



SETTING SAILING AFTER CASTING DREAMS FOR A CENTURY

JOINTLY BUILDING A HIGH-QUALITY IRON & STEEL ECOSPHERE

2020

CHINA BAOWU CORPORATE SOCIAL RESPONSIBILITY REPORT

China Baowu Steel Group Corporation Limited

2020 Corporate Social Responsibility Report



China Baowu Steel Group Corporation Limited

www.baowugroup.com

Environmental consideration for the publication of the report:
 Paper: Printed on environmentally-friendly paper
 Ink: Environmentally-friendly ink is adopted to reduce air pollution
 Designed and produced by: 创高云



Rating file





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National Gem Mighty Steel

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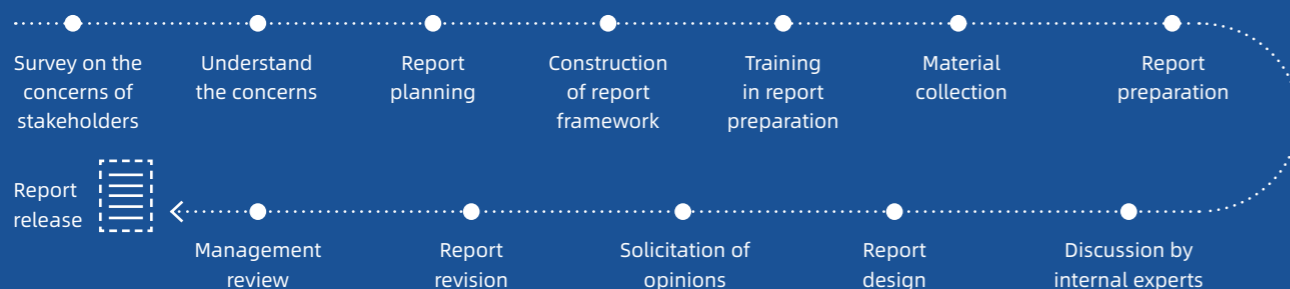
•Report overview

This report is the fifth Corporate Social Responsibility Report released to the public by China Baowu Steel Group Corporation Limited (hereafter referred to as "China Baowu" or "the Company").

•Principle

This report is compiled with reference to Guidelines on Management Improvement Activities of Central Enterprises (GZFG No. [2012] 23) issued by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), Guidelines on Fulfillment of Corporate Social Responsibility by Central Enterprises (No. [2008] 1) issued by the SASAC, Guide for the Business Action on UN Sustainable Development Goals (SDGs), and Guidelines for Preparation of China Corporate Social Responsibility Report (CASS-CSR4.0) issued by the Chinese Academy of Social Sciences, in full consideration of the wishes of stakeholders, and based on the unique understanding and specific practices of corporate social responsibility of China Baowu.

•Process



•Scope

Unless otherwise specified, this report mainly describes the work and performance of China Baowu in fulfilling its social responsibility in integrity management, innovation-driven development, green development, caring for employees, contribution to society and ecosphere co-building, etc. from January 1 to December 31, 2020, and the report covers such industries as steel manufacturing, new material, intelligent services, resource and environment, industrial park, and industrial finance.

•Text language

This report is published in both Chinese and English. In the event of any discrepancy between the two versions, the Chinese version shall prevail.

•Release form

This report is released in printed and electronic forms, among which the electronic document can be downloaded from the website of China Baowu (www.baowugroup.com).

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2020

China Baowu Steel Group Corporation Limited
Corporate Social Responsibility Report

MESSAGE FROM CHAIRMAN



Chen Derong:
Secretary of CPC and Chairman of China Baowu

The mighty river flows for five thousand years, and the great roc spreads its wings and flies nine thousand li.

The year 2020 marks the final year of completing the building of a moderately prosperous society in all respects and for concluding the 13th Five-Year Plan. It is also a year of glory for China Baowu which delivered remarkable results in accordance with the founding goal set in its First Party Congress. It also marks the 130th anniversary since China Baowu and the modern steel industry in China started from scratch

Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Party Committee of China Baowu has comprehensively implemented the guidelines of the 19th CPC National Congress and plenary sessions of the 19th CPC Central Committee. It has also carried out the recommendations delivered by General Secretary Xi Jinping during his inspection and survey in China Baowu. We have "strengthened our consciousness of the need to maintain political integrity, think in big picture terms, follow the leadership, and keep in alignment with the central Party leadership", stayed "confidence in the path, theory, system, and culture", and kept "upholding General Secretary Xi Jinping's core position on the CPC Central Committee and in the Party as a whole, and upholding the Central Committee's authority and its centralized, unified leadership". By fulfilling the mission with responsibilities and interpreting integrity with duties, we have made every effort to overcome the impact of COVID-19 while making new achievements in economic development. In 2020, we achieved a historic feat of "100-million-ton Baowu" and ranked top among global steel enterprises. In the face of the epidemic, we secured production for the country and assumed work for the people, winning victory in both epidemic prevention and control and business development. China Baowu realized the revenue of RMB 673.739 billion and the profit of RMB 45.543 billion, both reaching a record high. We were included in the list of central state-owned enterprises (SOEs) to establish a world-class enterprise by the SASAC. China Baowu ranks 111th on the Fortune Global 500 List in 2020, up 38 places from the previous year.

Looking back on 2020, we are proud and delighted. On May 12, General Secretary Xi Jinping visited the production workshop of Taiyuan Iron & Steel (Group) Co., Ltd. (TISCO) during his inspection tour in Shanxi Province and encouraged workers to "make unremitting efforts in scientific and technological innovation, scale new heights and make new and greater strides in supporting the development of advanced manufacturing industry". On August 19, General Secretary Xi Jinping visited Masteel Group and fully affirmed the achievements of China Baowu's reform development, emphasizing that SOEs are the mainstay and "steel leads the development of an enterprise". President Xi encouraged us to develop from a "leader" to a "power", which made all the staff of China Baowu swell with pride.

High-quality Party building leads high-quality development

Over the past year, our top political task has been to thoroughly study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. We have learned and carried out the guidelines of the fourth and fifth plenary sessions of the 19th Central Committee of the Communist Party of China (CPC) and the guidelines of General Secretary Xi Jinping's important remarks during his inspection tour in China Baowu. We have strictly performed the responsibility system for ideological work of Party committees to strengthen the management of positions and implemented work responsibilities. We have fulfilled the requirements for special actions in the "year for consolidating and deepening Party building in central enterprises"; promoted the further integration of Party building with

production and management; deepened inspections and rectifications, consolidated achievements in thematic education, and established and improved a long-term mechanism for staying true to the Party's original aspiration and the founding mission. We have comprehensively deepened the "three-basic building" by conducting two rounds of special inspections to lay a solid foundation for grassroots Party building. Party organizations and Party members at all levels have earnestly held activities themed "learning Xi Jinping's remarks, gathering the momentum and bolstering vigorous development" to effectively strengthen responsibilities of SOEs as the mainstay and forge ahead by taking steel development as the lead. In addition, we have also carried out a series of publicity and education activities themed "glory of steel, dream-casting for a century" to strengthen the ideological identity and emotional resonance of "One Baowu".

Perform duties of a central enterprises in the fight against COVID-19

We have performed our original mission and stood up our steel back in the fight against COVID-19. All units have kept in mind that "the epidemic is the order, and prevention and control are the responsibility", demonstrating their duties as "national pillars" and showcasing the strategic significance of developing and expanding the state-owned economy with actual deeds. In particular, the units in Hubei Province, which were at the center of the epidemic, secured production for the country and assumed work for the people. They efficiently organized medical oxygen supply, rushed to help the construction of Huoshenshan and Leishenshan hospitals, and provided venues for treatment and isolation, making outstanding contributions to the battle against COVID-19 in Wuhan City and even Hubei Province. A large number of advanced individuals and collectives have emerged, winning the awards granted by the Central Committee of the CPC and the SASAC, and widely praised by governments at all levels and all sectors of society.

Integrate and accelerate reform and development

Seizing major opportunities of deepening the reform of SOEs and promoting the integrated development of the Yangtze River Delta, we have vigorously promoted the supply-side structural reform, accelerated the pace of structural adjustment, and committed ourselves to high-quality development. In 2020, we vigorously boosted joint reorganization and consolidation: We received remarkable results in Masteel's professional integration, consolidated and restructured with TISCO, restructured Tibet Mining, became an actual controller of Chongqing Iron and Steel, and were entrusted to manage Sinosteel Group. We have deepened professional consolidation, industrial development, ecological coordination, platform operation, and diversified mixed market reform, accelerated reform and innovation as well as transformation and upgrading, and made efforts to play a leading role in technology, scale, and efficiency in the steel industry.

Build a green future through scientific and technological innovation

Actively implementing the national strategy of serving the country, we have achieved significant results in the research and development of mission-related products, and strongly supported the construction of major national projects and key projects in such areas as aerospace, nuclear power, and energy. A number of our products have become the first in the world. The factory department directly under Baosteel has become the only steel enterprise selected as "global lighthouse" by the

World Economic Forum (WEF) in China. The application of management decisions based on big data technology has gotten started.

We have firmly followed the guide of Xi Jinping's thought on ecological progress, and adhered to the basic state policy of resource conservation and environmental protection and the major national strategy of developing a circular economy. Our performance indicators in energy and environmental protection have improved continuously. Breakthroughs have been made in our efforts to ensure "Three Treatments and Four Doing". And the overall green development index has improved. We have established the Low-carbon Metallurgy Innovation Center and set up the Preparatory Group of the Global Low-Carbon Metallurgy Innovation Alliance to strengthen basic and experimental researches on greenness and low-carbon, some of which have made progress. It is clearly proposed that we will strive to reach the carbon peak by 2023 and achieve carbon reduction by 30% by 2035 and carbon neutrality by 2050, undertaking our due responsibilities and obligations as the industry leader.

Show patriotism in poverty alleviation

Adhering to the concept of common development, we have recruited competent talents from poverty-stricken areas, brought both "fish and fishing" to the poor, and improved both their consciousness and skills for a better life. All the members have stepped up their efforts to carry out various forms of poverty assistance throughout the whole system and the whole ecosphere, lifting all the 10 poor counties of fixed-point poverty alleviation and paring support out of poverty. Four counties and 37 villages supported by eight subsidiaries got out of poverty. We have been fully affirmed by the Central Committee of the CPC and the State Council in terms of designated assistance and pairing support that have been rated as the highest grade of "good" for three consecutive years. We have built the poverty alleviation mode of iron and steel ecosphere through industry, employment, consumption, education, and Party building, formed a big pattern of targeted poverty alleviation where we seek opportunities, share development fruits and build poverty alleviation ecosphere jointly with the support areas, and made due contributions to winning the comprehensive victory of the battle against poverty.

History lights up the future and our journey will go on. Standing at the historical crossroad of "two centenary goals" of the Chinese nation and one-century endeavor of China's iron and steel industry, we should adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristic for a New Era, earnestly implement the guidelines of Xi's important remarks during his inspection tour in China Baowu, fully and accurately carry out the new concept on development, seize the great opportunities presented by deepening supply-side structural reform and SOE reform, and conscientiously implement strategic planning of the 14th Five-Year Plan and the three-year action plan for SOE reform. As an inheritor of China's modern steel industry, a master of China's current steel industry, and a future leader of the steel industry in China and even the world, China Baowu will undertake its mission and exert itself to open an "over-100-million-ton" new era of green development, thus celebrating the 100th anniversary of the founding of the CPC with fruitful results of creating a world-class enterprise!

COMPANY PROFILE

About Us

China Baowu Steel Group Corporation Limited (hereinafter referred to as "China Baowu"), established by consolidation and restructuring of former Baosteel Group Corporation Limited and Wuhan Iron & Steel (Group) Corporation (WISCO), was officially unveiled on December 1, 2016. In September 2019, China Baowu consolidated and restructured with Masteel. In October 2020, Sinosteel Group was trusted to China Baowu; in December 2020, China Baowu became the actual controller of Chongqing Iron and Steel, consolidated and restructured with TISCO, and was entrusted to manage Chongqing Iron and Steel.

China Baowu is a pilot enterprise of state-owned capital investment companies with a registered capital of RMB 52.79 billion, an asset scale of over RMB 860 billion. In 2020, China Baowu continued in maintaining its industrial leadership position with realized steel output of 115.29 million tons, total revenue of RMB 673.739 billion, and total profit of RMB 45.543 billion. We ranked first in the world in operation scale and profitability, and ranked 111th on the Fortune Global 500 List. In 2020, China Baowu was included into the list of central SOEs to establish a world-class demonstration enterprise.



Development Goal: Over "A Hundred Million, A Trillion, A Hundred Billion, Ten Billion, A Billion"

To form a scale of over "a hundred million tons of capacity, a trillion yuan of assets, a trillion yuan of revenue, and a hundred billion yuan of profit", to foster several backbone industries with over a hundred billion yuan of revenue and ten billion yuan of profit and some outstanding enterprises with over ten billion yuan of revenue and a billion yuan of profit, and to achieve "carbon peak" in total carbon emissions by 2023 and "carbon neutrality" by 2050.



Steel output of
11,529 million tons



Total profit of
RMB **455.43** billion



Total revenue of
RMB **6,737.39** billion



Vision: To Be a Global Leader in the Steel Industry

Technology leadership – high technology: **To be stronger**

Efficiency leadership – high efficiency: **To be superior**

Scale leadership – high market share: **To be greater**



Mission: Jointly Building a High-quality Iron & Steel Ecosphere

China Baowu's iron & steel ecosphere is a jointly built, jointly governed and shared high-quality community of shared future involving multiple levels of stakeholders including country, society, industry, partners, customers, and employees. It has the following characteristics: An industry chain cluster ecosystem with the framework of "One Basis and Five Industries" strategic business portfolio, supported by industrial Internet, big data, and artificial intelligence, and based on manufacturing, which collaborates with such functions as a transaction, logistics, and finance, covers the three main links of supply, manufacturing, and service, promotes active strategic cooperation and capital operation, and integrates external resources.



Values: Integrity, Innovation, Synergy and Sharing

Integrity – Foundation of China Baowu's development and gene of being greater

Innovation – Support of China Baowu's development and guarantee of being stronger

Synergy – Intrinsic requirement of China Baowu's development and footstone of being superior

Sharing – Ultimate goal of China Baowu's development and significance of existence



Board of Directors



Chen Derong

Secretary of CPC | Chairman



Hu Wangming

Director | President | Vice Secretary of CPC



Li Guoan

Outside Director



Lin Jianqing

Outside Director



Luo Jianchuan

Outside Director



Wen Chuanfu

Outside Director



Zhang Helei

Chairman of Labor Union | Employee Director

Management Team



Chen Derong

Secretary of CPC | Chairman



Hu Wangming

Director | President | Vice Secretary of CPC



Zou Jixin

Standing Committee Member of CPC



Zhu Yonghong

Chief Accountant | Standing Committee Member of CPC | Secretary of the Board (concurrent post)



Guo Bin

Vice President | Standing Committee Member of CPC



Zhang Jingang

Vice President | Standing Committee Member of CPC



Zhang Keqin

Standing Committee Member of CPC | Secretary of Discipline Inspection Commission
Supervisor of the National Commission of Supervision in China Baowu Steel Group Corporation Limited



Hou Angui

Vice President | Standing Committee Member of CPC



Wei Yao

Standing Committee Member of CPC

In November 2021, Zhang Jingang no longer served as Vice President and Standing Committee Member of CPC of China Baowu

Management Structure



STRENGTHEN THE PARTY BUILDING

In 2020, China Baowu fully implemented the spirits of the 19th CPC National Congress and the Second, Third, Fourth, and Fifth Plenary Sessions of the 19th CPC Central Committee, and conscientiously studied the guidelines of General Secretary Xi Jinping's important remarks during his inspection tour in China Baowu. We coordinated domestic and international situations, further practiced the new concept on development, consolidated and deepened the achievements in thematic education of "staying true to the Party's original aspiration and the founding mission", and adhered to the Party's leadership and strengthened Party building during our development. We also focused on epidemic prevention and control while promoting business development, making great contributions to "striving for sustained and rapid growth in the performance in the vast majority of central SOEs and striving for positive growth in their overall performance".

◆ As of the end of 2020 (excluding Sinosteel, TISCO, Chongqing Iron and Steel, KISC), China Baowu has had

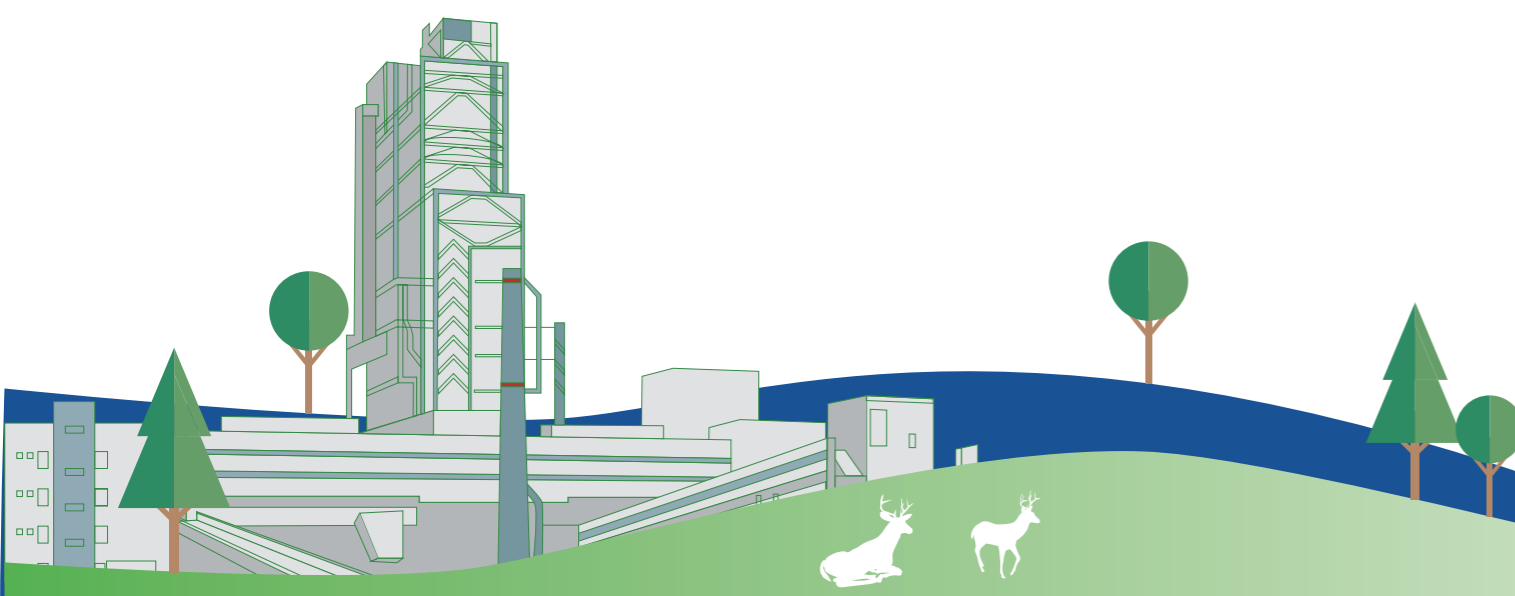


Implementing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and shoulder duties of central SOEs

China Baowu has earnestly studied and implemented the guidelines of General Secretary Xi Jinping's important remarks and instructions, established the "first issue" system, and march firmly forward in the process of learning, thinking, practicing and perception. Especially after General Secretary Xi visited TISCO and Masteel Group, China Baowu organized to convey and learn the guidelines of his important remarks. A wave of learning, publicizing, and carrying out the guidelines was rising in the Company. The Party Committee of the Group Company laid down implementation opinions and task decomposition, the Party committees of secondary units drew up action plans, and Party organizations at all levels and Party members earnestly carried out the theme event of "learning Xi Jinping's remarks, gather the momentum and bolster vigorous development" to effectively strengthen responsibilities of SOEs as the mainstay.

Aligning the thematic education achievements with the implementation of central decisions and deployments to promote the leading role of Party building

China Baowu has continually pushed the normalization and institutionalization of "staying true to the Party's original aspiration and the founding mission" thematic education, organized thematic education on "follow-up reexaminations", made rules on learning education, survey research, problem identification, rectification, and implementation, established and improved the mechanism of "perseverant learning, insistent rectification, unremitting grasp and serving the center", thus playing the role of a leading enterprise in China's steel industry and guiding the industry to become superior. In the meantime, China Baowu has constantly paid close attention to the inspection and rectification of the CPC Central Committee. Adhering to the requirements of "rectification at once, sustainability permanently", we have applied the comprehensive opinions on inspection and rectification given back by the National Supervisory Commission of the Central Commission for Discipline Inspection and kept deepening rectification by focusing on our gaps and deficiencies. While strengthening the daily supervision on illegal business enterprises, "affiliated enterprises", "predators of enterprises", violations of the CPC Central Committee's eight-point decision on improving Party conduct, implementation of key systems, China Baowu has also highlighted the supervision on "eco-environmental protection of manufacturing bases along the Yangtze River" and "quality of discipline enforcement".

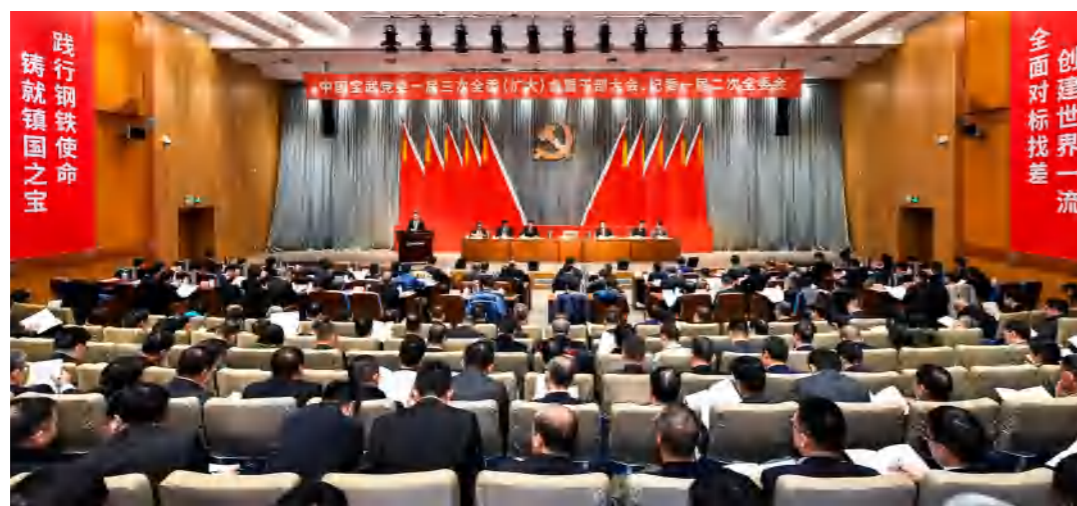


Strengthening the unity of the Party's leadership and the improvement of corporate governance, accelerating the modernization of corporate governance system and capability

China Baowu has always upheld the Party's leadership of SOEs, given full play to the advantages of Party building and corporate governance, stuck to "two consistency", and further improved the "three important and one major" decision mechanism, to ensure Party organizations have put their rights of determination, control and supervision on major decisions into practice and transform the advantages of the Party's leadership into the efficiency of corporate governance. China Baowu has optimized five deliberative and coordinating institutions, built the group headquarters of asset management integrating value creation and strategy management and control, established professional, platform-based, large-scale, and international asset management companies, as well as production operation units with specific business and simplified functions. Adhering to the principle of "three insistence, four checks, and four off-the-tables", we have built a decision-making system and an operating mechanism system, made clear the scope of decision-making matters, the boundary and matters related to rights and liabilities, optimized decision-making procedures, refined review points to make sure all governance bodies exercise rights and fulfill obligations according to rules and in a consistent manner, discuss businesses and make decisions in a standardized, efficient and smooth way, deal with major operation and management matters in a scientific, democratic approach with risk under control.

Continuing to strengthen "three-basic building" and consolidate the foundation management of Party building

China Baowu has insisted and implemented synchronous planning of Party building and enterprise reform, synchronized establishment of Party organizations and working bodies, simultaneous allocation of Party organization heads and Party affairs staff, and continuous launching of Party building work to realize the interconnectivity of systems, mechanisms, institutions, and work. We have actively explored and solved new problems and difficulties such as primary-level Party building in overseas companies and Party building in mixed-ownership enterprises to ensure that Party leadership and Party building are embodied and strengthened throughout the modernization drive. We have strengthened the training of Party secretaries, Party branch secretaries, and Party affairs staff, established China Baowu Party Branch Secretaries Study Group, built a platform for the exchange of Party branch secretaries in different industries and regions, and given full play to the leading role of Party branch secretaries. We have carried out centralized training for Party members in rotation in an orderly manner, promoted the "Climbing Program" for Party members, and facilitated the deep integration of Party building with production and operation. We have also thoroughly studied and implemented the trial regulation on the work at primary-level Party organizations of state-owned enterprises (SOEs), comprehensively deepened the "three-basic building" by conducting two rounds of special inspections, and carried out special surveys on primary-level Party building to seek solutions to prominent problems such as groups with zero Party members.



▲ The Third (expanded) Plenary Session of the First Party Committee of China Baowu and Cadres' Congress, the Second Plenary Session of the First Discipline Inspection Commission

INTEGRITY MANAGEMENT

Standing fast to integrity management is the cornerstone of an enterprise's sound and stable operation. China Baowu has continued to consolidate the foundation of development, optimized the corporate governance structure, made the governance system run in a more standardized, streamlined, and scientific way, lifted the governance capacity, improved the internal and external risk prevention mechanism, and promoted the healthy and orderly development of the enterprise.

Corporate Governance

China Baowu has insisted on compliance with laws and regulations, parity of authority and responsibility, coordinated operation and effective balances, and adhered to the unity of strengthening the Party's overall leadership and improving corporate governance, so as to promote the high-quality development of the enterprise. The Board of Directors of the Company has five special committees, namely, the Strategy and Investment Committee, the Compliance and Risk Control Committee, the Nomination Committee, the Remuneration and Appraisal Committee, and the Audit Committee. In 2020, 16 meetings of the Board of Directors were held, including 4 regular on-site meetings and 12 temporary meetings by means of video or written signature. A total of 59 topics were deliberated and discussed, and 37 resolutions of the Board of Directors came into being. The special committees held a total of 20 meetings on important discussion matters of the Board of Directors to offer advice and suggestions for the Board of Directors to make major decisions.



Indicator	Unit	2018	2019	2020
Number of board meetings	Time	11	9	16
Number of matters discussed and deliberated by the Board of Directors	Item	53	57	59

Audit System

Guided by the guidelines of General Secretary Xi Jinping's important remarks and instructions on audit and centering around the requirements of "full coverage of audit", China Baowu has established an audit and supervision system that matches with state-owned capital investment companies: it implemented the transformation from compliance audits to strategic performance audits and allowed audit projects to play the role of "physical examination" for the normalized economy; strengthened the rectification of audit problems and achievement application in national audits, internal audits and external audits, and facilitate the effective implementation of the rectification; improved the capacity for duty performance of audit system through external benchmarking exchanges, internal professional training, connection and integration of audit management for new subsidiaries and other measures. In 2020, the losses amounting to RMB 23,723,100 were recovered through internal audits.



The losses amounting to **RMB 23,723,100** were recovered through the internal audits.

Intelligent audit

China Baowu carries out an intelligent audit system to open up the digital audit mode. The auditor's implicit experience was refined into explicit methods and developed into a risk screening model of the information system. The "cross-legal person, cross-level and cross-system" transmission supervision was adopted to promote the transformation of the audit system from traditional post-audit to in-process audit. The audit data being mined and analyzed by the audit risk map can support the auditors to thoroughly study the risks, rationally allocate audit resources, and improve the resource allocation efficiency of the audit system.

Operational audit

China Baowu carried out economic responsibility audits and focused on the audit during the tenure of leading cadres to objectively reflect the financial status and operating results, promptly discover major operating risks and room for cost reduction and efficiency improvement in operation, and effectively promote the controlled and compliance operation of various operation and management activities in accordance with company objectives. It carried out the net asset audit of property right alteration, to provide a strong guarantee for key online businesses such as equity investment, asset transfer, internal integration, and mixed reform, and give full play to the role of the internal audit in safeguarding and increasing the value of state-owned assets.

Investment audit

China Baowu carried out the post-evaluation audit of investment projects to form a system with clear responsibility subjects, unified evaluation standards, comprehensive coverage, process evaluation, and enhanced application of results, and promote the implementation of requirements of "national policies and regulations, Group rules and regulations, and company strategic planning" in the management of investment projects. The final account audit of the completed fixed asset investment projects was conducted to verify the authenticity, legality, and completeness of the final accounts, and to promote the management improvement of the project construction process. The engineering cost audit was launched to reasonably determine the project cost of construction projects, reduce the deviation of project settlement pricing, and reduce the total investment of construction projects. It also established and improved the accountability system for investment in illegal operations, and built a long-term mechanism to promote compliance and effective risk prevention in the enterprise.

Special audit

China Baowu carried out annual performance audits and special management audits of targeted poverty alleviation, private enterprise debt clearance, loss recovery, and profit increase, labor efficiency improvement, balance sheet survey of new units, integration and merge, to promote the implementation of major national policies, the effective implementation of the new round of corporate strategies and the improvement of business performance. The internal control audit was conducted to analyze and evaluate the internal control status of the Company, reveal management loopholes, and put forward suggestions on optimization. The internal control guidance and review was launched for Baowu Special Metallurgy, Baowu Water, and other newly promoted primary subsidiaries to help the subsidiaries improve the overall capacity of the internal control system.

Indicator	Unit	2018	2019	2020
Financial revenue and expenditure audit	Item	14	8	9
Economic responsibility audit	Item	122	120	120
Net asset audit of property right alteration	Item	138	40	125
Final account audit of completed investment projects	Item	14	18	8
Audit and evaluation of investment projects	Item	3	38	25
Cost audit of investment projects	Item	13	15	15
Management audit	Item	162	136	186
Other audits	Item	76	44	32
Total	Item	542	419	520
Number of investment project cost audits	Item	589	458	637
Net deduction of project funds	RMB 100 million	6.17	7.92	10.93

Party Conduct and Government Integrity and Anti-corruption

In 2020, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Party Committee of China Baowu and Party organizations at all levels resolutely practiced the guidelines of General Secretary Xi Jinping's instructions and comments on comprehensively Party discipline, the guidelines of the 19th CPC National Congress and the plenary sessions of the 19th CPC Central Committee, and the deployment requirements of the fourth plenary session of the 19th CPC Central Commission for Discipline Inspection, continued to make efforts in comprehensively strengthening Party discipline and focused on push forward the work related to Party conduct and government integrity and anti-corruption to guarantee the high-quality development of the enterprise and the completion of various production and operation tasks.

Further promoting the comprehensive strengthening of Party discipline

- **Implement primary responsibility.** China Baowu formulated the Primary Responsibility List of Party Committee of China Baowu in Implementing Comprehensive Strengthening of Party Discipline to promote comprehensive and in-depth development of strict Party governance, revised and published the Measures for Implementing the Regulations on Requesting Instructions on Major CPC Matters, and submitted 13 reports on major matters to the CPC Central Committee during the year.
- **Practice the guidelines of Xi's important remarks during his visit to Masteel.** China Baowu formulated and issued the Opinions on the Implementation of Studying and Practicing the Guidelines of General Secretary Xi Jinping's Important Remarks During his Visit in Masteel and defined 10 key tasks and detailed them into 33 specific projects in 11 areas, and followed up and supervised their implementation.
- **Fight against COVID-19.** China Baowu rushed to help the construction of Huoshenshan and Leishenshan hospitals and guaranteed the supply of medical oxygen and epidemic prevention supplies. At the end of April, China Baowu was the first to complete 100% resumption of work and production, playing the mainstay role of the central SOE.
- **Advance the decisive fight against poverty.** China Baowu purchased and helped sold agricultural products worth RMB 145 million from poverty-stricken areas throughout the year, lifting all the 10 poor counties of fixed-point poverty alleviation and pairing support out of poverty. It also conducted Party building and professional skill training and counseling, training more than 12,000 local officials and people, and recruiting 53 talents from poor areas to Baowu.

Stepping up institutional building



Replying to suggestions on Party conduct and government integrity regarding the appointment of officials over

2,300
person-times

In 2020, the Company clarified the main responsibility of Party conduct and government integrity and anti-corruption, revised the accountability system as well as assessment and evaluation measures for Party conduct and integrity, further refined and implemented the work method and process for the Party Committee to take the main responsibility and the Discipline Inspection Commission to assume the supervision responsibility for Party conduct and integrity, made clear the assessment and evaluation content and enforcement regulations. It organized and held meetings on Party conduct, government integrity and anti-corruption and made deployments for key tasks, which was integrated into the list of annual key tasks. "One sheet for one person" system was formulated for leading personnel, and the implementation of Party and administration co-responsibility system and "two duties for one post" system was included in the performance assessment of leading groups and personnel at all levels. It strictly carried out the Party's living system such as the democratic life workshop and enhanced the atmosphere for criticism and self-criticism in the workshop. It paid attention to the selection and appointment of officials as well as corporate integrity. Throughout the year, it replied to suggestions on Party conduct and government integrity regarding the appointment of officials over 2,300 person-times and given suspended and negative opinions for eight person-times. It also perfected the system tree, formulated and revise special systems for bidding management, fee reporting management, and accountability for illegal operations.

Improvement of supervision system

Promoting political supervision

The study and implementation of the major decisions and arrangements of the Central Committee and the guidelines of the General Secretary's important speeches and instructions have been taken as the focus of the examination of China Baowu and its secondary units' Party committees as well as the special supervision of discipline inspection organizations at all levels.

Highlighting supervisory synergy

China Baowu has established a leading group of the responsibility system for improving Party conduct and upholding integrity, a coordination group for the work related to Party conduct, government integrity, and anti-corruption, and organized regular supervision conference or consultation to highlight the coordinated linkage and joint force of disciplinary inspection and supervision, financial audit, risk compliance, legal affairs, patrolling and inspection, organization, and personnel departments.

Deepening discipline inspection institution reform

It has increased the personnel number of disciplinary organs, strengthened the construction of disciplinary teams in secondary units, carried out special surveys and evaluations on deepening the reform of discipline inspections, and took 14 specific measures in five areas to address the problems identified.

Implementing Central Committee's Eight-point Decision

Revise and improve the system. The "1+N" system has been established, which combines the *Implementation Opinions on Thoroughly Carrying out the CPC Central Committee's Eight-Point Decision on Further Improving the Party Conduct* and a series of supporting rules.

Fight against formalism and bureaucratism. Having formulated the *Implementation Plan on Continuously Solving the Problem of Formalism and Improving the Party Conduct* and ten key measures, it continued to promote streamlined documents and reduced meetings and optimize the way of holding conferences, and consolidated and deepened the special rectification of "institutionalized headquarters". It also conducted questionnaire surveys of managers, included formalistic and bureaucratic problems of cadre teams and headquarters into the inspection content of the democratic life workshop for leading cadres at all levels, and carried out the rectification.

Eradicate "food wastage". The *Notice on Resolutely Stopping Food Waste Behaviors* was drawn up and issued to take the curbing of food wastage as an important aspect of implementing the Central Committee's eight-point decision and correct "four bad styles". All the units carried out over 310 special inspections and identified 28 problems which were all rectified.

Rectify "four bad styles" unrelentingly. A close watch has kept on illegal receipt and delivery of rare specialties and gifts, illegal eating and drinking, excessive reception, private use of official vehicles, and other problems. It investigated and dealt with 37 cases in violation of the Central Committee's eight-point decision, involving 58 people, 26 of whom were punished for Party and government discipline. The market-oriented and socialized reform of official vehicles has been comprehensively promoted, with 100% of GPS installation rate, off-lease rate of rental vehicles, and placement rate of staff.

Send "clean festival" reminders and conduct supervision inspections. More than 1,100 requirements of clean working during holidays, 22,000 reminding short messages and, WeChat messages, and 6,000 emails have been sent.

