 24, Ma Guoqiang, Party Secretary and Chairman of China Baowu, was elected as Alternate Member of the 19th CPC Central Committee.

On the same day, the signing ceremony for strategic cooperation of Big Data Industrial Park Project promoted by Wuhan Iron and Steel Group of China Baowu, Qingshan District of Wuhan City and Unisplendour Corporation Limited (UNIS) was held at Wugang Hotel. Three sides would give play to their respective advantages to combine industry with city, finance and Internet respectively and jointly build a leading domestic WISCO - UNIS Big Data Industrial Park integrating Artificial Intelligence, Smart Manufacturing and Smart City in Qingshan District.

On November 1, the First China Baowu Staff Art Festival, Youth Culture Festival and Senior Citizen Art Festival themed by "Communication, Integration and Development" closed. Fu Lianchun, Chairman of China Baowu Trade Union, and other leaders presented award to winners of "Top 10 Chorus" and units winning Outstanding Organization Award and Best Progress Award.

On November 3, Ma Kai, Vice Premier of the State Council, accompanied by Hao Peng, Party Secretary of SASAC of the State Council, and Xiao Yaqing, Chairman and Deputy Party Secretary of SASAC of the State Council, visited the exhibition stand of China Baowu on the "Achievement Exhibition of Central Enterprises". Zhang Jingang, Vice President of China Baowu, introduced the achievement of technological innovation in formulation of strategic planning, cooperation of business integration, production and operation, high strength steel Baosteel car body (BCB), etc. after the merger of Baosteel and WISCO.

On November 4, the commemorative activity for 40th anniversary of friendly cooperation between China Baowu and Nippon Steel & Sumitomo Metal Corporation (NSSMC) was held in No. 1 Blast Furnace Memorial Square of Baosteel Co., Ltd. leaders and old leaders from China Baowu including Ma Guoqiang, Chen Derong, Xie Qihua, Hu Wangming, Dai Zhihao and Zou Jixin, and guests from NSSMC including Shoji Muneoka, Kosei Shindo, Akio Mimura, Kinya Yanagawa, Yasumitsu Saeki and Eiji Hashimoto attended the activity.

On November 6, Liu Yandong, Vice Premier of the State Council, accompanied by Hao Peng, Party Secretary of SASAC of the State Council, and Xiao Yaqing, Chairman and Deputy Party Secretary of SASAC of the State Council, visited the exhibition stand of China Baowu on the "Achievement Exhibition of Central Enterprises". Hu Wangming, Vice President of China Baowu, introduced the achievement after merger of Baosteel and WISCO and the work in building National Business Startups and Innovation Demonstration Base.

On November 10, Fitch Ratings upgraded the credit rating of China Baowu and Baosteel Co., Ltd. from A- to A and adjusted the rating outlook from "watch variable" to "stable". China Baowu and Baosteel Co., Ltd. continued to maintain the optimum credit rating level in global comprehensive steel enterprises.

On the same day, China Baowu issued a document declaring that Shanghai Baosteel Stainless Steel Trading Co., Ltd. (hereinafter referred to as "Shanghai Stainless Steel") was a primary subsidiary of China Baowu under its direct management. Shanghai Stainless Steel was integrated with the working group for development of Wusong land parcel. The working group was wholly transferred to Shanghai Stainless Steel, which took related responsibilities. Not entrusted to Baosteel Stainless Steel any longer, Shanghai Stainless Steel would operate independently. The relation and style of management for Shanghai Stainless Steel was officially adjusted on January 1, 2018.

NOVEMBER
2017

On November 11, the awarding ceremony of 2017 Baosteel Education Award was held in Baowu Management Institute. Of all the students and teachers recommended by 75 domestic colleges and universities and 2 reviewing units (Shanghai Municipal Education Commission and Chinese Society of Metallurgical Education), 25 students won Outstanding Student Special Award, 464 students won Outstanding Student Award, 6 teachers won Outstanding Teacher Special Award, 12 teachers won Nomination for Outstanding Teacher Special Award and 249 teachers won Outstanding Teacher Award.

On November 13, China Baowu signed a strategic cooperation agreement with China Taiping Insurance Group Ltd. (hereinafter referred to as "China Taiping") in Baowu Tower. Ma Guoqiang, Party Secretary and Chairman of China Baowu, and Wang Bin, Party Secretary and Chairman of China Taiping, and other leaders from both sides attended the signing ceremony. According to the agreement, both sides would make use of the professional advantages in their respective main businesses and cooperate in such fields as control and management of risk, combination of industry and finance, innovation, etc. to complement each other's advantages and achieve joint development.

