



2023

Maanshan Iron and Steel Co., Ltd.

**Environmental,
Social and Governance Report**

**Aim High
and Go All Out**





About the Report

- Reporting Period** The Report is released annually. It is the Environmental, Social and Governance (ESG) Report 2023 of Maanshan Iron and Steel Co., Ltd. released to the public.
- Title Description** For ease of presentation in the Report, “China Baowu”, “Baowu Group” and “Baowu” are short for “China Baowu Steel Group Corporation Limited”, “Magang Group” is short for “Magang (Group) Holding Co., Ltd.”, and “Masteel”, “the Company” and “we” all refer to “Maanshan Iron and Steel Co., Ltd.”
- Scope of the Report** Unless otherwise specified, the Report mainly describes the practices and performance of Masteel and its subsidiaries in fulfilling their economic, social and environmental responsibilities during the period from January 1, 2023 to December 31, 2023. The selection of the entities covered herein mainly considers their importance and substantiality. The monetary unit in the Report is RMB, unless otherwise stated.
- Preparation Basis**
 - Guiding Opinions of State-owned Assets Supervision and Administration Commission of the State Council on Better Performance of Social Responsibilities of State-owned Enterprises*
 - Guidelines for Corporate Social Responsibility Report in China* (CASS-ESG 5.0) of the Chinese Academy of Social Sciences
 - Sustainability Reporting Guidelines* (GRI Standards) of the Global Reporting Initiative (GRI)
 - United Nations Sustainable Development Goals (SDGs)
 - Environmental, Social and Governance Reporting Guide of Hong Kong Limited*
 - Guidelines No. 1 of Shanghai Stock Exchange on Self-Regulation of Listed Companies - Standard Operation Sustainability Indicators 2023 Report* of the World Steel Association (worldsteel)
- Preparation Process** Investigation into stakeholders’ concerns - Report planning - Framework building - Preparation training - Source materials collecting - Report preparation - Department review - Report design - Opinions soliciting - Report revision - Management review - The Board of Directors review - Finalizing and releasing
- Quality Assurance**

The information and data disclosed in the Report are derived from statistical reports and official documents of corresponding enterprises and have been approved by relevant departments.

The Company warrants that there is no false record or misleading statement in the Report and takes responsibility for the authenticity, accuracy and integrity of the Report.
- Text Language** The Report is available in simplified Chinese, traditional Chinese and English. In case of discrepancy, the simplified Chinese version shall prevail.
- Release Form** The Report is released in printed and electronic forms. To download or read the electronic document, you can click on the URL (<https://www.magang.com.cn/d3/shzr/index.html>) or scan the following QR code to visit the CSR section of our official website. To minimize the impact of printing on the environment, we encourage our readers to download the electronic form as far as possible.



Scan the QR code to visit the CSR section of Masteel



Follow our WeChat official account “Home of Masteel” to learn more

The Report is printed on environment-friendly paper. We try to save space in order to save paper. For more details, please go to our official website, WeChat official account and annual financial reports.

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Message from Chairman



2023 is the first year to fully implement the guiding principles of the 20th CPC National Congress and the start year for Masteel to put the spirit of the 6th Party Congress of Masteel into practice. A good start matters to the whole picture. Masteel has been committed to proactively carrying forward the fighting spirit, constantly raising the bar, pressing ahead to break new ground, and striving to win new victories in high-quality development.

A handwritten signature in black ink, consisting of stylized Chinese characters.

Ding Yi, Secretary of the Party Committee and Chairman of Masteel

Over the past year, we focused on first-class Party building to start well in improving our Party building leadership. We thoroughly studied and implemented the guiding principles of the 20th CPC National Congress and made significant advances in exercising full and rigorous Party self-governance. Under the Party building theme of “sticking to the core, focusing on the central task, and bringing hearts closer” , we attached greater attention to the primary level and called for concerted and intensified efforts to build primary-level Party organizations, thereby improving the primary-level organizational ability and the fighting capacity of Party members in a coordinated way, and taking the lead in first-class Party building.

Over the past year, we prioritized manufacturing excellent products to devote energy to enhancing product competitiveness and setting up a good image. We unswervingly pushed forward high-end, intelligent, and green development. In this regard, efforts were concentrated on two aspects, that is, ultimate efficiency and structural channels. We stepped up to foster the differentiation competitive advantage of our products, endeavored to shift from “Four Uniformly” to “Three-cross Integration” , synergistically advanced efforts in “carbon reduction, pollution decrease, green expansion, and growth” , and reinforced the “hardcore” competitiveness of the products.

Over the past year, we laid emphasis on cultivating outstanding brands to increase confidence and create value in raising the brand influence. To implement the brand promotion action plan for central enterprises, we created outstanding brands to demonstrate our brand value through six key initiatives, i.e., “high-quality products and services, industry-leading technical level, green and low-carbon development in the full life cycle, sound corporate governance system, strong transnational operating capability, and united corporate culture” .

Over the past year, we put effort into leading innovation to make breakthroughs and pioneer in playing the guiding role of science and technology. Regarding science and technology as our primary productive force, talent as our primary resource, and innovation as our primary driver of growth, we deeply fulfilled the innovation-driven development strategy, took coordinated steps to achieve positive results in technological innovation, management innovation, and model innovation, opened up and dug deeply into new fields and tracks, and created new growth drivers and new strengths for development.

Over the past year, we paid close attention to driving modern governance to take solid measures and open a new page in consolidating the advanced nature of governance. Following the “Five Manages and Five Strengthens” requirements of Magang Group, we took active steps to optimize management, strengthen the system, and propel reform, worked hard to upgrade the planning ability of the top management, the administrative ability of the middle management, and the executive ability of primary-level employees to a higher standard, continued to improve the level of lean operation, and moved faster to modernize the governance system and ability.

Long as the journey is, we will reach our destination if we stay the course; difficult as the task is, we will get the job done if we keep working at it. Looking forward to the new journey, Masteel will rally closely around the CPC Central Committee with Comrade Xi Jinping at its core and follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. We will maintain firm strategic resolve, shore up the confidence for development, dare to think big and take action but make sure we can deliver. Efforts will be accelerated to build a new Magang with sustained growth, and we will make new and greater contributions to building China Baowu into a world-class great enterprise, driving Ma’ anshan to better play its central role in the Yangtze River Delta region, and making Anhui modern and beautiful.

Contributions to United Nations Sustainable Development Goals (UN SDGs)

Action Performance of Masteel



About Masteel

Company Profile

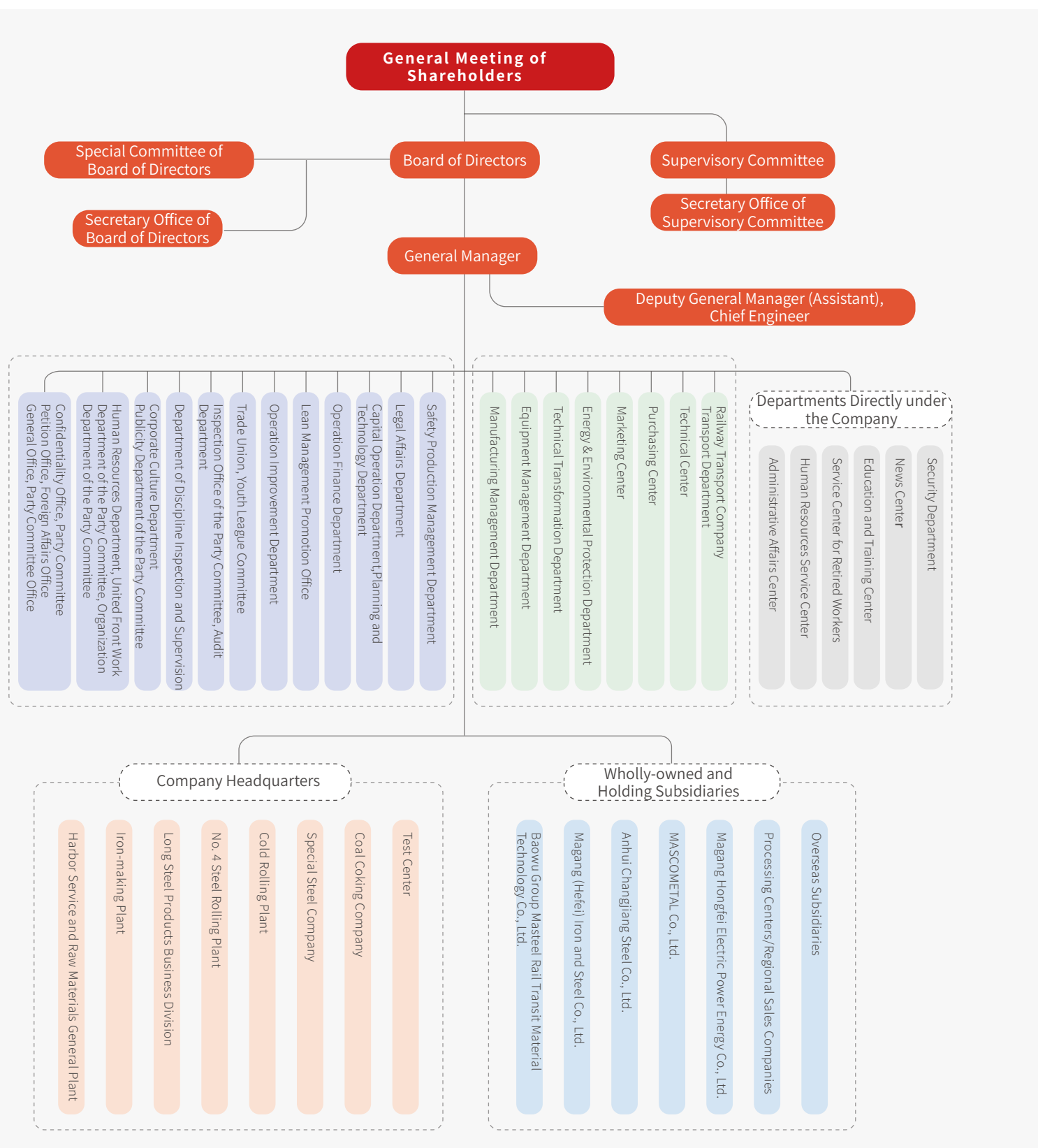
Maanshan Iron and Steel Co., Ltd., hereinafter referred to as Masteel, grew out of the Maanshan Iron Factory founded in 1953. In 1958, Maanshan Iron and Steel Company was established. In 1993, the Company successfully finished the reform of joint-stock system and was divided into Maanshan Magang Corporation and Maanshan Iron and Steel Co., Ltd. In 1998, Maanshan Magang Corporation was reorganized to Magang (Group) Holding Co., Ltd. according to the law. On September 19, 2019, the restructuring implementation agreement between China Baowu and Magang Group was officially signed. Since then, Magang Group has become one of the subsidiaries of China Baowu. China Baowu held 51% of the shares of Magang Group, and the State-owned Assets Supervision and Administration Commission (SASAC) of Anhui Province held the remaining 49%.

After more than 60 years of arduous pioneering, self-accumulation, and leapfrog development, Masteel has built an industrial layout with the coordinated development of steel and industrial chain extension industries as well as strategic emerging industries and has a supporting steel production capacity of 23 million tons.