Strengthening supervision and discipline enforcement

Maintaining a tough stance continuously

Throughout the year, discipline inspection organizations at all levels accepted 862 complaints, investigated and determined 437 problem clues, filed 100 cases, closed 90 cases, and punished 118 people for Party and government discipline. The "four forms" of supervision and discipline enforcement have been applied precisely, with the first, second, third, and fourth forms accounting for 86.2%, 11%, 2.4%, and 0.4%, respectively, to intensify "unwilling to corrupt".

Promoting discipline education on a regular basis

All the units carried out more than 5,500 sessions of case warning education, reported and exposed 145 typical cases. The launch of the collection of public service advertisements on clean governance has won the title of Advanced Unit in the selection of excellent public service advertisements on clean governance by the Shanghai Discipline Inspection and Supervision System. The work entitled "Choice" won the Excellent Work Award.

Deepening the rectification of feedback problems in inspections

- Continue to deepen the rectification of problems reported by the central disciplinary inspection.** A systematic review was made on the specific implementation of 150 measures and six special projects for the rectification of problems reported by the central disciplinary inspection. Four measures and one special project were carried out and completed. The remaining four measures and four special projects were advanced in an orderly manner and obvious phased results were achieved.
- Verify the rectification of ignorance of and infringement on the interests of the people.** By means of standard control, itemized verification, and comprehensive evaluation, China Baowu randomly selected and checked 57 relocation and transformation projects and 74 "three best" practical projects successively.
- Improve the ecosystem protection.** China Baowu has formulated the "Yangtze River Great Protection" Environmental Supervision Work Plan, revised the Management Measures for Environmental Protection Accountability to focus on the rectification and implementation of problems found in environmental supervision. It has supervised the "rectification at once" on the spot, carried out "follow-up examinations" of environmental supervision for iron and steel enterprises in the Yangtze River basin, and verified the "sustainability permanently".
- Emphasize special rectification.** China Baowu has comprehensively promoted special rectification of "benefit transfer, rent-seeking, embezzling public property, overseas corruption" in a coordinated way. A total of 25 grassroots managers and their relatives were investigated for their illegal businesses in running an enterprise and their dealings with subordinate units. Among them, 18 were punished for violation of organizational regulations and 7 for Party discipline.



The coverage rate of Party committee patrolling in secondary units reached

73%

Encourage Party organizations in secondary units to conduct inspections with a coverage rate of

77.6%

Pushing forward patrolling and inspection

China Baowu has improved patrolling and inspection leading system and working mechanism and formulated three working systems including the Implementation Measures for Inspection of the Party Committee of China Baowu. Three rounds of patrolling were organized with the coverage rate of secondary units reaching 73% and Party organizations in secondary units were encouraged to conduct inspections with the coverage rate of 77.6%.

Total Risk Management

Establishing and perfecting the internal control system is an important basis for the management improvement of SOEs and a powerful measure to promote central SOEs to keep the bottom line of no systemic risk and accelerate high-quality development. It is of great significance to enhance the competitiveness, innovation, control, influence, and risk resistance capacity of the state-owned economy. China Baowu has fully played the core role of the Board of Directors in the construction of the total risk management system and formed a reporting system where major and significant risks are identified and determined at the beginning of the year and the total risk management and control are debriefed every quarter. We have investigated and analyzed the market situation together with managers to research risk prevention and responses and build the bottom line of no major risk.

In 2020, the Compliance and Risk Control Committee of the Board of Directors held four meetings, hearing eight audit topics and putting forward 18 special opinions to the Board of Directors mainly on the Company's total risk control, compliance management, financial derivative review, and so forth.

Responsible Procurement Management

Honest and sunshine procurement

To create a more fair and impartial procurement competition environment, China Baowu has comprehensively and further promoted sunshine procurement. Taking advantage of Ouyeel Procurement Platform (a professional e-commerce platform subordinate to Ouyeel for purchasing third-party industrial products), we have realized the advance publicity of purchasing resource information, the qualification conformity of participating suppliers as well as the digital record and tracking of procurement information so as to ensure open, transparent and standardized procurement in each link. Meanwhile, information means has been introduced to supervise the exercise of power and effectively avoid the moral hazards in the transaction.

Integrity agreement

In 2020, 522 qualified suppliers were added by Baosteel Equipment and Material Procurement and signed integrity agreements with it.

Online procurement

Online procurement refers to the whole process of transactions of all the subsidiaries from the issuance of procurement requirements to the notification of procurement results through the e-commerce platform under the unified organization and management of Baowu. In 2020, the online procurement rate of Baosteel was 97.52%.

Competitive procurement

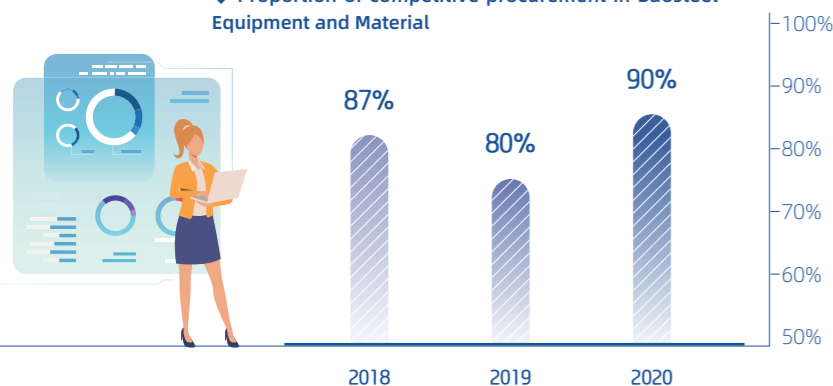
Competitive procurement involves two or more qualified suppliers receiving inquires, or the purchase of a group of configurable (replaceable) items with allocation schemes. In 2020, the competitive procurement rate of Baosteel was 90.87%.

E-bidding

E-bidding refers to the tendering activity in the form of digital message through an e-bidding trading platform to conduct the whole process including tender invitation and tender assessment. In 2020, the e-bidding rate of Baosteel was 90%.

Note: The equipment and material procurement data in 2018 covers three steel bases of Baosteel, namely its subordinate factory, WISCO, and Meishan Iron and Steel; the data in 2019 covers four steel bases of Baosteel and Huangshi Company of Baosteel, and the data in 2020 covers four steel bases and Huangshi Company of Baosteel, and Baowu Aluminum.

◆ Proportion of competitive procurement in Baosteel Equipment and Material



Supplier management

To standardize the management of raw material suppliers, make sure the sustained, stable procurement of raw materials, improve the procurement channel, reduce and control purchasing cost, prevent the risk of fraud and cheat due to improper selection of suppliers and non-standard authorization and approval, resulting in inferior quality and high price of purchased goods, Baosteel has formulated the Measures for the Management of Raw Materials, further clarifying that all product centers and regional business units should be responsible for inspecting and supervising the suppliers' implementation of RBA Code of Conduct, forming the supplier access and elimination mechanism, and optimizing the supplier team. In 2020, Baosteel reviewed four suppliers.

Supplier audit and evaluation

New suppliers of Baosteel Equipment and Material Procurement shall fill in the RBA Code of Conduct Implementation Questionnaire (RBA: Responsible Business Alliance) or the Supplier Self-evaluation Form (the content of social responsibility module), and stock suppliers shall receive on-site supervision and audit as planned. Where suppliers are found with audit responsibilities in the survey or on-site audit, Baosteel would assist them in taking corrective measures and carry out process tracking and advancement to form closed-loop management. Where suppliers violate the core term of social responsibility such as conflict mineral business relations, Baosteel would refuse to introduce them or terminate the supply qualification.

Supplier training

Baosteel Equipment and Material Procurement has publicized and implemented social responsibility together with suppliers via business communication, on-site technical exchanges as well as on-site supervision and audit, guiding suppliers to comply with international labor standards and safeguard labor rights and interests, and continuously improved working conditions and employee welfare. Baosteel has promoted suppliers to fully realize that performance of social responsibility is a necessary condition to provide good products and meet customer needs, and effectively extended this requirement to their sub-suppliers. In 2020, about 280 hours of training was carried out for suppliers, covering about 400 people.

Pushing supplier accountability

The platform Obei has issued the *Letter on Compliance with the RBA Code of Conduct*, publicized and implemented RBA6.0, and investigated its situation to improve partners' awareness and capability to perform their responsibilities. As of the end of 2020, the platform has received written feedback from more than 30 suppliers.



Trading volume exceeding
RMB **3.5** million

◎ Baosteel worked with suppliers to build "poverty alleviation ecosphere"

Fully practicing the political and social responsibilities of an SOE, Baosteel has extensively introduced the poverty alleviation situation of poor counties to its suppliers, proposed partners to jointly shoulder social responsibilities and co-build a "poverty alleviation ecosphere", and actively supported the poor areas through industrial investment based on local characteristics and its own development. As of the end of 2020, 247 suppliers of Baosteel have conducted more than 1,400 transactions of poverty alleviation products with a trading volume exceeding RMB 3.5 million; 31 suppliers have directly donated more than RMB 500,000 for the infrastructure construction of poor villages in Yunnan Province; more than 115 suppliers have been invited to participate in the exchange conference of poverty alleviation products to work together in the forefront of poverty alleviation cause.

Procurement platform operation

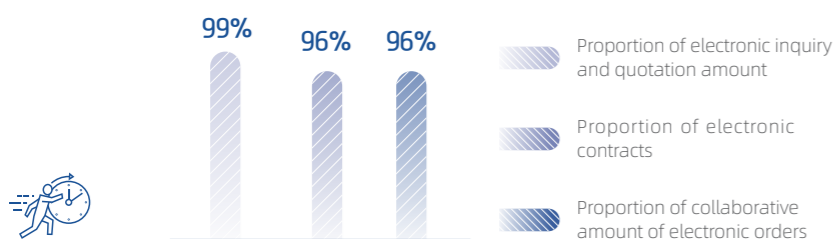
Procurement is the leading force of the business supply chain management process. China Baowu Procurement Zone is an e-commerce platform founded by Ouyeel in 2015, which is positioned to become a link between the purchasing enterprise and the supplier. Through continuously fine-tuning online and offline serviceability of the whole purchasing process, it can empower the enterprise to realize "Internet+procurement" transformation and upgrading, make innovation and facilitate the supply-side structural reform of China, boost efficiency and quality improvement and industrial upgrading, and promote the co-building and sharing of the iron and steel ecosphere.



Scan the QR code into "China Baowu Procurement Zone"

- In 2020, 27 informationalized optimization and improvement projects were completed for Baosteel Procurement and Supply Information System, with the focus on AI auxiliary contract review, inventory similarity retrieval, online process of non-code emergency supply, online control of specially-controlled material qualification certificate, etc. The multi-base storage and logistics management process of materials and spare parts was also optimized, realizing the paperless pilot application of mobile acceptance of warehouses in bases outside of Shanghai. As of the end of 2020, Obei Baosteel Zone has been running smoothly, with a total of 144,870 orders amounting to RMB 258.74 million; the number of users has increased to 148, and the coverage of users from four steel bases of Baosteel is 98%.
- On May 30, 2020, Baosteel Project Management was successfully upgraded and put into service with an improved equipment procurement process and optimized system functions. Furthermore, some online collaborative functions were realized such as the electronic signature of contracts in all equipment, online declaration of construction unit for Party A material supply plan, online application for equipment requisition plan, and supplier arrival and receipt to further improve the management level of equipment procurement.
- In 2020, regarding intelligent sharing of mall building, Ouyeel completed the whole-process functional development for the mall operation of manufacturer material, P3 on-site backup material within the PSCS system and put it into operation, solving the system bottleneck of limited resources in the mall and promoting a further expansion of shared categories in the mall.

E-collaboration of spare parts between Baosteel and suppliers in 2020



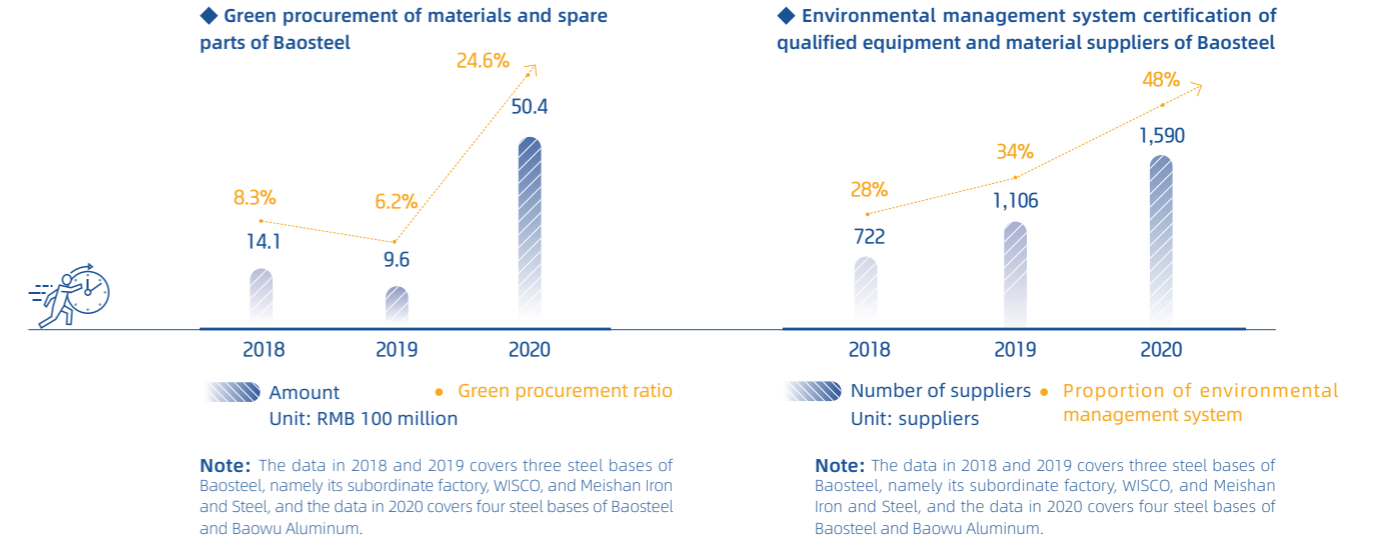
Baosteel Procurement Information System makes procurement business more simple and convenient. In 2020, the e-collaboration level of materials and spare parts between four steel bases of Baosteel and suppliers maintained the high level of the previous year.

Green procurement

China Baowu has dynamically followed the environmental protection requirements of related industries, maintained the green attribute of purchased items, vigorously built the green procurement management system, given priority to the purchase of green products and materials, and actively guided suppliers to conduct environmental management system certification, so as to achieve an overall improvement in the environmental performance of suppliers and demanders. In 2020, Baosteel WISCO and Baowu Aluminum were incorporated into the integrated equipment and material procurement management system of Baosteel, and a total of 6,952 green materials and spare parts were identified. The identified green items for material and spare part procurement are available in the column of "Green Procurement" on the China Baowu e-procurement platform.

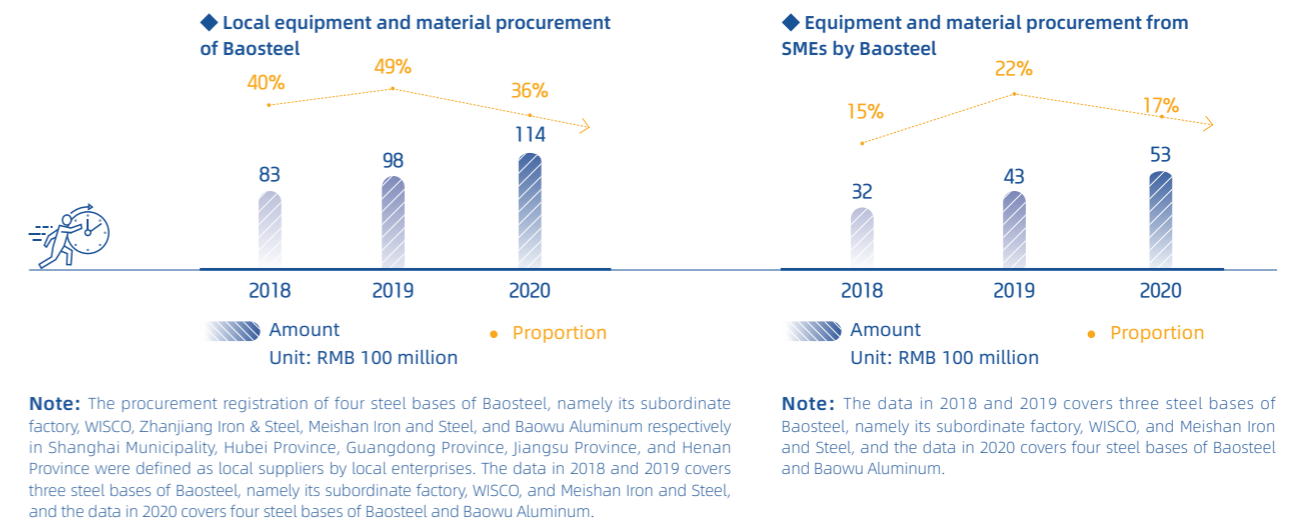


Scan the QR code to check the identified green items for material and spare part procurement



Support the development of SMEs and local enterprises

China Baowu has constantly supported the development of small and medium-sized enterprises (SMEs) in the iron and steel ecosphere by practicing the principles of purchasing from SMEs and local procurement, and alleviating financing difficulties of SMEs through financial support, so as to provide broader development space and more development opportunities for SMEs and local enterprises.



Financial company increased support for small and micro businesses

Finance company has actively responded to the policy of financial support for the development of the real economy and increased support for small and micro businesses in the industrial chain. In 2020, because of high pressure in payment collection and strong demand for cash in small and micro suppliers, the Company launched financing products including discounting of bills, Tongbao factoring, manufacturers bank and exploited the rediscount policy of the People's Bank of China to precisely divert low-cost funds to small and micro businesses, and offered them the differential pricing lower than the market price to relieve the difficulty and high cost in financing and facilitate the common development of partners in the ecosphere. As of the end of 2020, the Company has served a total of 1066 small and micro enterprises, accounting for 82% of the supply chain customers; issued finances amounting to RMB 23 billion, accounting for 63% of the supply chain financing.



SOCIAL RESPONSIBILITY MANAGEMENT

Responsibility strategy

Adhering to the corporate mission of “jointly building a high-quality iron & steel ecosphere”, China Baowu has integrated social responsibility into its business strategy. While pursuing economic benefits, it has also taken into account the government, investors, employees, customers, partners, communities and environment, and other stakeholders to promote work related to social responsibility such as integrity management, innovation-driven development, green development, caring for employees, contribution to society and ecosphere co-building continuously. Through reform and development, the Company has been committed to building the leading advantages in steel production, green development, intelligent manufacturing, service transformation, and outstanding benefit, striving to achieve the vision of “being a leader in global steel industry”, and building a sustainable and responsible brand.

Responsibility governance

While adhering to the mission of serving the country by industry, China Baowu has always taken sustainable development as its own duty, constantly improving social responsibility management, integrating social responsibility management into the whole process of enterprise operation management, and striving to realize the maximization of comprehensive value and sustainable development of economy, society, and environment. It has set up the Social Responsibility Committee to take charge of work related to corporate social responsibility within the Company and take the lead in reviewing and making decisions on major issues, forming a top-down social responsibility management organizational mechanism with a clear division of labor. The committee consists of the Employee Group, the Society Group, the Economy Group, and the Environment Group, which respectively corresponds to the four major responsibility areas highlighted by the enterprise, to realize the organic unity of undertaking the historical mission, performing the social responsibility and promoting the sustainable development of the enterprise.

Social Responsibility Institution



Responsibility communication

Effective communication with stakeholders is a solid backing for an enterprise to enhance its social responsibility capacity. China Baowu has actively sought to establish an effective communication mechanism with stakeholders in the process of business development. The Company has revealed work information and event news related to corporate social responsibility via official website, official account, and mainstream media, held open day events and invited stakeholders to visit the factory, participated in industry forums and conferences, and learned outstanding practices of leading enterprises to publicize our responsibility concept and performance dynamics, and enhance stakeholders' understanding and support.

◆ Appeal of stakeholders and response of China Baowu

Stakeholders	Appeal to China Baowu	Response of China Baowu
 Government	Observing laws and regulations Paying taxes according to law Supporting local development	Integrity and compliance management Taking the initiative to pay taxes Providing jobs Responding to major policies
 Investor	Improving corporate governance Sustained profitability Strengthening risk control	Improving internal control level Protecting shareholders' rights Improving information disclosure
 Employee	Protecting employees' rights Facilitating employees' grow Balancing work and life	Raising the level of salary and welfare Concerning employees' physical and mental health Strengthening employee training Organizing sports and sports activities
 Customer	Product and service innovation Protecting customers' rights Improving customer satisfaction	Highlighting scientific and technological innovation and management innovation Enhancing product quality and service management Adhering to integrity management
 Partner	Driving industry development Win-win partnership Implementing Responsible procurement	Co-building ecosphere Deepening industry-university-research cooperation Adhering to business ethics Creating responsible supply chains
 Community	Actively engaging with the community Holding volunteer activities Assisting the needy	Conducting public welfare programs Building volunteer service team Facilitating rural revitalization
 Environment	Energy conservation and emission reduction Protecting eco-environment Making rational use of resources	Promoting green manufacturing Developing new environment-friendly products Developing green industries





▲ TISCO regularly organized the "Public Open Day" event to invite the public to visit TISCO and experience modern industrial civilization and the style of green development.

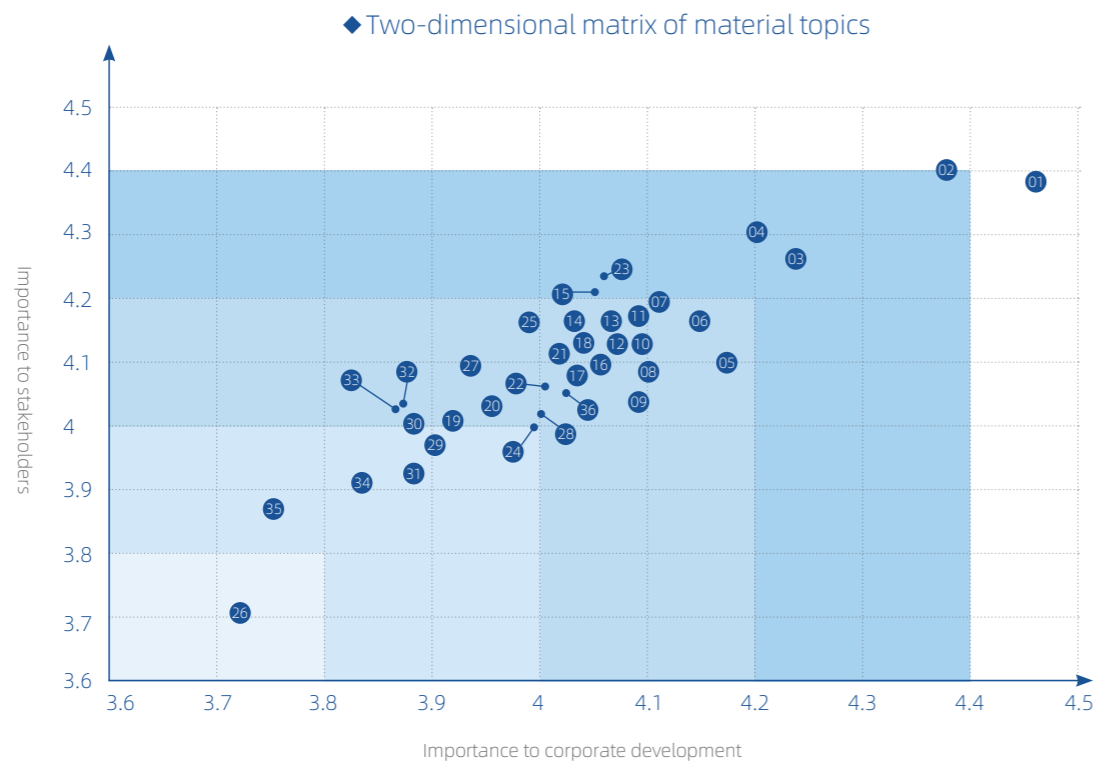


▲ On July 4, 2020, Echeng Iron & Steel held the open day event to invite people from Liangxinwu Village to visit the factory.

- 01 Salary and welfare
- 02 Safety and protection of employees' rights and interests
- 03 Employee communication
- 04 Fight against COVID-19
- 05 Employees' career development
- 06 Diversity and inclusion
- 07 Technological innovation
- 08 Party conduct and government integrity and anti-corruption
- 09 Economic performance
- 10 Intelligent manufacturing
- 11 Environmental performance
- 12 Leading high-quality development of the industry
- 13 Service the construction of a "manufacturing power"
- 14 Energy saving and emission reduction technology and application
- 15 Reducing waste emissions
- 16 Corporate development
- 17 Optimizing corporate governance
- 18 Environmental management system construction
- 19 Green technology and environmentally friendly products
- 20 Risk management system
- 21 Co-existence with the city
- 22 Promote coordinated industrial development
- 23 Integrity and compliance management
- 24 Management innovation
- 25 Resource regeneration and utilization
- 26 Creating and sharing value with ecosphere partners
- 27 Tackling climate change
- 28 Social responsibility management system
- 29 Promoting national unity
- 30 Fixed-point poverty alleviation
- 31 Business model innovation
- 32 Maintenance of community relations
- 33 Product life cycle research and application
- 34 Volunteer activities
- 35 Charitable donations
- 36 Responsible procurement

Topic analysis

In order to enhance the pertinence and responsiveness of the Report, China Baowu has continuously improved its management on material topics. Based on analysis of industrial policy trends, analysis of domestic and international reporting standards, benchmarking against high-quality industry reports, and survey on internal and external stakeholders, and in the light of two key indicators as "importance to corporate development" and "importance to stakeholders", China Baowu has identified and screened major social responsibility topics of 2020 to guide us to advance our work related to corporate social responsibility in a targeted and focused manner and serve as an important reference for its strategic decision on future sustainable development.



Capacity for responsibility

The enhancement of capacity is an important guarantee to better perform corporate social responsibilities. China Baowu has constantly improved its capacity for responsibility and organized employees to participate in internal and external training, seminars, and other activities on social responsibility to enhance employees' awareness of social responsibility and popularize the latest research results and knowledge of social responsibility both at home and abroad. It has continuously released social responsibility reports to improve the management and capacity in performing social responsibilities. It has invited experts from the Chinese Academy of Social Sciences to guide the preparation of social responsibility reports and actively participated in the report rating to further improve the overall quality of reports. In addition, China Baowu has also held the selection and commendation on excellent cases of social responsibility to sum up practical experience and give play to the leading and demonstration role of fine examples.

The social responsibility management system is an important tool to improve the level of social responsibility management and the efficiency of report preparation. In 2020, China Baowu established a perfect social responsibility indicator system from seven dimensions as basic information, integrity management, innovation-driven development, green development, employees, society, and ecosphere to systematically sort out and standardized the work related to corporate social responsibility and to improve the sustainable development capacity.



▲ On March 3, 2021, China Baowu held the training on the preparation of the Corporate Social Responsibility Report (2020) to systematically summarize the preparation of the China Baowu Corporate Social Responsibility (2019) and put forward suggestions for further improving the social responsibility report of subsidiaries.

APPENDIX



Prospect

Achievements shine through ages kick off the glorious century; the mission of national rejuvenation urges us to embark on the long journey.

The “100-million-ton Baowu” is not only a glorious achievement but also a new beginning for China Baowu to set sailing again to cast dreams for a century. The year 2021 will usher in a new historical coordinate – the 100th anniversary of the founding of the Communist Party of China (CPC) and the beginning of the 14th Five-Year Plan. It will also start a new journey for China to comprehensively build a modern socialist country and sound the horn to march towards the second centenary goal. In the new year, China Baowu will thoroughly study and implement Xi Jinping Thought on Socialism with Chinese characteristics for a new era, conscientiously perform relevant requirements of the 14th Five-Year Plan and the three-year action plan for SOE reform, and forge ahead by bravely taking on our mission. With open-mindedness and inclusiveness, China Baowu will actively carry out enterprise restructuring, coordinate the strategic business layout, form a scale of over “a hundred million tons of capacity, a trillion yuan of assets, a trillion yuan of revenue, and a hundred billion yuan of profit”, and foster some backbone industries with over a hundred billion yuan of revenue and ten billion yuan of profit and some outstanding enterprises with over ten billion yuan of revenue and a billion yuan of profit, so as to become a world-class enterprise with global competitiveness as well as a well-deserved “national pillar” and “national gem”.



Enterprise Honors

- China Baowu's poverty alleviation performance was evaluated as "good" by the Poverty Alleviation and Development Leading Group of the State Council for three consecutive years (2018, 2019, and 2020).

- China Baowu won the "China Charity Award" six times.

- Office of Poverty Alleviation Leading Group of China Baowu Steel Group Corporation Limited and Xuanwei Haidai KISC Jinfu Food Corporation Limited were awarded the title of "National Advanced Collective in Poverty Alleviation" by the CPC Central Committee and the State Council.

- China Baowu won the title of "2020 Shanghai Excellent Production Safety Work Unit".

- China Baowu won the "2020 Responsibility Golden Bull Award - Green Environmental Protection Award".

- The case "application of LCA in decision making of carbon trading market" selected by China Baowu won the Life Cycle Assessment Excellence Award of the World Steel Association.

- At the National Commendation Conference for the Fight Against COVID-19, Liu An, former Vice President of Baosteel, Secretary of CPC and Executive Director of WISCO, was awarded the title of "National Advanced Individual in the Fight Against COVID-19"; Baosteel WISCO Gas Company was awarded the title of "National Advanced Collective in the Fight Against COVID-19".

- Baosteel's subordinate factory, WISCO and Zhanjiang Iron & Steel successfully passed the review of "Clean Production and Environmental-friendly Enterprise" by China Iron and Steel Association; Echeng Iron & Steel passed the evaluation of "Clean Production and Environmental-friendly Enterprise" and won the title of "Green Factory" by the Ministry of Industry and Information Technology.

- In the "Energy Saving and Consumption Reduction Benchmarking Competition of National Key Energy-Consuming Steel Manufacturing Equipment", all the units of China Baowu won the titles of two champion furnaces, 10 superior furnaces, and 7 pioneering furnaces.

- In September 2020, Baosteel's subordinate factory was awarded the "Best Trading Award" in the carbon market in Shanghai.

- Baotian Company and Masteel Jiahua under Baowu Environment and Resource Technology, Baoyi Can, Chengdu Can, Henan Can under Baosteel Packaging, and Ningbo Baosteel under Ouyeel and other units won the title of "Green Factory" by the local governments.

- In December 2020, Baosteel WISCO won the "Emission Reduction Contribution Award" in the carbon market in Hubei.

- On December 8, 2020, Hwabao Trust was awarded the "2019 Special Contribution Award to the Economy of Pudong New Area".

Top 10 Events of the Year

1 General Secretary Xi Jinping visited TISCO and Masteel

2 The double victory in epidemic prevention and control and business development

3 China Baowu contributed its power to the decisive battle against poverty

6 China Baowu was included in the list of central SOEs to establish a world-class demonstration enterprise by the SASAC of the State Council.

7 Schemes for the 14th Five-Year Plan and carried out the three-year action plan for SOE reform

8 China Baowu made new strides in the ranking on the Fortune Global 500 List

9 Focusing on professional integration, strategic cooperation, synergy, and sharing to jointly build a high-quality iron & steel ecosphere

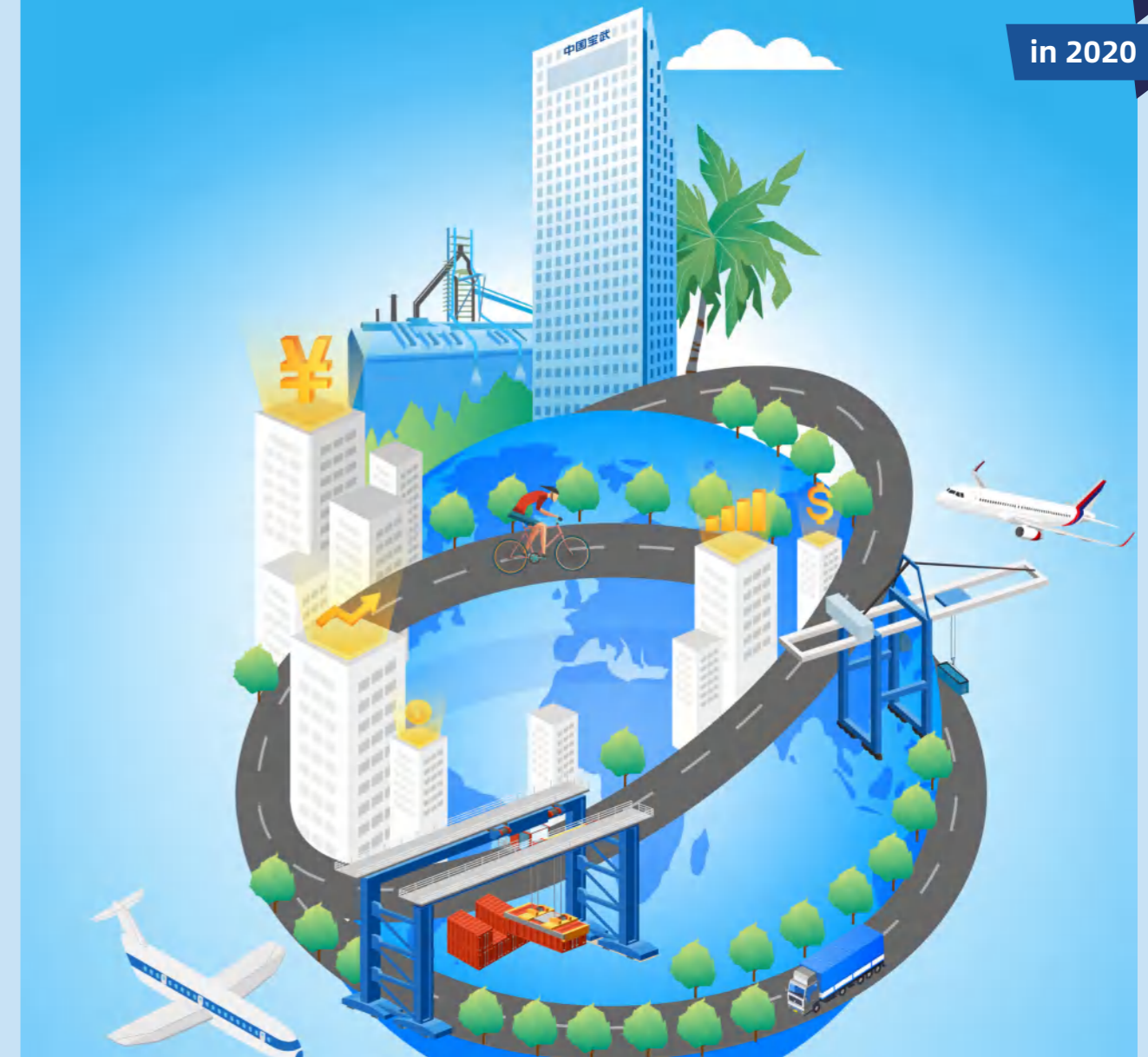
10 Pushing forward the strategy of "green, premium and intelligent manufacturing" and create a "national pillar" and "national gem".