On the same day, China Baowu organized the first "Employee Representatives' Views on Baowu" activity themed by "Views on Actions for Smart Manufacturing and Seeing the Results for Environmental Improvement." Around 150 employee representatives from subsidiaries of China Baowu, through "Listening, Seeing, Asking and Speaking", experienced the development of Smart Manufacturing and improvement of employee working condition improvement in China Baowu.

On November 16, All-China Federation of Trade Unions held a work conference of national trade unions on the deepening of creation of model worker and craftsman talent innovation workroom in Ningbo, at which 100 national demonstration model worker and craftsman talent innovation workrooms were named. Wang Jun's innovation workroom from Baosteel Co., Ltd. was among them. At that point, Kong Liming's innovation workroom and Wang Jun's innovation workroom from China Baowu were included in the "National Demonstration Model Worker and Craftsman Talent Innovation Workroom".

On November 17, the Commendation Meeting for National Spiritual Civilization Construction was held in Beijing, at which Baosteel Co., Ltd. was awarded the title of "National Model Unit", a title won by Baosteel Co., Ltd. for the fifth consecutive time.

From November 23 to November 25, at the 22nd China National Exhibition of Inventions & 2nd World Invention and Innovation Forum, front-line innovation achievements from China Baowu won 31 gold awards, 51 silver awards and 67 bronze awards, accounting for 11.4%, 12.8% and 15.1% of total domestic gold awards, silver awards and bronze awards respectively.

On November 27, China Baowu held the first social responsibility report release conference, at which it released the Corporation strategic planning (2016—2021) and proposed the vision, mission and development strategy of China Baowu. Looking ahead, China Baowu defined its vision as "becoming a leader in the global steel industry and a world-class business group." Its mission is "to drive the transformation and development of the steel ecosystem into a green and smart industry, and to enhance the joint growth of its stakeholders". It would form a layout based on a green, competitive and smart steel industry and in conjunction with related industries including new materials, modern trade and logistics, industrial service, urban service and industrial finance and finally develop several pillar enterprises with hundreds of billions of yuan in revenues and tens of billions in profits, and a group of outstanding enterprises with tens of billions in revenues and billions in profits.

On November 29, Ma Huan, worker from Steelmaking Plant of Shaoguan Iron & Steel, won the champion of steelChallenge-12 Regional Championship in China.

On November 30, China Baowu decided to cancel the Planning Committee, Budget Committee, Leading Group for All-round Risk Management, Leading Group and Working Group for Auditing Economic Responsibility and Working Group for Auditing and Evaluating Fixed Asset Investment.

On December 11, Shanghai Stock Exchange (SSE) adjusted the sample stocks of indices including SSE 50, SSE 180, SSE 380 and SSE Dividend. Baosteel Co., Ltd. was included in the sample stocks of SSE 50, a return after it was excluded in December of 2013.

On the same day, at the launching ceremony of 2017 Shanghai Employee Excellent Innovation Achievement Exchange and Transformation Platform, Gao Yuqiang's innovation workroom affiliated to Baosteel Co., Ltd. and Xu Huihua's innovation workroom affiliated to Baosteel Development were named as "Shanghai Employee (Technician) Innovation Workroom" by Shanghai Federation of Trade Unions and Shanghai Workers' Technical Association and Hong Hua's innovation workroom affiliated to Baosteel Co., Ltd. was named as "Shanghai Employee (Woman) Innovation Workroom".

On December 15, the First Congress of Communist Youth League in China Baowu Steel Group Corporation Limited was held in Baowu Tower, at which 25 members of the First Committee of Communist Youth League in China Baowu were elected. At the following First Session of the First Committee of Communist Youth League in China Baowu, 7 members of the Standing Committee of the First Committee were elected and Zhou Jin was elected as Secretary of the First Committee of Communist Youth League in China Baowu.

On December 18, the project of Manufacturing Technology and Equipment Development for Cold-rolling and Ultrahigh-strength Steel in Zhanjiang Steel officially opened. Producing high-strength steel cold-rolling plate used for automotive sheet, the line mainly constituted of one continuous annealing/hot-dip galvanizing ultrahigh-strength steel line, one recoiling line and one semi-automatic packing line, with a designed annual capacity of 380,000 million tons and scheduled to be completed and put into operation in late September of 2019.