Masteel has a supporting steel production capacity of **23** million tons



Organizational Structure



Main Business and Products

The Company has developed a unique structure with four dominant products, i.e., “special steel, wheels and axles, long steel products, and sheets and strips”. Our products have been widely applied in the fields of aviation, railway, marine, automobile, household appliances, shipbuilding, construction and machinery manufacturing as well as national key projects, and have been exported to more than 50 countries and regions.



Corporate Culture





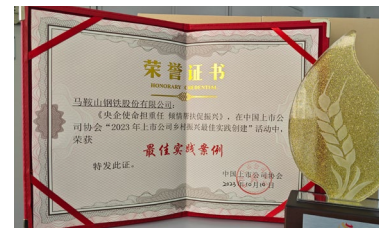
Honors and Recognition

Masteel

- In the election of the 18th “Gold Prize of Round Table” of the Chinese Boards of Listed Company, Masteel won the “Special Contribution Award to Corporate Governance” .
- Masteel was selected for the “Central Enterprise ESG · Pioneer 100 Index” of the SASAC of the State Council, ranking 30th, up 14 places from 2022.
- Masteel was selected for the list of “100 ESG Pioneers of Chinese List Companies” , ranking 2nd in the steel industry
- Masteel was appraised and elected by the China Social Responsibility 100 Forum as the “ESG Benniu Award - ESG Pioneer in Carbon Peaking and Carbon Neutrality” .



- Masteel was listed among the “Guoxin Cup” ESG Golden Bull Award Top 100 Enterprises and ESG Top 50 Central Enterprises.
- Masteel won the “Best Practice for Public Company Boards” and “Best Practice for Annual Performance Presentation of Listed Companies” issued by the China Association for Public Companies (CAPCO).
- Masteel prepared to apply for the CAPCO “Digital Transformation” Case and was awarded the “Typical Case of Leading Technology” .
- The cases of “Bear the Mission of a Central Enterprise, Spare No Effort to Provide Assistance and Promote Revitalization” and “Caring Actions Win Praise from Employees, Make Workplace Home for Employees” , were elected as the “Best Practice” for Rural Revitalization and “Best ESG Practice” by the CAPCO in 2023, respectively.
- The practice titled “Management and Practice for Carbon Peaking and Carbon Neutrality Strategy with the Goal of Building a Demonstration Leader in Reducing Carbon and Consumption” was elected as the Excellent ESG Practice by the CAPCO in 2023.



Masteel ESG (Environmental, Social and Governance) Report 2022

- Masteel ESG Report 2022 was elected as the “Best CSR Report in 2022” in the review of CSR reports of Anhui Province organized by the Anhui Federation of Industrial Economics in 2023.
- Masteel ESG Report 2022 was rated Class AA at the China Enterprise Sustainable Development Conference.

ESG Statement of the Board of Directors

Practicing the social responsibility concept of “Masteel, Moral Steel” (“MS·MS” for short) and taking the *Social Responsibility Planning of Masteel (2023-2025)* as the management basis, Masteel has implemented the prepared plan for annual key ESG tasks and strengthened environmental and social risk management, thereby laying a solid foundation for the sustainable, standard, sound, and high-quality development of the Company. Masteel has established a top-down ESG governance structure with clear powers and responsibilities and made ESG supervision and management an important component of corporate governance. The Board of Directors serves as the supreme leading body and decision-making layer of the ESG work. The Strategy and Sustainable Development Committee is responsible for the Company’ s ESG work according to the regulatory provisions with regard to the listing on domestic and overseas markets and puts forward suggestions to the Board of Directors.

The Board of Directors of Masteel reviewed and confirmed the important issues which were screened and identified by the ESG working group based on the standard identification method of material issues, and disclosed the highlights of the Company’ s ESG Report to the public. Following the listing rules, the Company set key ESG goals concerning pollutant emissions and resource utilization. The Board of Directors deliberated on and discussed the setting of relevant goals, and checked the fulfillment of the goals. Moreover, data disclosure in the Report in compliance with the latest Sustainability Indicators Report of the World Steel Association (worldsteel) was also reviewed.

The Report discloses the ESG work progress and achievements of Masteel in 2023 in detail. The Board of Directors and all directors guarantee that there is no false record, misleading statement, or major omission in the Report, and are severally and jointly liable for the authenticity, accuracy and completeness of the Report.



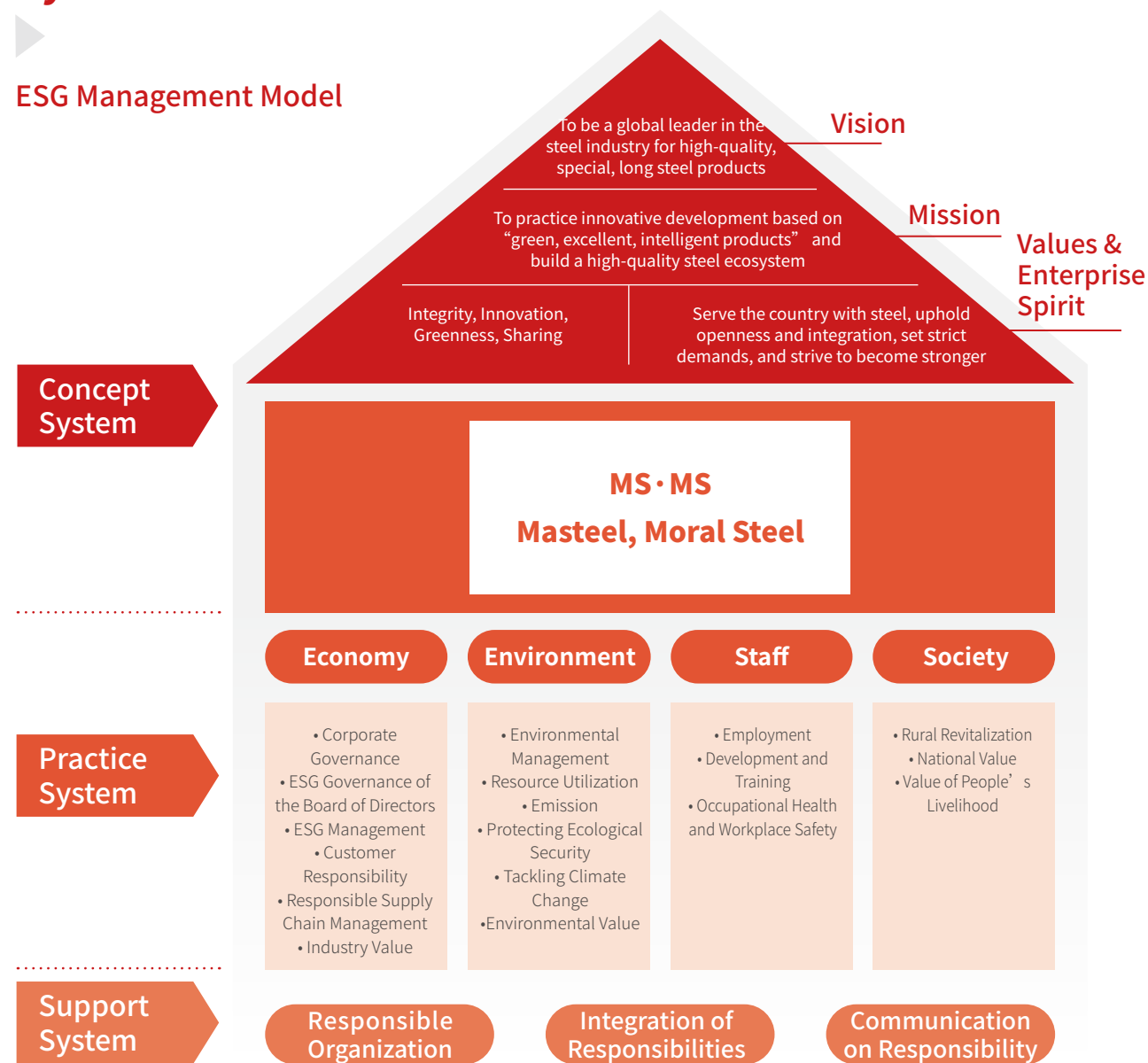
ESG Management

Masteel continues to deepen ESG management, puts sustainability concepts into practice, strives to build an ESG management framework, strengthens communication with stakeholders, and improves the identification and evaluation of material issues. In this way, the Company aims to inform the stakeholders of the latest progress of Masteel's ESG work in a complete and comprehensive way, constantly enhance the ESG management level, help achieve the SDGs, and create more value for the stakeholders.

ESG Management System

The Company upholds the social responsibility concept of "Masteel, Moral Steel" ("MS·MS" for short) and integrates the ESG concepts and strategies into daily operation from the organizational system, institutional system, management process, and evaluation system, providing strong support for the sustainable development of the Company.

ESG Management Model



ESG management framework

The Company has actively built a long-term mechanism for ESG management, set up a sound organizational structure for ESG management, and established an ESG management framework of "Board of Directors - ESG Leading Group - ESG Office", forming a top-down ESG management system with clear powers and responsibilities. Moreover, the Company has clarified specific practical issues in the areas of environment, society, staff, and economy to promote sustainable development of the Company.

Management Body	Main Responsibility
Board of Directors (the supreme leading body of the Company's ESG work)	The Board of Directors is the decision-making body of the Company's social responsibility issues, overseeing and leading the corporate social responsibility (CSR) work and making decisions on significant CSR matters.
ESG Work Leading Group ("ESG Leading Group" for short)	The General Manager serves as the group leader and the management leadership as the members. Furthermore, an economic group, an environment group, a staff group, a social group, and other groups are set up under the ESG Leading Group, which correspond to the responsibility areas requiring key attention from the Company.
ESG Office	The ESG Office is a body for routine work, which is mainly responsible for the daily ESG work of the Company, coordinates with all relevant units to promote the Company's ESG work, and reports to the ESG Leading Group on a regular basis.

ESG development planning

The Company has formulated the *Social Responsibility Planning of Masteel (2023-2025)* to provide clear guidance and direction for the ESG work. Meanwhile, the Company has also earnestly implemented the Management Measures for Social Responsibility Work of Masteel to build an environment-friendly and society-friendly company on an ongoing basis.

From 2022 to 2023	2024	2025
Publicizing the planning and shoring up weak links	Revising the system and fostering the brand	Shaping strengths and making upgrades and breakthroughs
Publicize the Social Responsibility Planning, define key issues and responsible departments, and lay a solid foundation for CSR and ESG management.	All departments will incorporate the responsibility concepts and activities into their annual work plan and internal rules and regulations to establish a long-term mechanism for boosting CSR and ESG efforts.	Consolidate the foundation, make a summary, and raise it to a higher level, making all issues in economic, social, environmental and governance dimensions reach a level equal to those of domestic and foreign first-rate steel enterprises.

ESG management improvement

With high attention to improving its responsibility performance ability, the Company has taken an active part in internal and external CSR/ESG training, so as to improve the comprehensive capability of the CSR staff in a targeted manner and step up to build an excellent ESG management team. Furthermore, the Company has involved green indexes, environment-friendly ultra-clean discharge, and other indicators in the annual performance evaluation of the management as the indicators for job performance evaluation, thus raising the managers' awareness and ability of responsibility and faithfully guaranteeing the sustainable development of the Company.



In February 2023, the Company participated in the special seminar of the Baowu Group on CSR and ESG.



In December 2023, the Company held the 2023 ESG kick-off meeting and training on climate scenario analysis.