4 Promoting consolidation and restructuring and integration, optimized industrial order, and guiding the industry development

5 The dream of "100-million-ton Baowu" came true, marking the 130th anniversary of China Baowu

Cases of China Baowu's Excellent Social Responsibility

in 2020



▲ Finance Company: Green finance guards urban steel mills



▲ WISCO: "Dream creating community" - serving employees' entrepreneurship and promoting enterprise transformation



▲ Baosteel Packaging: Extending the chain of poverty alleviation industry starts with coated tincans business



▲ Baowu New Energy: "Hydrogen" enlightens the future and builds a new pattern of green development



▲ Masteel Group: Forge a "steel dam" through collective efforts



▲ Baosight: Create a leading industrial Internet platform



▲ Baosteel: Mission and responsibility shine over the original aspiration to be the guardian of the "national pillar" steel



▲ TISCO: "Hand tearable steel" demonstrates China's manufacturing strength



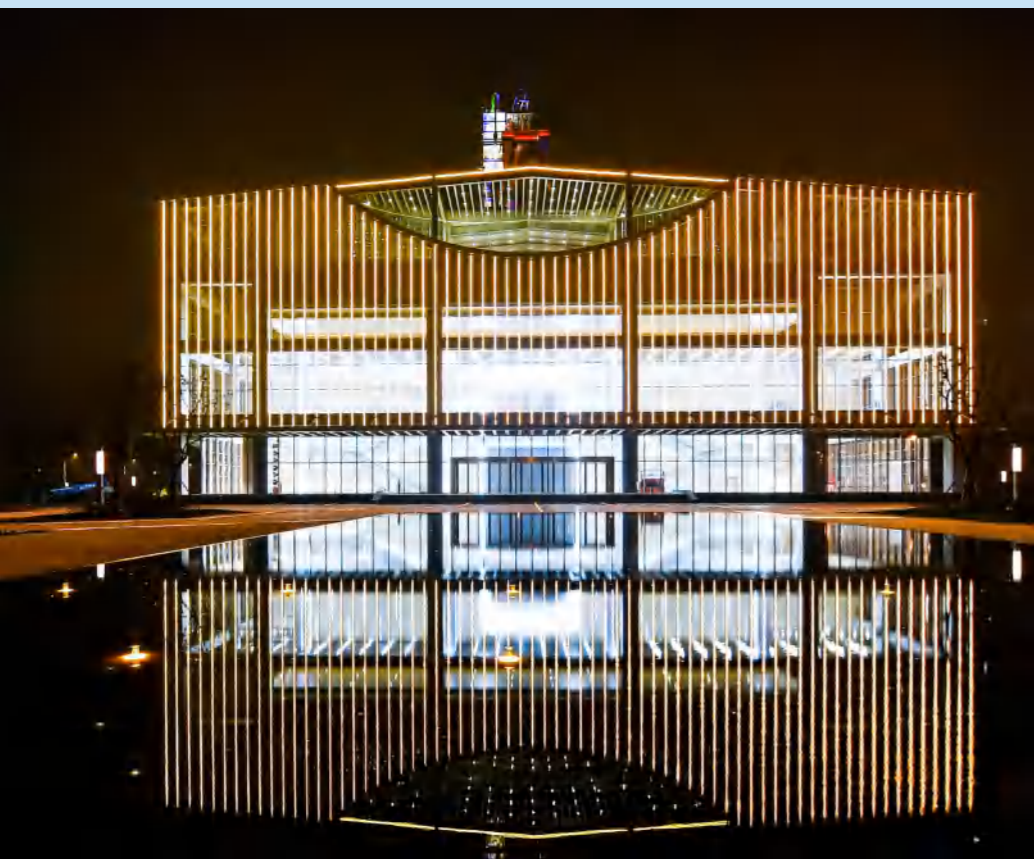
▲ Ouyeel: Jointly build a large iron & steel logistics ecosystem



▲ Wuhan Headquarters: A "hardcore" steel force in fighting against the COVID-19 epidemic



▲ Baosteel Resources: Green tailless mining of urban mines



▲ Baoland Properties: Golden Heart • China Baowu Steel Convention and Exposition Center



▲ Bayi Iron & Steel: Ouyeel furnace, pioneer of green smelting



▲ Baosteel Engineering: Green and intelligent roller slag treatment technology



▲ Baosteel: Cultivate competitive advantage to lead the future of steel with the "light of lighthouse"



▲ Baosteel: Lead the green development of steel, and climb the environmental protection peak of the industry

Key Performance

Economic performance	Unit	2018	2019	2020
Total revenue	RMB 100 million	4,386.2	5,522.06	6,737.39
Total operating cost	RMB 100 million	4,145.6	5,437.34	6,532.03
Total profits	RMB 100 million	338.4	345.30	455.43
Total assets	RMB 100 million	7,118.1	8,621.94	10,140.71
Owners' equity	RMB 100 million	3,608.6	4,181.32	4,812.90
Debt-to-asset ratio	%	49.3	51.50	52.5
Total tax	RMB 100 million	245.9	267.54	265.35
Crude steel output	10,000 tons	6,725	9,546	11,529
Number of board meetings	Time	11	9	16
Number of matters discussed and deliberated by the Board of Directors	Item	53	57	59
Audit of financial revenue and expenditure	Item	14	8	9
Audit of economic responsibility	Item	122	120	120
Net asset audit of property right alteration	Item	138	40	125
Final account audit of completed investment project	Item	14	18	8
Audit and evaluation of investment project	Item	3	38	25
Cost audit of investment project	Item	13	15	15
Management audit	Item	162	136	186
Other audits	Item	76	44	32
Number of investment project cost audits	Item	589	458	637
Net deduction of project funds	RMB 100 million	6.17	7.92	10.93
Amount of R&D investment	RMB 100 million	102.5	145.4	186.9
Proportion of R&D investment	%	2.3	2.6	2.8
Number of patents applied	Pcs	2,371	3,061	3,779
Number of patents granted	Pcs	1,633	1,489	1,789
Sales of new products	%	12	12	12
Economic benefits of research projects	RMB 100 million	16.9	28	36.7
Amount of technology trade contract	RMB 10,000	9,507	2,276.5	6,425
Number of technology trade	NOS	67	19	61
Baosteel customer complaint resolution rate	%	67.6	87.6	96
Baosteel domestic user satisfaction	Point	92.29	92.56	92.63

Environmental Performance	Unit	2018	2019	2020
Total investment in environmental protection	RMB 100 million	40.43	64.76	127.35
Total investment in energy-saving technical reconstruction	RMB 100 million	5.38	6.22	16.2
Comprehensive energy consumption per RMB 10,000 of output value (comparable price)	Ton of standard coal	1.46	1.44	1.49
Reduction rate of comprehensive energy consumption per RMB 10,000 of output value ¹	%	-11.15	1.65	3.43
Comprehensive energy consumption per ton of steel	Kg standard coal	586	583	574
Reduction rate of comprehensive energy consumption per ton of steel	%	2.3	0.5	1.54
Sulfur dioxide emissions	Ton	29,889	23,667	20,697
Reduction rate of sulfur dioxide emissions	%	3.5	20.8	12.5
NOx emissions	Ton	63,894	55,881	49,802
Reduction rate of NOx emissions	%	10	12.5	10.9
COD emissions	Ton	2,051	1,504	1,396
Reduction rate of COD emissions	%	2.9	26.7	7.2
Freshwater consumption per year	Ton	--	24,512.59	24,067.23
Freshwater consumption per ton of steel ²	10,000 tons	3.41	3.33	3.24
Reduction rate of freshwater consumption per ton of steel ²	%	0	3.44	2.76
Utilization of byproducts (comprehensive utilization of industrial solid waste)	%	99.3	99.41	99.73
Return-to-production utilization	%	26.07	26.29	28.24
Utilization of social bulk waste (with disposal of urban hazardous waste)	Ton	8,811	10,713	14,093
Utilization of self-owned renewable energy (only including steel enterprises)	Ten thousand KWH	--	--	9,497
Sales of BETTER green products	10,000 tons	824.29	816.82	858.18
Sales of BEST green products	10,000 tons	218.83	224.34	269.49
Sales of BETTER + BEST green products	10,000 tons	1,043.12	1,041.16	1,127.67
Revenue of green industry	RMB 100 million	50.41	250.09	524.47
Number of suppliers with ISO14001 system certification on Ouyeel Procurement Platform	NOS	2,256	5,694	5,091
Proportion of green procurement for materials and spare parts in Baosteel ³	%	8.3	6.2	24.6
Amount of green procurement for materials and spare parts in Baosteel ³	RMB 100 million	14.1	9.6	50.4

¹Note: In 2018, due to the transfer of the fine coal production line of Baowu Carbon Materials and the influence of the steel market, the output value of the Company decreased significantly, which increased the comprehensive energy consumption per RMB 10,000 of output value.

²Note: The data of 2019 is revised and renewed.

³Note: The data in 2018 and 2019 includes that of three steel bases of Baosteel, namely its subordinate factory, WISCO, and Meishan Iron and Steel, and the data in 2020 includes that of four steel bases of Baosteel and Baowu Aluminum.

Social Performance	Unit	2018	2019	2020
Donations for public relief & welfare	RMB 10,000	764.9	950.7	1,263.45
Poverty alleviation, helping the needy, and construction assistance	RMB 10,000	9,889.6	12,351	18,421.2
Donations for education (helping students)	RMB 10,000	50	72	198
Donations for culture & sports	RMB 10,000	0	10,000	0
Other donations	RMB 10,000	0	33.8	449
Total social donations	RMB 10,000	10,704.5	23,407.5	27,951.35
Number of volunteers	Person	2,344	2,419	2,590
Number of volunteer activities	Person-time	10,134	8,486	5,272
Total time of volunteer activities	Hour	80,792	67,461	21,088
Number of employees	Person	161,302	195,434	227,007
Number of female employees	Person	31,236	33,856	39,150
Number of new employees	Person	2,367	1,799	2,270
Proportion of new employees	%	1.5	0.9	1.0
Number of employees resigned	Person	2,971	2,170	1,487
Proportion of employees resigned	%	1.8	1.1	0.66
Proportion of management posts	%	7.9	8.2	7.6
Proportion of local employees in overseas companies	%	88.4	93.4	91.8
Proportion of outsourcing staff	Person	4,324	6,684	14,237
Labor contract signing rate	%	100	100	100
Social insurance coverage	%	100	100	100
Investment in employee training	RMB 10,000	14,360.2	19,091.8	16,345.5
Per capita training hours for employees	H	68.1	83.8	101.6
Per capita investment in employee training	RMB	1,133.6	1,160.5	857.5
Total employee remuneration	RMB 100 million	218.24	260.91	314.3
Coverage rate of collective labor contracts of independent employment units	%	100	100	100
Number of employee assistance beneficiaries	Person-time	58,106	50,175	102,077
Amount invested in employee assistance	RMB 10,000	3,684	5,000.84	6,653.32
Number of solatium recipients	Person-time	53,070	43,419	92,953

Social Performance	Unit	2018	2019	2020
Total amount invested in solatium	RMB 10,000	3,226	3,488.36	4,312.14
Number of employee grant recipients	Person-time	348	1,072	1,562
Total amount invested in employee grants	RMB 10,000	45	179.24	321.2
Number of employees' medical assistance recipients	Person-time	4,688	5,684	7,562
Total amount invested in employees' medical assistance	RMB 10,000	413	1,333.25	2,019.97
Funds for fixed poverty alleviation	RMB 10,000	3,327.65	6,255	8,554.5
Procurement of agricultural products from poverty-stricken areas	RMB 10,000	1,065.23	1,699.3	6,223.05
Assistance in selling agricultural products from poverty-stricken areas	RMB 10,000	8,272.47	4,305.8	8,278.26
Number of registered poor population directly lifted out of poverty in designated poverty-stricken areas	Person	15,764	10,437	25,702
Total investment in safety production	RMB 100 million	14.82	16.31	21.39
Number of safety training	Person-time	30,213	26,825	15,870
Safety training coverage ⁴	%	100	100	100
Number of safety production accidents	NOS	24	34	51
Number of employees injured in work-related accidents	Person	34	34	53
Injury frequency of work-related accidents	Injuries in Million Man- hours	0.1	0.08	0.11
Severity rate of work-related accidents	Injuries in Million Man- hours	198.73	28.35	42.87
Number of suppliers reviewed by Baosteel during the reporting period	NOS	38	39	4
Proportion of equipment and materials purchased from SMEs by Baosteel ⁵	%	15	22	17
Amount of equipment and materials purchased from SMEs by Baosteel ⁵	RMB 100 million	32	43	53
Proportion of equipment and materials purchased from the local by Baosteel ⁶	%	40	49	36
Amount of equipment and materials purchased from the local by Baosteel ⁶	RMB 100 million	83	98	114

⁴Note: Affected by the epidemic in 2020, the company's offline training was suspended in the first half of the year.

⁵Note: The data in 2018 and 2019 covers three steel bases of Baosteel, namely its subordinate factory, WISCO, and Meishan Iron and Steel, and the data in 2020 covers four steel bases of Baosteel and Baowu Aluminum.

⁶Note: The four steel bases of Baosteel, namely its subordinate factory, WISCO, Zhanjiang Iron & Steel, Meishan Iron and Steel, and Baowu Aluminum purchase from the local suppliers that are registered in Shanghai Municipality, Hubei Province, Guangdong Province, Jiangsu Province, and Henan Province. The data in 2018 and 2019 includes that of three steel bases of Baosteel, namely its subordinate factory, WISCO, and Meishan Iron and Steel, and the data in 2020 includes that of four steel bases of Baosteel and Baowu Aluminum.

Rating Report

Rating Report of China Baowu Steel Group Corporation Limited Social Responsibility Report 2020

Entrusted by China Baowu Steel Group Corporation Limited, the "Chinese Expert Committee on CSR Report Rating" selects experts to form a rating team for rating of China Baowu Steel Group Corporation Limited Social Responsibility Report (2020) (hereinafter referred to as the Report).

I. Rating Basis

Guidelines for Preparation of China Corporate Social Responsibility Report (CASS-CSR 4.0) issued by Chinese Academy of Social Sciences (CASS) and Rating Standard of China Corporate Social Responsibility Report (2020) by Chinese Expert Committee on CSR Report Rating.

II. Rating Process

1. The rating team reviews and confirms the Confirmation of Process Data of Corporate Social Responsibility Report and relevant supporting materials submitted by the Report preparation team;
2. The rating team evaluates the preparation process and contents of the Report and draw up the rating report;
3. The rating report is jointly approved and signed by Vice President of Expert Committee on CSR Report Rating, leader of the Rating Team, and experts of the Rating Team.

III. Rating Conclusion Process (★★★★★)

The Group sets up the Social Responsibility Committee with the president as the committee director being responsible for the final examination and approval of the report. Moreover, the Enterprise Culture Department leads and establishes the report preparation team to coordinate the preparation work and control the overall direction and key points. The report is positioned as an important tool to disclose social responsibility information, improve social responsibility management, strengthen the communication between stakeholders and enhance the brand image of the responsible enterprise, so the report has a clear functional value; material topics are identified according to China's macro policy, international and domestic social responsibility standards, industry benchmarking analysis, corporate development strategy, stakeholder surveys, etc.; it is planned to release the report by holding a special press conference and in the "centralized announcement of central SOEs' corporate social responsibility reports" campaign, and will be presented in electronic and printed versions both in Chinese and English, demonstrating excellent performance in the process.

Substantiality (★★★★★)

The report systematically discloses the implementation of macro policies, product quality management, product innovation, responsible procurement, occupational health management, safety production, R&D and application of environmental protection technology and equipment, solid waste management, environmental management around the factory, and other key topics in the industry, so the report has a full and detailed description and shows excellent materiality.

Completeness (★★★★★)

The main content of the report systematically discloses 91.28% of the core indicators of the industry from the perspectives of "National Gem, Mighty Steel", "Fight Against COVID-19, Duty of Central SOE", "Original Aspiration, Century Glory", "Green Innovation, Bright Future" and "Value Sharing, Better Life" etc., so the report shows remarkable completeness.

Balance (★★★★★)

The report discloses negative data such as "proportion of employees resigned", "number of safety production accidents", "number of employees injured in work-related accidents", "injury frequency of work-related accidents", and "severity rate of work-related accidents", and also briefly describes the rectification of problems found in the patrolling and inspection of central disciplinary organs, so the report is well balanced.

Comparability (★★★★★)

The report discloses comparative data of 114 key indicators such as "total profit", "total assets", "total social donations", "total investment in safety production", "total investment in energy-saving technical reconstruction", "freshwater consumption per ton of steel" for three consecutive years, and makes horizontal comparison such as "ranking 111th on the Fortune Global 500 List", so the report has excellent comparability.

Readability (★★★★★)

The report themed on "Setting Sailing After Casting Dreams for a Century" contains five sub-reports, which systematically shows practices and results of corporate social responsibility performance in terms of key topics such as integrity management, innovation-driven development, green development, caring for employees, contribution to society and ecosystem co-building, with clear framework and consistent style in different chapters; each sub-report is designed with illustrated cover, which sketches the virtual scene of responsibility performance, integrates main business elements, highlights the industry characteristics and improves the identification of the Report; statements of stakeholders are quoted in many places to demonstrate the results of responsibility performance and QR codes are embedded to further interpret the contents of the Report, which strengthens the communication value of the Report and makes it more readable.

Innovation (★★★★★)

Each sub-report begins with the feature section "typical practice", responds to current politics hot spots such as epidemic prevention and control, aerospace industry, green ecology, fight against poverty, demonstrates the responsibility of central SOEs for implementing the national macro policy. "Top 10 Events of the Year" section is set up to focus on the annual performance of social responsibility; many subordinate enterprises have been urged to independently prepare social responsibility reports and concentratedly released on the special press conference to construct the "Group Company + subordinate enterprises" multi-level reporting system, which not only promoted vertical integration of social responsibility work but also enhances the communication effect between stakeholders, demonstrating outstanding performance in innovation.

Comprehensive Rating (★★★★★+)

According to the rating team, China Baowu Steel Group Corporation Limited Social Responsibility Report (2020) has been evaluated as "best five-star" in general and "five-star" in process, materiality, completeness, balance, comparability, readability, and innovation. It can be deemed as a model of corporate social responsibility report.

IV. Suggestions for Improvement

It is suggested to enhance the disclosure of core industry indicators and further improve the completeness of the report.



中国企业社会责任报告
评级专家委员会
Chinese Expert Committee on CSR Report Rating

China Baowu Corporate Social Responsibility Report obtains a five-star rating and the best five-star rating for the first time

Vice President of Expert Committee on CSR Report Rating

Leader of the Rating Team

Expert of the Rating Team

Issued on:
July 14, 2021



Scan the QR code to check the corporate rating document

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Feedback

Dear Readers,

Thank you for taking the time to read China Baowu Steel Group Corporation Limited Social Responsibility Report (2020). To continuously improve the management of the social responsibility report, we would appreciate it if you provide valuable comments and suggestions through completing relevant questions in the feedback form, and please send it back to us in the following way:

Add.: Building No.1, 1859 Shibo Avenue, Baowu Tower, Pudong New Area, Shanghai P.R. China

Postcode: 200126

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E-mail: csr@baowugroup.com

Your Personal Information

Name: _____ Tel.: _____

Work Unit: _____ E-mail: _____

Choice Questions (please put a tick "√" in the corresponding box)

Please comment on the significant impact of China Baowu on the economy, society, and environment reflected in the Report:

Great Good General Poor Very poor

Please comment on the response and disclosure in this report to the concerns of stakeholders:

Great Good General Poor Very poor

Please comment on the clarity, accuracy, and completeness of the information, indicators, and data disclosed in the report:

Great Good General Poor Very poor

Please comment on the readability of this report:

Great Good General Poor Very poor

Please make a comprehensive evaluation of this report:

Great Good General Poor Very poor

Open Questions:

What suggestions do you have for China Baowu's work related to social responsibility work?

What deficiencies do you think exist in this report?

What useful social responsibility information do you think you get from this report?

What else social responsibility information do you think needs to be disclosed in this report?

2020

China Baowu Steel Group Corporation Limited
Corporate Social Responsibility Report



Fight Against COVID-19 Duty of Central SOE

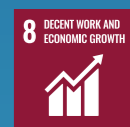
Fight Against COVID-19

Duty of Central SOE



FIGHT AGAINST THE EPIDEMIC COMPOSE A HERO PAEAN WITH COURAGE 02

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TYPICAL PRACTICE

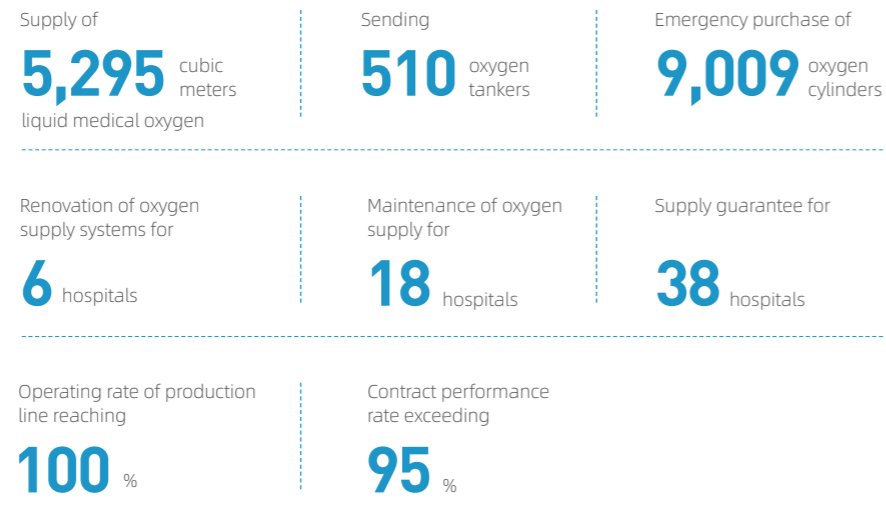


Fight Against the Epidemic, Compose a Hero Paean with Courage

In the Spring Festival of 2020, as the sudden outbreak of COVID-19 caused city lockdown, suspended production, market closure, and traffic outage, Wuhan was forced to press the pause button and everything entered the long winter night. In the face of the sudden epidemic, General Secretary Xi Jinping personally directed and made arrangements to take control of the overall situation and make resolute decisions, which strengthened the confidence, gathered the strength, and pointed out the direction for the Chinese people to fight against the epidemic. China Baowu Wuhan Headquarters, which was at the center of the epidemic, also launched a campaign to prevent the epidemic and maintain production, and to support Wuhan in its fight against the epidemic. Led by China Baowu, the Wuhan Headquarters stood up at the critical time of the epidemic, working in unison and racing against time to provide oxygen for life regardless of conditions, price, or cost.

Ensure Production and Supply

After the outbreak of COVID-19, China Baowu Wuhan Headquarters operated at full capacity and quadrupled the output of liquid medical oxygen to provide strong support for the rescue and treatment of COVID-19 patients in hospitals, ensuring the supply of "life-saving oxygen" in more than half of the hospitals in Wuhan. From January 1 to 24:00 on April 30, the Company supplied 5,295 cubic meters of liquid medical oxygen, equivalent to 4.23 million cubic meters of gaseous gas, for 56 hospitals, sent 510 oxygen tankers, urgently purchased 9,009 oxygen cylinders for major hospitals. We renovated oxygen supply systems for 6 hospitals, maintained oxygen supply for 18 hospitals, and power supply for 38 hospitals. With a high sense of responsibility, a sense of mission, and a sense of urgency, WISCO and Echeng Iron & Steel overcame difficulties to go all out to ensure the stable and smooth running of production and operation while guaranteeing the safety and health of employees, realizing the balance between epidemic prevention and control as well as production and operation with the operating rate of production line reaching 100% and the contract performance rate exceeding 95%, which ensured the stable supply for downstream enterprises and played the concerto for epidemic prevention and production protection.



Rush to Rescue, Life First

To rescue the construction of Huoshenshan and Leishenshan hospitals, China Baowu Wuhan Headquarters timely mobilized Party members and assembled professional equipment to rush to the rescue and fight all night, completing the tasks of emergency construction steel production, basic shelter building, and pipeline welding. The color coating line of WISCO Cold Rolling Mill was in full production, supplying 223 tons of color-coated sheets. The maintenance center was ordered to take the lead to set up the "anti-epidemic vanguard team" in the face of the crisis and select more than 130 pipe network welders to continuously support the construction of the hospitals, completing the welding task safely and efficiently with high quality, and opening up the "life channel". Furthermore, China Baowu Wuhan Headquarters organized and completed the renovation of the rehabilitation building of CR & WISCO General Hospital and the rebuilding of WISCO Sports Center into a cabin hospital. We also transferred four venues such as WISCO Hotel and WISCO Party School to serve as quarantine observation points and provided over 1800 beds, playing an important role in alleviating the stress of the patient admission and operation.



Focus on People's Livelihood, Serve the People

While closely ensuring the storage and logistics of epidemic prevention materials, China Baowu Wuhan Headquarters also focused on the people's livelihood by arranging special personnel to conduct round-the-clock inspections to ensure the people's daily necessities such as water, electricity, gas, and Internet communication; providing continuous and stable meals for the factory, park and cabin hospitals; providing 15,000 group meals per day for frontline workers fighting against the epidemic; providing over 4,000 bags of cooked wheaten food every day for vulnerable groups such as the elderly living alone in the community.



Face up to Dangers, Fit into the Community

Always keeping in mind the original ambition of "serving the country with iron and steel", China Baowu Wuhan Headquarters encouraged employees to actively engage in the fight against the epidemic in the community and practice the volunteer spirit of solidarity, mutual assistance, dedication, and friendship. A total of 1,286 people participated in the "epidemic prevention and control volunteer" service in the community. In response to the order, Party members in Wuhan spontaneously set up 21 task forces to fit into the community, involving a total of 360 members. During the community closure, the Party members took the initiative to register in the local street office and participate in disinfection and sterilization, patrol, material handling of the community, showing the original nature of daring to make a sacrifice and fighting bravely in the van.



TYPICAL PRACTICE

Strict Control for Health Care

China Baowu Wuhan Headquarters resolutely implemented the guidelines of General Secretary Xi Jinping's instructions and the arrangements of the superiors, always put the staff's safety and health first, strictly took epidemic prevention and control measures, and made all efforts to protect the staff's health and safety. We quickly established and improved epidemic prevention institutions, brought in to play the role of joint prevention and control mechanisms, and built a strict line of defense for prevention and control by the people. We strengthened the procurement coordination to ensure the supply of epidemic prevention materials; established a sound work plan for detection, prevention and control, and disposal to give full consideration to the health protection needs of employees during the whole commute; introduced supporting incentive and sympathy measures to encourage employees to work together to overcome the difficulties.

The trickles can converge into rivers; pygmy efforts can gather into a fortress. In this arduous battle to defend Wuhan and Hubei, China Baowu Wuhan Headquarters gave full play to the exemplary role of the central SOE, demonstrating the mission and duty of "national gem, national pillar" and "backbone", and showing the spirit of Baowu people securing production for the country, serving the people, going all out to offer timely help, and forging ahead to tackle the difficulties head-on. On May 11, 2020, the Xinhua News Agency published "On the historical monument of national rejuvenation - China's fight against COVID-19 in 2020", in which WISCO was especially praised: "In WISCO which produced the first molten iron for China, the flame of steelmaking furnace has always been burning fiercely. In Wuhan and Hubei, the fire of hope never dies even amidst the winds and storms." On September 8, 2020, the National Commendation Conference for the Fight Against COVID-19 was held in the Great Hall of the People in Beijing, where Liu An, vice president of Baosteel, Secretary of the Party Committee, and Executive Director of WISCO, was awarded the title of "National Advanced Individual in the Fight Against COVID-19".



▲ Baosteel WISCO Gas Company was awarded the title of "National Advanced Collective in the Fight Against COVID-19", and was commended by the CPC Central Committee, the State Council, and the CPC Central Military Commission



▲ Liu An, former Secretary of the Party Committee and Executive Director of WISCO (right)
Chen Hong, Secretary of the Party Committee of WISCO Gas Company (left)

“Better to have a blast furnace with less oxygen than a patient without oxygen. Serving the country with iron and steel is always a real action!”
—Liu An, former Secretary of the Party Committee and Executive Director of WISCO



▲ Adjust the pressure of the air supply system for Leishenshan Hospital to ensure the stable oxygen supply of the ventilator



▲ It only took six and a half hours to complete the production and delivery of 200 tons of color-coated sheets to support Leishenshan Hospital



▲ Rush to help the construction of Huoshenshan Hospital



▲ Assist Huoshenshan Hospital to build a new medical gas supply system



▲ Provide meals for quarantine points and social enterprises and institutions



▲ Provide meals for cabin hospitals

TYPICAL PRACTICE

Stories of the Fight Against COVID-19

Live up to the heroic city, and there will be heroic deeds. Since the outbreak of the epidemic, the touching stories of WISCO people guarding the city and the life happen every day.

Story 1

In April 2020, the Central Committee of the Communist Youth League and the All-China Youth Federation jointly awarded the 24th Chinese Youth May Fourth Medals to celebrate prominent and exemplary youth representatives. Among them, He Hang, Director of Engineering Technology Department of China Baowu Wuhan Headquarters WISCO Green City Technology Development Co., Ltd. Sponge Company, was awarded the "Chinese Youth May Fourth Medal".

During the prevention and control of COVID-19, He Hang volunteered to participate in the urgent task of medical oxygen tank renovation in Jinyintan Hospital. Together with his team, he gave full play to his professional advantages and took charge of technical disclosure, organizing the production, installation, and transportation of reinforcing steel bars and embedded parts, completing the production of nearly 5 tons of steel bars in 16 hours. He continued the construction operations and completed the foundation pouring task 32 hours ahead of schedule. Later, he transferred to the foundation works of building two new medical oxygen tanks in Wuhan Hospital of Traditional Chinese Medicine Hanyang Branch and Wuhan No. 9 Hospital, during which he initiatively put forward an optimization plan and completed the engineering one day in advance.

Story 2

In February 2020, Wuhan hospitals saw oxygen demand surge to more than 10 times its daily peak. In order to ensure the oxygen supply of major hospitals, WISCO dispatched technical specialists to build and expand medical oxygen supply facilities for major hospitals.

Qin Youlin was the squad leader of the Second Oxygen Work Zone of WISCO. After the outbreak of the epidemic, his brother was confirmed with the novel coronavirus, and his mother was quarantined at home with a low fever for days. He knew very well that to secure production was to protect life, so he buried his concern for families deep in his heart and focused wholeheartedly on the job. He made a detailed production spot inspection plan and led his men to check dozens of safety valves and regulating valves by listening to the sound, feeling the temperature, and detecting the leakage, sweating all over with drenched masks after checking. On February 15, when the sharp temperature drop in Wuhan caused force seven wind accompanied by snowflakes, Qin Youlin led his fellow to climb to the top of a 30-meter-high liquid oxygen storage tank for deicing, ensuring the preparation and supply of oxygen for medical use and production.

Story 3

"A bit of heat shall glow a glimmer of light. Just like the firefly, it can shine a little brightness without waiting for the torch." Gong JiuHong, a mechanical skill master of WISCO Coking Company who won the National Technical Expert and National May Day Labor Medal, has been silently interpreting the quality of kindness, selflessness, and dedication in his work and life.

On February 2, 2020, a large stacker-reclaimer of the Coking Company suddenly broke down. To avoid the gathering of maintenance personnel, Gong JiuHong stood up to the pressure, eliminating the fault along in only six hours by circumferentially embedding rib plates, welding, and other means. In addition to his duties, he also took an active part in the anti-epidemic volunteer activities and bought lunch boxes for the workers securing production in the factory with his own money. After work, he drove his vehicle to support the fight against the epidemic by sending donated materials to Wuhan No. 9 Hospital and Puren Hospital; actively reaching out to the community to purchase and distribute living materials, taking temperatures for residents, and carrying out quarantine mobilization; donating RMB 10,000 to Wuhan Charity Federation in Qingshan District to entrust it to purchase epidemic prevention materials. Gong JiuHong helped others without seeking anything in return.

Story 4

On February 11, 2020, Wang Yang, a young man from WISCO, was sent to Hanyang Cabin Hospital for intensive quarantine and treatment. During the period, he actively assisted the medical team with their work, organized volunteers among patients into groups, handled materials, registered patients, and distributed supplies. With the growing ranks of the volunteer team, an increasing number of people lit the torch of positive energy with love, illuminating hope and happiness in the cabin. Furthermore, he established a patient-nurse support group to issue daily schedules and medication reminders regularly. He also set up a cabin head workgroup to request off-peak medicine reception and one-to-one psychological counseling. When things get better, he expressed his wish to join the Party to the temporary CPC branch of the cabin hospital, "I have received timely assistance and treatment arranged by the Party and the government since I fell ill. The medical staff of the cabin hospital have risked their own lives to save others and dedicated themselves selflessly, and their actions have confirmed my resolution to join the Party!"

▲Hand-painted picture "Angels in White" - Lin Yide, WISCO

TYPICAL PRACTICE

Stakeholders' Comments



▲ On April 26, 2020, Hubei Provincial Museum sent a letter for the collection of physical evidence and materials related to the fight against COVID-19, and five categories and 22 sets (27 pieces) of anti-epidemic related physical evidence and materials were permanently collected by Hubei Provincial Museum.

“

“China Baowu has covered all the additional medical oxygen supply needed for the epidemic prevention and control and the rescue of patients in Wuhan. Commanded and deployed by General Secretary Xi Jinping, we have achieved significant phased results in the battle to defend Hubei and Wuhan, which involves your credit, your efforts, and your contributions. Thank you.”

- Ying Yong, Secretary of Hubei Provincial Committee of the CPC

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“Courage and perseverance are known at a hard time. At the most critical moment in the fight against the epidemic in Wuhan when the people were in the most urgent need of help, your company stood up to face the difficulties, rushed to the rescue in quick action, and actively participated in the construction of Huoshenshan and Leishenshan hospitals; provided space for the construction of cabin hospitals, and timely provided life-supporting services; made every effort to ensure the city’s demand for medical oxygen supply and oxygen for fresh fish in the community. With practical actions, you have manifested the mission and duty of the central SOE as the ‘national pillar’ and “backbone”, and made positive contributions to the epidemic prevention and control in Wuhan.”

- Wuhan Municipal Committee of the CPC and Wuhan Municipal People’s Government

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“WISCO employees are well-deserved iron and steel soldiers, who spare no efforts to offer round-the-clock rescue, fearless of cold and difficulties. On behalf of the municipal government, I am grateful to WISCO and its cadres and employees for their selfless assistance. With your strong support and guarantee, we will definitely win the battle against the epidemic.”

- Zhang Wentong, Deputy Mayor of Wuhan

”

“

“During the period of the epidemic, Wuhan Headquarters focused on its own control and prevention on the one hand and supported the fight against the epidemic in Hubei and Wuhan on the other, to guard the lifeline and secure the life-saving oxygen supply, performing the social responsibility of the central SOE and highlighting China Baowu’s mission and duty of unity and coordination. With actual practices, we have showcased that WISCO people are well-deserved true ‘heroes of steel’ who can come in at any moment, make a difference and defeat the enemy.”

- Hu Wangming, Vice Secretary of CPC and President of China Baowu

”

Confronted with the sudden outbreak of COVID-19 at the beginning of 2020, the whole country united as one to overcome the difficulties and fight tenaciously. China Baowu earnestly studied and implemented the guidelines of General Secretary Xi Jinping's important speeches, instructions, and comments on coordinating the epidemic prevention and control and economic and social development. With the unified command and leadership of the CPC Central Committee, we fully practiced all important decisions and arrangements, adhered to the mission of the central SOE as a "national pillar", and taken the epidemic prevention and control as well as the resumption of stable production as major political tasks and the most important work. With full mobilization, overall deployment, and all-around implementation, we went all out to coordinate the epidemic prevention and control as well as production and operation, safeguard employees' safety and health, ensure stable production and supply in different regions and at different levels, organize the resumption of work and production by category and step, maintain the overall stability of the supply chain and the supply of key materials, support local efforts in epidemic prevention, especially in Hubei Province, and strive to win the double victory in the epidemic prevention and production guarantee.