On December 19, a delegation of Party and government personnel from Pu'er City, Yunnan Province visited China Baowu and discussed the targeted poverty alleviation of Pu'er City. Fu Lianchun, Chairman of China Baowu Trade Union, and Zhang Yong, Fu Lianchun, Chairman of Baosteel Co., Ltd. Trade Union, attended the symposium and communicated with Lu Ping, Deputy Secretary of the CPC Pu'er Municipal Committee.

On December 20, Ministry of Industry and Information Technology issued the first National Industrial Heritage List. Hanyang Steel Works of River North Company affiliated to Wuhan Iron and Steel Group (formerly Hanyang Iron Works established in 1890) was included.

On December 22, China Baowu signed a strategic cooperation agreement with The People's Insurance Company (Group) of China Limited (hereinafter referred to as "PICC") in Baowu Tower. According to the agreement, both sides would further expand cooperation fields and cooperate in insurance business, investment and financing, etc. Ma Guoqiang, Party Secretary and Chairman of China Baowu, Chen Derong, President and Deputy Party Secretary of China Baowu; Miao Jianmin, Chairman and Party Secretary of PICC, Sheng Hetai, Vice President and Member of the CPC Committee of PICC, and other leaders from both sides attended the signing ceremony. Zhu Yonghong, Chief Accountant of China Baowu, and Sheng Hetai signed the agreement on behalf of China Baowu and PICC respectively.

On December 27, China Baowu issued a document declaring that the management relation for Echeng Iron & Steel Co., Ltd. (hereinafter referred to as "Echeng Iron & Steel") of Wuhan Iron and Steel Group was adjusted on January 1, 2018. China Baowu was entrusted by Wuhan Iron and Steel Group to manage Echeng Iron & Steel directly.

On the same day, the Culture and Sports Center formerly affiliated to China Baowu Trade Union was cancelled and wholly transferred to Baosteel Co., Ltd.

On December 28, the opening ceremony for Renovation of Thin-strip Land Parcel (Supporting Projects) of Wesocool Innovation Park was held. China Baowu planned to transform the land parcel into a space suitable for office work and R&D of young and middle-aged entrepreneurs.

From December 27 to December 29, at the 4th China B2B E-commerce Convention (business to business), Ouyee E-commerce ranked 2 in the list of Top 100 for China B2B Industry and 1 in the list of Transformation Pioneer for Traditional Enterprises.

In December, China Baowu cut down 180 legal persons in 2017 with a cutting rate of 28.4% and limited the number of legal persons to 500. The Corporation achieved the goal of "fulfilling the three-year task in two years" promised to SASAC of the State Council above quota one year and a half ahead of schedule.

SUBSIDIARIES INTRODUCTION

Wuhan Iron & Steel (Group) Corporation

Wuhan Iron & Steel (Group) Corporation (or Wugang Group), a wholly-owned subsidiary of China Baowu Steel Group Corporation Limited, shares the office with Baowu's headquarters in Wuhan and performs the function of management as a regional headquarters. By the end of 2017, Wugang Group had 11 wholly-owned subsidiaries, 2 holding subsidiaries, 3 directly affiliated institutions and 2 collective enterprises, with a total asset of 111.3 billion yuan and a workforce of 22,000. In 2017, Wugang Group's revenue reached 36.1 billion yuan, with a profit of 3.6 billion yuan.

Wugang Group has been actively practicing China Baowu's "One Basis, Five Leading Advantages" strategy and the core values of "honesty, synergy, innovation and sharing". Inheriting the strengths accumulated over the past six decades, it has seized on the strategic opportunities such as the rise of the central area, the development of the Yangtze River economic belt and the revival of Wuhan to promote the market-oriented reform and speed up the transformation of the old and new dynamics in accordance with the idea of industrialized and specialized operation. It has shifted from the manufacturing industry to the service industry, created a new space and new pattern for urban life and established a development path which focuses on the new urban and industrial services. The Group strives to become a specialized industrial company which possesses advantageous industries, prominent core competitiveness and a leading position, and is deeply loved by its employees and respected by society. The new urban service industry focuses on areas such as the construction of industrial parks guided by the idea of integrating cities and industries, the construction of green cities, healthcare for the old, high-end property, cultural tourism, preschool education and city gas. The new industrial service industry focuses on areas such as the development of industrial technical services, the development of mineral resources, modern trade logistics and power generation.