Communication with Stakeholders

Masteel values highly communication with stakeholders and has established a well-rounded communication mechanism to give prompt responses to the concerns and demands of all parties. The Company has published CSR/ESG reports for many consecutive years and timely disclosed the latest progress in responsibility fulfillment to the stakeholders by releasing ESG-related information on various platforms such as the CSR section of the official website and the WeChat official account, with a view to showcasing a responsible enterprise image through in-depth ESG information disclosure.

Stakeholders	Expectations and Demands	Communication and Responses
 Government	<ul style="list-style-type: none"> Implementing fundamental state policies Honest and law-abiding management Paying taxes according to the law Driving local development 	<ul style="list-style-type: none"> Building an enterprise with Grade-A environmental performance Work reporting Supervision and inspection Localized procurement
 Shareholders and investors	<ul style="list-style-type: none"> Guaranteeing business performance Facilitating asset preservation Evading operational risks 	<ul style="list-style-type: none"> General Meeting of Shareholders Investor Meeting Strengthening information disclosure
 Employees	<ul style="list-style-type: none"> Safeguarding the rights and interests of the employees Smoothing career development channels Caring for employees' life 	<ul style="list-style-type: none"> Workers' Congress Staff training Collective contract system Organizing cultural and recreational activities
 Customers	<ul style="list-style-type: none"> Offering high-quality service Ensuring product quality 	<ul style="list-style-type: none"> Satisfaction survey Customer visit
 Partners	<ul style="list-style-type: none"> Abiding by business ethics Transparent procurement Pursuing win-win cooperation 	<ul style="list-style-type: none"> Regular communication Open tendering Participating in industry forums
 Community	<ul style="list-style-type: none"> Promoting common prosperity Driving community development 	<ul style="list-style-type: none"> Launching voluntary activities City-industry integration Boosting rural revitalization
 Environment	<ul style="list-style-type: none"> Observing laws and regulations Practicing energy conservation and emission reduction Raising awareness of environmental protection 	<ul style="list-style-type: none"> Disclosing environment-related information Taking actions in "Three Treatments and Four Doing" Publicizing environmental protection concepts



On July 15, 2023, on the Employee Family Day themed "Rally Family and Enterprise to Build a Technology-driven Masteel", the employees' family members paid a visit to Masteel for a better understanding of the Company.

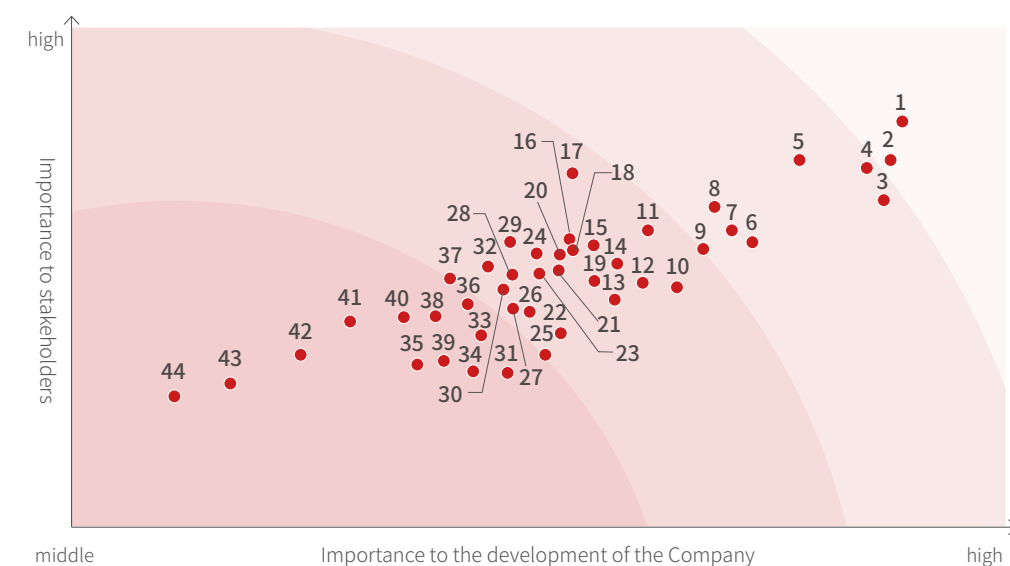
Analysis of Material Issues

The Company has made sustained efforts to identify the material issues for the CSR and ESG report through a questionnaire survey with employees, suppliers, customers, and community residents. A total of 2,167 valid questionnaires were collected to define the core issues of Masteel's ESG report.



Social issues

- Workplace safety
- Occupational health
- Compensation and benefits system
- Rights and interests of the employees
- Product quality and safety
- Career development channels
- Talent team training
- Daily caring for employees
- Scientific and technological innovation
- Intellectual property protection
- Responsible supply chain
- Customer service and experience
- Responsible marketing
- Common prosperity
- Industrial development and win-win cooperation
- Strategic cooperation
- Conflict minerals management
- Coordinated development of industrial chains
- Intelligent manufacturing
- Community engagement and support
- Public welfare, charity and volunteer services



Economic and governance issues

- Integrity building
- Risk prevention and control
- Business ethics
- Information security
- Interests of shareholders and investors
- Economic and financial performance
- Corporate governance
- ESG governance of the Board of Directors
- Information compliance and disclosure
- ESG management

Environmental issues

- Energy and resource conservation
- Treatment of three wastes (waste gas, waste water, and solid waste)
- Recycling of scrap steel
- Water resource management
- Environmental management system
- R&D of green products
- Clean energy utilization
- Building of green steelworks
- Ecological security
- Green packaging and transportation
- Green operation
- Response to climate change
- Biodiversity

Topic | With Innovation as the Foundation, Creating the Source of Technologies Through Intelligent Steel Manufacturing

As a basic industry important to the national economy, the steel industry acts as a crucial pillar for building a great modern country and a key area to achieve green and low-carbon development. Masteel takes active measures to implement the new development philosophy, plays the empowering role of digitalization, further shifts the steel industry to a high-end, intelligent and green one, and creates a highland for intelligent manufacturing for the transformation and upgrading of the traditional steel industry.

Digital and Intelligent Transformation

The Company has integrated into the Baowu Industrial Internet platform in all aspects, deeply promoted “Four Uniformlys”, and endeavored to step into “Three-cross Integration”. With a focus on building the intelligent control pattern featuring “one plant, one center”, the Company has built “1+N” smart factories and created 10 fully integrated intelligent operation control centers that cover the full process and all working procedures and elements in all primary-level units based on the key technologies of intelligent manufacturing, aiming to demonstrate a benchmark in digital and intelligent transformation and upgrading.

Four Uniformlys

All operating rooms in manufacturing are uniformly centralized

All operating posts uniformly adopt robots

All operation and maintenance of equipment are managed uniformly and remotely

All services are uniformly online

Three-cross Integration

Cross-industry

Cross-space

Cross-interface



▶ Intelligent Operation Control Center

- ▶ The Cold Rolling Plant took the initiative to achieve the new operation model of “one production line, one post” .
- ▶ The 5G Smart Yard was recognized as the “5G + Industrial Internet” integrated innovation application and demonstration project by the Ministry of Industry and Information Technology (MIIT) of the People’s Republic of China.
- ▶ The 5G Smart Plant achieved cross-regional, intelligent, and efficient power production and operation.
- ▶ A comprehensive and automated system platform for railway transportation was established at the South Region Station of the Transport Department, which takes “long distance, centralization, and less manpower” as its core. With the help of this platform, the railway train operation of the South Region Station achieved platform-based integrated management and control. Direct economic benefits of about RMB 3 million are expected to be created per year.
- ▶ Phased progress was made in the “Brain of Steel Industry - Intelligent Steel-making Project” in intelligent steel-making group production, the one-key model covering the full cycle of converters, and other aspects.

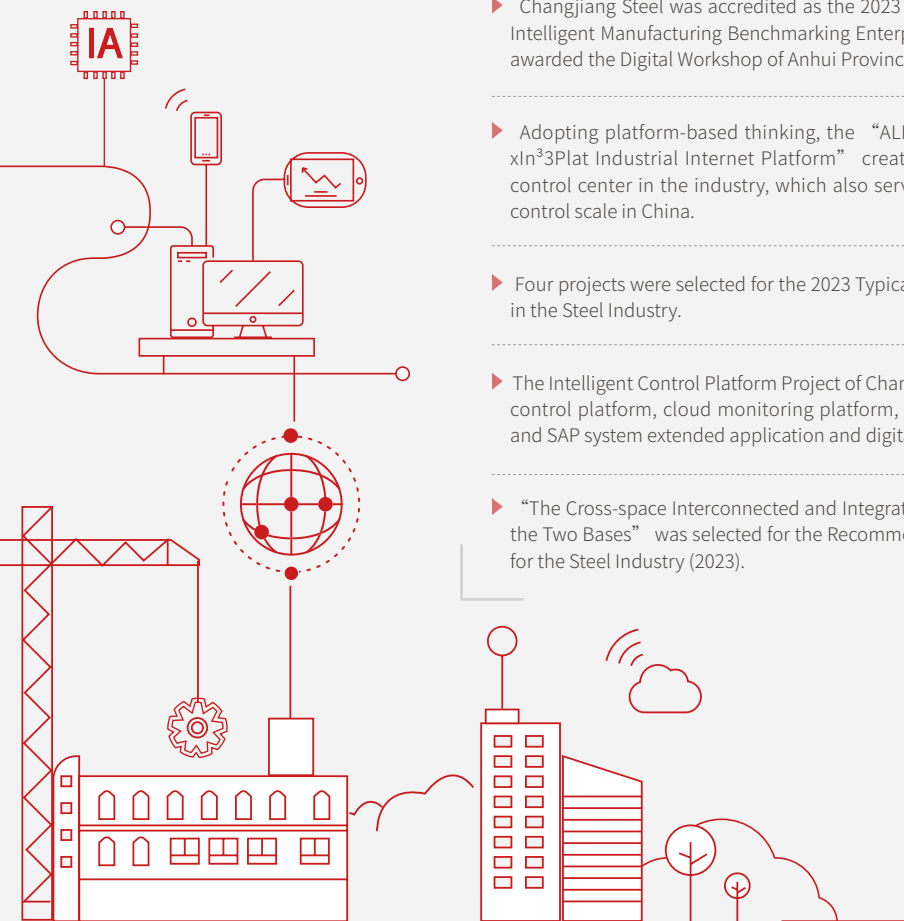


- ▶ The intelligent scheduling system for steel-making was officially rolled out at the phased result release and progress report meeting of the “Brain of Steel Industry - Intelligent Steel-making Project” held in October 2023.
- ▶ The Company introduced “Baorobots” to use less manpower on the “3D” (Dangerous, Dusty, Duplicate) posts. Meanwhile, AGVs were used on the detection line while other robots were also used for patrol inspection of furnaces. Efforts were also intensified to oversee the operation and maintenance work. At the end of 2023, more than 510 sets/units of robots were dispatched to work on their posts. The robot for cooling bed stacking on the third production line of Baowu Group Masteel Rail Transit Material Technology Co., Ltd. (hereinafter abbreviated as MRT) was rated as “Gold Baorobot” .

Smart Outcomes

Pivoting on intelligent transportation, intelligent steel-making, smart yard, smart power plant, and other work, the Company has endeavored to make the manufacturing process more intelligent, actively fostered the late-mover advantage for special steel products, and created “star” products of steel and advanced materials, thus providing strong support for the integration and high-quality development in the Yangtze River Delta region.