Strengthen Organizational Leadership, Consolidate Prevention and Control Responsibility

The epidemic is the order, and prevention and control are the responsibility. After the outbreak of COVID-19, the Party Committee of China Baowu set up the epidemic Prevention and Control Leading Group immediately, held six meetings of the Standing Committee of the Party Committee and 12 meetings of the Leading Group, deeply studied the guidelines of General Secretary Xi Jinping's important instructions and comments, implemented the decisions and deployments of the CPC Central Committee and the State Council, timely researched and coordinated to tackle various problems, and constantly commanded and dispatched the work related to epidemic prevention and control. A series of documents were prepared and issued, and a series of measures were taken to strictly carry out the requirements of joint prevention and control, mass prevention and control, medical treatment, material support, care for employees, supervision, and accountability, consolidate responsibilities at various levels, and make solid progress in epidemic prevention and control. Giving top priority to the anti-epidemic work of units in Hubei, especially in Wuhan, we commanded in the frontline and took targeted measures to prevent the virus diffusion outside and bounce inside. The anti-epidemic materials were preferentially deployed to the units in Hubei to fully play the role of Wuhan Headquarters and build the first "firewall" in the "core epidemic area and the frontline of prevention and control". Faced with the complex and grim situation of the global spread of the epidemic, China Baowu set up a special team for the prevention and control of overseas epidemic so as to strictly perform the relevant requirements of the State Council as well as Chinese overseas embassies and consulates. We comprehensively strengthened the Party's leadership to provide a strong political guarantee for the epidemic prevention and control as well as production and operation. The Party Committee, management, the Labor Union, and the Youth League Committee made concerted efforts, and all the Party cadres and employees put their original aspiration in action and bear the mission on the shoulder to stick to their posts with dauntless spirit and do a good job in epidemic prevention and control as well as production and operation.



Meetings of Standing Committee of the Party Committee

6 times

Meetings of epidemic Prevention and Control Leading Group

12 times



▲ Chen Derong, Secretary of CPC and Chairman of China Baowu, deployed China Baowu to support the fight against the epidemic in Wuhan

BAOWU 中国宝武

Advanced Individual of Central SOEs in the Fight Against COVID-19

An Haisheng	Director of Security Department and Director of Armed Forces Department, Baosteel Xinjiang Iron & Steel Co., Ltd
Luo Shenggang	Party Secretary and President of catering branch, Echeng Iron & Steel Corporation Limited Echeng Iron & Steel Trading Company
Ma Baohua	skill master, WISCO Maintenance Center
Li Gaolu	Party Secretary of Gas Business Division and Chairman of Labor Union, WISCO MCC Industrial Technology Service Co., Ltd.
Hou Bingbing	General Manager of Project Management Department, WISCO Green City Technology Development Co., Ltd.

Advanced Collective of Central SOEs in the Fight Against COVID-19

China Baowu Wuhan Iron & Steel Group Corporation Limited

Outstanding CPC Member Among Central SOEs

Li Gaolu Party Secretary of Gas Business Division and Chairman of Labor Union, China Baowu WISCO MCC Industrial Technology Service Co., Ltd.

Advanced Grassroots Organization Among Central SOEs

Party Committee of China Baowu Wuhan Iron & Steel Group Corporation Limited

On October 22, 2020, the Commendation Conference of Central SOEs for the Fight Against COVID-19 and Advanced Deeds Seminar was held in Beijing

China Baowu

5 people

were awarded the title of "Advanced Individuals of Central SOEs in the Fight Against COVID-19"

1 enterprise

was awarded the title of "Advanced Collective of Central SOEs in the Fight Against COVID-19"

1 person

was awarded the title of "Outstanding CPC Member Among Central SOEs"

1 grassroots

Party organization was awarded the title of "Advanced Grassroots Organization Among Central SOEs"

Improve Work Plan, Implement Prevention and Control Measures

China Baowu promptly made and continued to upgrade the epidemic prevention and control work plan and emergency plan, and detailed and took prevention and control measures.

Adopt the “four uniforms” system to prevent internal diffusion

All units were required to pay high attention and respond quickly, and the “four shall-not” system was formulated, that is, before the situation got better, units in Hubei shall not hold densely populated gatherings; all employees of the units in Hubei shall not go on business trips to other places and all employees of the units in other places shall not go on business trips to Hubei; the units in Hubei shall communicate with other units of the Group via video conference to reduce the cross-regional movement of personnel and stop the virus spreading; all office buildings shall strictly implement regional prevention and control requirements, formulate special prevention and control plans, and fully carry out differentiated control management; various units shall conduct joint prevention and control in a variety of ways to ensure strict inspection, whole-process prevention and control, daily management, emergency response, and material support, working together to fight the epidemic.

Implement quarantine requirements to prevent external importation

We strictly followed the requirements of local governments concerning the delay of work resumption, joint prevention, and control, and mass prevention and control to ensure full implementation of responsibilities, systems and regulations, personnel management, detection and inspection, publicity, and guidance. The employees who needed to be quarantined were 100% kept in isolation from others. In view of the concentration of non-local employees returning to work in the dormitory, the responsibility system was established to define the division of duties and implement corresponding prevention and control measures.

Intelligent office to ensure telecommuting and zero downtime

We strictly practiced the local government’s requirements for work resumption and maximized the extension of the quarantine window period; Baowu Intelligent Office App has covered the Company, which can be used in real-time through VPN, iPad, and mobile phone. During the epidemic period, nearly 30,000 people realized telecommuting. Mobile office, flexible hours, and working by turns were adopted to advance the work in an orderly manner.

Strengthen overseas COVID-19 prevention and control

All cross-border work shall be communicated via video and telephone and overseas business trips shall be suspended to reduce overseas business activities. In accordance with the principle of “the person who dispatches shall take responsibility”, a special working group for overseas units and projects to ensure the performance of COVID-19 control requirements and strive to achieve “zero infection” of Chinese employees overseas and “zero importation” of overseas COVID-19 cases. We established an emergency mechanism and critical incident reporting system for overseas units; built a health monitoring and reporting system for employees and adopted integrated management of employees and their local families; treated or quarantined those employees with symptoms according to local requirements; sought sources at home and abroad to ensure supplies for epidemic prevention, stabilize our personnel and effectively guaranteeing major overseas projects.



◎Baosteel assisted compatriots at home and abroad to defeat COVID-19

“Even when there is a strong wind, our partners never give up.” In the grim situation of the global fight against COVID-19, Baosteel always kept in mind the vision of “becoming the world’s most competitive iron and steel enterprise and the most valuable listed company”. While focusing on its own prevention and control as well as the smooth resumption of work and production, it never forgot to give back to society and actively carried out foreign cooperation with industry partners, demonstrating the entrepreneurial spirit of social responsibility and mutual assistance.

Little help brought much return

At the tensest moment of the battle against COVID-19, friendly partners overseas, including Australian Fortescue Metals Group (FMG), lent a helping hand timely. They donated or assisted Baosteel to purchase masks, forehead thermometer, and other supplies from overseas, which not only relieved both urgent needs of the enterprise and worries of employees. To repay the kindness of overseas partners, the Emergency Office of Baosteel took the lead to form a team with other departments and units to donate anti-epidemic supplies to the friendly partners overseas. In 2020, Baosteel donated more than 270,000 masks to over 100 overseas partners.

Assisting over
100 overseas partners

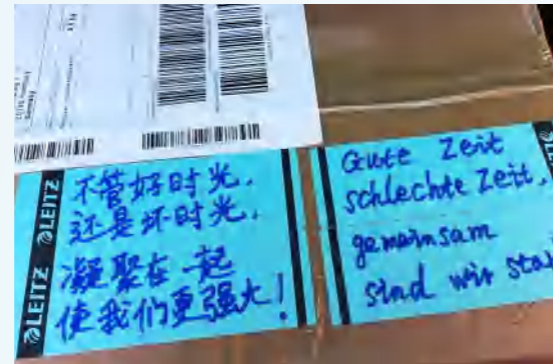
Donating over
270,000 anti-epidemic masks



▲ Transportation of anti-epidemic masks



▲ Partners received the assistance



▲ Donated materials

Sincere dedication to share anti-epidemic measures

On the morning of February 26, Baosteel received a call for help from its overseas partner, Liberty House Group, an Italian steelmaker. Confronted with the outbreak of COVID-19 in Italy, Bogdan Grecu, CEO of Liberty House Group, immediately thought of their friendly partner Baosteel and hoped that the Chinese friend would share the experience in fighting against the epidemic. Baosteel immediately arranged a video teleconference, organizing relevant experts and responsible personnel to brief our prevention and control measures and emergency plans to ensure production operation to the partner in detail, answering each of their concerns one by one, and making reasonable suggestions for their steel mills to fight against the epidemic.

Lend a helping hand to Hong Kong compatriots

Playing the role of central SOEs, Baosteel and China International Marine Containers (Group) Ltd. (CIMC) cooperated quickly with each other to finalize the specifications, coordinate the delivery date and issue the contract for the steel used for Hong Kong's COVID-19 quarantine ward project in just 24 hours, laying a solid foundation for the project to be completed on schedule and with high quality. Facing the request of the strategic user for supply guarantee and to respond to the client's demands at the fastest speed and to a great extent, Baosteel Trading Company coordinated with Hot Plate and Engineering Material Sales Department immediately made order plans and worked against the clock to negotiate with the client. In 24 hours, they finalized the specifications, coordinated the delivery date, and issued the contract for 931 tons of materials, including 669 tons of the hot-rolled plate and 262 tons of thick plate. The first batch of modules for quarantine wards arrived in Hong Kong from the client manufacturing base on September 29, escorting Hong Kong's fight against the epidemic.

Completing the steel plans for quarantine wards in only

24 hours

Open up supply guarantee channel to alleviate shutdown crisis

In order to assist Hebei Loxa Co., Ltd., a subsidiary of Foton, to gain engineering machinery materials needed for the construction of the Beijing Winter Olympics, Baosteel made every effort to open up the supply guarantee channel. The production, marketing, and research teams of hot rolled plate gathered assembled at a rapid pace to make plans for the supply guarantee from multiple dimensions such as process optimization and production organization optimization. Heat-treated products need to go through dozens of complex processes and the conventional production cycle is about 45 days. In order to ensure the delivery schedule, the team members carried out bold trials and process optimization under pressure, and a plan for adaptive improvement of production using stock resources was quickly developed. On the premise of ensuring product quality, the process window of the whole production process was inclined to the supplied products. Daily maintenance such as overhaul, operation, and alignment was adjusted according to the production plan. In view of various abnormalities in the course of the processes, the teams drew up corresponding emergency plans. Finally, with the efforts of the team members, the first batch of products was delivered in advance to ensure the client's smooth connection with the project construction.



Maanshan Iron & Steel strengthened epidemic prevention and control

After the prevention and control of COVID-19 started, Maanshan Iron & Steel was deeply aware of its importance, urgency, complexity, and difficulty. It actively cooperated and made concerted efforts in various work-related to epidemic prevention and control, overcoming mountains of difficulties and organizing the procurement of prevention and control supplies through multiple channels. It raised a total of 1.143 million masks, 4,750 kg of 84 Liquid Disinfectant, 2,857.5 kg of alcohol, 612 forehead thermometers, and 2 sets of infrared temperature measuring equipment. The anti-epidemic supplies were distributed to production and operation sites in a timely manner to ensure the needs of production and work resumption.

Collection of

114.3 million masks

4,750 kg
84-liquid disinfectant

2,857.5 kg
alcohol

612
forehead thermometers

2 set
of infrared temperature measuring equipment



▲ Raising anti-epidemic supplies



▲ Carrying out indoor and outdoor disinfection and sterilization



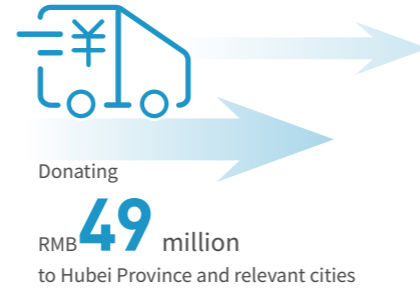
▲ Temperature measurement at work



▲ One-meter queuing interval in the canteen

Speed up Production and Capacity Expansion, Rush to the Front Line

China Baowu was fully aware that “the whole country is in chess” and that “If Wuhan wins, Hubei will win; if Hubei wins, China will win”, so we actively performed the political responsibility and social responsibility of the central SOE. While carrying out the epidemic prevention and control, we spared no effort to support Hubei, especially Wuhan, donating RMB 49 million to Hubei Province and relevant cities for epidemic prevention and control. Concerning the anti-epidemic needs, we went all out to help the front line regardless of conditions, costs, and difficulties.



Medical oxygen was in great demand to treat COVID-19. Due to the insufficient medical oxygen supply and unstable operation of oxygen supply facilities in major hospitals of Wuhan, China Baowu immediately decided to establish a leading group and emergency headquarters for medical oxygen supply in special periods coordinated by Wuhan Headquarters. In terms of the guarantee of oxygen supply, the Company rapidly made production adjustments to ensure “better to have a blast furnace with less oxygen than a patient without oxygen.” The subsidiaries WISCO Gas Company and WISCO MCC and other units enlarged their production capacity and went full steam ahead for production and distribution. Regarding the construction of oxygen supply facilities, Baosteel, Echeng Iron & Steel, WISCO Green City, and other units immediately rushed to help the construction of Huoshenshan and Leishenshan hospitals and the renovation of oxygen supply systems in other hospitals. A large number of construction materials were provided and several “anti-epidemic vanguard teams” were set up continuously to complete the tasks on time and with good quality. We also transferred enterprise venues to build a cabin hospital and three centralized quarantine points for Wuhan and made every effort to provide local residents with electricity, food, and other livelihood security. Hundreds of employees in Hubei volunteered to engage in production at work and fight against the epidemic after work.



◎ Echeng Iron & Steel completed steel supply guarantee

To receive as many patients suffering from COVID-19 as possible, the Hubei Provincial Government decided to build Leishenshan and Huoshenshan hospitals and expand the Third Hospital of Ezhou. Upon learning the news that the hospital project was in urgent need of steel, the leaders of Echeng Iron & Steel, a leading building material manufacturer in Hubei Province, immediately commanded and organized the relevant departments to work together efficiently, and completed the deployment of supplies, transfer of transport capacity, warehouse storage, distribution, and shipping. In the difficult context of traffic control in Wuhan and Hubei, it made active contact with the prevention and control headquarters at all levels in different cities and provinces to open up a green transportation channel, delivering the supplies to the construction site in time and ensuring the progress of works.



▲ Fill medical oxygen cylinders



▲ Deliver meals to the Second Hospital of Ezhou

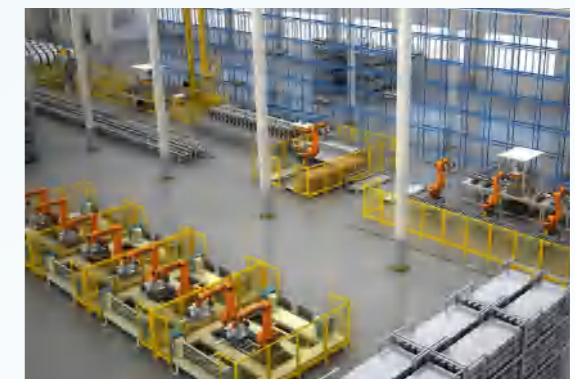
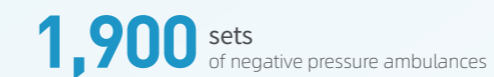


◎ Baosteel Metal guarded “heroes in harm’s way”

The negative pressure ambulance can effectively reduce the chance of the virus spreading outside the vehicle and can minimize the risk of cross-infection of medical personnel in the treatment and transportation of patients with infectious diseases. Known as “N95 in the ambulance”, it is a powerful weapon for epidemic prevention and control. On January 27, 2020, Jiangling Motors, one of the important manufacturers of negative pressure ambulances in China, sought help from Baosteel Metal to urgently order a batch of supporting spare parts for the production of 1,300 negative pressure ambulances.

The epidemic is the order, and prevention and control are the responsibility. Baosteel Metal acted quickly and completed the registration of work resumption in just one day, overcoming the difficulties of production line suspension, workers off, raw material procurement, and product transportation during the Spring Festival. It emergently called back all the workers in Shanghai to make up for all the posts in the manner of “more than one post for one person”; called on employees in Shanghai to donate masks to alleviate the shortage of masks three days prior to the production; set up strict disinfection and temperature monitoring processes to safeguard the health of workers returning to work and prevent external importation as well as internal diffusion; adjusted production plans and overcame the difficulties of raw material procurement to prioritize the supply of spare parts for negative pressure ambulances. By taking multiple measures, it successfully completed the supply task of spare parts for 1,900 sets of negative pressure ambulances with the optimal quality and the best service and at the fastest speed, doing everything to guard the “heroes in harm’s way” fighting in the front line.

Completing the supply task of spare part supply for





Bayi Iron & Steel guaranteed medical oxygen supply

In July 2020, when COVID-19 broke out again, Bayi Iron & Steel gave top priority to guaranteeing medical oxygen supply. It worked at full speed around the clock to scientifically and properly organize the production and transportation, providing 1,012 cubic meters of medical oxygen to 76 hospitals in Xinjiang, including 2,494 bottles of bottled oxygen and 743 cubic meters of liquid oxygen. At the same time, an expert team was organized to provide hospitals with on-site diagnosis and maintenance of special medical oxygen equipment, as well as the support of emergency plans after the increase of medical oxygen.

Supplying

1,012 cubic meters
of medical oxygen to 76 hospitals in Xinjiang

2,494 bottles
of bottled oxygen

743 cubic meters
of liquid oxygen



Baosteel Resources rushed to help the construction of Leishenshan Hospital overnight

On the night of January 25, 2020, when learning that Wuhan was in urgent need of equipment such as loaders and back shovels for the construction of Leishenshan Hospital in Military Athletes' Village, Huangjia Lake, Jiangxia District, Baosteel Resources WISCO Resources Wulongquan Mining, and WISCO MCC Wulongquan Division took prompt action to emergently mobilize 25 loaders and back shovels in the mining area and transferred the relevant technical personnel to rush to the help the construction of Leishenshan Hospital until it was built and put into use, making due contributions to the fight against the epidemic in Wuhan. During the epidemic period in 2020, more than 1,200 people from Baosteel Resources and WISCO Resources participated in the local epidemic prevention and control, assisting to win the battle against the epidemic.

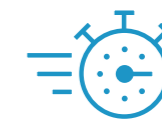
Emergency mobilization of
25 units
of equipment in the mining area

Over
1,200 people
participating in local epidemic prevention

Take Targeted and Comprehensive Measures, Ensure Stable Resumption of Production

China Baowu adhered to the systematic mindset, focusing on epidemic prevention and control as well as the resumption of work and production. On April 12, 2020, all its subsidiaries resumed work. Among them, WISCO and Echeng Iron & Steel, which are located in Hubei province, couldn't stop production. On the one hand, the whole-process steel enterprises must keep production to ensure security; on the other hand, only continuous production can guarantee the sufficient oxygen supply and ensure the sustained, safe and reliable use of electricity and energy for surrounding hospitals, fever clinics, and residents. With the strong support of the local government, China Baowu coordinated to settle practical problems such as shortage of raw material inventory, poor logistics of important materials and spare parts, serious impediment in the production of products, and difficulties in getting employees back to work, ensuring "uninterrupted production" of WISCO and Echeng Iron & Steel during the epidemic period.

During the epidemic period, China Baowu concentrated all its efforts to ensure the supply of products for the national mission. We always maintained the core production lines at a normal pace to ensure the delivery and supply of core materials in key fields such as aerospace, aviation, and nuclear power. After receiving the demand for high temperature bearing steel for a key national project, the Company promptly made the process and technology plan and quickly put it into production, shortening the delivery period than the conventional manufacturing cycle by 60 days. We made great efforts to minimize the impact of the epidemic, resolutely won the battle against the epidemic, and strove to complete the annual targets and tasks.



Promptly making the process and technology plan and quickly putting it into production, shortening the delivery time than the conventional manufacturing cycle by

60 days



Baohua Bidding adopted "cloud bidding"

The bidding and purchasing is a key link in the construction of the supply chain system. After the outbreak of COVID-19 in 2020, as personnel concentration many cause large risk of infection, the bidding and purchasing were affected to varying degrees and the traditional centralized bidding mode was faced with serious challenges. As a unified bidding platform of China Baowu, Baohua Bidding, a subsidiary of Baosteel Engineering, actively explored the approach of "cloud bidding", through bidding and evaluation were conducted in remote places to reduce transfer and concentration of personnel and greatly lower the risk of virus spreading. While effectively reducing human interference and promoting the transparency and openness of bidding and purchasing, the approach breaks the restriction of space and facilitates the synchronization of evaluation in a paperless way, cutting the cost of bidding and raising the efficiency of bidding. In early February 2020, Baohua Bidding immediately resumed work and production and completed numerous engineering project bidding in a safe, efficient and standardized manner to ensure the smooth progress of engineering projects under China Baowu.



Financial company grasped two links

To help with the battle against COVID-19, the financial company established an emergency response mechanism to provide special concessional loans for enterprises supporting the fight against the epidemic and opened up a green channel to ensure timely disbursement of funds for fighting the epidemic. A total of RMB 120 million of loans were issued to support the medical oxygen production and the construction of Leishenshan and Huoshenshan hospitals. For customers severely affected by the epidemic, special credit policies such as deferred repayment of principal and interest, the extension of the grace period, and lower interest rates were introduced; the service of opening letters of credit on behalf of the company was launched to ensure the normal development of overseas procurement business. In 2020, the financial company opened 36 letters of credit, equivalent to RMB 1.54 billion.

2020

China Baowu Steel Group Corporation Limited Corporate Social Responsibility Report



Original Aspiration

Century Glory

CHANG'E FLIES TO THE MOON STEEL POWERS THE REALIZATION OF CHINA'S SPACE DREAM 02

Remain True to the Original Aspiration, Extend the Red Blood 04

Serve the Country Through Industry, Straighten up the Steel Backbone 16

Steps Towards a "Manufacturing Power" 16

Coordinated Development of One Basis and Five Industries 20

Build a High-quality Iron & Steel Ecosphere 22

Drive the RMB Internationalization 30



TYPICAL PRACTICE

Chang'e Flies to the Moon, Steel Powers the Realization of China's Space Dream

From the ancient myth of Chang'e flying to the moon to the heroic story of Wanhua flying into the sky in the Ming Dynasty, space travel has always been a long-cherished dream of the Chinese people for thousands of years.

A handy tool makes a handyman. Whether it is an aeronautics dream or space dream, it is a fond dream without a powerful air vehicle which consists of three types: aircraft such as airplanes and airships, spacecraft such as man-made earth satellite, spaceship, and space probe, and carrier rocket known as the "courier" sending the spacecraft into space. The "core" materials used to make these "magic air vehicles" are mainly steel, titanium, and aluminum, collectively known as "Three Musketeers", and the steel is not plain carbon steel, but alloy steel with special properties or "special steel".

Over the years, China Baowu has devoted itself to the study of special materials used in space, providing sustaining driving force for China's "flying dream".

China's first man-made earth satellite, Dongfanghong-1, was successfully launched. A loud and clear song "The East is Red" resounded through and shook the world. From then on, the Chinese people began to explore the mysteries of the universe, use space peacefully and benefit mankind.

1970 April 24

2017 May 5

China's homegrown large aircraft C919 known as "the chosen one for aviation" made its first test flight at Shanghai Pudong International Airport, marking a historic breakthrough in China's aviation industry. To solve the problem that materials used to make the aircraft's landing gear had long been dependent on the importation, China Baowu tailor-made the large scale 300M steel for the ultra-high landing gear of C919, realizing the domestication of this key component and contributing to C919 aircraft's flying in the blue sky.

The Long March-5 Y3 carrier rocket blasted off from the Wenchang Space Launch Center in Southern China's Hainan Province, sending the Shijian-20 satellite into its planned orbit. The Long March-5, a new-generation heavy-lift rocket and nicknamed the "Fat Five" due to its chubby shape, soared into the sky with its precision components such as engine turbine rotor and exhaust nozzle made of superalloy and special stainless steel exclusively supplied by China Baowu.

2019 December 27



The Chang'e-5 lunar probe mission was launched successfully via the Long March-5 Y5 carrier rocket. On December 17, the Chang'e-5 lunar probe successfully returned with samples from the lunar surface, capping a three-phase development plan of "orbiting, landing, and returning" for China Lunar Exploration Program. Baowu Special Metallurgy developed superalloy series turbine rotor forgings and super long thin wall precision superalloy tubes developed for the engine of the Long March-5 rocket carrier, and as well developed and produced 7715D high-temperature high strength titanium alloy and many other high-performance materials and products for the Chang'e-5 lunar probe, which all had reliable quality and excellent properties, boosting China's aerospace industry to set sail again and shouldering the mission and duty of China Baowu to "build a national pillar and cast a national gem".

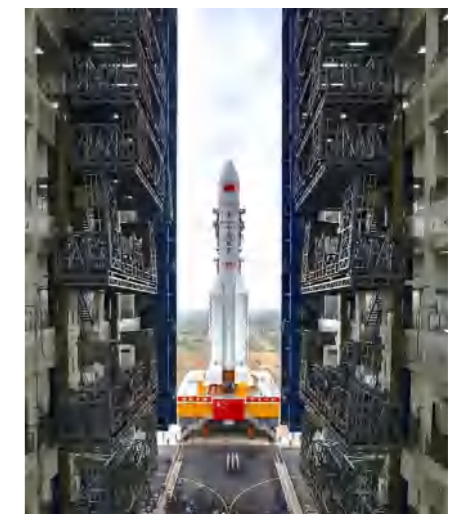
Furthermore, to realize the orbit trimming, lunar landing, ascending and returning, and other difficult operations of the probe, Baowu Special Metallurgy developed and produced high-temperature high strength titanium alloy, which was successfully applied to the attitude and orbit control torque series engines of the probe, effectively reducing the single-engine mass and improving the payload weight of the probe. It fully met the requirements of the Chang'e-5 engines for high reliability and long service life and made outstanding contributions to the development of China's space industry.

2020 November 24

2020 May 5

The Long March-5B carrier rocket made its first successful flight. It won the first battle of flight mission for China's space station stage and further consolidated the status of the Long March-5 series rockets as the first echelon of the world's active rockets in its carrier capacity, marking China officially opened the 25-ton "heaven-earth transport corridor" and developed the ability to build large space infrastructure such as space stations, and unveiling the "third-phase" mission of China's manned space program. It was a major victory and the latest achievement in the journey of building China into a space power. Super long thin wall precision superalloy tubes and superalloy series turbine rotor forgings and other products developed for a type of liquid hydrogen-oxygen engine of the Long March-5B carrier rocket by Baowu Special Metallurgy met all operating requirements and were highly recognized by the Long March-5B Carrier Rocket Office for their prominent performance during the flight.

Chinese dream, space dream. Behind every highlight moment of the successful launch of spacecraft that makes the Chinese people proud stands the full support of the "unsung superhero" steel!



Remain True to the Original Aspiration, Extend the Red Blood

December 23 is a special day for China Baowu with special significance. In 1890, Jiangnan Manufacturing Bureau Steelworks began to be constructed and Hanyang Iron Works laid the foundation stone on December 23. On December 23, 1978, the day when the communique of the Third Plenary Session of the 11th CPC Central Committee was published, Baosteel Engineering made its first pile. On December 23, 2020, China Baowu ushered in a historic moment of the annual steel output exceeding a hundred million tons, realizing the dream of "100-million-ton Baowu".

Steel is the food of industry. From 1890 when Jiangnan Manufacturing Bureau Steelworks and Hanyang Iron Works were born to 2020, China Baowu has sustained for 130 years, over which modern steel industry of China started from scratch and reached the top of the world, generations of Chinese steel men carried the torch to compose a magnificent epic of serving the country through industry, and China Baowu joined hands with the nation and the people in pursuing the Chinese dream of great rejuvenation. In April 2020, in order to carry out the mission and task of publicity and ideological work "raising the banner, gathering the people, cultivating new talents, revitalizing culture and displaying the image" proposed by General Secretary Xi Jinping, to gain a footing and shape our spirit in deepening the thematic education of "staying true to the Party's original aspiration and the founding mission" and the study of "the history of the Party, the history of China, the history of reform and opening up, the history of socialist development", and to unite and encourage all Party members and staff to inherit the original aspiration and mission of "serving the country with iron and steel", China Baowu launched a series of publicity and education activities themed "glory of steel, dream-casting for a century" to motivate all Baowu people to draw the strength of firm progress from the great course of quest and endeavor for over one hundred years, and valiantly create new achievements by standing ahead of the trend.



130-Year Evolution of China Baowu (1890—2020)



Stuttering Start

1890 :Hanyang Iron Works and Jiangnan Manufacturing Bureau Steelworks were born in 1890

In the autumn of 1890, the Qing government decided to set up a steelwork in Jiangnan Manufacturing Bureau in Shanghai, hence the first steelworks was born in China. On December 23, 1890, Hanyang Iron Works, the first modern iron and steel enterprise of China, laid the foundation in Wuhan. With a stuttering start and groping forward, China's steel industry was placed on great expectations of national "self-improvement" and "seeking prosperity". However, in the context of a stormy and turbulent society in the time of war, China was facing domestic strife and foreign aggression and the old regime was about to collapse. The dream of generations of people with lofty ideals to save the country with iron and steel was hit hard by the cruel reality.

War Years

1938 :Hanyang Iron Works and Shanghai Steelworks were moved to Chongqing in 1938

After the War of Resistance Against Japanese Aggression broke out, Shanghai Steelworks (the former Jiangnan Manufacturing Bureau Steelworks) and Hanyang Iron Works were moved to Chongqing. The two earliest steelworks in modern China were integrated into one, becoming the predecessor of Chongqing Iron and Steel. They survived in the flames of war, leaving a precious spark for national industry.

Flaming Time

1951 :Xinjiang Bayi Iron & Steel was founded in 1951

After the founding of the People's Republic of China, the people's government took over the steel enterprises from the ruins of the war and quickly resumed production. China's steel industry ushered in a new life in a desperate situation. While steelmakers around the country were actively resuming production, the People's Liberation Army (PLA) in distant Xinjiang independently built a new steel plant from scratch, the Xinjiang Military Area Command Logistics Department Steel Plant (predecessor of Xinjiang Bayi Iron & Steel).

1953 :Maanshan Iron Works (predecessor of Masteel) was built in 1953

In February 1953, Maanshan Mining Bureau was renamed "Maanshan Iron Works". After half a year, Maanshan Iron Works completed a series of preparatory work before the construction. On June 1, the renovation of the blast furnace broke ground, opening the prelude to the construction of Maanshan Iron Works.

1955 :WISCO began to be constructed in 1955

To reverse the backward situation of the steel industry, the CPC Central Committee made an official decision on May 6, 1952, to establish the second steel industry base of China in Daye near Wuhan. In 1955, WISCO began to be constructed, and more than 100 factories in 48 cities and 18 provinces and regions across China made equipment and spare parts for WISCO.

1958 :Hubei Iron & Steel Works (predecessor of Echeng Iron & Steel) was put into operation in 1958

On March 25, 1958, Hubei Iron & Steel Works broke ground and was later renamed Echeng Iron & Steel Works. It became a backbone iron and steel enterprise of Hubei Province and was known as "eighteen arhats" together with other provincial iron and steelworks in China.

Twists and Turns

During the ten years of the Cultural Revolution, all the steelworks went through stagnation, delayed construction, rectification, and recovery. China's continuous investment in the steel industry objectively built up energy for the arrival of spring.

1966: Shaoguan Steelworks was rebuilt and put into operation

In May 1966, the Shaoguan Steel Infrastructure Headquarters was established to make overall arrangements for the reconstruction of Shaoguan Steelworks. On August 22, the first furnace of molten steel was successfully smelted, and a new steel plant stood proudly in Shaoguan, a famous county in the south of the Five Ridges.

1969: The 9424 (Meishan) Engineering Headquarters was established in 1969

In order to make up for the shortage of pig iron in Shanghai iron and steel enterprises, Shanghai, with the kind care of former premier Zhou Enlai, decided to build an iron-making base with an annual output of 1 million tons of pig iron near Meishan Iron Mine in Nanjing, Jiangsu Province. On April 24, the 9424 (Meishan) Engineering Headquarters was established.

First Debut

1978: Baosteel began construction in 1978

On December 23, 1978, the second day after the Third Plenary Session of the 11th CPC Central Committee concluded successfully, Baosteel Engineering built its first pile at the mouth of the Yangtze River. Since then, China has made use of foreign resources and technology on a large scale according to the idea of reform and opening up so as to rapidly promote the technological transformation of old enterprises. The steel men took over the baton of the times, made general reforms, and strive to promote China's steel industry to stride forward.

Booming

1988: Baosteel, Shanghai Steelworks and Meishan consolidated and restructured in 1988

On November 17, 1988, with the approval of the State Council, Baoshan Iron & Steel (Group) Corporation was restructured into Shanghai Baosteel by incorporating restructured based on by incorporating Shanghai Metallurgical Holding (Group) Company and Shanghai Meishan (Group) Co., Ltd. The joint reorganization of Shanghai iron and steel enterprises was of great significance for accelerating the development of the steel industry in Shanghai, promoting the structural adjustment of China's steel industry, and promoting the strategic reorganization of SOEs.

2005: WISCO and Echeng Iron & Steel consolidated and restructured in 2005

On January 19, 2005, Echeng Iron & Steel and WISCO signed a joint restructuring agreement. On April 30, the former Echeng Iron & Steel Group Co., Ltd. was renamed WISCO Echeng Iron & Steel Co., Ltd. and officially established. The reorganized Echeng Iron & Steel ushered into a new period of development.

2007: Baosteel and Bayi Iron & Steel consolidated and restructured in 2007

On January 16, 2007, Baosteel Group signed an agreement with the government of Xinjiang Uygur Autonomous Region on increasing capital and restructuring Xinjiang Bayi Iron & Steel Group Co., Ltd., where Baosteel Group accounted for 69.56% of the registered capital. On April 28, Baosteel Xinjiang Bayi Iron & Steel Group Co., Ltd. was inaugurated, with Bayi Iron & Steel joining Baosteel. The reorganization was described as a new model of "government promotion + market operation".

2011: Baosteel and Shaoguan Steelworks consolidated and restructured in 2011

On August 22, 2011, Baosteel Group signed agreements with the SASAC of the People's Government of Guangdong Province and the SASAC of Guangzhou Municipal Government concerning the reorganization of Guangdong Shaoguan Iron and Steel Group Co., Ltd and Guangzhou Iron and Steel Enterprises Group Co., Ltd. On April 18, 2012, Baosteel Group Guangdong Shaoguan Iron and Steel Co., Ltd. was inaugurated. On April 19, Guangzhou Sheet Co., Ltd., jointly funded by Baosteel Group and Guangzhou Iron and Steel Enterprises Group Co., Ltd., was unveiled.

2016: China Baowu Steel Group Corporation Limited was established by consolidation and restructuring of Baosteel and WISCO

On September 14, 2016, with the approval of the State Council, Baosteel Group and WISCO consolidated and restructured. On December 1, China Baowu Steel Group Corporation Limited was inaugurated and established. In that year, China Baowu's asset scale reached RMB 739.5 billion and its production capacity reached 70 million tons, ranking first in China and second in the world.

2019: China Baowu and Masteel Group consolidated and restructured

In May 2019, the SASAC of the People's Government of Anhui Province transferred its 51% stake in Masteel Group to Baowu free of charge. In September, China Baowu consolidated and restructured with Masteel Group, which became a subsidiary of China Baowu.

Forging Ahead

2020: China Baowu ranked top among global steel enterprises in 2020

In 2020, China Baowu was entrusted to manage Sinosteel Group, became the actual controller of Chongqing Iron and Steel, consolidated and restructured with TISCO, and was entrusted to manage Chongqing Iron and Steel. On December 23, 2020, China Baowu held a conference to celebrate the 130 anniversary of China Baowu and "Golden Hearth" theme activities in the Golden Hearth • China Baowu Steel Convention and Exposition Center. On this day, China Baowu reached the annual steel output of over a hundred million tons and achieved the historic leap of "100-million-ton Baowu", ranking top among global steel enterprises and showcasing the power of China Baowu.