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Baosteel Iron & Steel Co., Ltd.

Baoshan Iron & Steel Co., Ltd. (hereinafter referred to as Baosteel Co., Ltd.) is a modernized globally leading integrated iron and steel company and the core enterprise of China Baowu Steel Group Corporation Limited, which ranks among Global 500 in Fortune. With "Creation Beyond Vision" as its mission, Baosteel Co., Ltd. is devoted to providing high-quality products and service for customers and creating best value for its shareholders and the society for the joint development with stakeholders.

In February 2000, Baosteel Co., Ltd. was set up solely by Shanghai Baosteel Group Corporation; in December of the same year, Baosteel Co., Ltd. was listed in Shanghai Stock Exchange (stock code: 600019). In February 2017, after the merger with Wuhan Iron and Steel Co., Ltd. by absorption, Baosteel Co., Ltd. owned main manufacturing bases of Shanghai Baoshan, Nanjing Meishan, Zhanjiang Dongshan and Wuhan Qingshan. The company ranks 2nd in the crude steel output, 3rd in the automotive sheet output and 1st in the oriented electrical steel production among all the global listed steel companies. It is one of the global steel enterprises with the most complete carbon steel products varieties.

Baosteel Co., Ltd. sticks to the development road of "innovation, coordination, greenness, openness and sharing", possesses internationally renowned brands, world first-class technology and service ability. The company attaches great emphasis to cultivating its innovation capacity, actively develops and applies the advanced technology for manufacturing, energy-conservation and environmental protection, and has established the marketing, processing and service network with nationwide coverage and worldwide involvement. Its independently developed new generation high strength automotive steel, electrical steel, high grade steel for household appliances, oil gas pipes, steel for bridge, hot-rolled heavy rail and other high-end products reach the world's advanced level.

Baosteel Co., Ltd. makes the most of the historic opportunity of supply-side structural reform and gives full play to, with a positive attitude of self-denial and self-transcendence from a front-runner, the cooperative advantage after the merger of Baosteel and WISCO. It will continuously improve the core capabilities of "multi-base management, cost reform, technology leadership, service advancement, smart manufacturing and urban steel mill", and strive for realization of its vision to build itself into the most globally competitive steel enterprise and a listed company with the greatest investment value.

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Baosteel Express; Hi, Baosteel



Xinjiang Bayi Iron & Steel Co., Ltd.

Xinjiang Bayi Iron & Steel Co., Ltd. (formerly Xinjiang Bayi Iron & Steel Corporation, hereinafter referred to as "Bayi Iron & Steel") was first established in September 1951 by Wang Zhen, a proletarian revolutionary of the older generation, and members of the People's Liberation Army based in Xinjiang and people of all ethnic groups in Xinjiang bearing the spirit of arduous struggle. During the 66 years since its establishment, Bayi Iron & Steel has made significant contributions to the economic construction and social development of Xinjiang. In April 2007, Bayi Iron & Steel became a subsidiary held by Baosteel Group. Currently it is a subsidiary of China Baowu Steel Group Corporation Limited. It is also a steel enterprise in Xinjiang with the highest equipment level and greatest competitiveness.

By June of 2017, Bayi Iron & Steel had 18,000 employees, of which 22% were from ethnic minorities and 35% were Party members. In 2017, Bayi Iron & Steel achieved revenue of RMB 14.9 billion and profit of RMB 1.02 billion, reversing the losses for three consecutive years. Under the background that China and Xinjiang Autonomous Region speed the implementation of supply-side structural reform, Bayi Iron & Steel will positively follow the general trend and constantly pursue the change, to increase the internal force and development capacity of the enterprise. It will dare to take social responsibilities and strive to contribute more to the social stability and long-term stability of Xinjiang Autonomous Region.

Address: Bayi Road, Toutunhe District, Urumqi City, Xinjiang Uyghur Autonomous Region

Postcode: 830022

Tel: 86-0991-3892222

WeChat Official Account: Today Bayi Iron & Steel

Website: www.bygt.com.cn

Guangdong Shaoguan Iron and Steel Co., Ltd.