- ▶ In 2023, Masteel was successfully listed among the units on the list of 2023 Intelligent Manufacturing Demonstration Factories issued by the MIIT; the Magang intelligent manufacturing demonstration factory of H-beam product series was selected for the 2023 Intelligent Manufacturing Demonstration Factory; and Changjiang Steel’s “Energy Efficiency Balance and Optimization” was selected for the 2023 Intelligent Manufacturing Excellent Scenario.
- ▶ The “Magang Manufacturing Industrial Internet Platform for Steel Product Series” was awarded the “Industry-oriented Industrial Internet Platform”.
- ▶ The smart factory for long steel products of MRT, the Cold Rolling Plant, and the Long Steel Products Business Division based on the xIn³Plat Industrial Internet Platform was awarded the Smart Factory of Anhui Province.
- ▶ Changjiang Steel was accredited as the 2023 Ma’ anshan Smart Factory and the 2023 Ma’ anshan Intelligent Manufacturing Benchmarking Enterprise. The iron and steel smelting digital workshop was awarded the Digital Workshop of Anhui Province.
- ▶ Adopting platform-based thinking, the “ALL IN ONE Smart Factory for Cold-rolling Based on the xIn³Plat Industrial Internet Platform” created the first large-range and long-distance intelligent control center in the industry, which also serves as a cold-rolling plant with the largest centralized control scale in China.
- ▶ Four projects were selected for the 2023 Typical Scenario Application Cases for Digital Transformation in the Steel Industry.
- ▶ The Intelligent Control Platform Project of Changjiang Steel fully covered the company-wide intelligent control platform, cloud monitoring platform, operation and management decision visual platform, and SAP system extended application and digital business platform.
- ▶ “The Cross-space Interconnected and Integrated Platform Application Based on the Same Process of the Two Bases” was selected for the Recommended Catalogue of Intelligent Manufacturing Solutions for the Steel Industry (2023).



Practice | Magang H-beam Intelligent Manufacturing Demonstration Factory

The Magang H-beam Intelligent Manufacturing Demonstration Factory innovatively adopted 89 key technologies of intelligent manufacturing and completed the upgrading of intelligent manufacturing by integrating new-generation information technologies and equipment (e.g., cloud computing, big data, AI, 5G+, IoT, and intelligent equipment) into the whole manufacturing process of H-beam product series. 196 products with unique specifications in 29 series were researched and developed, solving the “bottleneck” problems for prefabricated building materials. Moreover, the factory pioneered in using the technology combining intelligent sensing, AI visual recognition, and robot cluster identification to take the lead in solving the problem of accurate tracking and tracing faced by H-beams in the world, reaching an accuracy rate of more than 99.5%.

29 series
were researched and developed

196 products
with unique specifications

Reaching an accuracy rate of more than
99.5%





Root of Steel

G

Making Every Effort to Create a Glorious Future Through Standardized Governance

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Masteel regards excellent corporate governance, harmonious shareholder relations, outstanding product quality, and leading innovative technologies as the cornerstone of sustainable development of the Company. The Company stays committed to standardizing corporate governance and improving governance effectiveness, taking steady strides towards the goal of building a world-class enterprise with “excellent products, outstanding brands, leading innovation, and modern governance” .

Enhancing Corporate Governance

Overview of corporate governance

The Company strictly observes the requirements of relevant laws and regulations such as the *Company Law*, the *Securities Law*, the *Code of Corporate Governance for Listed Companies*, as well as the listing rules of the stock exchanges that the Company is listed on, such as the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*. A corporate governance structure with a clear division of labor, checks and balances, and a high degree of collaboration among the General Meeting of Shareholders, the Board of Directors, the Supervisory Committee, and the General Manager was set up, so as to ensure scientific decision-making, efficient execution, and the long-term stable and sound running of the Company.

In 2023, the Company followed the articles of *Appendix 14: Corporate Governance Code* (hereinafter referred to as the Code) of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*, and where appropriate, adopted the recommended best practices in the Code to the full.

Directors and the Board of Directors

Composition of the Board of Directors

At the end of 2023, the Tenth Board of Directors of the Company consisted of seven directors, including three executive directors and four non-executive directors. All the four non-executive directors are independent, accounting for four-sevenths of the Board members. During the reporting period, independent directors, i.e., Ms. Zhang Chunxia and Ms. Zhu Shaofang, completed their six-year term and no longer served as independent directors of the Company. Their positions were taken over by Mr. Liao Weiquan and Mr. Qiu Shengtao.

Name	Gender	Chairman	Executive Director	Non-executive Director	Independent Director
Ding Yi	Male	☆	☆		
Mao Zhanhong	Male		☆		
Ren Tianbao	Male		☆		
Guan Bingchun	Male			☆	☆
He Anrui	Male			☆	☆
Liao Weiquan	Male			☆	☆
Qiu Shengtao	Male			☆	☆

There was no relationship to be disclosed among the Board members (including the Chairman and the General Manager), including financial, business, family, and other relevant relationships. During the reporting period, the Company received the independence confirmation submitted by all independent directors according to Article 3.13 of Chapter 3 Authorised Representatives, Directors, Board Committees and Company Secretary in the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* to ensure the independence of all independent directors.

The Board of Directors of the Company is committed to realizing diversification, reviewing the composition of the Board from time to time, and actively recruiting professionals from diverse backgrounds to the Board. All executive directors of the Company are senior professionals in the steel industry and have extensive experience in steel manufacturing, operation and management.

The Board Meeting

The Board of Directors holds four regular meetings every year and informs directors of the meeting time, venue and agenda 14 days in advance to allow all directors to attend as far as possible. All directors are entitled to put forward issues to be discussed which will be included in the agenda. As requested by directors, the management will provide sufficient materials to directors properly, helping them to make appropriate decisions. All directors or a majority of directors will attend each regular meeting in person. When the Board of Directors votes on connected transactions, affiliated directors should abstain, and non-affiliated directors should make the approval. All directors have the right and opportunity to look up the meeting minutes. The Secretary of the Board organizes and prepares for the Board Meeting, and assists the Chairman in ensuring that the meeting procedures conform to the requirements of relevant laws, regulations and normative documents. In 2023, the Company held 13 Board Meetings. No director was absent from the meeting or failed to attend the meeting in person twice successively.

Attendance of Directors at the Board Meeting

Name	Times required to attend the Board Meeting this year	Times of attendance in person	Times of attendance by means of communication	Times of attendance by entrustment	Absence
Ding Yi	13	5	7	1	0
Mao Zhanhong	13	6	7	0	0
Ren Tianbao	13	6	7	0	0
Liao Weiquan	2	1	1	0	0
Qiu Shengtao	2	1	1	0	0
Zhang Chunxia	11	5	6	0	0
Zhu Shaofang	11	5	6	0	0
Guan Bingchun	13	6	7	0	0
He Anrui	13	6	7	0	0

Functions and powers of the Board of Directors and the management

The Board of Directors shall perform the functions and powers conferred by laws, regulations and the Articles of Association and be responsible for guiding, leading and supervising the Company's affairs. The main responsibilities of the Board of Directors include but are not limited to devising strategic goals and paying proper attention to value creation and risk management; calling the General Meeting of Shareholders and executing the resolutions of the General Meeting of Shareholders; deciding the Company's annual business plans and important investment schemes, etc.

The management is mainly responsible for presiding over the Company's production and operation management, organizing to implement the resolutions of the Board of Directors, annual business plans and investment schemes, drawing up the scheme for setting up the Company's internal management agencies and the Company's basic management systems, etc.

Director training and continuing professional development (CPD)

During the reporting period, the Company organized directors to attend proper continuing professional development (CPD) training in various ways or approaches. Specifically, we organized directors to attend the training classes and seminars and provided them with the latest laws and regulations as well as market regulatory trends and information that we collected and sorted out. By such means, current directors Mr. Ding Yi, Mr. Mao Zhanhong, Mr. Ren Tianbao, Mr. Guan Bingchun, Mr. He Anrui, Mr. Liao Weiquan and Mr. Qiu Shengtao, and then directors Ms. Zhang Chunxia and Ms. Zhu Shaofang developed and updated their knowledge and skills, gained a continuous understanding of the Company's business and operating and market environment, fully recognized their responsibilities and duties required by the listing rules and relevant regulatory provisions, and continued to possess the ability to make contributions to the Board of Directors.

Chairman and General Manager

Different persons act as the Chairman and the General Manager respectively. Mr. Ding Yi serves as the Chairman and Mr. Ren Tianbao serves as the General Manager. The two persons act independently with a clear division of labor. The Chairman is mainly responsible for corporate planning and strategic decisions, presiding over the work of the Board of Directors, and making the Board of Directors function effectively. The General Manager, who is answerable to the Board of Directors and leads the management, is mainly responsible for the Company's daily production and operation management affairs and organizing to implement all resolutions of the Board of Directors.

Committees under the Board of Directors

There are four committees under the Board of Directors, namely, the Strategy and Sustainable Development Committee, the Audit and Compliance Management Committee, the Nomination Committee, and the Compensation Committee. In 2023, the Strategy and Sustainable Development Committee held three meetings, the Audit and Compliance Management Committee held ten meetings, the Nomination Committee held three meetings, and the Compensation Committee held four meetings, in total.

Committees and members

Type of Special Committees	Name of Members
Strategy and Sustainable Development Committee	Ding Yi, Mao Zhanhong, Ren Tianbao, Guan Bingchun, and Liao Weiquan
Audit and Compliance Management Committee	Liao Weiquan, Guan Bingchun, He Anrui, and Qiu Shengtao
Nomination Committee	He Anrui, Guan Bingchun, Liao Weiquan, Qiu Shengtao, and Ding Yi
Compensation Committee	Guan Bingchun, He Anrui, Liao Weiquan, and Qiu Shengtao

Tasks of committees

Type of Special Committees	Main Responsibilities
Strategy and Sustainable Development Committee	Studying and monitoring the Company's mid- and long-term strategic planning, reviewing the Company's important investment and financing schemes, and major capital operation and asset management projects, dealing with the Company's ESG affairs, and other responsibilities delegated by the Board of Directors.
Audit and Compliance Management Committee	Reviewing the Company's annual, semi-annual and quarterly performance, examining the Company's risk management and internal control, supervising and evaluating the external and internal audit, and other responsibilities delegated by the Board of Directors.
Nomination Committee	Discussing the scale and composition of the Board of Directors in light of the Company's reality, studying and reviewing candidates of directors, the General Manager, and the Secretary of the Board, appraising the independence of independent directors, and other matters authorized by the Board of Directors.
Compensation Committee	Drawing up the compensation and assessment policies of directors and senior executives, drafting the equity incentive plan, and other responsibilities delegated by the Board of Directors.

The Board of Directors regularly examines the composition and scope of functions and powers of all committees to ensure that relevant arrangements still tally with the Company's current and future development. For details of the committees' responsibility performance, please see the Section of Corporate Governance in the 2023 Annual Report of the Company. The report is available on the websites of the Shanghai Stock Exchange, the Stock Exchange of Hong Kong Limited, and the Company.