"130 Years of China Baowu" Thematic Exhibitions

In 2020, nine thematic exhibitions for the "130 Years of China Baowu" were successively launched, which told the stories of the difficult start of Jiangnan Manufacturing Bureau Steelworks and Hanyang Iron Works, regeneration of Shanghai Steel Base, painstaking entrepreneurship of Bayi Iron & Steel, hard struggle of Masteel, red steel brand of WISCO, butterfly change of Echeng Iron & Steel, rising of Shaoguan Iron and Steel, blossoming of Meishan Iron and Steel, glorious chapter of steel of Baosteel, and the older generation of steel men struggling forward with a burden for the survival and self-improvement of the nation. It presented the magnificent history of China Baowu in the 130 years, guiding people to look back at the original aspiration and review China Baowu's arduous reform and development process in the past 130 years.

thematic exhibitions

9



▲ The Starting Point of History



▲ Flaming Time



▲ Paeen to Tianshan Mountains



▲ A Flower in the South of the Yangtze River



▲ Red Steel City Carrying the Century-old Torch



▲ Magnificent Butterfly Change



▲ Colorful Steel City Reflects Danxia



▲ Advancing Meishan Iron and Steel

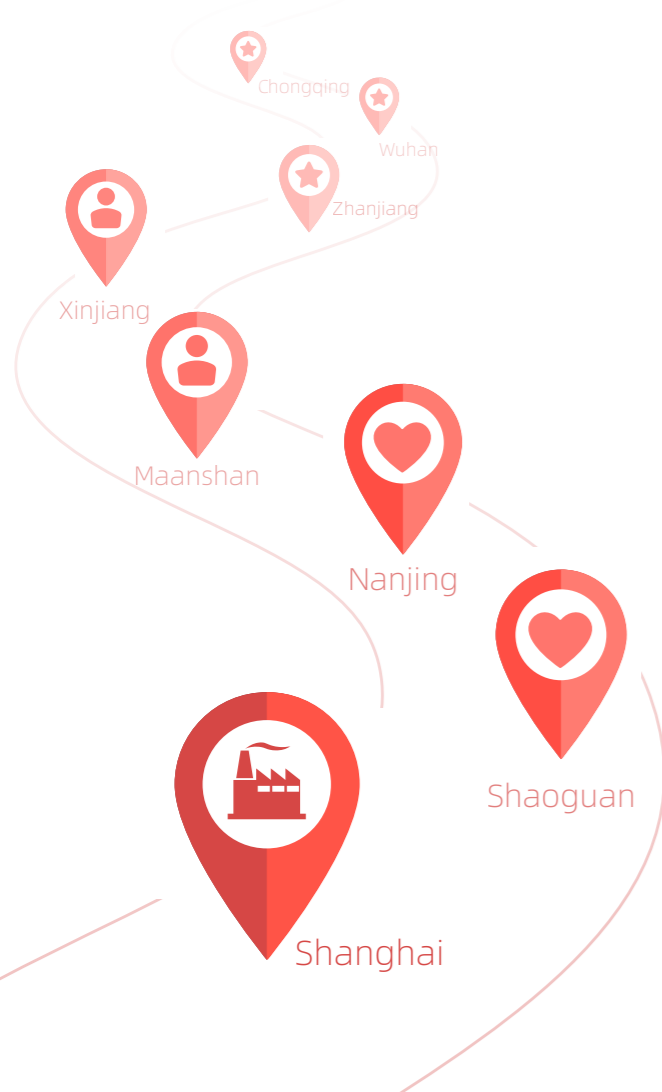


▲ Strive with the Reform, Compose Glorious Chapter of Steel

"Glory of Steel, Dream-casting for a Century"
Publicity and Education Activities

"Revisit the Long March of Steel" Activities

In 2020, China Baowu successively held "Revisit the Long March of Steel" activities in Chongqing, Wuhan, Zhanjiang, Xinjiang, Maanshan, Nanjing, Shaoguan, Shanghai, and other places, looking back at the 130 years of history of China Baowu and China's modern steel industry, and drawing the spiritual strength to move forward.



▲ "Revisit the Long March of Steel" on July 1 - Chengdu-Chongqing area



▲ "Revisit the Long March of Steel" on September 13 - Wuhan area



▲ "Revisit the Long March of Steel" on September 25 - Zhanjiang Iron & Steel



▲ "Revisit the Long March of Steel" on October 26 - Meishan Iron and Steel



▲ "Revisit the Long March of Steel" on November 30 - southern China area



▲ "Revisit the Long March of Steel" on December 8 - Shanghai area



▲ "Revisit the Long March of Steel" on October 9 - Xinjiang area



▲ "Revisit the Long March of Steel" on October 25 - Nanjing-Maanshan area

First Publishing of *Casting Dreams for a Century - Brief History of 130 Years of China*

On October 26, 2020, the book *Casting Dreams for a Century -- Brief History of 130 Years of China Baowu* was published, with Chen Derong, Secretary of CPC and Chairman of China Baowu, writing the prelude and Hu Wangming, President and Vice Secretary of CPC of China Baowu as the editor-in-chief. Based on the timeline, the book describes the footmarks of all subsidiaries under China Baowu left on different historical positions and depicted the development track of the history of China's modern steel industry so as to remember the original aspiration and patriotism to serve the country with iron and steel, and carry forward the spiritual blood and fine traditions of self-improvement and perseverance.



Premiere of Large-scale Documentary *Hundred Years of Baowu*



On November 12, 2020, the large-scale documentary *Hundred Years of Baowu* produced by employees of China Baowu was premiered. With abundant video data and exquisite lens language, the documentary records the endeavors of all subsidiaries under China Baowu to serve the country with iron and steel and make China a steel power in different historical positions, highlighting the precious spiritual qualities of several generations of steel men including unremitting self-improvement, indomitable struggle, perseverance, and selflessness.



First Release of Environmental Animated Film *Gorgeous Turn*



On November 27, 2020, China Baowu's environmental animated film *Gorgeous Turn* was premiered in the Environmental Intelligence Center of Baowu Environment and Resource Technology. In a unique perspective, the animation focuses on the renewal of waste paint buckets and tells how China Baowu vigorously promotes green and intelligent manufacturing and makes use of waste paint buckets and gives them new lives, which allows the public to see the fraternal love and warmth of China Baowu, shows our solid pace to construct "urban steel mill" and reflects our green concept and responsibility.



Scan the QR code to watch the environmental animated film *Gorgeous Turn*



Golden Hearth Theme Activity of China Baowu



On December 23, 2020, the conference to celebrate the 130th anniversary of China Baowu and "Golden Hearth" theme activity was held in the Steel Convention and Exposition Center. The theme activity was divided into four chapters: "Shining Original Aspiration", "Tremendous Journey", "100-million-ton Baowu", and "Leading the Future". Through songs, dances, melodrama, poetry recitation, and other forms, it reviewed the massive and magnificent picture of China Baowu in the past 130 years, expressed the original aspiration of Baowu people to serve the country with iron and steel and straighten the backbone, witnessed the glorious moment when the dream of "100-million-ton Baowu" came true, gathered the majestic power of all Baowu people, and composed another wonderful chapter of steel on the new journey in the new era.



Premiere of Large-scale Original Realistic Drama *Casting Dreams*



On December 31, 2020, the large-scale realistic drama *Casting Dreams* originally produced by China Baowu was premiered in the Conference Center of the Party School of Baoshan District Party Committee. Recounting the arduous course from 1890 when Zhang Zhidong set up Hanyang Iron Works to 2020 when China Baowu climbed to the top of global steel enterprises, the drama panoramically presented the 130 years of development of China's steel industry and showed the great spirit of generations of steel men in China such as perseverance, courage, entrepreneurship and ceaseless struggle.



My Baowu Story

— Former Director of Steel Slag Processing Workshop of
Xinjiang Bayi Iron & Steel General Plant

Yan Zhanhua

When I came to Bayi Iron & Steel on September 30, 1951, I started the steel career that I have been working on all my life. Back then, Bayi Iron & Steel had almost nothing except for the original two-story building in the aircraft assembly plant. I clearly remember the year I retired in 1913 when Bayi Iron & Steel's development plan of "1 million tons" was approved. At that time, Bayi Iron & Steel ranked 186th in sales and 85th in profit among the 500 largest industrial enterprises in China. Now, every time I see the production of 2500-cubic-meter blast furnace, Ouyeel furnace, 150-ton converter, medium and heavy plate, hot-rolled sheet and cold-rolled, galvanized, color-coated sheet production line with high quality and at a fast pace in Bayi Iron & Steel, I feel delighted in my heart, because this is also the dream that my generation of steel men wanted to realize.

On December 23, 1978, when the first pile of Baosteel was laid, I was in junior high school and made up my mind to work in Baosteel in the future upon hearing the news. That was the beginning of my Baosteel dream. Five years later, I graduated from Driver Class of Shanghai No. 5 Steelworks Technical School and became an honorable transport worker of Baosteel. September 15, 1985, is a day that everyone in Baosteel will always remember. On that day, Baosteel No. 1 Blast Furnace was fired and produced iron smoothly. I drove the Hino 25-ton tipper to transport by-products for the blast furnace, dedicating myself to increasing the production and efficiency of Baosteel. 38 years have passed at a snap of the fingers. I have experienced the "85-9" operation, participated in the whole process of the second entrepreneurship of Baosteel and the construction of Zhanjiang Iron & Steel. Whenever I look back on the past, my heart will be filled with ripples of happiness.

— Security Department of Baosteel

Ni Bochang

— Nanjing Mining Park of Baoland Properties

Yang Jin

Meishan Mine is the closest mine to the large city and is affectionately called "urban mine" by the outside world. Due to the non-renewable nature of resources, the urban mine will eventually be merged into the city. In 1997, I retired from a troop of the former Shenyang Military Area Command and joined Meishan Iron Mine in October of the following year. In 2020, I joined "Baoland Properties Nanjing". For more than 20 years since I took roots in Meishan, I, from a single in the youth to a happy family of three in the middle age, have experienced the whole process of the mine incorporated into Baosteel and Baowu, and also witnessed the change from the abundance of urban mine to the prosperity of mining city. The establishment of "Baoland Properties Nanjing" has accelerated the pace of mine's integration into the modern city. The high-standard mining park will make the once brilliant mine present in front of us with a new attitude so that every inch of land will become the starting point of a better life. I believe that the future of Baowu will be more wonderful.

— Steelworks of Baosteel Meishan
Iron and Steel Company

Zhao Jianhua

In 1969, my grandfather was one of the first builders to participate in the groundbreaking of Meishan Iron and Steel. In 1992, my parents experienced the second entrepreneurship of Meishan Iron and Steel. In 2011, when Meishan Iron and Steel Phase II was fully completed and put into operation, I participated in the construction and equipment debugging of the Second Steelworks as a point inspector of equipment and witnessed the discharge of its first billet. The three figures of 1969, 1992, and 2011 represent the three important nodes on the development path of Meishan Iron and Steel, as well as the marks of endeavors of three generations of my family in Meishan Iron and Steel. With the change of time, Meishan Iron and Steel people's arduous and down-to-earth spirit has been passed down from generation to generation. Now, I drive to work in the beautiful plant, carefully inspect each intelligent production line and manipulate the robots, through which I deeply feel that Meishan Iron and Steel is kicking into high gear and going straight ahead on the road of green development and intelligent manufacturing.

— Baowu Environment and
Resource Technology Financial
Asset Company

Wu Weijun

One day in February 1994, I took a shuttle bus in Hubu Lane of Wuchang to WISCO Bushel Iron Plant. Fish trucks loaded with molten metal, speckled workshops, stacks of chimneys in the distance...are my first impression of WISCO. In 2016, Baowu's reorganization played a "fusion" effect and the scrap car plant began to get into the fast lane of high-speed development. The former "junk kingdom" turned into a "garden factory" and quietly transformed from serving the steel industry to serving the city. With 26 years passing in a flash, my hair turned from black to white. Looking back, I find that my youth has long been closely integrated with the booming of the scrap car plant, and a sense of pride and endless emotion rise within me.

Serve the Country Through Industry, Straighten up the Steel Backbone

Steps Towards a “Manufacturing Power”

Direct Economic Performance

In 2020, according to the strategic business layout of “One Basis and Five Industries” and the overall deployment of “three steps”, China Baowu accelerated to realize the strategic goal of “A Hundred Million, A Trillion, A Hundred Billion, Ten Billion, A Billion”, fully displayed its capability to maintain a coordinated development of various industries and smooth out the periodic fluctuation of the industry, and ensured that the business performance continued to lead the global peers. In 2020, the Company realized a steel output of 115.29 million tons, total revenue of RMB 673.739 billion, and a total profit of RMB 45.543 billion. We ranked first in the world in operation scale and profitability, and were included into the list of central SOEs to establish a world-class demonstration enterprise. We ranked 111th on the Fortune Global 500 List, up 38 places from the previous years, and it was the first time for China Baowu to become the world’s top steelmaker.

China Baowu ranked 111th
on the Fortune Global 500 List

111 List



Ranking first among global
steel enterprises

Steel output

11,529 million tons

Total revenue

6,737.39 billion

Total profit

455.43 billion

Indicator	Unit	2017	2018	2019	2020
Total revenue	RMB 100 million	4,004.8	4,386.2	5,522.06	6,737.39
Total operating cost	RMB 100 million	3,983.1	4,145.6	5,437.34	6,532.03
Total profit	RMB 100 million	142.7	338.4	345.3	455.43
Total assets	RMB 100 million	7,456.1	7,118.1	8,621.94	10,140.71
Owners'equity	RMB 100 million	3,434.9	3,608.6	4,181.32	4,812.90

Key Technologies and Core Products

SA387MGr22Cl1 steel plate for steam generator of Xiapu Nuclear Power

The Demonstration Fast Reactor Program of Xiapu Nuclear Power is a major nuclear energy project that the CPC Central Committee and the State Council have decided to deploy according to the overall national strategy. The SA387MGr22Cl1 steel plate for the nuclear power steam generator required by the program is the most demanding and difficult carbon steel product undertaken by Baosteel Thick Plate. To ensure the first task of the mission product to go smoothly, the program team well designed the implementation process and key control points of each process made a thorough response plan for COVID-19, and successfully completed the mission of supply guarantee. The steel plate has the prime quality and becomes the key material for the steam generator of China's demonstration program that has first gone through the 10000 hours of performance verification test for creep and high-temperature resistance.

Wide ultra-thin precision stainless strip steel (hand-ripped steel)

"Hand-ripped steel" is ultra-thin stainless precision strip steel with a thickness of less than 0.05mm. The thinnest one is 0.02mm, the size of which is only 1/4 of A4 paper. It is the material in short supply in the major national strategy and emerging and cutting-edge fields. As China has long relied on imports, the price is very high, and the products less than 0.03mm thick are strictly banned from being sold to China, we have long faced the dilemma of "buying at a high price" and "being hit in the throat". TISCO successfully carried out the "wide ultra-thin precision stainless strip steel technology and product development" project, and independently developed and produced the "hand-ripped steel" with the thickness of only 0.02mm and the width of 600mm, becoming the world's only enterprise that can make mass production of wide soft stainless steel foil. It not only fills the domestic gap, but also vigorously promotes the upgrading and sustainable development of key materials in the high-end manufacturing field, leads the development direction of the world's ultra-thin stainless strip steel, and makes outstanding contributions to the transformation and upgrading of China's manufacturing industry.

630MPa high strength seismic steel bar

In 2020, Echeng Iron & Steel first developed and successfully developed the 630MPa high strength seismic steel bar, constantly promoting high strength steel bars to replace low strength steel bars and eliminating backward products, which was in line with the national strategy of green development. HRB500 (E), HRB600 (E), HTRB600 (E), and HTRB630E high strength steel bar are widely used in the construction of key projects such as Wuhan Fifth Ring Sports Center Stadium in Dongxihu District, Wuhan Hongxin Semiconductor Manufacturing, Huangshi Olympic Sports Center, Changsha Huawei HUB warehouse workshop, Henan Zhengzhou Greenland Group, and Jiangsu Liyang Wanda Yanling Mingwan.

New product of 2100MPa/2160MPa multicomponent alloy coated steel wire for bridge cable developed by Baosteel Nantong Wire Products

On September 26, 2020, Baosteel Nantong Wire Products worked with Baosteel Metal Technology Center, Baosteel Central Research Institute, Baosteel Steel Tube, and Steel Bar Business Division to complete $\phi 7.0\text{mm}/2100\text{MPa}$ and $\phi 5.4\text{mm}/2160\text{MPa}$ multicomponent alloy coated steel wire for bridge cable (Zn-Al/Zn-Al-Mg). This technology is another new breakthrough following the research and development of 2000MPa and 2060MPa ultra-high-strength cable wire, and has a high value of popularization and application in the bridge cable field, with the research results reaching the advanced international level.

Mass production of titanium alloy forgings for the new generation aero-engine

The new generation aero-engine has a higher thrust-weight ratio and stronger maneuverability, which requires larger forgings, finer accuracy, more uniform, and smaller structure. The TC17 large fan blisk precision titanium alloy forging is its key load-bearing part. Forgings with large size (diameter of about one meter, single weight of about one ton) are variable section parts, which are the development direction of rotor manufacturing technology for the engine with a high thrust-weight ratio. China Baowu's successful development of the TC17 large fan blisk wheel isothermal titanium alloy forgings has significantly improved the manufacturing technology level of China's large titanium alloy wheel and can be applied to the fan wheel of the pre-grinding machine and other large titanium alloy forgings. It has also boosted the improvement of China's aero-engine technology and has great military value and social benefits.

Successful trial production of 690TT heat transfer tube for steam generator of a nuclear power plant

The 690TTU heat transfer tube is the key material in the nuclear power plant and its manufacturing technology has been monopolized by three foreign enterprises for a long time. China Baowu has practiced the national development strategy of civil-military integration and broken the foreign monopoly. Based on the development of the 690 alloy heat transfer tube used in the steam generator of advanced pressurized water reactor (PWR) nuclear power, we have challenged the limit of technology and equipment to develop the 690TT heat transfer tube for the steam generator of a nuclear power plant. The breakthrough in the key manufacturing technology of civil products has laid the foundation for the manufacturing of military products, made it possible to share technological achievements between the military and the people, and share production resources, enhance economic and national defense strength, and help realize the dream of a strong country and a strong military.

Official issuance of Hwabao WP CSI Electronic 50ETF

Giving full play to its own resource endowment and professional investment capability, Hwabao WP Fund focuses on the electronics industry, supports the development of the domestic electronics industry with the power of capital, and guides the allocation of resources to computer and peripheral equipment, electronic equipment, semiconductor, and other electronic frontier industries and enterprises. In July 2020, Hwabao WP CSI Electronic 50ETF was officially issued. The fund is also the first "electronic ETF" listed in the Shanghai Stock Exchange, focusing on consumer electronics (5G mobile phone, Internet of things), semiconductor (chip, etc.), security (intelligent monitoring), and other national key technology fields.

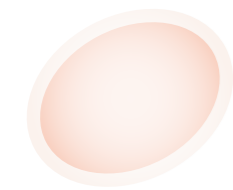
Complete manufacturing technology of aluminum plate for automobile

In 2020, Baosteel carried out experiments of solution quenching process, pre-aging process, and pre-aging cooling curve model for the 6016-alloy used in the outer plate of automobile, in which MDCP was output in the casting process and the pilot production of four furnaces were made in the 30-ton casting line. At the same time, two enterprise standards were prepared and published, including the 5,000 series cold-rolled aluminium alloy sheet and strip for the Q/BQB 9401-2020 automobile and the 6,000 series cold-rolled aluminium alloy sheet and strip for the Q/BQB 9404-2020 automobile.



Coordinated Development of One Basis and Five Industries

China Baowu is committed to playing a leading role in technology, efficiency, and scale so as to create a pattern with the base of green, premium, and intelligent steel manufacturing, and the coordinated development of new material, intelligent services, resources and environment, industrial park, industrial finance, and other related industries, to form a scale of over “a hundred million tons of capacity, a trillion yuan of assets, a trillion yuan of revenue and a hundred billion yuan of profit”, and to foster some backbone industries with over a hundred billion yuan of revenue and ten billion yuan of profit and some outstanding enterprises with over ten billion yuan of revenue and a billion yuan of profit.



New material



New material focuses on the development of advanced manufacturing industry and the demand of the “national pillar”, emphasizes on the industrialization of light metal materials of magnesium, aluminum, titanium, etc. needed in areas of new energy, transportation, maritime engineering, and aerospace, etc., special metallurgical materials, metal packaging materials, and carbon-based, silica-based and other inorganic non-metal materials, and enhances differentiated competitive advantages in areas of high-performance metal materials.

Intelligent services



Intelligent service is based on big data, cloud computation, and AI technologies. We have built digitized design and consultation services and smart operational maintenance service businesses for industrial equipment constructed a third-party platform based on steel, related bulk commodities, and industrial products to provide integral solution schemes of full life-cycle intelligent manufacture and services to the iron and steel ecosphere.

Industrial park



Industrial park starts from efficiently using stock real estate resources. We have cooperated in the capital with external dominant enterprises to build new-type industrial parks, so as to facilitate the transformation and upgrading of urban steel mills, safeguard new career development of employees during the transformation of old steel bases, and support the construction of iron and steel ecosphere.

Resources and environment



The resource and environment industry focuses on exploitation, trading and logistics businesses of mineral resources needed by main industry of steel. We have made innovation in business models and constructed the world’s first-class mineral resource comprehensive service platform for the full supply chain. Counting on equipment, technologies and resource advantages of urban steel mills, and oriented towards industry and city integration, urban mine exploitation and resource comprehensive utilization, we have formed a professional industry and the environmental protection industry integrating city and industry.

Steel manufacturing



Steel manufacturing is targeted to “lead the development of global steel industry” and mainly reflect our leading role in scale, technology and scale. We have implemented the green, premium, intelligent, cost and scale management strategy, improved the industrial concentration through restructuring and integration, actively promoted intelligent manufacturing so as to become the world’s first-class intelligent manufacturing service provider for carbon steel, special steel and high-quality stainless steel.

Industrial finance



Industrial finance highlights building a professional, market-oriented and platform-based industrial financial service system, so as to provide supply chain finance, asset management and other services for the iron and steel ecosphere, and further give play to the functions and advantages of financial business of industrial companies serving the development of real economy.



Build a High-quality Iron & Steel Ecosphere

Holding fast to the corporate mission of “jointly building a high-quality iron & steel ecosphere”, shouldering the historical mission of leading China’s high-quality economic development and bearing the responsibility of creating the “national pillar” and “national gem”, China Baowu has centered on the management theme of “seeking the gap by comprehensive benchmarking, creating the world-class enterprise”, focused on the construction and iteration of functional system of the ecosphere, and led the co-building, co-governance and sharing with “high starting point, high configuration, high investment, projectization, professionalization” to comprehensively improve the service capability and attractiveness of infrastructure and functional systems of the ecosphere, and continuously enhance its. In the expanding iron and steel ecosphere, we can improve the efficiency of resource allocation and maximize the value of the ecosphere by synergistically integrating the resources of Baowu, the industry and all relevant parties.

Service creates value

China Baowu takes the joint building of a high-quality iron & steel ecosphere as its mission, “One Basis and Five Industries” strategy as the framework, and industrial Internet, big data and AI as the support to create four platforms based on manufacturing and integrating transaction, logistics, finance and data, so as to realize unlimited connections without boundaries, empower the enterprises in the ecosphere, boost their development and become a master attracting partners in the iron & steel ecosphere serving China and radiating the whole world. In addition, the Company offers close services for downstream users, provides them with processing services such as shearing, blanking, laser welding, spare parts, trading service such as logistics and finance, e-commerce, transaction and digital service that is connected with customer information system, as well as technical services such as EVI early intervention, after-sales steel use guide. A package of solutions can be tailor made to customers through systematic integration.



© Ouyeel launched Wuhan Industrial Port project to build a core logistics hub of iron & steel ecosphere

On December 15, 2020, Wuhan Industrial Port project was officially launched, with a total investment of about RMB 5.7 billion. According to the functional planning of “port area - park - urban area”, the project was developed, constructed and operated by WISCO Logistics, a subsidiary of Ouyeel, mainly serving WISCO, Echeng Iron & Steel, Masteel and other steel mills of China Baowu as well as steel trade customers. It is an important part of China Baowu’s “bow and arrow” shaped big logistics pattern along the Yangtze River Economic Belt. In the future, with the target of building a green ecological demonstration port, an intelligent logistics demonstration port, a multimodal transport demonstration port and a port-city integration demonstration zone, we will build the project into the most competitive bulk commodity distribution center and production means distribution center in central China, and a state-level port-city integration modern logistics hub, to provide comprehensive services such as trade, finance, logistics and processing for bulk commodities in Wuhan and central China, to help regional economic development, and to contribute to the establishment of a new development pattern with domestic circulation as the main body and the mutual promotion of domestic and international circulation.

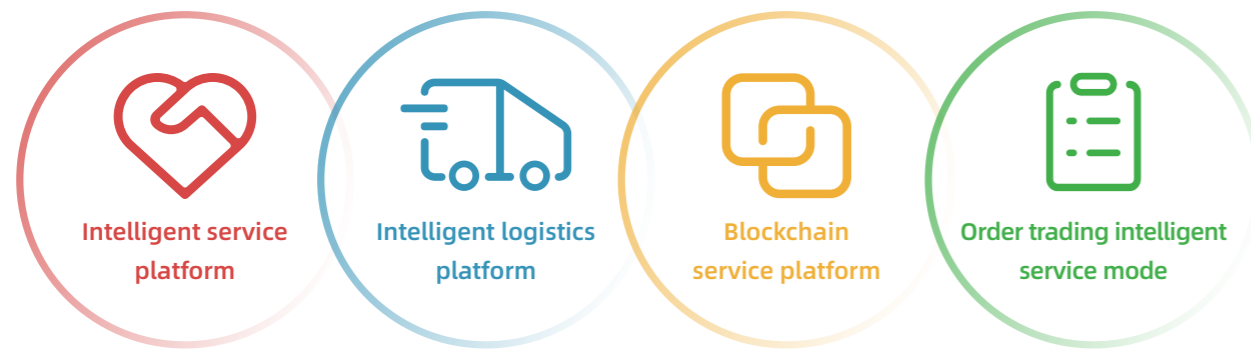


© WISCO Green City focused on green development and won awards for several model projects

In 2020, WISCO Green City focused on the direction of green development, firmly established the “satisfying customers, realizing self” concept, and actively integrated into the high-quality iron & steel ecosphere of China Baowu. The mountain and vegetation reconstruction project for WISCO, the EPC project of core landscape belt in the front area of the factory along Wuchang Avenue for Echeng Iron & Steel won the 2020 Urban Afforestation Quality Project Award of Hubei Province. The Section II project of comprehensive regulation works of Qingshan Port and No. 2 Open Channel and the PPP project of sponge city construction in Qingshan District Wuhan - drainage works of Jingzhou Street won the 2020 Wuhan Municipal Engineering Gold Award. The Ganjiajiao Lake in Dongxihu District was selected as “Hubei Happy River and Lake Demonstration”, showing good social benefits.



Intelligence empowers service



Intelligent service platform

China Baowu has developed an intelligent service platform, which applies technologies such as mobile Internet, image recognition, middle and middleground micro-service, and business data visualization to empower the business, and uses big data, AI and other technical means to realize high efficiency and intelligence of service, thus improving service experience and gradually realizing the maximization of collaborative value. It has established a quality risk client verification mechanism and primary material management system to create a quality risk verification defect database including 20 types of stamping, welding and electroplating and other defects from the perspectives of contract review, product certification, production process change and inventory. Through rapid verification on the client side, major supply risks and bulk supply risks are eliminated at the embryonic stage to ensure the batch delivery of materials and meet the user's requirements at the first time.



◎ Spatial Information Service Platform of Baowu Intelligence Plot Plan

Centering around intelligent manufacturing, efficiency improvement and other demands of the steel industry, the Design Institute China Baowu and Baosteel Engineering has taken advantage of a new generation of 3D GIS space technology to build the "Spatial Information Service Platform of Baowu Intelligence Plot Plan" and create a plot plan spatial database through integration of multi-source heterogeneous (spatial-related) data, realizing data spatial data intelligent service of Baowu's plot plan with steel industry attributes.



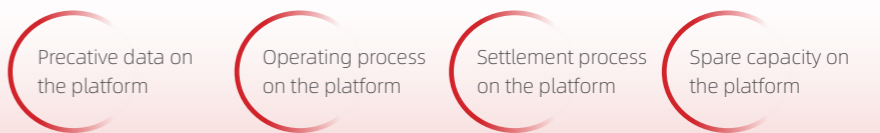
Order trading intelligent service mode

In order to build an efficient, intelligent and honest third-party trading platform, China Baowu Intelligent Service Center has assisted the Steel Trading Center affiliated to Ouyeel to vigorously promote the construction of over-the-counter order trading market, plan and design new trading modes, expand the scope of trading, enhance the scale of trading, and improve the frequency of trading. Since the launch and trial operation of the market pricing model on May 28, 2020, six orders for hot rolled plate in Yangtze River Delta have been received, and the settlement process had been completed for Yangtze River Delta Hot Rolling 2011, which was the first settled order, by the later November of 2020. The new order trading mode is seamlessly connected with Ouyeel, forming a whole process order trading service system of "common trading + personalized delivery".

Intelligent logistics platform

In 2020, Ouyeel's intelligent logistics platform of finished products started the Phase-II construction, including the construction control tower, business service center, warehousing service center and transporting service center, to realize unified management of internal and external logistics orders placed in various channels. The multidimensional, three-dimensional online control and operation management is available so as to achieve whole process logistics business management and fully ensure "four-on" business of steel logistics. In the meanwhile, the platform further applies the Internet of things, big data, cloud computing, deep AI learning algorithm and other new technologies to realize the whole-process goods tracking, vehicle tracking, digitalization of logistics elements, etc., reflecting intelligent logistics, intelligent scheduling and intelligent operation of the platform.

◎ "Four-on" business of steel logistics



▲ Intelligent logistics platform of finished products

Blockchain service platform

Blockchain is an important breakthrough for independent innovation in core technologies and has also been recognized as a new infrastructure, which naturally coincides with the multi-stakeholder supply chain scenario in the iron and steel ecosphere. Taking advantage of the non-tamper and traceable technical features of blockchain, "Ouyeel Chain" Steel Industry Blockchain Service Platform has solved the problem that steel trading parties are lack trust and credit, driving the chain of key business data in transactions, logistics, direct financing and other links and realizing the credibility, interflow and sharing of the whole business link. It has provided more credible, more efficient and more professional Internet platform services for the steel industry and reshaped the credit system of the iron and steel ecosphere.

User service tools

Service management system

In 2020, Baosteel continued to practice the “customer-centered” and “market-oriented” concepts, deepen the connotation of “three-level service system”, and create an “extreme customer service” platform to bring customers efficient, professional and personalized service experience, and create and convey customer value.

◎ Three-level service system

→ **Level 0:** Regional technical service team offers level 0 services to realize localized real-time service to users, quickly respond to users’ needs and complaints, and provide solutions to users’ problems

→ **Level 1:** The marketing center offers level 1 services to identify users’ needs, carry out technical support and cooperation, and provide application technology and supply chain solutions

→ **Level 2:** The research institutes and manufacturing bases offer level 2 services to develop and provide the overall solution of materials

Production, marketing, research and application mode

In 2020, according to the changes in the market situation and its strategic development direction, Baosteel optimized the organization system setting concerning the integration of production, marketing and research and its promotion priorities. On the one hand, a production, marketing and research integration organization have been set up based on the industry dimension to provide clients with high-value products and services carried by technical solutions and supply chain solutions according to the demands of customers and industrial development. On the other hand, it has promoted value marketing, sought the gap by comprehensive benchmarking, created the ultimate efficiency, pursued the value creation, quickly focused on the specific problems to be solved by customers, and finally achieved customer satisfaction.

User visit system

The ongoing negative impact of COVID-19 has limited face-to-face user visits and communications. Baosteel has maintained and strengthened the contact with customers by means of Internet platform, video conference, network communication and telephone communication to ensure uninterrupted service. It has further explored the value of visits, and as well-combed, improved and optimized the process, function, and content of customer visit management, so that the valuable information or the information that needs to be transferred and handled obtained during the visit can be interconnected and shared.

Active after-sales service

Regarding the users’ standards as its own standards, Baosteel has established a demand recognition, objection handling and quality improvement mechanism on the basis of “meeting the users’ needs”. By putting the users’ demand recognition in the top list, it has established a demand recognition digital management process and mechanism and created a user tree and product tree to open and share the information, realizing the “order after inquiry” of channel companies. It has also set up a user perception warning mechanism and selected 130 representative users to track the quality stability user perception index and analyze the perception and trend of specific users, in an attempt to reduce the frequency of user complaints.

Active response to complaints

Based on the principle of reducing users’ losses and not affecting users’ production, Baosteel has established procedures and standards for handling customer objections to solve their problems and make products continuously meet customer requirements. Taking advantage of the localization of channel companies, it has provided cross-regional services and regions can entrust each other to handle customer complaints in the neighborhood, thus reducing service cost and improving service efficiency.

Indicator	Unit	2018	2019	2020
Customer complaint resolution rate of Baosteel	%	67.6	87.6	96
Domestic user satisfaction of Baosteel	Point	92.29	92.56	92.63

Product compliance assurance

Baosteel has timely kept track of the dynamics involving product environmental regulations and customer needs, and evaluated the compliance of products at each base relying on its years of experience in the steel product manufacturing and raw material information provided by the suppliers, so as to ensure that carbon steel products of Baosteel comply with the relevant requirements of China’s National Measures for the Pollution Control of Electronic Information Products, the EU RoHS Directive, REACH regulations, prohibited or restricted substances (Section 6) under the US Toxic Substances Control Act (TSCA), and Japan’s Chemical Substance Control Law (CSCL). The third party has been invited to test the steel products of the four bases and publish the test report. The results have shown that all the carbon steel sheets meet the requirements of the EU RoHS Directive, REACH and other regulations. Baosteel has established a hazardous substance management system in accordance with IEC QC080000 and passed BSI system certification to ensure the effectiveness of product compliance process control. It has also set up the emergency plan system to continuously improve the ability to deal with emergencies through simulation exercises.

User authentication

User authentication is the audit and evaluation to assess whether suppliers can provide products and services that meet the requirements. In 2020, Baosteel continued to strengthen the promotion of product certification management, refined the tracking of certification nodes and constantly optimized the product certification by combining the change of market demand trends and the industry development direction in a customer-centered and market-oriented way. It has also tracked and implemented the product certification plan to improve the efficiency of product certification.

Steel knowledge popularization

In 2020, Baosteel carried out Popular Science Day events and issued steel-related books and periodicals to popularize steel knowledge and improve the scientific literacy of the public.



▲ “Ecological Steel - Friend of the City” science exhibition board was displayed in Wuhan Qingshan Gangcheng No. 8 Middle School



Privacy security

Baosteel has established a corresponding authorization management system for customer information files, customer technical agreement and customer property. The Administrative Measures for Technical Review of Steel Products has been released for the management of customer property. The information in the customer information system, which is treated as customer property, shall be strictly confidential and only used within the Company and shall not be disclosed to any third party without the consent of the customer.

Intellectual property rights

Baosteel has actively promoted the optimal construction of intellectual property system to support the operation of intellectual property businesses in a planned and orderly manner. During the reporting period, Baosteel continued to optimize the intellectual property incentive mechanism, increase the overseas patent incentive, revise the award standard for scientific and technological achievements, and improve the supporting award incentive mechanism. In 2020, Baosteel adhered to the orientation of patent for intellectual property invention, paid equal attention to the quality and quantity of patents, and actively promoted domestic and foreign patents. In the whole year, 1,271 new domestic patents were applied, including 1,168 patents for invention and 57 PCT patents were applied overseas.

newly applied domestic patents

1,271

PCT patents applied overseas

57

Responsible marketing

Abiding by laws and regulations including the Law of the People's Republic of China on the Protection of Consumer Rights and Interests and the Advertisement Law of the People's Republic of China in terms of product marketing and promotion, Baosteel has provided customers with true information, met customer needs and refused false advertising and promotion.