The predecessor of China Baowu Group Guangdong Shaoguan Iron and Steel Co., Ltd. (hereinafter referred to as "Shaoguan Iron & Steel") was Guangdong Shaoguan Iron & Steel Group Corporation whose construction was commenced on August 22, 1966. On August 22, 2011, Baosteel signed an agreement on equity transfer with the State-owned Assets Supervision and Administration Commission, the People's Government of Guangdong Province, and 51% of equity of Shaoguan Iron & Steel was directly held by Baosteel on the basis of severing its social functions.

With an annual steel capacity of 6.6 million tons, Shaoguan Iron & Steel is a key steel manufacturing base in Guangdong and a high-tech enterprise in China. The products in the main business of steel include plates, bars, various wire rods, special steel long products, etc. widely used in automobile, petrochemical, machinery manufacturing, energy, transportation, aerospace, nuclear power and other industries. The vision of Shaoguan Iron & Steel is striving to be the most competitive supplier of steel products and service in south China and the manufacturing base of China Baowu for high-end bars and wire rods.

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Our home-Shaoguan Iron & Steel



Baosteel Stainless Steel Co., Ltd.

Baosteel Stainless Steel is a key manufacturing base in China for premium stainless-steel product. It is located in Baoshan District, Shanghai City with an area of 3.53 square kilometers. Its predecessor is Shanghai No.1 Steel Works, to which Mao Zedong, Deng Xiaoping, Jiang Zemin and other leaders from the CPC Central Committee paid a visit.

It is mainly engaged in production of stainless-steel products and has an annual capacity of 1.5 million tons of stainless steel. Its major stainless-steel products include hot-rolled stainless-steel plates and coils, cold-rolled stainless-steel coils. It has four major series of products including ferrite, austenite, martensite and dual phase steel.

During the new round of development for China Baowu, Baosteel Stainless Steel, according to the "One basic industry and five related industries" strategic layout of the Corporation, actively practice the core values of "Honesty, Collaboration, Innovation and Sharing". It works for the honor and brand and is committed to, with advanced manufacturing and technical capacity of stainless steel, providing customers with high-quality products and service.

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Baosteel Desheng Stainless Steel Co., Ltd.

Baosteel Desheng Stainless Steel Co., Ltd. (hereinafter referred to as "Baosteel Desheng"), established in March of 2011, was partly owned by Baosteel Group and entrusted to Baosteel Stainless Steel Co., Ltd. It was managed by China Baowu directly in October of 2017 and was awarded "Fuzhou Honest Enterprise in Employment" in January of 2017. Covering an area of about 3,270 mu, Baosteel Desheng reserved a subsequent supporting land of 5,000 mu, all of the land being tidal-flat area and marine reclamation land. Mainly engaged in the production of nickel alloy and stainless steel, Baosteel Desheng owns a complete process for manufacturing stainless steel including sintering, smelting, refining, hot rolling, solid solution and cold rolling. Now it is capable of manufacturing over 1.2 million tons of hot-rolled stainless steel and 0.4 million tons of cold-rolled stainless steel annually. In 2017, Baosteel Desheng, with 2,105 employees, achieved revenue of RMB 12 billion.

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Postcode: 350600

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WeChat Official Account: Baosteel Desheng

Ningbo Baoxin

Ningbo Baoxin Stainless Steel Co., Ltd. is an enterprise producing cold-rolled stainless-steel plates, coils and welded pipes jointly established by Baosteel Group Corporation, Zheyong Iron and Steel Investment (Ningbo) Co., Ltd. and three Japanese corporations including Nisshin Steel Co., Ltd., Mitsui & Co., Ltd. and Hanwa Co., Ltd. in March of 1996. Its main products are cold-rolled stainless steel plates, coils and welded pipes. The control of shape accuracy and thickness accuracy and surface quality for the products are in the domestic leading position and the BA product, abrasive product and thin gauge product are advantageous in quality in the market. Its products are widely used in elevators, auto parts, home appliances, kitchen & table ware, sanitary ware, medical apparatus and instruments, etc.

"Baoxin" cold-rolled stainless-steel plates and coils were recognized as "Ningbo Famous Brand Product" and "Zhejiang Famous Brand Product". Adhering to the comprehensive management policy of "Focusing on customer needs, coordinating sound operation, energy conservation, emission reduction and risk control, making quality stainless steel and achieving win-win situation between all parties", Ningbo Baoxin strives to be the most competitive enterprise manufacturing cold-rolled stainless steel.