Secretary of the Board

At the end of the reporting period, Mr. Ren Tianbao served as the Secretary of the Board, and Ms. He Hongyun and Ms. Zhao Kaishan co-served as the Joint Company Secretary. All directors can receive suggestions and services from such persons. The Secretary of the Board reports to the Chairman about governance affairs and is responsible for ensuring that the procedures of the Board of Directors are observed and the information circulation and communication among directors and between directors and shareholders and management are promoted. Mr. Ren Tianbao, Ms. He and Ms. Zhao accepted professional training for more than 15 hours in 2023, respectively.

Securities trading of the directors

Since the Company was listed on the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited, the securities trading of the Company's directors shall observe the relevant laws, regulations, and listing rules of both stock exchanges, whichever is the strictest. Upon the written confirmation of all directors, all directors of the Company followed the requirements in Appendix 10: Model Code for Securities Transactions by Directors of Listed Issuers of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited during the reporting period.

Auditor

During the reporting period, the Board of Directors adopted the proposal to entrust KPMG Huazhen as the auditor of the Company in 2023 to finish the annual financial audit and relevant internal control audit in 2023 and issue the corresponding audit report in which KPMG Huazhen stated its responsibility for declaration. In 2023, KPMG Huazhen provided audit service for the Company for the first time and submitted a *Statement of Independence* to the Audit and Compliance Management Committee of the Company for presentation and guarantee of its independence.

Financial reporting

The Board of Directors collects the Company's financial statements and other relevant materials on a regular basis and acknowledges its responsibility for preparing the Company's accounts. In 2023, the Company disclosed its annual, semi-annual and quarterly performance within three months, two months and one month after the closure of the corresponding accounting period. Upon the confirmation of directors, directors are responsible for preparing the annual accounts as of December 31, 2023, which are true and fair presentations of the Company's financial conditions, business performance, and cash flow status. Our auditor, KPMG Huazhen, also stated its responsibility as the Company's auditor in the auditors' report (audit report).

Responsibility fulfillment in a compliant and law-based way

The Company upholds law-based corporate governance, strengthens compliance management and integrity building, and adopts zero-tolerance policies on violations of law and business ethics. The Company strictly carries out pre-review on legal matters of relevant issues to constantly improve its law-based operation and corporate governance level, and has set up a compliance management system and conducted self-inspections on compliance matters to enhance its compliance management level. The Company strictly abides by business ethics and makes a stand against monopoly and unfair competition. Moreover, it continues to strengthen discipline enforcement oversight, foster an in-depth culture of integrity, and make complaints and reporting mechanisms unimpeded. In December 2023, the Company passed the certification of domestic and international standards on compliance management systems, i.e., GB/T 35770-2022 and ISO 37301:2021.

Raising law-based and compliant awareness

The Company conducted law-based and compliant training through various activities such as special legal knowledge lectures, training on publicity and implementation of management measures, and training on special topics, aiming to make the leaders and compliance-related employees of all units more mindful of compliance matters. Moreover, the *Management Measures for Compliance-related Reporting* were issued to strengthen compliance supervision and enhance the level of law-based corporate governance and compliance management.

- During the reporting period, the Company organized the central group of the Party Committee to carry out a special law-based study three times;
- The Company organized compliance administrators and compliance heads of all units to participate in special training on legal compliance of SASAC three times;
- The Company completed the training on publicity and implementation of compliance management measures once;
- The Company organized two special training sessions on compliance management for personnel in engineering construction and the marketing system;
- The Company organized compliance administrators and compliance heads in each unit to attend four training sessions, including special training on the original text of ISO 37301 standard, internal auditor training, special compliance training, etc. More than 300 personnel attended the training in total.

Practicing the requirements of business ethics

The Company scrupulously abides by business ethics and ethical norms and adopts zero-tolerance policies on violations of business ethics such as malpractices, fraud, unfair competition, and monopoly. In 2023, the Company earnestly implemented the *Anti-Fraud Management Measures*, the *Employee Handbook*, the *Registration System for Persons Who Have Access to Insider Information*, and the *Management Measures for Internal Control of Connected Transactions*, paid attention to the management of persons who have access to insider information and the internal management of related party transactions, and standardized the employees' behaviors and their professional ethics. Meanwhile, the Company made efforts to ensure that all related party transactions of the Company follow the principles of fairness, openness and impartiality, without prejudice to the interests of all shareholders and creditors of the Company.

Objection to monopoly and unfair competition

The Company advocates fair competition, opposes all forms of monopoly and unfair competition, and complies with relevant laws, regulations and international standards. Through the release and implementation of the *Management Measures for Anti-Monopoly and Compliance*, the Company did more to publicize relevant policies and coordinated with the anti-monopoly investigation and horizontal competition investigation of relevant enterprises carried out by Baowu Group multiple times. In 2023, the Company organized the “China Fair Competition Policy Awareness Week” activity and carried out more than five times of anti-monopoly investigations.

Integrity and anti-corruption

The Company made continuous efforts to standardize the integrity and anti-corruption management to set up a well-rounded system, deepen political supervision, foster an integrity culture, and build a “clean Magang”. The Company established the Discipline Inspection Commission to act as a dedicated department for anti-corruption and integrity affairs, mainly responsible for the coordination and implementation of the responsibility system for improving Party conduct and moral integrity, the acceptance of petitioning and reporting, the management of problem clues, and supervision and inspection. The Company formulated and implemented the *Measures Concerning Four Mechanisms on Prevention, Control and Management of Integrity Risks of Masteel* and other mechanisms for better institutional guarantee. Moreover, the Company also studied and deployed discipline inspection work, improved the “Four-responsibility Coordination” mechanism (i.e., the Party Committee bears the primary responsibility, the Discipline Inspection Commission bears the supervisory responsibility, the Secretary of the Party Committee is the first responsible person, and members of the leading team bear dual responsibilities) and relevant measures, and carried out special oversight on the implementation of democratic centralism.

In 2023, the Company handled 89 person-times according to the four forms of oversight and discipline enforcement, and seriously investigated and punished employees for serious violations of discipline and law. Four person-times were handled according to the third form and two person-times according to the fourth form. Furthermore, the Company made a systematic analysis of legal cases involving Party members and ordinary workers at Masteel in the past three years and formed an analysis report to guide normal and long-term law-based education.

Improving Party conduct and moral integrity

The Company took solid steps in ensuring strict Party self-governance in every respect and improving Party conduct and moral integrity. In 2023, the Company organized members of the leading team to conduct 4 Party lectures on integrity and members of the discipline inspection committee of the primary-level Party branch to conduct 19 micro-lectures, regularly released the discipline inspection warning links, organized to watch educational films such as National Supervision, carried out the Party Day activity themed “Integrity Family Tradition”, and conducted special supervision over the efforts to address formalities for formalities’ sake, bureaucratism, hedonism, and extravagance on holidays.

Reinforcing supervision effectiveness

Invigorating supervision

Special supervision actions were taken in the special inspection and rectification for collaborative management reform of 12 departments and units through the working mode of “discipline-patrol inspection linkage” to improve supervision effectiveness. Work tasks were detailed and decomposed, and 19 work lists were formulated covering political supervision, daily supervision, special supervision, discipline construction, and oversight and discipline enforcement.

Strengthening special oversight

Special oversight was conducted over personnel in key areas and positions of the Company, involving a total of 254 persons in key positions, with 3 types of problems found and suggestions and measures in 4 aspects put forward. At the same time, primary-level units were organized to carry out 46 special oversight projects around key points, covering patrol and disciplinary inspections, safety and environmental protection, engineering construction, contract management, duty performance and benefits, and other fields. A classified supervision mode featuring coordination in supervision conducted at different levels, with collaboration and interaction between different regions, and “1+X” cross-linkage was thereby formed.

Implementing supervision results

The Company issued eight disciplinary inspection proposals and supervision inspection proposals to the prominent problems found during oversight work, aiming to urge relevant units to draw inferences and establish rules and regulations. Efforts were made to enhance coordination between departments. The problems found in the verification of problem clues and special oversight were reported to the relevant management departments five times, so as to promote systematic solution of the problems and ensure effective implementation of supervision results.

The Company has set up report channels on the official website, WeChat public account, and other platforms and published the phone number and correspondence address for public reports and supervision to accept the supervision of relevant parties according to law.

Appeal and report channels

Correspondence address: Magang Discipline Inspection Commission, No. 8 Jiuhua West Road, Ma’ anshan City (Postal Code: 243003)

Report phone number: 0555-2876363

Integrity risk control

Consolidating the responsibility of leaders

The Company’s leadership team took the lead in making public commitments to integrity. Second-tier units signed the letters of commitment to improving Party conduct and moral integrity at different levels. These efforts have comprehensively promoted the implementation of responsibilities.

Raising risk awareness

The Company increased efforts in publicizing the systems of Baowu Group, carried out integrity warning education, pushed integrity reminding videos, conducted integrity reminding talks from time to time, and further strengthened the awareness of integrity risk prevention and control.

Screening for integrity risks

During the reporting period, 351 primary risk points were found, and 643 persons were involved in primary risk positions.

Fostering a culture of integrity

To implement the concept of Baowu Group’s integrity culture, the Company has redoubled efforts to foster the culture of integrity in a new era from five aspects, i.e., “respect for integrity, integrity cultural works, integrity warning, integrity publicizing platforms, and integrity family tradition”.

Respect for integrity

The Company deepened the mechanism for “Three Party Lectures” on integrity, i.e., the leading lecture addressed by the Secretary of the Party Committee, the special lecture addressed by the Secretary of the Discipline Inspection Commission, and the daily lecture addressed by the member of the Discipline Inspection Commission, and conducted such lectures 78 times, with 2,272 persons educated.

Integrity cultural works

The Company held the Integrity Culture Exhibition themed “Forge Ahead in the New Era, Uphold Integrity, and Stay True to the Original Aspiration”, and also produced outstanding cultural works on integrity, among which five were awarded by Baowu Group and Anhui Province.



Scan the QR code to visit the exhibition on the cloud and have a glimpse of the Magang Integrity Culture Exhibition in one picture.



► On July 28, 2023, the Magang Integrity Culture Exhibition themed “Forge Ahead in the New Era, Uphold Integrity, and Stay True to the Original Aspiration” was officially unveiled.

Integrity warning

The Company organized employees to visit the Municipal Integrity Educational Base and attend court hearings, compiled and issued typical cases 4 times, and reported 20 cases to educate people about cases in their daily lives.

Integrity publicizing platforms

The Company took full advantage of the converged media to push nine issues of integrity reminders, set up a special column named “Clean Magang” to show “Online Integrity Education” and “Integrity Lecture” videos, effectively playing the role of publicizing platforms. The Magang Integrity Educational Base was listed among Baowu’s first integrity culture educational bases.

Integrity family tradition

The Company carried out family integrity promoting activities themed “Pursue Integrity Family Tradition, Popularize Integrity Culture” to jointly create a clean family tradition.

Establishing a sound risk management system

The Company attaches importance to risk management and strengthens internal monitoring. Measures have been taken to enhance risk management and control such as establishing an organizational structure for risk management, developing and implementing risk management systems and measures, and strengthening the risk management mechanism. In 2023, in terms of overseas control, the Company set up 53 overseas business management systems, conducted inspections over overseas compliance and overseas state-owned assets management and supervision, verified the fund management conditions of overseas companies by spot checks, and carried out an annual internal control evaluation. More than 20 persons were involved in the oversight interviews.