Industry and city integration

Building "modern industrial park" is an important measure to cope with the challenges faced by traditional steel enterprises in urban development and expand the survival and development space of steel enterprises in the city. It is a new mode of China Baowu's industrial park development, which is of great significance for the national steel industry and even for large enterprises to invigorate the business and mode of large stock land. In 2020, China Baowu fully launched the "modern industrial park" special project, focusing on the "environmental friendliness" and "economic density" of urban steel mills. Considering steel mills as a part of the "modern industrial park", we carried out green manufacturing to ensure the factory environment is higher than the standard, better than that of the urban area and integrated into the city; optimized the plot plan and transferred part of the land to improve the economic density. Thereinto, Baosteel's subordinate factory, WISCO, Meishan Iron and Steel as well as China South Steel Shaoguan Iron and Steel Songshan and Echeng Iron & Steel optimized over a third of the land while maintaining the steel capacity unchanged, and developed the industrial park relying on the mature public auxiliary supporting facilities of steel mills to achieve the harmonious coexistence of "factory-park-city" and power the transformation of steel bases in the city.

China Baowu Industrial Park Industrial Center has coordinated the establishment of a "modern industrial park" project team in various steel bases and carried out production line optimization and adjustment and land-intensive use of major steel bases. The bases have set up systems and mechanisms to promote the construction of modern industrial parks, actively coordinated and cooperated with local governments, organized to prepare and completed industrial development plans and spatial layout plans, and started the conceptual planning and construction preparation of the first development zones according to the scheduled time sequence. In October 2020, China Baowu (Shaoguan) Modern Industrial Park was officially launched, which was committed to building "1+2+3" industrial architecture. With the main goal of building a provincial industrial park or characteristic industrial park, we strive to create a national development zone, and build it into a model of transformation and upgrading of traditional industrial bases in China, a benchmark of advanced manufacturing park in southern China and a prototype of integrated industry and city development in northern Guangdong, providing new space for building a high-quality iron & steel ecosphere.

Wusong Innovation City and China Baowu Wusong Park: integrate into the new urban development and build the main position of science and technology innovation

Wusong Innovation City is one of the five key transition regions and six sub-centers of Shanghai, as well as the core bearing area to build Baoshan into a main position of Shanghai Science and Technology Innovation Center. It is the new positioning and new requirements of Shanghai Municipal Committee for the next step of Baoshan to accelerate the transformation of Wusong area, comprehensively promote the innovative development of industry-city integration and emerging industries, and build it into a main position for the construction of Shanghai Science and Technology Innovation Center, which are also highly compatible with the new development goals of China Baowu. On December 23, 2020, ten industrial projects of the Wusong Innovation City and Baowu Wusong Park officially started construction, which was another major initiative for China Baowu to carry out government-enterprise cooperation with Shanghai City and Baoshan District, promote the transformation and development, and implement the industry and city integration.



Industry and education integration

Since the 18th CPC National Congress, the CPC Central Committee has attached great importance to the reform and development of vocational education and introduced a series of policies and measures to develop vocational education. According to the report of the 19th CPC National Congress, we should improve the vocational education and training system, and deepen industry-education integration and university-enterprise cooperation. China Baowu has fully implemented the guidelines of the central government and actively promoted industry and education integration. In 2020, China Baowu actively promoted the project of "pilot enterprise for industry and education integration demonstration" from such six dimensions as education chain, industry chain, innovation chain, talent chain, management chain and ecology chain, which has provided high-quality talent support for China Baowu to realize its vision "to be a leader in global steel industry", offered technical talent training standards and training programs for the transformation and upgrading of China's steel industry, and cultivated a group of "craftsmen of a great power" for the transformation from "made in China" to "created in China".

On October 12, 2020, Echeng Iron & Steel and Wuhan Engineering Institute officially launched an industry and education integrated internship and training program. The one-year internship program was first introduced for 45 college students, which has laid a solid foundation for the students to have a post internship from theoretical training, training introduction, internship perception, job training and skill improvement.

On October 13, 2020, an exchange seminar of the Steel Industry and Education Integration Alliance was held in Baowu (Changshu), where the industry and education work of China Baowu in the field of industry-education integration was discussed.

Drive the RMB Internationalization

China is an international trading power and the RMB has been increasingly used in international trade settlement, which reflects the international market's recognition of China's economic stability. As the largest and most representative steel enterprise in China, China Baowu imports a huge amount of iron ore every year and actively promotes the international payment and settlement of iron ores in RMB, which is not only the need of operation, but also is in line with the development trend of RMB internationalization.

In 2020, Baosteel, a subsidiary of Baowu, achieved the first cross-border settlement of iron ore transactions in RMB with Vale, BHP Billiton and Rio Tinto, the world's three largest iron ore suppliers, with a total amount of more than RMB 530 million. In the follow-up transaction, Baosteel also achieved the application of blockchain technology in the cross-border settlement of iron ore in RMB with suppliers, enhancing its discourse power in the industrial supply chain.



"There are two main advantages for domestic steel mills and traders to settle in RMB. On the one hand, companies can save some of their line of credit in dollar while avoiding large foreign exchange exposure. On the other hand, the goods settled in RMB can better connect with the domestic derivatives market."

— Ma Liang, iron ore researcher at Guotai Junan Futures



"The settlement of iron ore trade in RMB is conducive to enhancing the international status of RMB and gradually changing the international monetary system centered on US dollar. In addition, it will also facilitate the gradual shift of iron ore pricing power from the Platts Index to China."

— Qiu Yuecheng, Director of Black Studies at
Everbright Futures Research Institute



2020

China Baowu Steel Group Corporation Limited Corporate Social Responsibility Report



Green Innovation

Bright Future

**DEEP GREENING
CREATES A "GREEN
LUNG" FOR URBAN STEEL** 02

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TYPICAL PRACTICE

Deep Greening Creates a “Green Lung” for Urban Steel

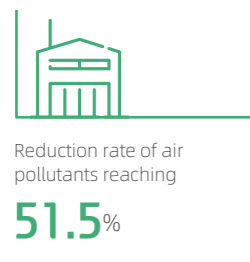
In northeastern Shanghai, on the banks of the Yangtze River and along the vast East China Sea stands a beautiful “iron and steel garden” - the factory directly under China Baowu Baosteel. The most modern steel enterprise in China at the same age with the reform and opening-up is the most special “green lung” of steel in the metropolis. With the development and progress of modern industrial civilization, great economic wealth is created here every day by green production, and at the same time, pollution and hazardous wastes from itself and the city are constantly disposed of and consumed. It is just like a lush steel forest, turning waste into greenness. With the unique breathing of steel, it makes the “green lung” of steel in Shanghai.



Case

“Super clean factory”, pursuit of ultimate blue sky and clean air

The ironmaking raw material area located at the estuary of the Yangtze River receives many visitors from all over the country every year. In the distance, the Yangtze River rushes into the sea while in the immediate vicinity several blue and green steel greenhouses stand next to each other on the large green land. Years ago, it was an open-air coal dump, where the dust fluttered in the strong wind, with the roadside greenery covered in a thick layer of dark red iron dust. Since 2012, the ironmaking factory has vigorously promoted the transformation project of “mining into shed and coal into warehouse” and 100% enclosed belt transportation, completely eradicating the dust phenomenon. At the same time, a large-scale technical transformation has been conducted for each process from raw material, sintering, coke oven to steelmaking and steel rolling, making the reduction rate of air pollutants reach 51.5%.



▲ Long production line in the sintering area was fully enclosed

“Zero discharge base”, cyclic utilization of each drop of water

We need both clean air and clean water. Resolutely implementing the “zero wastewater discharge” target, Baosteel’s subordinate factory has shifted from the original large-scale upgrading and transformation of wastewater treatment system to technology innovation. It has attempted to “remove” wastewater from the source by directly building the purification plant on the production line, which has not only made the online purification and reuse possible, but also reduced the wastewater discharge by 70% and effectively alleviated the pressure of wastewater treatment station. It is committed to preventing even a drop of wastewater out of the factory.



▲ The “purified” water after wastewater treatment station can be directly used to raise fish and shrimp

“Sponge steel mill”, sharp weapon for waste consumption in the city

Traditionally, ironmaking and steelmaking processes are the major polluters of steel mills, but in fact, the fiery blast furnace, sintering furnace and converter themselves are also sharp weapons to consume all kinds of solid waste. The Steel Slag Processing Center in the Baosteel Steel Works is a comprehensive processor with the largest amount of deep processing of single steel slag, the most complete environmental protection facilities and the highest processing standards in China. With the annual capacity of deep separation of around 2.9 million tons of steel slag, it has extracted as much metal as possible and returned as many secondary processing slags as possible to realize the recycling of iron resources. It has also 100% turned tailings with low iron content into products, with an annual output of 2 million tons of high-quality construction materials, effectively solving the problem of “retained” steel slag.



▲ Baosteel disposed of some waste paint buckets in Shanghai, and by the end of November 2020, it had disposed of 442.63 million tons of waste paint buckets.



▲ Baosteel co-processed a large number of waste plastics and other incinerable hazardous wastes and municipal solid wastes produced by other small and medium-sized enterprises in Shanghai.

TYPICAL PRACTICE

“Beautiful garden” with scenery and temperature

The blast furnace intersects the green space and the factory is accompanied by flowers, with the peacock displaying its fine tail feathers, the white dove soaring in the sky, the deer singing and the fish swinging in the clear water...The factory directly under Baosteel has always been strict and fastidious in cleaning, greening, beautifying and civilizing, and has long turned into a “garden factory” with a pleasant environment and beautiful scenery. In 2020, Baosteel completed 310,000 square meters of green area, covering 215,000 square meters of new green area and 90,000 square meters of maintenance area for greening.



Baosteel's subordinate factory completing green area of

310,000
square meters

New green area of

215,000
square meters



▲ On Chinese Arbor Day every year, residents from surrounding communities are invited to the factory for planting and afforestation to feel the deep greening of the urban steel plant.



▲ The world's first large iron-making control center realizes centralized operation control and production management of four blast furnaces.

From defending green water and blue sky to engaging in the urban environmental governance, Baosteel has, in accordance with the construction target of “Three Treatments and Four Doing”, played its benchmarking and leading role, and continued to speed up the construction of a green urban mill that is “higher than the standard, better than the urban area and integrated into the city” so as to contribute to green water and blue sky, and ensure the increasingly more greening of steel in the city.



Civilization prospers with ecology. The ecological environment is the foundation of human survival and development, and the ecological progress is fundamental to the sustainable development of the Chinese nation. In 2020, China Baowu continuously strengthened “ultra-low exhaust gas emission, zero wastewater discharge, no solid waste leaving the factory” and “cleaning, greening, beautifying, civilizing”, and enhanced green manufacturing so as to ensure the level of treatment higher the standard, the factory environment better than that of the urban area and the enterprise development integrated into the city, actively built a leading practitioner of green transformation in the industry, and help win the battle to defend the blue sky, green water and clean land.

▲ On June 22, 2020, Baowu Water - Central Research Institute Joint R&D Center was unveiled, which would improve China Baowu's technology application conversion capability and industrial development competitiveness in the field of water treatment and atmospheric controlling through joint technology research and development as well as industrialization of technological achievements, opening a new chapter for China Baowu to accelerate the realization of “ultra-low exhaust gas emission” and “zero wastewater discharge”.



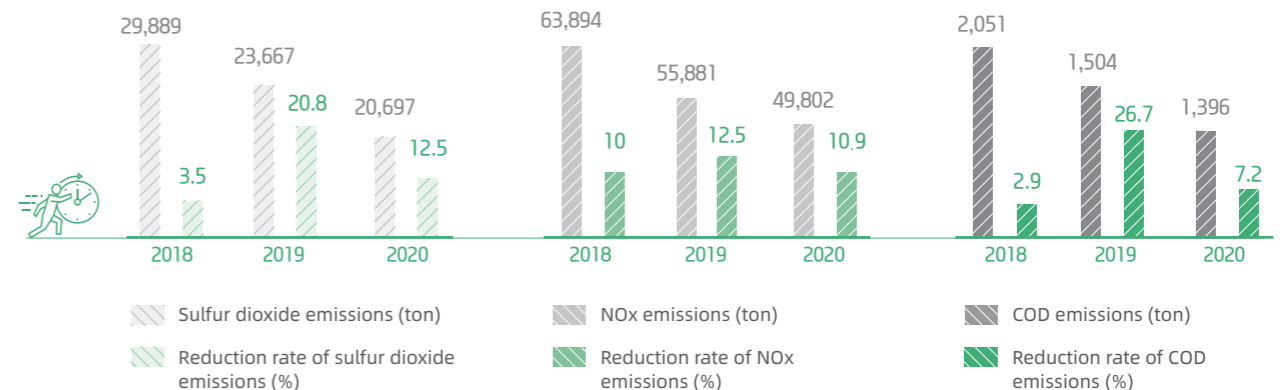
Ultra low exhaust gas emission

China Baowu has formulated and issued the Work Plan of Ultra Low Emission Transformation for China Baowu Iron and Steel Enterprises, and 40 projects have been taken as the key tracking projects. The factory directly under Baosteel completed the ultra-low emission adaptability transformation of the second and third sintering furnaces, and WISCO Steel Works completed the environmental protection transformation of Yun 2A (C3) stockyard. Masteel Group completed the ultra-low emission transformation of No.1 and No.2 coke ovens, No.5 coke oven and No.8 coke oven of Maanshan Iron & Steel. Shaoguan Iron and Steel completed the high-efficiency power generation and ultra-low emission transformation (Phase I) project; Echeng Iron &

Steel completed sintering yard enclosure (Phase I) and other projects. In 2020, Baosteel's subordinate factory, Zhanjiang Iron and Steel, Meigang Company and Echeng Iron & Steel started the acceptance and evaluation of ultra-low emission.



▲ Sintering area of Baosteel



TYPICAL PRACTICE

Zero wastewater discharge

The steel manufacturing bases of China Baowu have strengthened exchanges by learning from each other's strengths. Based on different situations of each factory, they have formed their own Plans for Zero Waste Water Discharge, with the focus on rain and sewage diversion and advanced waste treatment, and achieved certain results. Baosteel completed the diversion of rain and sewage in steel rolling area, sintering area and steel welding area of WISCO. Shaoguan Iron and Steel completed rain-sewage diversion optimization and transformation project, and advanced waste treatment for No. 6 and No. 7 coke ovens. Masteel Group completed the construction of an advanced waste treatment system for the Liufen River Station of Maanshan Iron & Steel. Bayi Iron & Steel completed the upgrading and reconstruction project for domestic sewage treatment plant. Chongqing Iron and Steel completed the upgrading and reconstruction project for the coking wastewater system as well as capacity expansion and quality improvement project for industrial effluents.



▲ Coking waste water treatment



▲ Comprehensive improvement of water environment



▲ Wastewater treatment of the factory



▲ Cold rolling wastewater treatment

No solid waste leaving the factory

To fully achieve the goal of "no solid waste leaving the factory", China Baowu has continued to promote the reduction, recycling and reuse of by-products in the process of iron and steel manufacturing according to the "3R principle". In 2020, the Company officially launched the Unified List of Industrial Solid Waste of China Baowu Iron and Steel Enterprises (Trial), revised statistical methods, made unified standards and carried out refined management. The on-site experience exchanges were organized and held to enhance the communication and study of excellent practices among the steel enterprises, share the research and development achievements of solid waste treatment and resource technology, and promote the steel manufacturing enterprises to continuously improve the work plans on "no solid waste leaving the factory".



▲ Baosteel Zhanjiang Iron & Steel became the first domestic steel enterprise with the capability of "no solid waste leaving the factory" and "zero wastewater discharge" in the whole process.

Construction of garden enterprise



The plant green rate of Bayi Iron & Steel reaching up to

47.74%

China Baowu has persistently held the "environmental management improvement" labor competition. With the target of "factory in the forest, road in the virescence, people in the scene", and in accordance with the requirement of "better than the urban area", all the units have built garden enterprises by focusing on "cleaning, greening, beautifying, civilizing" work. In 2020, the plant green coverage rate of China Baowu's major manufacturing enterprises exceeded 30% and the plant green rate of Bayi Iron & Steel, which is dry and rainless in northwestern China, reached up to 47.74%.

Indicator	Unconventional water resource utilization	Atmospheric deposition of factory	Green coverage rate of factory	Utilization rate of reclaimed water from urban sewage	
Unit	%	t/km ² -month	%	%	
Baosteel	Subordinate factory	5.8	10	36.3	0
	WISCO	16.28	11.13	28.2	16.28
	Zhanjiang Iron & Steel	55.37	6.6	36	0
	Meishan Iron and Steel	48.32	9.9	41.08	19.85
China South Steel	Shaoguan Iron and Steel Songshan	0.612	9.78	41.42	0.231
	Echeng Iron & Steel	15	12.30	39.60	0
	Chongqing Iron and Steel	0	20.8	32	0
Masteel Group	Maanshan Iron & Steel	1.32	17	31	0.0062
	Changjiang Steel	14.65	12	26	0.042
Taigang Stainless Steel	Taigang Stainless Steel	49.73	7.8	30.07	49.7
	Baosteel Desheng	0.00	31	4.90	2.72
Bayi Iron & Steel	1.20	11.95	47.74	1.20	

Greenness and Low Carbon, Call of Duty

Green Manufacturing



Environmental management

Organizational system

China Baowu has put eco-environmental protection under centralized management by Department of Energy and Environmental Protection, which performs the responsibilities of Environmental Management Office under the Environmental Management and Industrial Development Committee of the Company, and fulfills the daily centralized management duties of environmental protection supervision, with Energy Division, Environmental Protection Division and Carbon Emission Reduction Office under it.

Management guideline

China Baowu has firmly taken Xi Jinping's thinking on ecological civilization as the guide, stuck to the basic state policy of resource conservation and environment protection and the major national strategy of developing circular economy, adhered to the management guideline of "fulfilling the principal liability of legal person according to laws and regulations, boosting 'Three Treatments and Four Doing', realizing 'Two-than and One-into', technological innovation driving green industrial development, resource sharing powering urban ecological civilization", and organized to carry out energy and environmental protection management.

"Three Treatments and Four Doing": "Three Treatments" refers to "ultra-low exhaust gas emission, zero wastewater discharge, no solid waste leaving the factory" and "Four Doing" refers to "cleaning, greening, beautifying, civilizing".

"Two-than and One-into": higher than the standard, better than the urban area and integrated into the city.

Environmental certification

In 2020, all steel manufacturing enterprises of China Baowu passed the certification of the energy management system and environmental management system, and conducted a review on a regular basis. Major manufacturing enterprises in the non-steel industry also passed the environmental management system certification.



▲ On December 25, 2020, Baowu Water passed the certification of quality management system, environment management system and occupational health safety management system.

Environmental warning

To strengthen the environmental protection risk control of enterprises, standardize the environmental incident reporting mechanism and improve the emergency response capacity of major environmental pollution incidents, China Baowu has formulated the Environmental Incident Management Measures (Emergency Plan for Major Environmental Emergencies), established the corresponding environmental warning and emergency response mechanism, and ensured its effective operation.

Environmental supervision

China Baowu has been taking environmental risk management and control as a basic work of environmental management. In 2020, according to the demands of corporate management reform, the Company renamed "Environmental Inspection Team" as "Environmental Supervision Team", further improved the environmental supervision mechanism, realized the transformation "from inspection to supervision, from steel to non-steel, from single enterprise to multiple regional units", and constantly promoted the subsidiaries to strictly implement the corporate liability of "Party and administration co-responsibility and two duties for one post" for environmental protection management. A total of 33 enterprises received onsite supervision and inspection, and eight steel enterprises received "follow-up reexaminations" for environmental supervision, which has effectively promoted the subsidiaries to strictly rectify the problems.

Environmental technology

Hydrometallurgy technology

Baosteel has practiced the low-carbon and green development strategy, vigorously implemented the hydrometallurgy research program, and been committed to replacing carbon with hydrogen, greatly reducing greenhouse gas emissions in the steel metallurgy process and achieving carbon neutrality in the steel metallurgy production process. At 11 o'clock on the morning of September 30, 2020, as the main valve was open, a large amount of hydrogen-rich reducing gas was injected into 40 tuyeres of No. 1 blast furnace of Baosteel Iron Works and the hydrogen-rich metallurgy demonstration line of China Baowu Low-carbon Metallurgy Innovation Center was put into operation, marking the beginning of hydrometallurgy process of China Baowu.



Study on high quality concentrate technology and practice of cascade recovery and utilization

In 2020, in accordance with the requirements for the target of "higher than the standard, better than the urban area and integrated into the city" and in an active response to the "carbon peak" and "carbon neutrality" requirements, Baosteel Resources Meishan Mining made innovation in the "study on the technology of producing high-quality concentrate from complex mixed iron ore and the practice of cascade recovery and utilization", with the clean production of steel industry as the demand orientation and driven by eco-environmental protection and mineral resource recovery. It produced various cascades of high-quality pellet powder and sintering powder for customers, and manufactured iron corrector for sulfur concentrate, mechanical sand and cement to provide clean raw material, breaking the inherent production mode of single concentrate products in domestic mines and flexibly customizing and producing structured products. It won the "First Prize of Science and Technology Award of Metallurgical Mines' Association of China in 2020."



Energy-saving technical upgrading

China Baowu has vigorously promoted energy-saving technical upgrading and pressed the "fast forward button" of carbon reduction to reduce energy consumption.



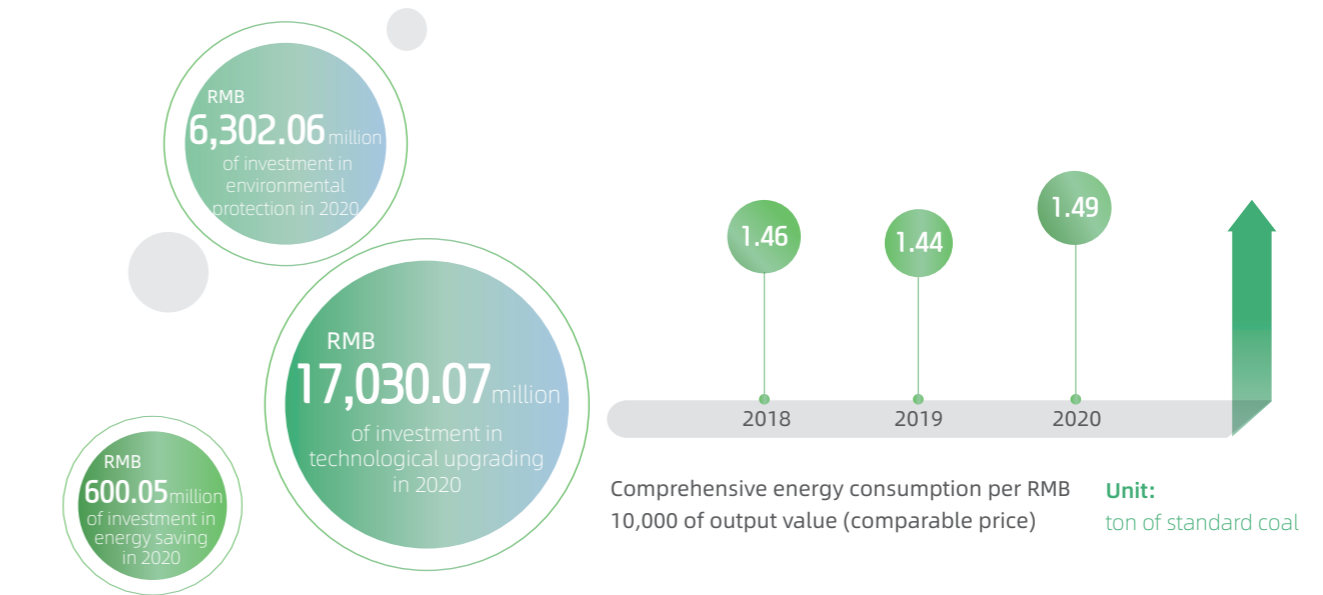
Baosteel can annually save about

50,000 tons of standard coal

Masteel Group can annually save about

45,000 tons of standard coal

- Baosteel has enhanced the proportion of DRI metalized pellets and standard-sized steel scraps by adding metalized pellet and scrap feeding facilities in torpedo cars, and carried out flue gas heat recovery of clogged ingot furnace and energy-saving technical upgrading of No. 1730 unit of C6008 set; waste heat recovery of ascension pipe of No. 1, No. 2 and No.3 coke ovens and energy-saving upgrading of hot rolling and heating furnace in WISCO Coking, preheater transformation of the air heater of No. 5 blast furnace in Meishan Iron and Steel, steam balance system and control optimization and transformation of ignition device of blast furnace gas emission tower gas dispersal tower in Zhanjiang Iron & Steel, which can annually save nearly 50,000 tons of standard coal;
- Masteel Group has carried out the electric furnace flue gas waste heat recovery project and other energy-saving projects for Maanshan Iron & Steel Special Steel Company, which can annually save 45,000 tons of standard coal;
- Bayi Iron & Steel has upgraded 55 pumps in the steel mill and the rolling mill into highly efficient and energy-saving water pumps;



- Shaoguan Iron and Steel has completed waste heat recovery of No.1 heating furnace for plate and other projects, which can annually save 128,000 tons of standard coal;
- Echeng Iron & Steel has promoted ultra-temperature subcritical gas power generation and other projects, which can technically save 7300 tons of standard coal;
- The cogeneration and other projects of Baosteel Desheng can help save 58,000 tons of standard coal.

Clean energy

The units of China Baowu have continued to increase the use of new energy. In 2020, Masteel Group completed the construction of the fourth steel rolling plant of Maanshan Iron & Steel and the distributed photovoltaic power generation project of Special Steel Company, which are expected to generate 9.5 million kWh of electricity annually. Bayi Iron & Steel used 299 million kWh of new energy such as wind energy, light energy and electric energy, an increase of 109 million KWH from 2019.

Carbon emission reduction and carbon trading

In 2020, the units of China Baowu conscientiously prepared, submitted and reviewed annual carbon emission reports in accordance with the relevant requirements of national and local climate change authorities. According to the greenhouse gas emission accounting methods and reporting guidelines for steel enterprises issued by China, the subordinate steel, chemical and other industrial enterprises reported their total carbon emissions in 2020 to the SASAC of the State Council on time. All the 20 enterprises listed in the trails for trading carbon emission rights in the relevant provinces (municipalities) actively coordinated with local governments in the quota allocation, trading and performance of carbon emissions. In the whole year, the total amount of carbon emissions actually performed exceeded hundred million tons, with the carbon quota 100% settled and fulfilled, and the total expenditure for the fulfillment exceeding RMB 90 million.

At the same time, China Baowu actively attended the study on low carbon policy organized by China Iron and Steel Association. It also organized Baosteel and external consultants to jointly study the carbon quota allocation scheme for steel enterprises and proposed that steel enterprises should adopt the carbon quota allocation method combining "benchmarking method for pre-ironmaking processes and historical method for other processes".



Settlement and fulfillment of carbon quota reaching

100%

Total expenditure for the fulfillment exceeding

RMB 90 million

Green Product

Green products (i.e., environmental-friendly products) shall meet the basic requirement for the compliance with environmental regulations. In the design and manufacturing of steel products, production processes that save energy, reduce emission and cut down consumption shall be adopted. In the meanwhile, green products shall promote resource-saving and consumption reduction of downstream industry products in the whole life cycle such as design, manufacture, transportation, use, recycling, reuse and waste, decrease pollutant emissions, and lessen negative impacts on environmental quality and human health. China Baowu has put forward the concept of “green product” based on the Life Cycle Assessment and conducted life cycle research to make a systematic assessment of the green product, so as to promote the development and application of green products scientifically and effectively.

Product life cycle research

In 2003, China Baowu took the lead in the research of Life Cycle Assessment of steel products in China. After nearly 20 years of development, from the establishment of a green assessment methodology and criteria system based on the whole life cycle, and the development of an assessment and application model to the application to dozens of industries in the whole industrial chain upstream and downstream, the company has now upgraded to the ecological design of products and gradually formed a whole set of application systems, providing systematical method and demonstration for the green development of China's steel industry. In 2020, China Baowu formulated the National Standard of LCA Technical Specifications for China's Steel Industry and the LCA model and methodology developed by China Baowu obtained the third party certification by an international authority. Nine categories of China Baowu's products obtained the internationally recognized product green leaf logo and the environmental declarations were issued for the nine categories of products. On October 14, the World Steel Association announced the winners of the 11th Steelie Award and China Baowu won the Life Cycle Assessment Excellence Award of the World Steel Association for its “application of LCA in decision making of carbon trading market”.



Life Cycle Assessment (LCA) is a “cradle to grave” environmental management analysis method. It is an international scientific method to evaluate green products, green manufacturing, green supply chain and ecological design. LCA research not only pursues the green process of steel manufacturing, but also is aimed at making steel enterprises “to become the driver of green industrial chain” and promoting the greening of the whole steel industry chain and the whole society.

Further reading

Development of green product

China Baowu assesses the environmental performance of steel products in the manufacturing process with the Environmental Performance Index (BPEI), sets the benchmark value, and divides green products into three grades: BASE, BETTER and BEST.



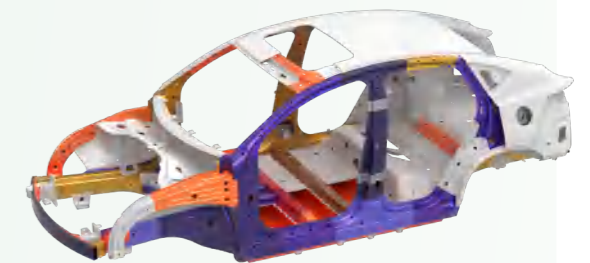
High strength auto steel sheet - X-GPa®

Practicing the concept of “enjoy life, green travel”, Baosteel Auto Sheet has applied X-GPa® (tensile strength greater than 1000MPa), a type of auto steel sheet with the highest strength in the world, the most advanced forming technology and the most cutting-edge technology to successfully develop BCB EV, a new energy electric vehicle with white body, providing the most comprehensive solution for lightweight body of pure electric vehicles and realizing energy saving and emission reduction throughout the life cycle of auto steel. By the end of 2020, the production of X-GPa has reached 2.13 million tons, which can reduce 4.06 million tons of carbon dioxide in the use phase of the vehicle calculated at 100,000 km over five years.



Production of X-GPa reaching
2.13 million tons

CO2 emission reduction reaching
4.06 million tons



High strength weathering bridge steel Q690

With the support of “high-performance bridge steel” project of the 13th Five-Year National Key Research and Development Program, Baosteel has deeply studied the micro mechanism of steel through the process design of material composition and organization regulation, broke through the problems of high strength steel in low yield ratio, low-temperature toughness, weldability, weather resistance, crack prevention and other aspects, and developed bridge steel Q690 with the highest strength grade relying on DQ technology, which has been first applied in the Seventh Jiangnan Bridge. On November 26, 2020, the main arch of the Seventh Jiangnan Bridge was successfully closed. After using the high-grade bridge steel of Baowu, the dead weight of the bridge was reduced from 30,000 tons to 20,000 tons.





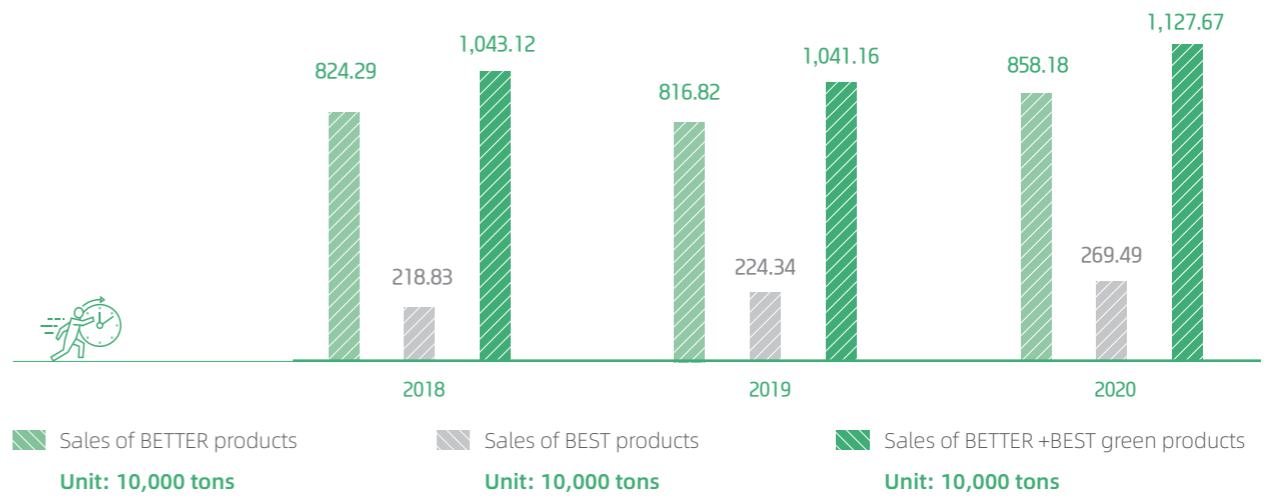
◎ New high performance wear-resistant steel product BW400QP

Using wear-resistant steel to manufacture the dumper body can not only improve the service life of the vehicle, but also realize the lightweight of the vehicle. By innovatively developing and precisely organizing and controlling the QP type online quenching technology, Baosteel has developed the high-performance wear-resistant steel BW400QP that is easy to form, with a tensile strength up to 1600MPa. The reduction of complex off-line heat treatment processes has greatly cut down the manufacturing cost. The weight of the dumper body made of this product can be reduced by over 30%, with the wear resistance twice that of common material and the service life extended by more than two times.



◎ Non-oriented silicon steel boosted the upgrading of national energy efficiency

To meet the demand of home appliance customers for thin gauge and high performance non-oriented silicon steel products, Maanshan Iron & Steel successfully developed non-oriented silicon steel product M30W230 for high-efficiency inverter compressor in January 2020 after continuous research and development. To meet the increasing requirements of environmental protection, Maanshan Iron & Steel started the research of chromium-free environmental protection coating process on the basis of M11 non-oriented silicon steel insulation coating. The first group of chromium-free environmental protection coating sample roll M35V1900 passed the Shanghai United Automotive Electronic Certification and started to be supplied in mass. It has been successfully applied to numerous new energy vehicle models in China.



Green Industry

Green industry means the integration of energy-saving and environmental protection technologies, as well as the development of energy-saving and environmental protection industries. We should develop energy-saving and environmental protection technologies in a systematic and commercialized way, and form the capability to provide energy saving and environmental protection solutions to the industry inside and outside so as to supply valuable products and services for society and to realize the dual benefits of business economy and society. China Baowu has set up Resource and Environment Industry Development Center to focus on the development, trade and logistics businesses of mineral resources needed in the steel industry as well as the recycling business of renewable metal resources. Relying on the equipment, technology and resource advantages of urban steel mills, we have been oriented towards industry-city integration, urban mining development and comprehensive utilization of resources to develop professional solid waste disposal, waste water and exhaust gas treatment, soil remediation and other environmental protection industries. Aiming at green and low-carbon development, we have developed characteristic clean energy industries centering on "hydrogen, new energy, air separation and natural gas". In 2020, China Baowu's green industry achieved total sales revenue of RMB 52.447 billion.



◎ Baowu New Energy accelerated development of hydrogen energy industry



China Baowu's green industry achieving total sales revenue of

RMB 52.447 billion

In response to China's hydrogen strategy, undertaking the development mission of hydrogen industry, and carrying out China Baowu's hydrogen industry development plan, Baowu New Energy has relied on China Baowu's resource endowment of hydrogen energy and seized the transformation opportunity of the Yangtze River Economic Belt. Through holding the hydrogen energy forum, setting up a technology center, building a hydrogen refueling station, implementing a variety of application scenarios of hydrogen energy and other forms, it has sped up the hydrogen industry development, taken advantage of ecosphere agglomeration, improved the complementary kinetic energy, boosted the green transformation and upgrading of clean transportation, and accelerate the construction of China Baowu's hydrogen ecological industry chain, which is of great significance to improve the overall clean production level of China Baowu, solve the technical bottleneck of China, further explore the hydrogen application scenarios and promote the scale development of hydrogen industry. Meanwhile, it has also contributed clean energy to accelerating to advance the development of the hydrogen energy industry in the Yangtze River Delta region, creating the "Yangtze River Hydrogen Corridor" and driving the implementation of "carbon peak" and "carbon neutrality" strategies.