Address: China Ningbo Economic and Technological Development Area (Xiapu, Beilun District)

Postcode: 315807

Tel: 0574-86718888

Website: www.baoxins.com

WeChat Official Account: Baoxin Stainless Steel



Baosteel Special Steel Co., Ltd.

Baosteel Special Steel Co., Ltd. (hereinafter referred to as "Baosteel Special Steel") is located in Wusong Industrial Zone, Baoshan District, Shanghai City. Its predecessor is Shanghai No.5 Steel Works, which, established in 1958, was one of the earliest bases manufacturing special steel in China.

Baosteel Special Steel owns various modern production lines such as special smelting, stainless steel, structural steel and high alloy steel long products, bright steel, alloy plate and strip, steel tube, etc. and forms a product system with special smelting, stainless steel and structural steel at its core. It also focuses on three key industries including aerospace, energy and automobile (transportation) and four professional products such as die steel, bearing steel, cold roll/mandrel and stainless-steel wire rod. The company adopts a mode, namely "Four plus one", for operating and managing various products such as long products, special products, plate and strip, steel tube and forged steel, to meet the individual requirements of customers in technology and service.

Address: No. 1269 Shuichan Road, Baoshan District, Shanghai

Postcode: 200940

Tel: (021)56679080

Fax: (021)56670867

E-mail: office@baosteel-specialsteel.com

Website: www.baosteel-specialsteel.com

Shanghai Baosteel Chemical Co., Ltd.

Shanghai Baosteel Chemical Co., Ltd. (hereinafter referred to as "Baohem") is a wholly-owned subsidiary of Baosteel Co., Ltd. affiliated to China Baowu Steel Group Corporation Limited. It owns 7 sets of tar processing units, 3 sets of benzene hydrogenation units, 10 carbon black production lines and many industries including trade, e-commerce and water affairs. With 4 plants under direct administration, 1 branch office and 8 primary subsidiaries and 1 overseas representative office (Southeast Asia) and 1,607 employees (by December of 2017), Baochem has a capacity of treating 1.65 million tons of tar and 350,000 tons of benzol and producing 240,000 tons of carbon black annually. In 2017, Baochem achieved annual revenue of RMB 11.2 billion. During the new round of planning period, Baochem will, guided by the "One basic industry and five related industries" strategic planning of China Baowu, focus on three topics of "Consolidating the inventory, expanding the increment and innovative development" and promote the implementation of focusing on the innovative development of carbon material and strengthening the foundation to improve performance.

Address: No. 1800 Tongji Road, Baoshan District, Shanghai

Postcode: 201999

Tel: 86-21-26648409

Website: <http://www.baochem.com/>

Baosteel Metal Co., Ltd.

Baosteel Metal Co., Ltd (hereinafter referred to as "Baosteel Metal") was established in December 2007, which is a flagship subsidiary of diversified business sectors of China Baowu. Its business includes metal packaging, industrial gases, metal products and automobile trading & services, etc. Since its establishment, Baosteel Metal has been growing rapidly in various lines of business. It has become a group company with serving areas all over the country as well as energetically expanding overseas markets, and has built many famous brands such as Baosteel Packaging, Baosteel Gases, etc.

Based on the latest strategic positioning of China Baowu, Baosteel Metal established an operation idea of "Focusing on integration and innovative development" and was endowed with a new mission of "Great integration of products and development of light metal". Baosteel Metal will build first-class business units with global competitiveness and be a member of the world-class advanced manufacturing industry clusters of China Baowu. In 2017, Baosteel Metal, with 3,266 employees, achieved annual revenue of RMB 14.2 billion and profit of RMB 280 million.

Address: 2 # Building of Baolian City, Lane 803, Shuangcheng Road, Baoshan District, Shanghai

Postcode: 200940

Tel: 26099999

Website: www.baosteelmetal.com

WeChat Official Account: Baosteel Metal Co., Ltd.



Baosteel Resources (International) Co., Ltd.

As a wholly-owned subsidiary of China Baowu Steel Group Corporation Limited, Baosteel Resources (International) Co., Ltd. (hereinafter referred to as "Baosteel Resources") is mainly engaged in the project investment, trading and logistics of raw material and fuel for steel metallurgy.