Organizational structure for risk management

The Board of Directors	Ultimate decision-maker and supervisor of the Company's material risks, answerable to the shareholders with regard to the effectiveness of the Company's enterprise-wide risk management (ERM)
Internal control department	Responsible for the Company's risk management work
All departments and subsidiaries	Responsible for risk management in their respective business area

Risk management mechanism

- The risk management and internal control departments conduct a quarterly comprehensive investigation of the risks the Company may encounter in achieving its overall business objectives and report to the Board of Directors.
- The internal control department, in combination with the internal control test of the Company, conducts supervision and evaluation of major issues, e.g., whether the identification of risks is well-rounded, whether the countermeasures are targeted, and whether the risk management department has conducted regular investigations, and reports regularly to the Board of Directors on risk supervision and evaluation.
- Every year, an internal control evaluation is organized according to the corporate internal control standards and systems as well as the internal control manual of the Company, and an *Internal Control Evaluation Report* will be formed and submitted to the Board of Directors for deliberation.
- The Board of Directors listens to the risk management and internal control report and the risk supervision and evaluation report, and reviews and confirms that the Company has taken appropriate risk control measures during the reporting period and the major risks are under control.

Internal monitoring

On March 28, 2024, according to the identification of major defects in internal control over financial reporting of the Company, the Board of Directors confirmed that as of December 31, 2023, the base date of the *Internal Control Evaluation Report*, the Company had no major defects in internal control over financial reporting and considered that the Company had maintained effective internal control over financial reporting in all major aspects in accordance with the corporate internal control standards and systems as well as relevant regulations. KPMG Huazhen audited the internal control over the financial reporting of the Company in 2023 and issued the *Internal Control Audit Report* with standard opinions.

Information disclosure and investor relations

In strict accordance with relevant laws and regulations such as the *Securities Law of the People's Republic of China* and the *Measures on Administration of Information Disclosure of Listed Companies*, the Company revised the *Measures for the Administration of Information Disclosure* and the *Investor Relations Management System* based on its actual conditions. Moreover, the Company strictly fulfilled the obligation of information disclosure and took the initiative to strengthen communication between domestic and foreign investors, improved investor relations management, established a multi-tiered benign interaction mechanism, held performance presentations on a regular basis, and actively participated in various activities concerning investor relations.

In 2023, the Company made true, accurate and complete disclosure to the public, without any false record, misleading statement, or major omission. The company held 9 telephone or online meetings with investors, participated in 5 strategy meetings, received 2 investor visits, attended the centralized investor meeting of Baowu's listed companies once and the Investor Open Day activity organized by the Listed Companies Association of Anhui once, held 3 performance presentations, and answered 191 questions via the e-interactive platform of the Shanghai Stock Exchange (SSE).

Communication initiatives

Online communication channels

"Investor Relations" section of the Company's official website, the SSE e-interactive platform, online meetings, telephone, email, WeChat, strategy meetings

Online and offline communication channels

Performance presentation, General Meeting of Shareholders



▶ In 2023, investors attended the Masteel 2022 Annual General Meeting of Shareholders on site.



On November 10, 2023, "Let's Investigate", a large investment program series co-launched by CCTV Finance and SSE visited Masteel together with market institutions and investors.



▶ On September 12, 2023, Masteel held the 2023 semi-annual performance presentation to communicate with investors about the Company's business performance and development prospects.

Achievements and recognition

- In 2023, Masteel was rated Grade A, the highest grade, in information disclosure by the SSE for the **fifth** consecutive year.
- The Company was recognized as "**Best Practice**" in the "Best Practice for Annual Performance Presentation of Listed Companies" campaign organized by the CAPCO.

Protecting the Rights and Interests of Shareholders

In strict accordance with the *Articles of Association*, the Company effectively protects the legitimate rights and interests of shareholders, especially minority shareholders. To guarantee their rights, the Company ensures that the shareholders attend the General Meeting of Shareholders online and offline and execute their rights to address inquiries and to make suggestions. It also timely and completely releases information to guarantee the right to know of shareholders and gives positive feedback to shareholders to ensure their rights to earnings. In terms of the distribution of profits, the Company stringently abides by the requirement in the *Articles of Association* that “the profit to be distributed shall not be less than 50% of the attributable profit”. Based on the principle of paying attention to the reasonable return on investment for shareholders while giving consideration to the Company’s reasonable capital demands, the Company distributes dividends preferentially in the form of cash distribution. The conditions and procedures for adjusting or changing the profit distribution policy are compliant and transparent.

Rights of shareholders

Shareholders holding, independently or collectively, at least 10% of the total voting rights (including 10%) are entitled to call extraordinary general meetings or classified shareholders’ meetings according to the *Articles of Association*.

The Company holds annual general meetings for shareholders according to the *Articles of Association*, and shareholders holding, independently or collectively, at least 3% shares of the Company are entitled to submit new proposals to the Company in writing.

Shareholders holding, independently or collectively, at least 1% shares of the Company are entitled to nominate independent director candidates.

Shareholders holding, independently or collectively, 3% or more shares of the Company are entitled to nominate director and supervisor candidates.

Shareholders can make an inquiry or suggestion to the Board of Directors of the Company by sending letters to the office of the Company. The following contact information is available in the annual and semi-annual reports of the Company announced on the websites of the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited as well as on the website of the Company.

Contact Information

Address: No. 8, Jiuhua West Road, Ma’ anshan City, Anhui Province, China

Fax: 86-555-2887284

Tel: 86-555-2888158/2875252

Email: mggf@baowugroup.com

General Meeting of Shareholders

The Company maintains communication with shareholders as far as possible and encourages them to attend the General Meeting of Shareholders. The General Meeting of Shareholders is presided over by the Chairman, who introduces the voting procedure to the present shareholders in detail and answers their questions. In 2023, the Company held five General Meetings of Shareholders, with all proposals being approved by the shareholders. The Company’s information, annual, semi-annual and quarterly reports as well as relevant provisional announcements and circulars are available on the Company’s website, from which the shareholders have access to the Company’s relevant information.

Total Quality Management

Masteel has constantly improved its quality management system, boosted the consistent quality management, and taken moves to implement the quality safety responsibility system, hammering at providing customers with safe, secure, and responsible products and high-quality services. Meanwhile, the Company has proactively implemented the brand promotion action plan for central enterprises, advanced the key initiative of “high-quality products and services”, and built good communication with customers to offer high-quality satisfied services.

In 2023

- ▶ The Company successfully passed the certificate renewal audit of the IATF 16949 Quality Management System;
- ▶ The Company completed the internal audit of the quality management system of **36** units and carried out **13** special audits;
- ▶ The Company revised and issued **73** technical standards;
- ▶ **3** products passed re-evaluation for the “Golden Cup High-Quality Product” ;
- ▶ The excellent QC achievement titled “Improve the Qualified Rate of Nitrogen Content in Cold Heading Steel Billets” won the second prize in the QC group achievement presentation competition of central enterprises;
- ▶ **14** subordinate units registered a total of **284** QC group activity subjects, with **1** subject winning the second prize of Anhui Quality Management Group Achievement and **5** subjects winning the third prize.



Product quality management

The Company has worked relentlessly to promote quality management, continued to effectively put in place the quality management system, and maintained a strict standard of quality to provide customers with high-quality and reliable products. Moreover, the Company has enhanced quality management awareness and ability of all staff through training, the “Quality Month” activity, and the knowledge contest. During the reporting period, the Company formulated the quality safety implementation plan for products with production permits and urged subordinate units to actively put it in place, thereby fulfilling the primary responsibility for product quality.

Product quality control in the full process

According to the consistent, full-process quality design mode, the Company has controlled product quality in the whole process from raw material purchase to product production and sales.

Purchase stage



- Strengthen process management and monitor the performance of the suppliers who supply Category A products.
- Organize supervision inspections and spot inspections for raw materials, fuels and auxiliary materials. Six supervision inspections were conducted over the whole year, and measures for handling quality objections of 28 varieties were formulated and revised.
- Timely deliver the non-conformity information and issue a rectification notice to suppliers who provide serious non-conforming products to urge them to make timely rectifications.

Production stage



- Establish and improve the management system, responsibility system and long-term mechanism concerning the primary responsibility for the quality safety of products with production permits to effectively ensure product quality and safety.
- Optimize information-based quality management, strengthen quality early warning and halt management, and stick to the policy of "zero defect leaving the factory".
- In 2023, the scrap rate reduction in the key quality indicators was 4.34%, a decrease of 0.6% compared with the same variety mix in 2022, reaching the annual challenging target of 4.5%.

Sales stage



- Standardize user product (material) certification, technical review, technical agreement signing, and other processes to reduce user-side quality risk.
- Actively provide technical support for material application and give more guidance to users on material selection and use; implement the user-side problem-solving group model and keep updating the list of typical quality problems on the user side to improve problem-solving skills.
- Establish a user-side quality return visit mechanism and pay close attention to the quality improvement effects on the user side. In 2023, external customer satisfaction and customer perception in key performance indicators continued to improve.



► The Company made solid progress in the maintenance quality improvement action.



► MRT adopted the lean operation to prevent the outflow of defective products.

Product certification

The Company has made sustained efforts to improve the management of technical standards and product certification while accepting the supervision and review of the regulatory authorities. In 2023, the Company carried out 35 product certification projects, completed 17 third-party certifications and 86 material certifications, and historically finished the certificate extension task of the production permit for industrial products. Moreover, the Company accepted three times of spot checks and supervision inspections of its Grade III hot-rolled ribbed bar project by the national, provincial and municipal regulatory departments and all achieved qualified results.

In January 2023

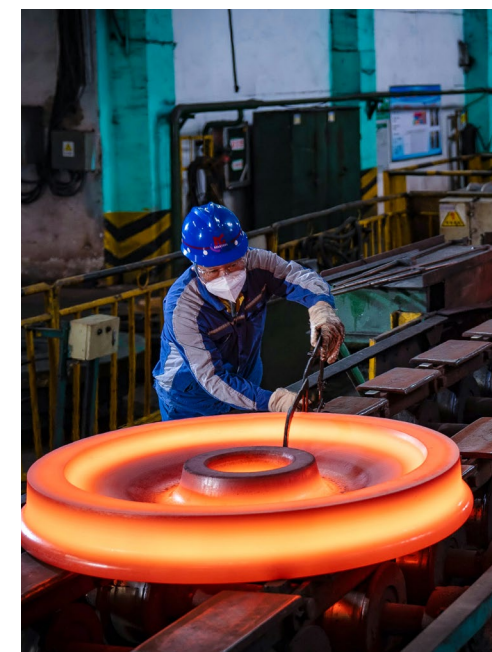
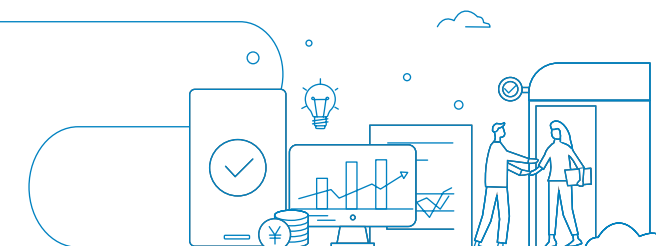
The Magang CR4 galvanized automobile sheet successfully passed the General Motors Global Level I Engineering Certification, which is the first globally recognized certificate obtained by the Magang galvanized automobile outer panel.