◎ Baowu Water constructed platform of intelligent environmental control center

Baowu Water Xinchuang Environmental Protection has focused on the field of metallurgical flue gas treatment, vigorously developed the hosting operation business of atmospheric environmental facilities, and formed the comprehensive service mode of "environmental testing - design and development - engineering construction - hosting operation - remanufacturing - by-product disposal" in the full life cycle. At the same time, the Xinchuang Intelligent Environmental Control Center integrating "monitoring, supervision and monitoring" has been built to greatly improve the operation efficiency of environmental facilities, reduce their operation cost, and ensure they meet the upgrading national requirements for emission standards. On December 31, 2020, after over five months of construction, the Intelligent Environmental Control Center Phase I was officially put into operation, marking the hosting operation of Xinchuang's environmental protection facilities rushing in an "intelligent" new era.



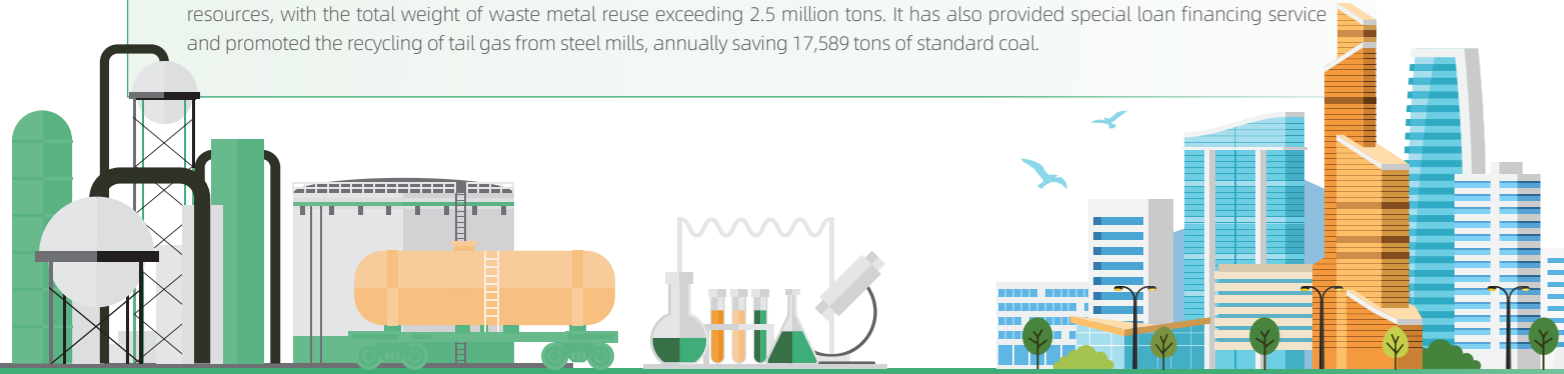
◎ Ouyeel Logistics jointly built a large steel logistics ecosystem

Ouyeel Logistics is committed to building a large steel logistics system. Over five years of development, it has centered on the role positioning of an infrastructure provider, focused on "first kilometer + last kilometer", and practiced the industry mission of breakpoint integration and resource integration. Meanwhile, the Intelligent Logistics Service Platform, as the industrial Internet, has gradually become the public service bus of steel logistics community, providing the blockchain operation of "one access, ecological sharing". In 2020, during the critical period of COVID-19, Ouyeel Logistics, as the founder of the large steel logistic ecosystem, overcame numerous difficulties to help steel mills and customers deploy logistics resources such as ships, vehicles and warehouses. At the same time, with the public benefit spirit, Ouyeel Logistics provided free masks to partners in the ecosystem in Hubei, Hebei, Guangdong and Shandong. In addition to assisting in the epidemic prevention and control, Ouyeel Logistics also took its corporate social responsibility, made use of its own advantages, gathered social forces, innovatively used the form of We-Media, and timely pushed the national logistics information to its partners in the system during the epidemic period.



◎ Financial company's green finance helped draw a new chapter of green steel plant

The financial company has closely followed the concept of green finance, learned the cutting-edge green financial standards, and helped the development of China Baowu's green industry with practical actions; has provided bank acceptance bill service, become an important payment tool for foreign procurement and settlement of professional companies, and supported recovery and resource utilization of industrial solid waste, energy-saving and emission reduction, sewage treatment and recycling, with annual energy savings of about 1372 tons of standard coal, annual COD emission reduction of about 3700 tons and annual ammonia nitrogen emission reduction of about 250 tons. It has also strongly supported the financing needs of upstream scrap suppliers of the main steel industry, with the total annual amount of financing of RMB 6.5 billion. It has assisted recovery processing and recycling of renewable resources, with the total weight of waste metal reuse exceeding 2.5 million tons. It has also provided special loan financing service and promoted the recycling of tail gas from steel mills, annually saving 17,589 tons of standard coal.



Green Culture



Participation of training
3,580 person-times

Green publicity

Environmental protection is not only a business activity with strong political nature, but also a political activity with strong business nature. Based on General Secretary Xi Jinping's important instructions and approvals, important discussions and the latest important speeches on environmental protection, China Baowu has formed a regular and institutionalized learning mechanism and periodically carried out eco-environmental protection education in the Standing Committee of the CPC Committee of the Company, quarterly working meetings and regular meetings on energy and environmental protection. Various and colorful publicity activities on energy conservation and environmental protection have been organized with Environment Day, National Energy Conservation Publicity Week and Low-carbon Day as carriers. Through face-to-face teaching and live broadcasting, we have systematically planned, carefully organized and implemented a series of training courses on energy conservation and emission reduction. We have put 26 training programs into practice throughout the year, with 3580 person-times of participation. We have organized and held the selection of environmental operation excellent cases in China Baowu. A total of 136 environmental business cases were received and 27 representative cases in various fields were awarded the title of "Excellent Cases".

Environmental public welfare

China Baowu has encouraged employees to participate in environmental public welfare activities, actively respond to climate change, and work together to build green earth with practical actions. In 2020, Baosteel Resources Masteel Mining Luohe Mine formulated the Action Plan for Yangtze River Protection from 2020 to 2025, elaborating 9 indicators such as energy conservation and low-carbon, water resources management, solid waste disposal and ultra-low exhaust gas emission and planning to implement ten protection and renovation projects of Yangtze River to "reduce environmental burden" and "increase ecological capacity".



▲ On June 6, 2020, Echeng Iron & Steel carried out "Beautiful Ezhou, Green Action of Echeng Iron & Steel" brisk walking activities.



▲ On June 8, 2020, Baosteel invited representatives of community residents to participate in the theme activity of "Beautiful Baosteel, I Am an Actor" on the World Environment Day.

Embrace Change, Reform and Innovation

Intelligent Manufacturing

In 2020, China Baowu put the concept of new development into practice, adhered to innovation-driven development, comprehensively promoted the implementation of the Action Plan on Intelligent Manufacturing (2018-2020), accelerated the practice of intelligent manufacturing strategy according to the requirements of "four-uniform", forced process reconstruction and management reform, and went all out to build efficient and safe intelligent steel mills so as to led the high quality development of the steel industry and boost the realization of the strategic goal of making China a manufacturing power.



Equipment connected to the Intelligent Maintenance Cloud platform

50,000+ sets



Scan the QR code to watch "Let Steel Be Filled with Love (AI)"

On January 3, 2020, Baosteel WISCO released a promotional video on green development and intelligent manufacturing at the China Baowu Green Development and Intelligent Manufacturing Site Meeting, which comprehensively displayed WISCO's thinking and exploration in the field of intelligent manufacturing.

"All operation rooms are uniformly centralized"

Baosteel Zhanjiang Iron & Steel has been the first company in the industry to create an integrated management and control platform for the water system of the plant, which has realized centralized management of personnel and remote control, and achieved "one table for the plant water and one map for production monitoring". In 2020, the water consumption per ton of steel was 2.7 cubic meters. Masteel Group has concentrated operation rooms of 17 cold rolling production lines into the cold rolling intelligent control center to realize process integration and efficiency improvement, which has a demonstration and leading effect in the industry.

"All equipment operation and maintenance is uniformly remote"

In 2020, more than 50,000 sets of equipment in the bases were connected to the "Intelligent Maintenance Cloud" platform. As of the end of 2020, the 2.0 version, which is capable of connecting one million devices, has also been put into trial operation.

"All operation positions are uniformly robots"

The application of digital and intelligent technologies such as industrial robots, image recognition, mathematical model, and detection and diagnosis have been vigorously promoted to further reduce manpower for the spot operation and essentially improve safety. Baosteel Zhanjiang Iron & Steel has been the world' first to start the intelligent transportation of molten iron and has realized unmanned driving of torpedo car by 2020.

"All service links are uniformly online"

Technologies such as big data, AI and blockchain have been adopted continuously to empower the intelligent service platform and accelerate online business links. The innovation of production capacity pre-sale model, online automation of the whole process of supply chain customers, transaction supervision of blockchain services and other measures have been taken to improve customer service experience. In December 2020, China Baowu held an industrial Internet platform press conference to release the 2.0 version of Ecological Platform (ePlat) and Intelligent Factory Platform (iPlat).



◎ Baosteel's Big Data Center was completed and put into operation

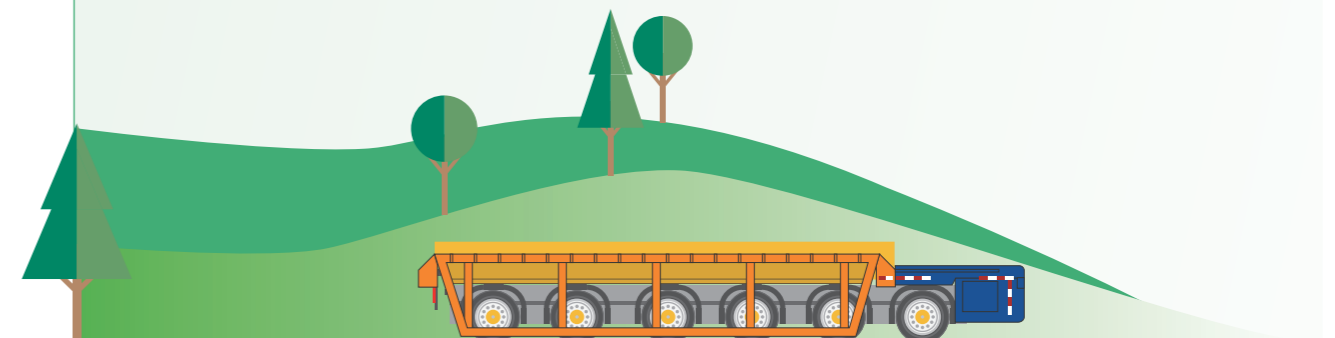
On December 8, 2020, Baosteel's Big Data Center was completed and put into operation. The intelligent manufacturing infrastructure with "cloud-edge-end" as the architecture has achieved the optimal evolution of information architecture in around three years, broke the "information silo", built interconnected digital ecology, drove the intelligent and digital transformation of traditional steel manufacturing, better supported the in-depth promotion of the company's "1+5" strategy, and helped Baosteel to build a future-oriented digital factory. It is also the first big data center in China's steel industry.



◎ Intelligent operation of Baosteel Resources Masteel Mining

With the concept of mechanization, automation and intelligence in mind, Baosteel Resources Masteel Mining has realized the intelligent operation of some processes in the mine through technological innovation and helped increase economic returns, enhance operation safety, raise labor productivity and improve competitiveness of the mine.

- Nanshan Mine has focused on building Heshangqiao Intelligent Mine Demonstration Production Line and implementing the 5G unmanned mining truck program, which accepts the scheduling of intelligent supervision platform through the Internet of vehicles for automatic driving and operating according to the planned path. On the basis of traditional power distribution system SCADA, technologies such as distribution automation, sensing, big data, mobile communications have been deeply integrated and applied to continue to improve the electric transformation of high voltage switchgear, achieve the whole process monitoring of the mine's power system from power transformation, power transmission and power distribution, and meet the management needs of unattended transformer substation, centralized control as well as remote operation and maintenance.
- Luohe Mine has formally incorporated underground mining, transportation by remote control driving and remote ore drawing intelligent system into the production sequence. With the main body of locomotive remote control system supplemented by track monitoring, scheduling command system and video monitoring, the running parameters, dynamic video, signal light status, switch state, key place video, mine loader state and scheduling information are displayed in the central control room. According to the feedback of the pictures, the locomotive operator can use the functions on the ground such as automatic or remote operation of underground electric locomotives and intelligent ore loading.
- Zhanghuang Mine has completed the construction of underground rail unmanned driving system through comprehensively promoting the deep fusion and integration of industrial technology and information technology. At the haulage level of -480m, all the ore and rock can be transported by unmanned driving system, with the daily transportation capacity up to 19,000 tons. It has successfully developed the intelligent mineral separation system "digital brain" and made it the first one-click zero-intervention grinding and separation system in China, which incorporates crushing system, roller mill system, grinding and separation system, tail discharge and other systems into the intelligent control platform, forming a full closed-loop, full process intelligent control system.





▲ Unmanned tramcar



▲ Unmanned electric locomotive underground the mine



▲ Operate downhole instruments in the central control room



▲ Remote intelligent inspection robots of centralized power control system



▲ DG250 pipe belt conveyor of Zhangzhuang Mine

Technological Innovation



3,779

applied patents

2,447

patents for invention

Enhance innovation capability

China Baowu has adhered to the innovation-driven development strategy. Guided by the guidelines of General Secretary Xi Jinping's important remarks during his visit to China Baowu, we have comprehensively promoted innovation of "green, premium and intelligent" key technologies. In 2020, the intensity of research and development investment was 2.81%, while the figure in industrial enterprises was 3.14%. There were 3,779 patent applications, of which 2,447 were patents for invention.

Integrated Material Solution Center

"Field orientation, market orientation and future orientation" has been proposed to promote the system of Central Research Institute to shift from a problem-oriented internal one to a market-oriented and user-centered external one. The Integrated Material Solution Center has been set up through system and mechanism construction to lead the transformation and development of Central Research Institute.

Industrial Internet Research Institute/ Big Data Center

The Industrial Internet Research Institute/Big Data Center has been established to effectively support the progress of China Baowu's industrial Internet construction from the overall framework planning, research and development of China Baowu's new generation ecological technology platform xIn3Plat, core technology research, innovation demonstration and application, big data center construction and operation and other aspects.

Special Metallurgical Materials Expert Think Tank

Focusing on major national projects and models such as aerospace and nuclear power, and aiming at the bottleneck core materials that need to be solved urgently, we have played the "national team" role of the central SOE and set up the Special Metallurgical Materials Expert Think Tank to jointly solve core and key technical problems.

Low-carbon Metallurgy Innovation Center

Integrating internal and external resources, we have built the Low-carbon Metallurgy Innovation Center based on the existing system of Central Research Institute and relevant iron and steel companies so as to create an open low-carbon metallurgy innovation platform for ironmaking technique research targeting at steel units within the Company, research institutes outside the Company, universities and other social subjects.

Central Research Institute Masteel Technology Center

We have optimized and straightened out the scientific and technological innovation system, and strengthened the professional integration of the research and development businesses among different steel units to set up the Masteel Technology Center of China Baowu Central Research Institute, realizing the sharing of internal research and development resources and maximizing the overall benefit.

Baowu New Energy Technology Center

Baowu New Energy Technology Center has been established to build core intellectual property rights in four business segments of Baowu New Energy, and accelerate the introduction and cultivation of high-end talents and reserve forces in key industries, key fields and key projects.

Overseas Research and Development Platform

Baosteel European R&D Center has focused on the first round of program declaration, and nine programs including the "study on the adhesive properties of zinc, aluminum and magnesium coatings" were selected into the 2020 annual program plan. The Masteel Wheel and Axle European R&D Center has been planned to be established.

Demonstration Base for Entrepreneurship and Innovation/Brand Activities for Entrepreneurship and Innovation

We have vigorously promoted the construction of the Demonstration Base for Entrepreneurship and Innovation, with the focus on building the incubation function of the science and technology innovation industrial base of Wesocool. We have planned and organized brand activities for entrepreneurship and innovation to effectively utilize the innovation and entrepreneurial resources of China Baowu and society, hold a series of exchanges in technology, industry, investment and other resources, and further promote the interactive development of traditional industries and emerging industries.



On November 18, 2020, the first domestic automatic processing line of thick plate sample in Zhanjiang Iron & Steel Thick Plate Lab, which was undertaken by Baowu Equipment Intelligent Technology, was put into operation successfully. The project uses advanced processing equipment in China and is equipped with an integrated control system including 3D vision, 3D scanning, six-axis robot, self-guided robot and other intelligent facilities, achieving the automation, flexibility and intelligence of thick plate sample processing.



In May 2020, Baowu New Energy worked together with Shanghai Institute of Space Power-Sources to establish a joint research lab, which mainly covers the following research fields: development of hydrogen fuel cell and applied technologies and products, development of hydrogen energy in industrial parks and mobile scenes, development and application of photovoltaic-hydrogen-energy storage comprehensive energy, and is dedicated to building a professional technical service platform for energy storage (hydrogen energy storage) battery and system monitoring in Shanghai.

Promote job innovation

China Baowu has fully implemented the Guiding Opinions on Launching the Movement of "I Offer Advice for the Enterprise to Seek the Gap by Benchmarking and Create the World-class Enterprise", refined the implementation process, promoted the "Offer E Advice" platform, and carried out the "Offer Advice" labor competition to effectively stimulate the endogenous motivation of employees to participate in the enterprise's production and management, reform and development. November of each year is set as "Offer Advice Labor Competition and Employee Innovation Month" and December 23 was set as "Employee Innovation Day" to display the results of "Offer Advice" campaign, commend "golden idea", "mastermind", "Top Ten Post Innovation Achievement Award" and excellent organizations and units, exchange and share outstanding practical experience, and create a feast of innovation and creation for all staff. On December 23, 2020, China Baowu successfully held "Employee Advice and Contribution Innovation Day" campaign in the Steel Convention and Exposition Center. Thousands of good ideas gather into the vast ocean of mass innovation, which becomes the inexhaustible driving force for China Baowu to continuously make breakthroughs and innovations.



▲ Employee Innovation Center was unveiled



▲ "Offer Advice" awarding to excellent organizations and units



▲ Launching ceremony of "Offering E Advice" platform



▲ "Golden idea" awarding

Scientific and technological innovation achievement

In 2020, the four projects of “key technology research and application of the industrialization of continuous hot-rolled super-strength steel”, “development and application of diversified low-cost clean production technology for high-quality pellets”, “key technology and industrial application of hot stamping materials and parts for automobiles” and “research and application of distributed energy technology for steel multiflow coupler” led and responsible by China Baowu won the first prize of Metallurgical Science and Technology Award. Series of standards for silicon steel won the “China Standard Innovation and Contribution Award” issued by the State Administration for Market Regulation. China Baowu’s industrial Internet platform was included in the “List of Cross-industry and Cross-sector Industrial Internet Platforms in 2020” by the Ministry of Industry and Information Technology. The “wide ultra-thin precision stainless strip steel technology and product development” project won the China Grand Awards for Industry.

Promote external communication

In 2020, China Baowu attended more than ten influential academic exchange conferences in China such as the National Ironmaking Production Technology Conference and Ironmaking Academic Annual Meeting[], National Steel Rolling Production Seminar, Clean Steel Production Technology Conference, and National Metallurgical Water Saving and Wastewater Comprehensive Utilization Technology Seminar, and recommended nearly 50 technical personnel to publish reports, sharing practices in intelligent manufacturing, green manufacturing, low-carbon metallurgy and other aspects, and promoting the technological progress of China’s steel industry.



▲ Jiang Xiaofang, chief researcher of Baosteel Metallurgical Technology Institute spoke at the National Steel Rolling Production Seminar



▲ Hu Zhongjie, Secretary of the CPC Committee and Director of Baosteel Iron Works, spoke at the National Ironmaking Production Technology Conference and Ironmaking Academic Annual Meeting



Ecological steel mill, friend of the city

On October 13, 2020, the “2020 Ecological Development Forum of Steel Industry” sponsored by the Society for Metals of such seven provinces and municipalities as Shanghai, Jiangsu, Zhejiang, Anhui, Jiangxi, Hunan, Hubei, Chongqing and Sichuan along the Yangtze River Economic Belt, undertaken by Hubei Provincial Society for Metals and WISCO, and co-organized by Echeng Iron & Steel Co., Ltd. was held in Wuhan. Themed “Ecological Steel Mill, Friend of the City”, the forum is aimed to boost the acceleration of steel enterprises to implement structural adjustment and upgrading, promote innovative development, green development and intelligent manufacturing, and build low-carbon, green and ecological steel mills so as to achieve mutual integration and symbiosis between the steel mill and the city.



“University-enterprise” special action



From May to September 2020, according to the “university-enterprise” special action requirements of the National Development and Reform Commission and the SASAC of the State Council, the Association for Science and Technology, Human Resource Department and relevant subsidiaries of China Baowu, as well as Wesocool and B·link, jointly planned “six-batch” (namely, releasing a batch of jobs, issuing a batch of innovation and entrepreneurship demands, providing a batch of entrepreneurship and employment mentors, connecting a batch of outstanding entrepreneurial projects, building a batch of entrepreneurial and employment service brands, organizing a batch of achievement exhibitions) key tasks and schemes, held three innovation and entrepreneurship online selection and roadshow activities with Peking University, Nanjing University and other universities, and recommended 31 tutors to be shortlisted in the Entrepreneurship and Employment Mentor List of the Ministry of Education. We also gave full play to the employment potential of the “entrepreneurship and innovation” parks and recruited more than 600 employees for enterprises in the parks. We also deepened the cooperation with universities and eased their employment pressure by signing the strategic cooperation framework agreement, building research and development centers, providing internship bases and other ways.

Management Innovation

China Baowu has established the “separate operation and hierarchical management” three-level control structure of capital, assets and resources by combining the functional positioning of “capital management”, in accordance with the requirements of “clear responsibility, streamline and efficiency, professional operation”, and centering on the vision “to be a leader in global steel industry” and the mission of “jointly building a high-quality iron & steel ecosphere”. We have built the capital operation headquarters integrating value creation and strategic control, created the asset management enterprises with professional integration, platform operation, ecological synergy and market development, established resource operation companies with clear responsibilities and streamlined functions so as to comprehensively enhance the system and capability of the state-owned capital investment company, drive China Baowu to change from a “leader” to a “power”, and build China Baowu into a world-class demonstration enterprise with international competitiveness.

Three institutional reforms

In 2020, China Baowu continued to deepen three institutional reforms to fully stimulate the vitality of cadres and employees. The Company has effectively solved the problem of “not ready to take a lower post” by carrying out the tenure system and contractual management of leadership, transmitting strategic will, and pursuing outstanding performance. We have perfected the “1+N+1” determination mechanism of total salary centered on benefit and efficiency and realized the total compensation input “ready to rise or drop”. We have also improved the internal talent market and promoted the external transformation and development of employees, and built a platform for the orderly flow of employees in the industry structural adjustment so as to effectively ensure employees are “ready to be hired or hired” and promote the sustained business improvement of the Company with the utmost personnel efficiency.



Management level should be “ready to take a lower and a higher post”

We have revised and improved the Management Measures for Hierarchy System of Management Posts and Cadres, promoted the “double optimization” of leading groups and personnel, and strove to form a leadership structure with a reasonable hierarchy of ages, complementary professional advantages, and extensive sources and channels. In combination with the business layout, and with “three-cross and two-multi” (cross-regional, cross-unit, cross-field, multi-level, multi-post) as the starting point, we have vigorously promoted the cadre service by communication. In 2020, we carried out cross-unit exchanges for 78 person-times among cadres directly managed by the Company, accounting for about 30% of the total number. We continued to promote the tenure system and contractual management of the leading members in the subsidiaries, strictly applied the results of performance evaluation, and actively explored the professional manager system.

Employees should be “ready to be hired and fired”

We have optimized the total amount of human resources and enhanced the per capita value creation to effectively support the continuous improvement of enterprise management. We have ensured the employees shall be transferred instead of being laid off. It is required that the emerging business sector in the period of rapid business development and business cultivation should create more employment opportunities for the transformation and development of employees while improving the scale and performance of the business. In 2020, 1800 employees successfully realized the transformation and development within the Company. We have continued to improve the withdrawal mechanism and expand external channels for reemployment. In 2020, the Company terminated contracts with a total of 112 people due to violations of laws and disciplines or incompetence, and did not renew labor contracts with 433 people when they expired.

Salary should be “ready to rise or drop”

We have actively responded to the market environment changes of the steel industry, met the internal needs of deepening reform, centered on the implementation path of “high starting point, high configuration, high investment, projectization, professionalization” strategy, constantly optimized the way of total payroll to adapt to the development of subordinate industries, highlighted the double-effect linked guidance of “benefit increase, total amount growth, efficiency improvement and per capital wage rise”, perfected the “1+N+1” determination mechanism of total salary centered on benefit and efficiency, and realized the total compensation input “ready to rise or drop”

Business Model Innovation

China Baowu has implemented the concept of new development, promoted the innovation of business model, constructed an all-win ecosystem, and further enhanced the modernization of steel industry chain and the competitiveness of the steel industry. In December 2020, China Baowu made a unified deployment and put Xinjiang in the management system of WISCO to orderly promote management integration and connect the “100-day plan”, forming a new pattern of coordinated development.

Baosteel Resources’ mixed reform listing plan

In 2020, to improve the competitiveness of Baosteel Resources, leverage social capital through state-owned capital, and rapidly improve the company’s overall scale and operating capacity, Baosteel Resources combed its overall assets and related sectors, and in combination with opinions from the Financial Department, Industrial Finance Center, Resource and Environment Center of China Baowu as well as relevant agencies and investment banks, formed a “reasonably, orderly and separately advanced” mixed reform listing plan and completed the submission of the Three-year Action Plan on Mixed-Ownership Reform of Baosteel Resources and Trustee Companies. Baosteel Resources is striving to make its quality assets to be listed on the A-share, H-share and S-share mainboard and promote qualified assets to be listed on the “A+H” share or “A+S” share market by 2023. By 2025, the asset securitization of the most high-quality assets of Baosteel Resources will be realized.

Establish a bigger and stronger industrial park platform via “4+1+1” deep integration

Based on the business type attribute, Baoland Properties and Baosteel Development have conducted professional integration of units involving real estate asset business and supporting service business, and established a “4+1+1” business structure according to the principle of “one business for one industry” to vigorously promote the deep integration of real estate asset management and supporting service business. They have created a real estate value-driven system for asset management, engineering management and property management, established a control mode for real estate asset management and supporting service business, and practice standardized, normalized and scientific management to realize deep integration of the companies’ core business, boost the acceleration of the planning, development and construction, investment operation and capital operation of the core business, and improve the companies’ competitiveness.



2020

China Baowu Steel Group Corporation Limited
Corporate Social Responsibility Report



Value Sharing
Wonderful Life

Value Sharing

Wonderful Life



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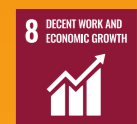
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TYPICAL PRACTICE

Fighting on the Front Line, A Dream Chaser Who Lives up to the Times

Shanglin County, under the jurisdiction of Nanning City, Guangxi Zhuang Autonomous Region, is located at the eastern foot of Daming Mountain, known as the "Backyard Garden of Nanning." It was the birthplace of the traditional "March 3 Festival" of the Zhuang ethnic group and the origin of Dragon Mother Culture in the Pearl River Basin. It was also a base for Bazhai farmers' uprising in the Ming Dynasty (1368-1644). On July 15, 2016, Wang Chong, an employee of China Baowu, was commissioned as the first Party secretary to Shanglin County. After communication with his parents and wife, he boarded a train and set off for his new position to fulfill the glorious task.



"China Baowu Camphor Tree Industry Demonstration Park for Poverty Alleviation" received the funds of

RMB **2** million

from China Baowu.

The project has added an annual average of

RMB **900,000**

to the village collective.

When Wang arrived at Lidan Village, Shanglin County, he was impressed with the dilapidated building of the village committee, mosquito net, and a wooden bed. The village Party organization was not well-organized so either their work was inefficient or the Party members were unmotivated. Without hesitation, Wang devoted himself to the work, even though his body was not acclimatized to the new condition and his legs were swollen for nearly three months. He led the members of the village Party branch and village committee to work wholeheartedly for the interests of all villagers. In one and a half years, the village regained its morale and the Party organization received acclaim from local villagers and its upper organization.

In early 2018, the second session of the selection for the first Party secretary of villages was held in Guangxi Zhuang Autonomous Region. At that time, Wang wavered in his determination because his parents were asking him to go home, but he was also concerned about the poor villagers. "I must stay because the poor were in dire need of me," Wang said to himself. Finally, Wang chose to stay true to his original aspiration and applied for the next tenure after the approval of the organization. He was appointed as the first Party secretary of Yunmeng Village and helped more than 1,200 poor villagers shake off poverty.

Without pillar industries, Yunmeng Village in Dafeng Township, Shanglin County, had the largest number of impoverished people but the weakest collective economy. As an old Chinese saying goes, it is better to teach a man to fish rather than to give him fish. In the long run, developing the industry is the most effective way for poverty alleviation. In view of features of the village, that is the weak collective economy, scarcity of farmland and abundant forest resources, Wang decided to make full use of the natural resources to develop the forestry and forest products industry.



After half a year of investigation, Wang made a bridge between the village and China Baowu. "China Baowu Camphor Tree Industry Demonstration Park for Poverty Alleviation" was thus built up with an investment of RMB two million from China Baowu. The project pooled the resources of enterprises, village collective, and poor households adopted the "entrusted operation" model for poverty alleviation and put both China Baowu's supporting funds and the money raised by the local government together into the industrial park. Professional companies were entrusted to be responsible for the construction, operation, management, product purchase, and sales in the industrial park. The project has earned an annual average of RMB 900,000 for the village collective, of which RMB 200,000 was used to pay for workers coming from poverty-stricken families. It not only provided employment for the poor but also helped the extremely poor households earn a certain amount of money from the distribution of proportional dividends. It is such a long-term, all-around, and sustainable way of poverty alleviation that leaves green mountains and lush water to villagers and their descendants.



RMB **6.7** million

invested in 22 projects in Yunmeng Village as assistance funds for poverty alleviation

The collective income of the village has reached

RMB **450,000**

In 2019 and 2020, thanks to Wang's effort, China Baowu increased its investment and added RMB 6.7 million to focus on five major areas, including collective economy, infrastructure, education facilities, drinking facilities, and Party building, with 22 projects, which has brought earth-shaking changes to Yunmeng Village. Now, all the poor households have been lifted out of poverty, and the income of the collective economy has reached RMB 450,000. Lush and illuminated avenues have been built in the village, a testament to the village marching towards the new goal of rural revitalization.

Over the 1,609 days in Guangxi Zhuang Autonomous Region, Wang has devoted himself to the work of poverty alleviation wholeheartedly and was unable to have a family reunion, even when his parents were infected with COVID-19 during the epidemic. He wrote in his diary, "As a son, husband, and father, I am so incompetent; but I have fulfilled my promise to the poor villagers as the first Party secretary."

Win the Battle Against Poverty, March Towards a Moderately Prosperous Society

"To build a moderately prosperous society in all respects, no one should be missing; on the road to common prosperity, no one should be left behind." Guided by General Secretary Xi Jinping Thought on precision poverty alleviation, China Baowu has always stood on the main battlefield which had the highest rate of poverty, the deepest poverty level, and the highest poverty alleviation cost. With a strong sense of social responsibility, cadres and Party members of China Baowu were appointed as local officials for targeted poverty alleviation works in six counties in Yunan, Hubei, and Guangxi provinces; offered pairing assistance to four counties in Tibet and Qinghai; and completed the task of providing necessities for counties, townships, and villages in six provincial administrative regions. China Baowu is one of the central SOEs that have helped impoverished counties the most.

Since the 18th National Congress of the CPC, China Baowu has thoroughly studied and implemented General Secretary Xi Jinping's important expositions on poverty alleviation, promoted mechanism innovation, explored characteristic paths, and gradually established a well-organized, coordinated, innovative, and effective method to ensure the poverty alleviation work with fruitful achievements. A successful poverty alleviation work system has been formed with a large-scale targeted poverty alleviation pattern that seeks opportunities, shares development results, and builds a poverty alleviation ecosystem together with pairing assistance regions. As of the end of 2020, China Baowu has invested a total of RMB 1.075 billion in 10 counties which were designated regions and counterparts to receive assistance funds, and dispatched 62 poverty alleviation cadres, helping 51,903 registered poverty-stricken households get rid of poverty.

◆Poverty alleviation achievements of China Baowu (as of the end of 2020)

10 Counties have received targeted poverty alleviation assistance and pairing assistance

- RMB **1.075** billion was directly invested as assistance funds
- RMB **98.8328** million of agricultural products were purchased from impoverished areas
- **62** cadres for poverty alleviation were dispatched
- RMB **208.6** million of agricultural products were sold out in poverty-stricken areas

Since the 18th National Congress of the Communist Party of China

- **9,076** community-level cadres were trained
- **11,674** poor people were provided with job opportunities
- **9,011** technicians were trained
- **9,727** poor students were sponsored
- **14,211** poor people were trained for employment skills

Since the policy of poverty alleviation rolled out, six counties have received assistance for targeted poverty alleviation

- RMB **15.23** million of free assistance funds were invested
- **34** companies were introduced
- RMB **133.5** million was invested by introduced companies
- **97** leading companies and rural cooperatives received support
- **51,903** poverty-stricken households were lifted out of poverty



Scan the QR code to watch "China Baowu Poverty Alleviation Animation"



A total of
RMB 173 million
was invested as free
assistance funds in 2020

2020 was a milestone year for the completion of building a moderately prosperous society in all respects and the "13th Five-Year Plan," and was also the year for the decisive victory over poverty alleviation. In accordance with the important instructions of General Secretary Xi Jinping and the deployments of the CPC Central Committee and the State Council, and under the requirements of the State-owned Assets Supervision and Administration Commission of the State Council, China Baowu has striven for winning a decisive victory over poverty alleviation as a major responsibility and glorious mission, helping the poor out of poverty and embarking on a path towards a moderately prosperous society.

On February 25, 2020, China Baowu issued the "China Baowu Poverty Alleviation Work Plan in 2020," which planned to invest RMB 173 million of free assistance funds to six designated counties for poverty alleviation and four counties with pairing assistance. Among them, RMB 85.545 million was used as designated aid funds, a year-on-year increase of 37 percent; and RMB 87.2 million was arranged as pairing assistance. Fruitful achievements have been made in fighting against the epidemic, ensuring stable employment, unleashing consumption potential, helping Guangnan County's poverty alleviation to achieve a final success, expanding industrial chains to speed up the poverty alleviation, training the poor with industrial skills, and selling out the unsalable agricultural products during the epidemic. As of November 2020, the six designated poverty alleviation counties and four pairing assistance counties

have all reached their goals of poverty alleviation, which has been widely recognized by local party committees, governments, cadres, and local people.



On February 25, 2021, the National Poverty Alleviation Summary and Commendation Conference were convened in Beijing. The Leading Group Office for Poverty Alleviation Work of China Baowu Steel Group Corporation Limited was awarded the "National Advanced Group for Poverty Alleviation" by the Central Committee of the CPC and the State Council.

Strengthen organizational leadership

Chen Derong, Party Secretary and Chairman of China Baowu led all members of the leadership team to the designated counties, investigated the work of poverty alleviation and inspected the implementation assistance projects, visited the door of the poor villages to door to know about their living conditions, and cared for cadres who had been dispatched to the poor areas. A total of 278 people from all functional departments and subsidiary companies have participated in investigations, supervisions, and inspections in designated counties. To exchange ideas and strengthen the work of poverty alleviation, 28 meetings with various themes have been held, including three leading group conferences, 10 special work seminars, and 15 two-way interactive meetings.