Boasting a total asset of around RMB 30 billion, Baosteel Resources set up subsidiaries in Australia, Singapore, South Africa and Indonesia. With over 20 long-term investment projects at home and abroad, industry-leading overall competitiveness and more than 5 billion tons of mineral resources under control, it is a mineral resources supplier with strong comprehensive strength. In 2017, Baosteel Resources, with 673 employees, achieved sales volume of 52.29 million tons and revenue of RMB 32.525 billion.

Address: No 568, East Daming Road, Hongkou District, Shanghai

Postcode: 200080

Tel: 86-21-35880000

Website: <http://www.baosteelresources.com>

Baosteel Engineering & Technology Group Co., Ltd.

As a wholly-owned subsidiary of China Baowu Steel Group Corporation Limited, Baosteel Engineering & Technology Group Co., Ltd. (hereinafter referred to as "Baosteel Engineering & Technology") emerged, developed and expanded with the technology and resources of China Baowu accumulated during the long-term metallurgical engineering construction and production and operation. Based on the "One basic industry and five related industries" strategy of China Baowu, Baosteel Engineering & Technology, targeting "industrial service industry", strives to be a provider of engineering technical service with professional technology and a smart service provider for the whole life cycle of equipment in large-scale industries.

Next to Baosteel Co., Ltd., the best steel company in the world, Baosteel Engineering & Technology pursues the road of development with technology and innovation. It has built one enterprise technology center at the state level, multiple national laboratories and enterprise technology centers at the provincial and municipal level, and seven employee innovation workrooms at Shanghai Municipal level and China Baowu level. By the end of 2017, Baosteel Engineering & Technology had accumulatively applied for about 2,860 patents and authorized around 1,420 patents. With the headquarter in Shanghai, the Company has about 5,000 employees, of which around 1,940 employees have middle- or high-level technical titles, about 700 employees have various national registered qualifications, 6 employees are technical experts at China Baowu level, one employee is a Shanghai Outstanding Academic Leader and 4 employees receives special government allowance from the State Council.

Address: Lane 550, Keshan Road, Shanghai, China

Postcode: 201900

Tel: 86-21-66786678

Website: <http://www.baosteelengineering.com/>



Shanghai Baosight Software Co., Ltd.

Shanghai Baosight Software Co., Ltd. (hereinafter referred to as "Baosight Software") is a software enterprise owned by Baosteel Co., Ltd. and listed (stock symbols for A share and B share are 600845 and 900926 respectively) in April of 2001. Based in China (Shanghai) Pilot Free Trade Zone, Baosight Software has a registered capital of RMB 791 million.

After development of 40 years, Baosight Software, making outstanding contribution to promoting the deep integration of informatization and industrialization, underpinning the transformation in development mode of Chinese manufacturing enterprises and improving the intelligence level of the city, becomes the leading supplier of solutions and services in industrial software industry application in China. Its products and service performance cover multiple sectors ranging from iron and steel, transportation, medicine, nonferrous metals, chemical industry, equipment manufacturing, finance, public service, to water conservancy and water affairs. By the end of 2017, Baosight Software had 4,055 employees. It achieved revenue of RMB 4.8 billion in 2017.

Address: No. 515 Guoshoujing Rd., China (Shanghai) Pilot Free Trade Zone

Postcode: 201203

Tel: 86-21-20379999

86-21-20378899

86-21-20378900

Website: www.baosight.com

WeChat Official Account: Baosight Software



Ouyeel E-commerce Co., Ltd.

Ouyeel E-commerce Co., Ltd. (hereinafter referred to as "Ouyeel E-commerce") is a service-oriented third-party iron and steel service platform established by China Baowu in February 2015 by integrating the former electronic iron and steel transaction resources and taking "service-oriented manufacturing system" as the business mode on the basis of new technological means such as the Internet, the Internet of Things, Big Data and Mobile Internet. It integrates information, settlement of transactions, logistics and warehousing, processing and distribution, investment and financing, financial intermediaries and featured services of technology and industry into one, which contributes to joint development and a win-win situation of entities such as iron and steel manufacturers, iron and steel traders, logistics and processing service providers and steel clients, and makes business dealings more convenient, faster and reliable.

Address: Room 3001, 9# Building, Lane 803, Shuangcheng Road, Baoshan District, Shanghai

Postcode: 200940

Tel: 95025

Website: www.ouyeel.cn

WeChat Official Account:

Ouyeel E-commerce (Ouyeel)



Baowu Group Environmental Resource Technology Development Co., Ltd.