In August 2023

Dongfeng Nissan sent an automobile product certification letter, confirming that all the test indicators of 5 models of pickling and cold-rolled automobile sheets carried out by Masteel for the first time met its technical standards and passed the certification of Nissan and Venucia.

In September 2023

Magang Special Steel Company successfully passed the TPG-STL special process certification for steel smelting organized by the Performance Review Institute (PRI), becoming one of the three special steel manufacturers in China winning the TPG certification.



► The wheel products of the "Research and Development of New-Generation Intelligent Intercity EMU Vehicles (Commuter Type C)" project carried out by MRT successfully passed the initial customer inspection and completed the first batch of delivery.



► Masteel's self-developed 2,100 MPa level steel for automobile suspension springs was rolled out in China for the first time, and the quality of the actual product reached an international advanced level.

Improving service quality

The Company attaches importance to protecting customer's privacy and protecting the basic rights and interests of customers. During the publicity process of products or services, the Company insists on a down-to-earth approach, without exaggeration or risk concealment. The Company has created an efficient customer service system and improved the customer demand response mechanism, ensuring timely response to customer demands. Efforts were also made to provide better after-sales service. During the reporting period, the Company received X complaints and no negative incidents concerning customer health and safety occurred.

Efficient response

- Continuously optimize service resource allocation, improve service efficiency, and promote and achieve one-stop, all-round customer service covering pre-sales to after-sales links;
- Dispatch customer representatives to key accounts to provide them with 24-hour steward-type service in combination with customer classification and evaluation management;
- Keep an eye on the material use and inventory status of the customers and timely solve the problems faced by the customers in product use.

Better after-sales service

- Revise the *Management Measures for Handling Product Objections* and achieve closed-loop management of customer complaints in the whole process via the customer service management platform;
- Enhance the external verification of quality improvement and iterative management of customer demands and ensure that improvement measures are put in place to prevent similar problems from happening again;
- Conduct the customer satisfaction survey from the dimensions of quality perception, delivery satisfaction, and service effect.

Customer-recognizing service

In January 2023, Masteel won the highest award of Chery Automobile in the year, that is, "Chery Automobile 2022 Excellent Supplier", becoming the only steel material supplier in the award-winning suppliers in 2022.



In February 2023, Masteel was awarded the highest honor of Dongfeng Peugeot Citroen Automobile Company Ltd in 2022 - "Best Supplier".



In April 2023, Masteel won the "Outstanding Contribution Award" issued by Xinzhi Group Co., Ltd.



Joint Efforts to Drive Innovation

Masteel places scientific and technological innovation at the core of the big picture of the enterprise's high-quality development. Breakthroughs have been made in building an innovative enterprise by establishing a system for scientific and technological innovation, improving the mechanism for scientific and technological innovation, tackling problems in key areas, and stepping up to build a powerful enterprise with talent. In 2023, three subsidiaries of Masteel, namely Hefei Company, Changjiang Steel, and MRT passed the accreditation for high-tech enterprises.

Innovation management system

The Company faithfully has implemented the *Management Measures for Scientific Research Projects* and other management measures, and constantly refined its systems and processes for the approval of scientific research projects, cultivation of sci-tech talent, the commercialization of research findings, and examination and evaluation mechanism, forming management system documents covering human resources, material support, and scientific and technological management, and ensuring the standard operation of the Company's sci-tech innovation work.

Organizational structure of technological innovation

Decision-making layer

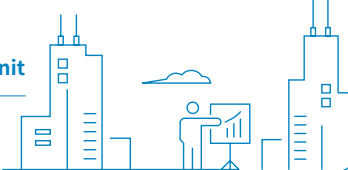
Eight specialized technical committees in "pre-ironmaking, steelmaking, hot rolling, cold rolling, long steel products, special steel, rail transportation equipment, and energy conservation and environmental protection"

Innovative subject

R&D unit

Auxiliary innovative unit

All manufacturing units



Sci-tech innovation platform

The Company has taken proactive measures to build technological innovation platforms. By the end of 2023, the Company had a state-accredited enterprise technical center and an inspection technology institute with CNAS-certified qualification, a postdoctoral scientific research workstation, two national innovation platforms, and five provincial innovation platforms. The Masteel Technology Center was officially put into operation in June 2023.

The Masteel Technology Center houses core laboratories for high-quality, special, long steel products and low-carbon metallurgy, the national enterprise technical center, the academician workstation, the postdoctoral workstation, as well as innovative platforms such as the "national local joint engineering research center for advanced manufacturing technology of key rail transit parts".



Inauguration ceremony of the R&D building of Masteel Technology Center



Masteel Technology Center

Cultivation of sci-tech talent

The Company has steadily intensified efforts in the study of systems and mechanisms and institutional improvement, issued a series of talent management policies, and formed a talent management policy with Magang characteristics. Meanwhile, a virtuous cycle featuring "talent attraction, cultivation, motivation, and retention" has been further deepened, and sustained efforts have been made to improve the talent system, broaden talent development channels, and establish a talent incentive and security mechanism, providing talent support for the Company's high-quality development.

Talent attraction

Enhance the ability to tap talented persons internally and absorb talent resources externally

- ▶ Recruit outstanding graduates through campus presentations, publishing recruitment information on the WeChat public account, recruitment platforms, the employment website of universities and colleges, and other ways;
- ▶ In collaboration with the Organizational Department of the CPC Ma' anshan Municipal Committee and geared toward talent demands, integrate the "Outstanding Talent in the Poetry City" plan with the market-oriented talent attraction and incentive policy and intensify efforts to attract personnel who are urgently needed and in short supply.

Talent cultivation

Widen the channel of talent training and release the vitality of talent development

- ▶ Build a channel for the cultivation and growth of technical talent of "Associate Manager - Regional Engineer - Director Engineer - Senior Director Engineer - Chief Engineer";
- ▶ Carry out the "1+2+4" sci-tech leading talent training project, covering the development direction of key strategic products such as section steel, special steel, and wheels and axles;
- ▶ Actively respond to the government's talent programs and policies, and recommend excellent sci-tech talent to apply for various talent programs to broaden the high-level talent development channel.

Talent motivation

Optimize the management of chief engineers and skilled masters to motivate the creativity and enthusiasm of core talent

Talent retention

Improve the position value system that embodies knowledge, technology, skills, and other elements, and optimize the compensation system that matches sci-tech personnel

- ▶ Implement the "capability level-based salary system" to make personal ability and income more correlative;
- ▶ Share the profits earned by the commercialization of research findings and link the innovative labor of scientific researchers to their benefits and income.
- ▶ Launch Masteel's first phase of the restricted stock incentive plan for listed companies and the employee stock ownership plan of MRT, and include the core technical talent in the incentive receiver.



Innovation R&D results

The Company has made major strides in high-end, intelligent, green and efficient development, promoted innovations in management and technology, and continued to tackle problems in key areas.

Achievements in management innovation

- ◎ The Company won **1** first prize and **5** third prizes of the 21st Metallurgical Enterprise Management Modernization Innovation Achievements.
- ◎ The Company won **1** first prize, **1** second prize, and **2** third prizes of the 19th Anhui Province Enterprise Management Modernization Innovation Achievements.
- ◎ **8** achievements of the Company won Baowu Group's "2023 Management Innovation Achievements", including **1** first prize, **3** second prizes, and **4** third prizes.
- ◎ **28** achievements of the Company won the "2022 Annual Management Innovation Achievements" of Magang Group, including **5** first prizes, **8** second prizes, and **15** third prizes.

Achievements in technological innovation

- ◎ In 2023, the Company won **6** Metallurgical Science and Technology Awards and **7** Anhui Province Science and Technology Awards. Among the awarded achievements, the "technology innovation in efficient and intensive production and lean control of the hot continuous rolling intelligent factory" won the first prize of the Metallurgical Science and Technology Award, and the "development and application of the steelmaking process of highly clean railway wheel steel based on plastic inclusions" won the first prize of the Anhui Province Science and Technology Award.
- ◎ The world's first low-carbon **45**-ton axle-load heavy-duty wheel independently developed by Magang Rail MRT successfully completed its initial production, providing a Magang solution for the practice of "carbon neutral products" throughout the life cycle in the global wheel and axle industry.



Scan the QR code to visit the Magang Science and Technology Exhibition Hall



▶ Magang 45-ton axle-load heavy-duty wheel, heavy H-beams, and other series of products appeared at the special exhibition of the World Manufacturing Convention, drawing extensive attention.

Intellectual property protection

The Company has continuously promoted the intellectual property management system, formulated and implemented systems such as *Patent Management Measures*, *Management Measures for Technical Secrets*, and *Intellectual Property Reward Standards*, and aimed to obtain more intellectual property rights in major areas, products, projects, and key and core technologies. Intensified efforts to enforce intellectual property rights, improve the ability to protect intellectual property, and integrate intellectual property risk prevention awareness throughout the whole process of scientific research, production, and business activities. In 2023, Masteel was recognized as the National Intellectual Property Advantage Enterprise.

Key initiatives

- ▶ **Intellectual property management system:**
Conduct an internal audit of the intellectual property management system in 35 units and departments, sort out problems and shortcomings, screen for risks, and improve the capacity of the whole process system.
- ▶ **Patent navigation:**
Establish a high-quality special steel patent navigation base, complete the *High-quality Special Steel Navigation Analysis Report*, and guide product research and development direction and technical layout through patent navigation.
- ▶ **Registration of key products:**
Apply for the registration of patent intensive products. Gear steel 18CrNiMo7-6 and AISI 4130 have obtained registration.

Domestic patents

- By the end of December 2023, the Company applied for **490** patents, including **467** inventions, accounting for **95.3%**. China National Intellectual Property Administration accepted **480** patent applications, including **390** invention patents, accounting for **81.25%**, a dramatic increase compared with **73.96%** in 2022. **295** patents were authorized, including **224** inventions.
- The "Nb and V microalloyed gear steel, preparation method, heat treatment method and carburizing treatment method thereof and carburized gear steel" won the Silver Prize of the 10th Anhui Province Patent Award.

Foreign patents

- Five special steel product patents, including the "steel smelted under high scrap ratio and used for high-toughness corrosion-resistant underwater Christmas tree valve body and heat treatment method and production method thereof (PCT/CN2023/079623)" applied for the Patent Cooperation Treaty (PCT);
- Two patents, including the "low-cost and lean-production bainite steel wheel for rail transit and its manufacturing method", obtained overseas authorization.





Beauty of Steel

E

Taking the Lead to Reduce Carbon by Green Steel with Priority on Ecological Protection

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Masteel remains committed to enhancing environmental management, exploring a new path for green steel development, and creating green products. The Company keeps increasing energy conservation and resource utilization efficiency to help save energy and reduce carbon dioxide emissions. In addition, the Company endeavors to integrate the environmental protection concept into the whole process of enterprise operation and persist in green operation, making greater contributions to building a modern and beautiful China.

Strengthening Green Management

With a commitment to the sustainable development concept, Masteel has taken concrete measures to strengthen environmental management in the full life cycle, improve the ecological environment system, implement the responsibility of environmental protection, deepen emergency management, strengthen risk management, and conduct environmental inspection, thereby laying a solid foundation for the Company's green development.