A total of
278 person-time
have participated in
investigations, supervisions,
and inspections

28
meetings with various themes
have been convened



▲ On May 27, 2020, Chen Derong, Party Secretary and Chairman of China Baowu, went to Jiangcheng County, Pu'er City, Yunnan Province, to investigate designated poverty alleviation work, and visited poor local households.

Select excellent cadres to help the poor

Besides the 21 temporary cadres and village Party secretaries that have been dispatched to the poverty-stricken areas, another village team leader was sent to Guangnan County, which was on the list of the Poverty Alleviation Office of the State Council to supervise the battle against poverty alleviation. It ensured that all measures of the "One Center, One Village" action plan were feasible and solved actual difficulties. Moreover, another temporary cadre was sent to Pu'er acting as the city's deputy mayor, and one more cadre was dispatched to Guangshan County of Xinyang City in Henan Province, both of whom have devoted themselves to the fight against poverty and the revitalization of old revolutionary bases.



Solve the problem of unsalable products due to the epidemic

During the epidemic, a total of 462.45 tons of unsalable agricultural products were purchased and sold, valued at RMB 5.6525 million, and some vegetables and fruits were transported to the poverty alleviation counties in Hubei Province and also to the workers who were guaranteeing the supply of medical oxygen to hospitals in Wuhan. It not only solved the problem of unsalable products but also guaranteed that people in the epidemic-stricken areas could eat fresh vegetables and fruits.



◀ In March 2020, China Baowu's Labor Union took the lead in organizing a "Love Counter for Poverty Alleviation" at the canteen of its headquarters, which displayed the unsold agricultural products due to the epidemic and encouraged employees to buy the products so that the raised money can give a helping hand to the poor.



Give full play to the advantages of industrial assistance

Baosteel Packaging has invested in laminated iron can filling production line in four impoverished counties in Yunnan, using the new green material laminated iron produced by Baosteel for food packaging. The method has solved the problem of long-distance transportation and thus improved the value of agricultural products. It also nurtured some leading companies which can help the registered poor households with increased incomes, as well as expanded the market for China Baowu's new materials to be used in the whole industrial chain for poverty alleviation from the production, packaging, and sales of agricultural products.



▲ On May 27, 2020, Chen Derong, Party Secretary and Chairman of China Baowu, walked into the live-streaming room in Jiangcheng County to sell agricultural products for poverty alleviation. The total sales on that night have reached RMB 74,812,300.



▶ In 2020, Baosteel Resources Anhui Wanbao invested more than RMB 160,000 to support the black fungus planting industry in Macaoshen Village, Yinhui Town of Guichi District in Chizhou City, Anhui Province, which not only provided sufficient capital to local private enterprises but also offered jobs to more than 10 poor families.



▲ In 2020, Baosteel provided all-around assistance in poverty alleviation through live-streaming commerce, selling products in canteens, vacation for model workers, and visiting employees on holidays.



▲ Baosteel Packaging has promoted the new materials of laminated iron to help upgrade the packaging of specialty agricultural products, increased the added value of local products, and enhanced its market competitiveness, which helped the poor to become self-reliant and achieved sustainable and stable poverty alleviation.

Work Together with Employees to Share Happiness

The development of an enterprise is inseparable from every employee. China Baowu fully respects and protects the basic rights and interests of every employee, implements a diversified talent development strategy, pays attention to employee's growth, and creates a career platform for them to show their talents and creativity so that employees can work happily and live the good life which features in "wealth, leisure and fulfillment."

Employee Development

Staff structure

China Baowu strictly abides by laws and regulations including the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China, insists on equal employment, prioritizes localized employment, opposes forced labor, signs labor contracts with employees in accordance with the law, pays social insurance in strict accordance with regulations, protects the personal privacy of employees, and has continuously improved the basic management of the employment. As of the end of 2020, the company has a total of 227,007 registered employees, all of whom signed the labor contract with the company.

Indicator	Unit	2018	2019	2020
Number of employees	Person	161,302	195,434	227,007
Number of female employees	Person	31,236	33,856	39,150
Number of new employees	Person	2,367	1,799	2,270
Proportion of new employees	%	1.5	0.9	1.0
Number of resigned employees	Person	2,971	2,170	1,487
Proportion of resigned employees	%	1.8	1.1	0.66
Proportion of management positions	%	7.9	8.2	7.6
Proportion of local employees in overseas companies	%	88.4	93.4	91.8
Number of outsourcing staff	Person	4,324	6,684	14,237
Signing rate of Labor Contract	%	100	100	100
Coverage of social insurance	%	100	100	100



◆ Staff structure according to the education background, age, and title

Education Background Structure			
Education Level	2018	2019	2020
Postgraduate	6.90%	6.20%	6.10%
Undergraduate	27.80%	25.20%	25.10%
Junior college	28.80%	27.70%	27.20%
Secondary technical school or below	36.60%	40.90%	41.70%
Age Structure			
Age Group	2018	2019	2020
Under 35 years old	26.20%	23.10%	21.60%
36-45 years old	37.60%	33.50%	33.10%
46-55 years old	33.20%	38.60%	40.40%
Above 56 years old	3.00%	4.70%	5.00%
Title Composition			
Professional Title	2018	2019	2020
Middle and senior titles	16.90%	15.50%	15.80%
Highly skilled personnel	35.70%	34.50%	32.20%
Other personnel	47.40%	50.00%	52.00%

Staff training

In 2020, China Baowu has continued to improve the hierarchical and classified talent training system from management, technical business, and operational skills; formulated and issued eight regulations on the employee development management, including the "Implementation Opinions on Deepening the Reform of the Talent Development Mechanism and Strengthening the Construction of Scientific & Technical Talents and Skilled Talents" and "Implementation Opinions on China Baowu Employee Education and Training Work," which aimed to promote the scientific, institutional and standardized regulation on employee education and training. Focused on the "spirit of innovation" and the "spirit of craftsmanship," the company has done a good job in the selection of various talents; strengthened the construction of the network platform to carry out both online and offline training, giving full play to the complementary advantages of each teaching method. In 2020, Baowu Cloud Learning Platform pooled resources of the entire company, made great changes to improve the ability of independent planning and development of network training projects, and reconstructed the platform's functional architecture with a total of 695 open courses and 1.148 million registered students. More than 120,000 employees have logged in the training system, accounting for 70 percent of the total number of employees; the total number of viewers exceeded 20 million, with the number of completed lessons exceeded two million and a total of 4.98 million class hours.



Indicator	Unit	Executives	Technical Business	Operation Skills
Training investment	RMB 10,000	3,056.7	5,156.7	8,132.2
Number of trainees	10,000 people	60.9	143.1	140.6
Completed full-time and online learning	10,000 hours	253	690	953

Management and Operation Talent Project

- The company has continually optimized the performance training for management personnel, carried out 424 hours of both online and offline courses, with a total of 891 people participated in the training;
- The communication platform for employee training has been optimized, and one young cadre was selected to work temporarily at the State-owned Assets Supervision and Administration Commission of the State Council; 14 young cadres participated in the central inspection and served as the leader or member of the inspection team to China Baowu's subsidiary companies; three young cadres took temporary positions at designated counties or villages to fulfill a task of poverty alleviation with the support of China Baowu;
- Outstanding young cadres were trained in a dynamic way, and 230 of them from 18 affiliated subsidiaries and 48 third-level units participated in the survey work and were interviewed;
- An all-around selection of young talents has been carried out throughout the company, and a "strategic talent pool" was prepared with a sufficient number of qualified employees, among which a total of 1,080 were recommended by their companies. Moreover, 21,990 pieces of information were recommended by employees themselves, with a number of 2,408 recommended employees.

Technical Business Talent Project

The company has strengthened the construction of high-level scientific and technological talents, established the scientist system of China Baowu, and designed a "three-tier and three-type" system for the cultivation and development of technical talents;

Eight internal and external experts including academician Gan Yong and Liu Zhengdong were invited to be a member of China Baowu's Special Metallurgical Material Expert Think Tank;

Leading technical talents training has been carried out with an all-around effort to improve the professional competence of the technical business talent team. A total of 537 professional and technical training courses have been implemented, including TOP10 training, Learning from Masters, Golden Apple Plan, Wise Open Class, AI Lecture, Chief Teacher Forum, Wisdom-sharing Marketing, and Clean Energy Industry Explorer, which have trained a total of 85,053 employees.



Owing more than

12,700

technicians and senior technicians

Cultivating high-skilled workers for China Baowu

232

intellectual talents of manufacturing

536

skill training classes

A total of

21,953

employees have been trained

Operation Maintenance Talent Project

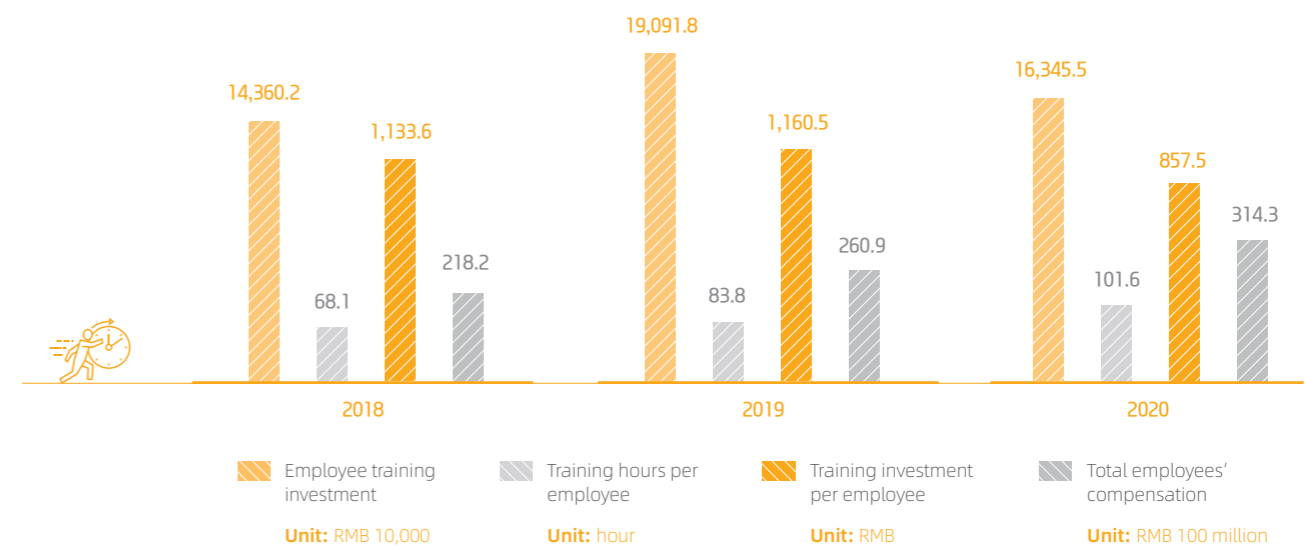
China Baowu has implemented its "Millions of High-skilled Talent Project," which has 105 national, industry, provincial and municipal-level studios, achieving a breakthrough of "one hundred"; it has more than 12,700 technicians and senior technicians, achieving a breakthrough of "ten thousand"; cultivated 232 high-skilled talents in smart manufacturing; sorted out a catalog of 810 items of "unique skills"; held lectures on the "Millions of Talent Cultivation Project," which has organized three sessions of Wise Innovation E-station Special Learning and 17 lectures given by Innovative Masters of China Baowu.

Efforts have been made to cultivate skilled experts and backbones that are urgently needed for the transformation and upgrading of smart manufacturing. China Baowu has cultivated a group of compound high-skilled talents with the "spirit of craftsmanship." In 2020, 536 skill training courses including Technician Master Training Camp 2.0 (gold blue-collar, silver blue-collar, and future craftsman training camp), smart manufacturing special training, intelligent maintenance engineers, industry 4.0 training, job manager qualification training, team leader ability promotion training, and young craftsman training camp, with a total of 21,953 participants.

High-potential Talent Training Project

Following the TTT training model, in 2020, China Baowu held the seventh session of "Green Apple Plan" for 45 employees and "High-level Seminars" to share views and answer questions to the youth. A "dual tutor system" was introduced to guide the trainees of "Green Apple Plan," and the in-house publication "Yefeng" has reviewed the growth path of these "apple fruits."

China Baowu has carried out the training for new college students, via four modules of learning including intensive training, job recognition, practice in the post, and project experience, to implant China Baowu's culture and core values, establish professional ambitions, strengthen professional awareness, cultivate the standards for workplace and promote role changes, helping 645 new college students quickly integrate into the big family.



Promotion channel

As a pilot enterprise for state-owned capital investment companies, China Baowu provides employees with a variety of career development directions such as steel and related manufacturing, service industries, financial industries, and industrial parks, and has built other diversified, multi-platform career development opportunities including IT, securities funds, Internet e-commerce, real estate investment, and international trade. Through the competitive platform for internal professional mobility, employees can get full opportunities to display their abilities. In 2020, the company improved the dual-channel development mechanism of both technical business and management, established a "chief engineer" system, and encouraged technical personnel to continue their development on the professional path; implemented core talent training projects to create a "three-tier and three-type" system for talents while establishing a flowing mechanism for technical business and management sequence, which ensures the H-shaped career development path for employees.



Moreover, the company has provided employees with opportunities to work in Tibet, Qinghai, and Yunnan, helping them grow up in different environments; built a "service team with doctoral students" and recommended them to work at important positions in government and other agencies, helping them accumulate experience and broaden horizons; and provided employees with opportunities to perform on the international stage and achieve self-growth via various overseas business platforms.

Salary & Welfare

China Baowu has optimized the salary incentive mechanism to stimulate the vitality of cadres and employees. The optimized distribution strategies encourage mid-term and long-term incentives and build a common growth plan for employees. The company also adheres to the basic principle of linking total wages with "effects and efficiency" and focuses on the strategic implementation path of "three highs and two standards" to explore the implementation of a differentiated total verification mechanism and to promote the continuous improvement of subsidiaries' operating performance and labor efficiency. In 2020, the actual total compensation for employees had reached RMB 31.43 billion.

China Baowu has continued to promote equity incentives system for public companies, strengthened the supply of systems, introduced the "Administrative Measures for Equity Incentives for Listed Companies Subordinate to China Baowu (Trial Version)," and successfully implemented the second phase of Baosight Software's restricted stock incentive plan;

The company has actively expanded the implementation of job dividends for technology-based enterprises, covering three companies including Baowu Equipment Intelligent Technology Zhanjiang Project, Baowu Carbon Materials Baohua Zhanjiang, and Baowu Water Kexin Environmental Protection;

The company has also actively supported "employee participation" and steadily admitted employees to become stakeholders at Baowu Special Metallurgical Titanium Technology and Baowu Carbon Material Ouyee Chemical.

Company annuity

In 2020, with the impacts of the global pandemic, the market environment has shown sharp volatility in the equity market, a marked differentiation in structure, increased credit risk in the bond market, and an upward trend in risk-free interest rates. Through unremitting efforts, China Baowu has achieved relatively sound investment performance with the work policy of "safe and steady investment, strengthened supervision, and optimized services." The annual unit net value growth rate was 8.98 percent.

Mental health

Based on fundamental, customized, and special services, China Baowu has planned to implement the 2020 Heartwarming Action (EAP) project. Fundamental services are mainly 7x24 hours health consultation hotline and heartwarming self-service; customized services focus on psychological empowerment, enthusiasm and capability improvement; special services are provided for overseas employees, expatriates, and people who are dealing with special events. In 2020, China Baowu has organized six activities both online and offline, with a total of 1,034 participants.

During the epidemic, the company also opened the "Xinqing" hotline for epidemic prevention and control, which provided psychological care and support to employees in Hubei. It served as a guarantee for the smooth resumption of work and production of subsidiary companies in Hubei Province.

Safety Protection

China Baowu has earnestly implemented the "Opinions of the Central Committee of the Communist Party of China and the State Council on Promoting the Reform and Development of Work Safety," always adhering to the policy of "safety first, prevention crucial, and comprehensive governance" and the principle of "Party and government with the same responsibility, one post with two responsibilities, joint management, and accountability for dereliction." The company has continually improved the capacity building of the safety management system and created a safe and stable environment for the company's integration, innovation, and development. In 2020, the company has maintained an overall stable situation of safety production, with no major accidents. A total of 51 general production safety incidents occurred within the region, and 53 employees were injured in these incidents.

Strengthening the performance of duties to ensure the safety production during the prevention and control of the epidemic and the resumption of work and production

At the beginning of 2020, the main leaders of the company reviewed and issued the key points of safety production in 2020, requiring all units to attach great importance to safety in integration, transformation, and development, building a high-quality steel ecosystem, which has become a model for the common growth of employees and the company. In early February, because of the prevention and control of the epidemic, the company issued the "Notice on Further Doing a Good Job of Safety Production," which required all units to resolutely implement safety precaution responsibilities and the requirements of "firm confidence, joint efforts, scientific prevention, and precise policy."

Guiding employees to create an atmosphere of safety and self-management for all

In order to further prevent the occurrence of safety accidents and effectively implement the concept of "violation operation is a crime," the company issued the "Opinions on Implementing the Concept of 'Violation Operation Is a Crime' and Further Strengthening the Accountability of Violators." Primarily responsible person for the loss, employees of China Baowu and related parties who performed typical violations of the rules and regulations, shall be accountable for their actions seriously.

Tackle targeted difficulties to carry out special rectifications for safe production

The company has carried out a special investigation on the safety management and control of high-temperature molten metal operations. A total of 22 major potential safety hazards were found in the nine subsidiaries involved in high-temperature molten metal operations, and 15 potential risks have been rectified, and the other seven are being rectified as planned. The company has urgently launched a special investigation on the hidden dangers of iron and steel enterprises. A total of 46 major safety hazards related to high-temperature molten metal operations were reported, and 37 of them have been rectified, and the remaining nine are being rectified as planned. Special rectification on the use of hazardous chemicals has been carried out, and a total of 4,437 issues were discovered and 4,394 have been rectified, with the remaining 43 items being rectified as planned. Special rectification work for densely populated places in gas-dangerous areas has been promoted, and the 349 densely populated places sorted out in the previous year have all been demolished or relocated.

Promoting the three-year action plan for special rectification of production safety to solve problems from the origin

In order to conscientiously implement General Secretary Xi Jinping's instruction on "fundamentally eliminating hidden dangers of accidents," the company formulated and issued the "Three-year Action Plan for Special Remediation of Safety Production." The implementation plan is mainly divided into two topics and 12 special items, with 59 small items to further promote implementation. It requires all units to conduct comprehensive, in-depth, and detailed investigations and governance, establish "two checklists" of hidden problems and system measures, and dynamically update them, formulate timetables and roadmaps, and clarify rectification responsibility units and rectification requirements, making changes while doing investigations and ensuring to take immediate actions whenever problems are discovered.



The annual unit net value growth rate was

8.98 percent

6

activities were organized both online and offline

A total of

1,034 participants



Special rectification on the safety regulation of hazardous chemicals was carried out, and a total of

4,437

problems were found

4,394 items

were rectified



Improving the effectiveness of safety education and training through innovative methods

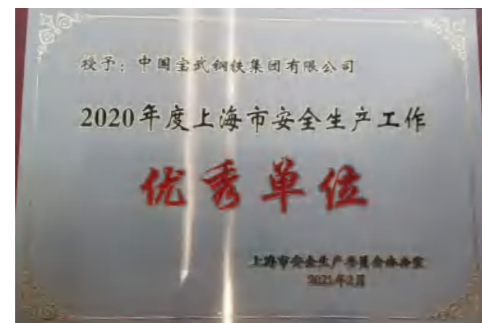
Based on summarizing the safety education and training work of the previous year, China Baowu incorporated the best safety management practice cases into the training module through the course design, which can further enrich the training content. In addition to regular safety training as planned, it also organized special training for targeted occupational disease prevention and roof management. It promoted the application of a VR safety somatosensory training system, through customized VR accident experience and safety somatosensory equipment, so that experiencers can realize the serious consequences of dangerous factors through the personal experience without being in danger.

Strengthening supervision and continueing to implement penetrating safety supervision

China Baowu has carried out "long-term, full coverage, and uninterrupted" safety supervision in more than 30 productive subsidiaries; it has carried out more than 80 special inspections and found 1,220 problems through safety rotation supervision and serious accountability of process management. The inspections mainly concentrated on two regular projects of hidden danger investigation and management and construction project safety management, as well as two special topics on safety performance and fire safety.

Elevating the essence to carry out the special labor competition continuously for smart manufacturing

The company formulated and issued the "2020 Special Labor Competition Plan for Smart Manufacturing." Labor competitions were divided into three categories: "Smart Manufacturing," "Smart Park" and "Smart Service." In 2020, 30 productive subsidiaries of the company participated in the special labor competition for smart manufacturing, and a total of 289 entries were submitted, of which 260 projects had the attributes of "3D" or "gas hazard."



◀ In 2020, China Baowu Steel Group Corporation Limited was rated as "2020 Shanghai's Annual Excellent Unit of Safety Work."

Caring for Employees

Aid to employees in difficulties

In 2020, China Baowu has given aid to 102,077 employees, with a total investment of RMB 66.5332 million in employee assistance, of which 92,953 person-times were given for daily necessities, and the amount of assistance money was RMB 43.1214 million; 1,562 person-times were for education, and the amount of assistance money was RMB 3.2121 million; 7,562 times for medical assistance to the poor, and the amount of assistance money was RMB 20.19977 million.

Care for women

Women can shoulder heavy responsibilities and perform well. Female employees in the new era are an indispensable and important part of China Baowu's reform and development. In March 2020, China Baowu launched the selection and commendation activities of the "Rose Cultivation Award" and "Rose Blooming Best Practice Award" to promote the best practices of female employees. A total of 15 individuals and 15 collectives have won the honor.

Democratic communication

China Baowu has constantly improved the construction of a democratic management system, effectively implemented the fundamental policy of wholeheartedly relying on employees to run an enterprise, and actively ensured employee's the right to know, participate, express, and supervise through workers' congress, employee directors and supervisors, collective consultation, disclosure of factory affairs, and activities such as "China Baowu in the eyes of employee representatives." In 2020, employees and managers had a good overall evaluation on the operation of the workers' congress, collective negotiation, and disclosure of factory affairs. The employee satisfaction rate was 82.36 percent, and the satisfaction rate of managers at all levels was 94.64 percent.



▲ In 2020, China Baowu won the title of "National Advanced Unit for Open and Democratic Management of Factory Affairs."



▲ On September 16, 2020, China Baowu held the 2020 Open Special Report Meeting on Factory Affairs.



Indicator	Unit	2018	2019	2020
Total investment in safety production	RMB 100 million	14.82	16.31	21.39
Number of safety training	Person-time	30,213	26,825	15,870
Coverage rate of safety training*	%	100	100	100
Number of safety production accidents	Case	24	34	51
Number of employees injured in work-related accidents	Person	34	34	53
Injury frequency of work-related accidents	Injuries per million man-hours	0.1	0.08	0.11
Injury severity rate of work-related accidents	Lost workdays in million man-hours	198.73	28.35	42.87

*Note: Affected by the epidemic in 2020, the company's offline training was suspended in the first half of the year.

Cultural & sports activities

China Baowu respects the interests and hobbies of employees, enhances employees' sense of participation, gain, identity, and happiness through a series of activities, and is committed to creating an atmosphere of happy work and healthy life, so as

to enhance communication, promote integration and development. In 2020, China Baowu has strengthened the construction of the culture & sports association, organized a series of cultural activities and art festivals with the theme of "Iron & Steel Glory, A Dream Throughout One Century." Following the idea of one region, one theme, and one activity, the company organized various activities, including culture & sports training, green riding, healthy running, art performance, poetry, and essay writing, and music creation, as well as competitions on painting, calligraphy, photography, Tai Chi, bridge game, poem reading, singing, and sports game. Employees have also participated in the third session of Shanghai Municipal Sports Games and the second "Jiangnan Kanjian Cup" Dragon Boat Invitation Tournament, and won the championship in the summer tennis club team competition in Jiading, as well as the gold and silver medals in the 500 white-collar cycling challenges.



▲ Winning the third prize in cycling competition of the civic games.



▲ Fishing competition



▲ Basketball game



▲ Tai Chi competition

Collective consultation

China Baowu has actively implemented the requirements of the Ministry of Human Resources and Social Security and the All-China Federation of Trade Unions on stabilizing labor relations during the prevention and control of the COVID-19 epidemic and supporting the resumption of work and production of enterprises. On the basis of prevention and control of the epidemic and risk assessment, it conducted collective consultations on telecommuting, vocational skills training, employee working environment, mutual assistance protection, physical examination plan, and psychological counseling to live a life of "wealth, leisure and fulfillment." The company has opened channels for dialogues, cared for employees, and encourage employees to over

difficulties together with the company. In 2020, all independent employers within the company signed collective contracts through equal negotiation, and the coverage rate of collective contracts reached 100 percent.



Collective contract coverage rate reached
100%



▲ On April 30, 2020, Baowu, China, held an exchange meeting for "Labor Day" model workers on the theme of "Exhibiting the Demeanor of Model Workers, Being a Role Model of the Times, Creating a World-class Company, and Fulfilling the Century-old Dream."

"Three Haves" index

"Wealth, leisure, and fulfillment" are the embodiment of the good life of employees in China Baowu. On the road to creating a world-class enterprise and building a high-quality steel ecosystem, China Baowu has constantly enhanced the employees' sense of gain, happiness, and belonging. To encourage its subsidiary companies to be active innovators and pioneers in striving for excellence, China Baowu selected 12 representative quantitative indicators in three aspects of "wealth, leisure, and fulfillment" and built an evaluation system after taking a sample to investigate employees' perceptions of these indicators. Every year, an investigation is conducted among employees to update the system, and analysis is given to its development trend to make improvements on the evaluation system and ensure the good life of employees dynamically.

Build Harmony Jointly with Community

Donations

Strictly following the requirements of the "Management Method for Donations and Sponsorships" and the "Notice on Strengthening the Management of Donations," China Baowu has standardized the donation approval process and strengthened the tracking of donated projects. In 2020, China Baowu donated a total of RMB 279.5135 million. The headquarters and 15 subsidiary companies implemented 78 external donation projects, and each project was strictly managed and implemented within the approved budget.

Indicator	Unit	2018	2019	2020
Donations for Public Relief & Welfare	RMB 10,000	764.9	950.7	1,263.45
Poverty alleviation, helping the needy & construction assistance	RMB 10,000	9,889.6	12,351.0	18,421.2
Donations for education (aiding students)	RMB 10,000	50	72	198
Donations for culture & sports	RMB 10,000	0	10,000	0
Special donations for fighting against the epidemic	RMB 10,000	--	--	7,619.7
Other donations	RMB 10,000	0	33.8	449
Total social donations	RMB 10,000	10,704.5	23,407.5	27,951.35



◎ Baosteel's "Hand in Hand" public welfare education assistance

In order to advance the "Hand in Hand" public welfare education assistance program, promote the spirit of volunteerism, and fulfill corporate social responsibilities, Baosteel cooperated with the Education Bureau and Youth League Committee of Ning'er County to carry out pairing assistance activities through the model of "one factory and one school," which has subsidized 126 students from poor families with excellent academic performance to complete their studies since 2017. In 2020, 105 impoverished students in Ning'er County received a total donation of RMB 271,000; 53 impoverished students in Guangnan County received a donation of RMB 94,069 with the joint help of Baosteel and China Baowu's Youth League Committee; RMB 336,000 was donated to Jiangcheng County, Yunnan Province, for a new building of the central primary school at Zhengdong Town, where students have meals and indoor activities on rainy days, while faculty teachers organize teaching research activities.



RMB **271,000**
was donated to poor students in Ning'er County

RMB **94,069**
was donated to poor students in Guangnan County

RMB **336,000**
was donated to Jiangcheng County, Yunnan Province



Community Participation

China Baowu cares about the community and is committed to creating a harmonious community atmosphere through listening to the needs of community residents, improving local infrastructure and the living conditions for residents; it advocates the spread of friendship inside and outside the company, inspires the initiative of employee volunteers to use sincerity and enthusiasm to carry out a series of public welfare activities and voluntary services such as respecting the elderly and loving the young, caring for the disadvantaged groups, and promoting public health, and strive to be a pioneer in serving the city.



◎ Volunteer grid service of Baosteel's public welfare

To make use of the platform to conduct "regional joint construction", strengthen communication between communities and enterprises, and create a harmonious atmosphere, Baosteel has carried out public welfare in the form of volunteer grid service with various communities in Yuepu Town. Baosteel youths were organized to enter the community and carry out "one-on-one" voluntary service on "Studying Lei Feng Day" and "Tree Planting Day," and at traditional festivals such as Mid-Autumn Festival and Spring Festival.



◎ Returning the green scenery to the people by Echeng Steel

In order to provide a social place for recreation, exercise, and entertainment for the citizens in nearby communities, Echeng Steel built the Eight-Star square as an open green space after a large number of buildings were demolished on the northern wall of the plant. In 2020, the square was officially opened to employees and citizens, which truly returned the green scenery to the people and enriched the urban cultural life of citizens.



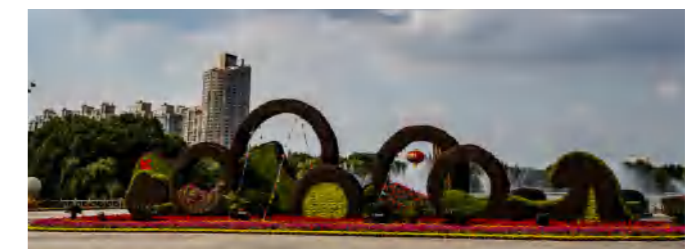
▲ In October 2020, the Energy and Environment Department of Baosteel carried out a charitable donation to the needy elderly in Yuepu Town.



▲ In October 2020, Baosteel Resources launched a government-enterprise joint construction activity of "Gathering at Xuejiawa and Chatting on the Double Ninth Festival."



▲ In February 2020, the labor union of Masteel wheel & Axle business division sent anti-epidemic supplies to Pinghu Street in Ma'anshan City.



▲ In October 2020, Maanshan Iron & Steel Group participated in the 29th Golden Autumn Flower Exhibition in Ma'anshan City.

National Solidarity

Focusing on the overall goal of social stability and long-term stability in Xinjiang, and in accordance with the decision and deployment of the autonomous region's party committee, Bayi Steel has always placed the work of "visiting people's homes, benefiting people's livelihood, and gathering people's hearts" at the core of temporary cadre's work in villages. It has made great efforts in fulfilling the social responsibilities, consolidate grassroots organizations, implement main responsibilities, help villagers get rid of poverty, rejuvenate the rural economy, and work hard to continuously improve the work of "Two No-worries" for the poor.

National solidarity as a family

Social stability and long-term stability in Xinjiang are related to the overall reform, development and stability of the country, to the reunification of the motherland, national unity, and country security, and to the great rejuvenation of the Chinese nation. Bayi Steel has fully implemented the Party's ethnic policy, promoted mutual assistance and harmonious development of all ethnic groups, allowing the flowers of national unity to bloom at the Tianshan Mountains. With the theme of practicing the Chinese nation's community of shared future and promoting core values, the company has conducted various activities to encourage national unity as a big family. In 2020, Bayi Steel visited 19,601 ethnic group's families, and organized 3,708 national unity activities, with 49,759 participants.

Fight for poverty and move forward

2020 was the last year to win the battle against poverty. The Party Committee of the Xinjiang Bayi Steel resolutely implemented the deployment of Xinjiang Uyghur Autonomous Region on the work of targeted poverty alleviation, and the cadres and employees of all ethnic groups in the company cared about the poor in southern Xinjiang and helped to sell out all the unsalable agricultural products. In 2020, the four villages in Yuepuhu County and eight impoverished villages in Yingjisha County have all achieved their goals of poverty alleviation with the help of the company. In addition to that, a total of 364 laborers from poor families in Kashgar, Hotan, and Kezhou have been arranged with employment, making positive contributions to the autonomous region's victory in the fight against poverty.

Further Reading

Two No-worries:
The rural poor no longer have to worry about food and clothing.

Three Guarantees:
Guarantee compulsory education, basic medical care, and housing security.



▲ Bayi Steel organized door-to-door visits



▲ Bayi Steel organized the awarding ceremony for the third session of "Top Ten Pairs of National Unity"

Volunteer Action

China Baowu has mobilized a large number of volunteers to take active actions in the fight of the epidemic and social welfare and formed a large team of volunteers who can represent the image of Baowu's youth. Meanwhile, it planned to register the service hours of volunteers and booked them to effectively protect the rights and interests of volunteers. In 2020, a total of 4,075 volunteers of China Baowu participated in the work of epidemic prevention and control, and 1,197 people participated in the volunteer service for the 130th anniversary ceremony of China Baowu, with a total of 21,088 hours.

Fight against the epidemic



A total of
4,075
people participated in the volunteer service for epidemic prevention and control

Approximately
21,088 hours
of service

On January 23, 2020, due to the impact of the COVID-19 epidemic, Wuhan announced the "lockdown". Donated materials from other provinces and abroad were thus congested at the entrances of highways and couldn't be delivered. At this critical time, 33 young employees of China Baowu WISCO Jiangbei Company were organized to form the Qingfeng Team of Love, who took the initiative to deliver the anti-epidemic donations, including ventilators, masks, and other medical materials to the hands of front-line doctors and nurses. From February 1 to June 16, the Qingfeng Team of Love received a total of 27 types of 11,318 items from more than 23 donors at home and abroad. And 4,553 items were repackaged and distributed to 226 hospitals and community health service centers in Hubei Province, including Huoshenshan Hospital and Wuhan Union Hospital, serving as a channel for the "last mile" of transportation of epidemic prevention materials.

In the 137 days of continuous fighting, whether there was snow, rainstorm, or any emergency mission at midnight, the Qingfeng team members never stop working. They were on standby 24/7, with 685-hour working time in total. Because of their outstanding contribution to Wuhan, in October 2020, the Qingfeng Team of Love was awarded the "Advanced Group of Youth Volunteer Service in the Fight against COVID-19".





▲ Chen Xiaohua, an employee of the finance department of Hwabao Trust, took the initiative to join the community volunteer service team and provided voluntary protection for the safety of community residents during the severe time of the epidemic.



▲ During the closure time of the Jinshandiankuang New Village community, Party member volunteers of Baosteel Resources overcame numerous difficulties and insisted on delivering daily necessities to residents.



▲ Masteel wheel & Axle business division set up a temporary volunteer service team for epidemic prevention and control to carry out various epidemic prevention and control works, such as temperature measurement, order maintenance, and personnel registration.



▲ Baosteel organized volunteers to measure temperature and send meals and epidemic prevention materials to the communities.

Flood fighting and disaster relief

In July 2020, in the face of the historic flood, Maanshan Iron & Steel Group undertook the flood control task of safeguarding the 6,309-meter levees of the Yangtze River, Cihu River, and Liufen River in Maanshan City, and has devoted a total of 22,500 flood control personnel and 2,900 vehicles and prepared 21,000 woven bags of flood control materials, 2,100 square meters of geotextiles, 2,800 cubic meters of sand and gravel, 2,000 cubic meters of rocks, and 500 life jackets & vests, all of which were made up of the "steel dam". It has also formed a flood prevention and rescue team of 130 people who assisted with Hanshan County's flood fighting and disaster relief, ensuring the successful completion of the flood prevention mission.



22,500 personnel
were dispatched in
total for flood control

2,900 vehicles
were dispatched



▲ The Gushan Mine Rescue Squadron of Maanshan Iron & Steel Mining of Baosteel Resources has participated in various flood fighting and rescue work in surrounding villages and towns. They responded quickly and assembled personnel to the scene of the incident to participate in flood fighting and rescue work, taking practical actions to protect the safety of people.



▲ Automobile Transportation Company of Maanshan Iron & Steel Logistics dispatched 15 dump trucks and flatbed trucks stationed at the emergency reserve material warehouses in eight cities for 24 hours within a total of 22 days. They are always ready to deliver flood prevention emergency materials to the disaster-stricken areas.