Baowu Group Environmental Resource Technology Development Co., Ltd. (hereinafter referred to as "Baowu Group Environmental Resource Technology Development") is the first primary subsidiary after the establishment of China Baowu Steel Group Corporation Limited with a registered capital of RMB 500 million. By the end of 2017, it achieved revenue of RMB 2.4 billion and had 1,262 employees.

Baowu Group Environmental Resource Technology Development will build a professional platform based on comprehensive utilization of solid (hazardous) waste resources of China Baowu and environmental protection and facing third-party treatment of industrial and urban environmental pollution, provide strong support for the leapfrog development of the steel main business and the integrated development of the steel industry and city, and build a leading enterprise enjoying great popularity in China's environmental resource technology development and featuring professionalization, marketization and socialization.

Address: 12th & 13th Floor, Building A, Lane 600, Mohe Road, Baoshan District, Shanghai

Postcode: 201999

Fax: 021-36588798

Tel: 86-21-36588698

Hwabao Investment Co., Ltd.

Hwabao Investment Co., Ltd. (hereinafter referred to as "Hwabao Investment"), established in March 2007 with a registered capital of RMB 9.369 billion, is a wholly-owned subsidiary of China Baowu. Following the principles which meet corporate governance structure, Hwabao Investment carries out control and management on the companies of the finance sector of Baowu including Hwabao Trust, Fortune SG Fund Management Co., Ltd., Hwabao Securities and Baosteel Group Finance Co., Ltd. so as to promote resource sharing and business interaction.

As a flagship company of China Baowu in finance and service sectors, Hwabao Investment follows the concept of "respecting clients and deeply rooted in the market" to enhance brand influence and quality, and aiming at development of new approaches to industry-finance integration, conducts classified management and professional management and supervision over long-term equity investment so as to effectively improve equity value.

Address: 59th Floor, Shanghai World Financial Center, No. 100 Century Avenue, Shanghai

Postcode: 200120

Tel: 86-21-38506555

Shanghai Baoland Co., Ltd.

Baoland is a wholly-owned subsidiary of China Baowu. With a focus on internal inventory real estate assets to conduct revitalization and utilization of inventory real estate assets, it is mainly engaged in investment, design, engineering construction, investment attracting operation, property management, assets operation and other links.

Address: 25th Floor, Building B, Baoland Plaza, No. 588 Dalian Road, Yangpu District, Shanghai

Postcode: 200086

Tel: 65868500

Baosteel Development Co., Ltd.

Baosteel Development Co., Ltd. (hereinafter referred to as "Baosteel Development") was formerly known as Baosteel General Plant Enterprise Development Corporation, which was established in 1986 and changed, through restructuring, to a limited liability company in late 2007. Baosteel Development, as a wholly-owned subsidiary of China Baowu, achieved revenue of RMB 2.952 billion in 2017 and had 3,434 employees. It directly manages 10 business units and is engaged in services of life and production.

Address: South Building of Baoshan Hotel, No. 1813 Mudanjiang Road, Baoshan District, Shanghai

Postcode: 201999

Tel: +86 21 56125101

Website: <http://www.baosteeldeveloping.com>

Shanghai Wesocool Innovation Park Co., Ltd.

Shanghai Wesocool Innovation Park Co., Ltd. (hereinafter referred to as the Company) is a wholly-owned subsidiary of China Baowu and is affiliated to the sector of urban service industry of China Baowu.

The Company is engaged in the planning, development, service and comprehensive operation of industrial parks. By gradually transforming and developing the land parcel of Baosteel Special Steel to be transformed, it revitalizes and utilizes the real estate assets to build a science and technology industrial park. Dominated by scientific and technological innovation industries, the park gives priority to new material industry followed by the industries of "smart manufacturing", "safety" and "energy saving and environmental protection" and strives to build a domestic highland for innovation and business startups and an open scientific and technological innovation platform of China Baowu, construct a national demonstration base of new material industry with military-civilian integration, Baoshan base of Zhangjiang National Innovation Demonstration Zone and business startups and innovation demonstration base of China Baowu, and finally form an industry-leading "Wesocool Science and Technology City" with industry-city integration and international influence, thus realizing evolution from plant to park to city.

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WeChat Official Account: Wesocool Innovation Park



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Survey of the Concerns of Stakeholders

Thank you for reading this "China Baowu CSR Report 2017". China Baowu 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".





Friendly Baowu



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