In 2023

- ▶ The Company invested RMB **4.47** billion in the environmental protection of energy sources. No environmental violation issues occurred throughout the year, and no penalties were imposed by the environmental protection authority.
- ▶ The Magang industrial scenic area was selected for the National Industrial Tourist Demonstration Base.
- ▶ The Company was known as the “first steel enterprise in China to complete the clean transportation assessment across regions and units”, the “first steel enterprise in Anhui Province to reach Grade-A environmental performance”, and the “first long-process enterprise among first-tier subsidiaries of Baowu Group to complete the ultra-low emission announcement and reach Grade-A environmental performance”.



Scan the QR code to watch our efforts to build an enterprise with Grade-A environmental performance



Setting up a well-rounded system



The Company has strictly observed the laws and regulations concerning environmental protection, and established and constantly improved the environmental management system. During the reporting period, there were 16 currently valid environmental management measures of the Company. In 2023, the Company revised five management measures, including the Solid Waste Management Procedures and the Management Measures for Environmental Protection of Construction Projects, and conducted an environmental management system audit according to the ISO 14001:2015 system standard document to ensure the compliance and effectiveness of the Company's environmental management system.

- ▶ The Company passed the environmental management system certification.

Implementing responsibility for environmental protection

Fully and strictly implement the principle of “assigning equal responsibilities for environmental protection to the Party Committee and the management, and charging officials with environmental protection responsibilities in addition to their prescribed duties”

Implement the Plan for Key Tasks in Energy and Environmental Protection in 2023, sign letters of commitment to energy-saving and environmental protection goals with 17 units, and follow up on their implementation on a quarterly basis.

Strengthen the inspection and evaluation mechanism

Incorporate on-site inspection into daily management work, and implement the mechanism of reporting key problems at the morning scheduling meeting. Implement key work such as rectification of prominent environmental problems via the monthly special work meetings and other forms.

Execute the restraint mechanism of rewards and punishment

Considering the goal completion of the letter of commitment, carry out monthly performance assessment and evaluation with a focus on the rectification of prominent problems, project promotion, and solid and hazardous waste disposal, and link the results to the annual comprehensive evaluation results.

Tightening risk control

The Company has continued to deepen environmental risk control, valued environmental emergency management, and complied with the environmental impact assessment (EIA) for construction projects, the “Three Simultaneities” system, and the pollutant discharge permit system. The Company starts to revise the emergency plan to establish and improve the environmental emergency management system. Through publicity and training on environmental emergency issues, the Company ensures rapid, orderly and effective handling of environmental emergencies and improved its handling capacity of environmental emergencies. Moreover, environmental inspections have been carried out in the form of “day and night” surprise inspections and rectification notices were issued for specific problems to urge the relevant units to conduct rectification.

In 2023

The Company completed the re-application for the pollutant discharge permit, prepared the self-monitoring plan and ensured its implementation as planned, and finished the implementation report and made the information public on schedule;

The EIA for all projects implemented during the reporting period was carried out according to the Classified Directory for Environmental Management of Construction Projects, with an EIA rate of **100%**. **4** projects received EIA approval and **9** completed acceptance.



▶ In 2023, the Company carried out a comprehensive emergency rescue drill for hazardous chemical accidents.

Reinforcing Pollution Control Measures

Following the instructions of “Three Treatments and Four Doing”, the Company has conducted extensive activities to control waste gas, waste water, and solid waste. The Company jumps out of the box of controlling the single source of pollution to take a holistic approach to the all-round pollution control of waste gas, waste water and residues. At the same time, the Company has continued to control soil and noise pollution to constantly improve the green development level.

“Three Treatments and Four Doing”

Three Treatments: Ultra-low emission of exhaust gas, zero discharge of waste water, and no solid waste leaving the factory

Four Doing: Cleaning, greening, beautifying and civilizing



By the end of 2023

- ▶ The Company has implemented more than **205** “Three Treatments” projects in a coordinated way, with a total investment of RMB **9.579** billion.
- ▶ Among them, **140** projects are in connection with the ultra-low emission of exhaust gas, with a total investment of RMB **7.784** billion.
- ▶ **40** projects are related to the zero discharge of waste water, with a total investment of RMB **1.242** billion.
- ▶ **25** “no solid waste leaving the factory” projects, such as temporary storage of hazardous waste and iron cylinder utilization projects, are underway with a total investment of RMB **550** million.



Ultra-low emission of exhaust gas

The Company has continued efforts to boost the ultra-low emission transformation of the organized emission transformation projects and unorganized emission control projects, and also achieved high-standard, stringent real-time capture in key regional production lines through real-time video monitoring via the factory-wide monitoring platform. In 2023, 10 “ultra-low emission of exhaust gas” projects were carried out with a total investment of RMB 316 million, and the unorganized emission showed an obvious downward trend and was basically controlled.

Specific measures

Complete organized emission transformation projects	Desulfurization and denitrification of sintering machine flue gas, desulfurization and denitrification of coke oven flue gas, flue gas desulfurization in the dry quenching process, etc.;
Implement unorganized emission control projects	Completely enclosed main steelmaking plant, the environmental upgrading and intelligent transformation of the stock yard, etc.;
Real-time monitoring	Strictly control the occurrence of unorganized emissions in a comprehensive and multifaceted way according to the four-tiered management mode including the “company, second-tier manufacturing factory headquarters, branch factory, and work zone” by means of video monitoring of unorganized emissions.

Zero discharge of waste water

To give priority to the Yangtze River protection work, the Company has worked on various water pollution prevention projects such as the zero discharge of waste water and the diversion of rain and sewage water, with further efforts put in the zero discharge of waste water. In 2023, the Company carried out 2 “zero discharge of waste water” projects, investing a total of RMB 5.41 million. Upon the completion of the projects, the discharge of waste water and pollutants in waste water was reduced by more than 50%, and all the indicators of waste water pollutant discharge reached the first level of cleaner production.

Rectification of waste water outlets

- ▶ Conduct water closure and drainage on the main drain of the iron zone, 4[#] waterlogging drainage, 300[#] drainage ditch, and 301[#] drainage ditch, and achieve regional near zero discharge and initial rainwater collection;
- ▶ Actively launch the special rectification campaign on the waste water outlets that discharge into the Yangtze River, cancel and block the domestic sewage outlets, and reduce the industrial waste water outlets from 39 to 6;
- ▶ Trace to the source of the existing rainwater outlets, check for and rectify leaks in the sewage treatment facilities, water supply and sewage networks, and control the discharge of waste water at the source.

No solid waste leaving the factory

In strict accordance with the requirements of the 2023 *Masteel Special Work Plan for Solid Waste Treatment*, the Company made solid headway in the reduction at the source of solid wastes, minimization of solid wastes leaving the factory, productization of renewable resources, standardization of storage, and intelligent management, thereby comprehensively implementing the full quantitative disposal plan for “no solid waste leaving the factory”.

Indicator

	Target in 2023	Actual Performance in 2023
Comprehensive utilization rate	100	100
Return-to-production utilization rate	27.5	28.07
Productization rate of export solid wastes	100	99.61
Non-leaving-factory rate of solid wastes	100	99.72

Unit: %



In May 2023, Masteel successfully finished the creation of an enterprise with Grade-A environmental performance, making it the first steel enterprise in Anhui Province to reach this level and the first long-process enterprise among first-tier subsidiaries of Baowu Group to complete the ultra-low emission announcement and reach Grade-A environmental performance.

Waste management

The Company strictly observes the *Standard for Pollution Control on the Storage and Disposal Site for General Industrial Solid Wastes* (GB 18599-2001) and its amendments when disposing of general wastes and the *Standard for Pollution Control on Hazardous Waste Storage* (GB 18596-2001) and its amendments when storing hazardous wastes, and standardizes the management of temporary storage sites for solid and hazardous wastes.

In 2023, the Company had no solid waste dump outside the factory and had five compliant solid waste dumps within the factory area that have been transformed. The construction of the Masteel West Mountain Hazardous Waste Storage was completed, which is mainly used for storing 7 types of hazardous wastes including acid-base sludge, filter cake, and electric furnace ash, and boasts a storage capacity of more than 5,000 tons. 17 major hazard installations for hazardous chemicals were identified, registered, and filed with the emergency management agency.

General waste disposal

- ▶ To prevent pollution from the dust recovered by various dust removal equipment, sludge settled in the buffer pool, and a small amount of domestic waste, the Company recycled activated carbon for desulfurization and denitrification and delivered the domestic waste to the dump for regular and unified disposal to reduce their potential environmental pollution.

Hazardous chemicals management

- ▶ The Company formulated the Measures for the Safety Management of Hazardous Chemicals to standardize the basic security management of the procurement, transportation, storage and use of hazardous chemicals as well as all steps in the disposal process of hazardous chemicals and wastes;
- ▶ The Company laid down the Measures for the Road Transportation Safety Management of Hazardous Chemicals in Masteel Plant Areas to make clear the management responsibility, standardize the transportation management procedures, and specify the fixed driving routes of hazardous chemical vehicles in the factory area;
- ▶ The Company organized all units to sort out and collect the Material Safety Data Sheet (MSDS) of the hazardous chemicals for everyday use, worked out safe operation cards for hazardous chemicals and sent them to each operating position, timely revised the position procedures and emergency plans, and equipped with appropriate equipment for emergency rescue.

Building a “zero waste enterprise”

The Company has put efforts into the building of a “zero-waste city” in the local area, revised the *Implementation Plan of Building a “Zero-Waste Enterprise” During the “14th Five-Year Plan” Period*, and set out relevant targets and tasks. In 2023, the Company planned 15 key engineering projects to boost the building of Ma’ anshan into a “zero-waste city”, with 8 of which being steadily advanced.

Soil contamination control

The Company has taken active moves to fulfill the primary responsibility of the enterprise in pollution prevention and control and self-monitored the soil and underground water according to law in an effort to deepen soil contamination control. In 2023, the Company “looked back” to potential hazards in soil contamination and set up relevant ledgers according to the requirements of the *Appendix to the Guidelines for the Investigation of Potential Soil Contamination Hazards in Key Regulated Units (Trial)*. Self-monitoring of soil and underground water was carried out in five key regulated units, and the results showed an overall good soil environment in the factory area.

Noise control

In strict implementation of the *Law on Prevention and Control of Noise Pollution* and other requirements, the Company has taken integrated measures for noise pollution prevention and control targeting the noise caused by the mechanical operation of equipment during production and the air power noise. These measures include sound insulation, sound absorption, shock absorption, and using low-noise equipment.

Specific measures

Install new or additional silencing equipment (e.g., silencer, acoustic shield, soundproof room), and equip with pressure fans, pipe sound insulation, and inlet and outlet pipe wrapping.

Contributing to Energy Conservation and Carbon Reduction

Masteel fully integrates carbon reduction work into production and operation through carbon reduction planning, the development of the carbon data management platform, EPD carbon footprint certification, green energy use, carbon sink development and sourcing, carbon asset management planning, green and low-carbon standard layout, etc., and makes ongoing efforts to promote ultimate energy efficiency, carbon reduction technology, and the fundamental system for carbon peaking and carbon neutrality.

Exercising strict administration of energy conservation

The Company has established a steady energy management system, put the consistent management concept into practice, and implemented the action for creating energy efficiency benchmarks. To save energy and reduce carbon emissions, the Company focuses on finding the gap by comprehensive benchmarking and endeavored to constantly improve green development at a faster pace with higher quality and standards.

Upgrading the management system

The Company prepared and issued the *Plan for Key Tasks in Energy and Environmental Protection in 2023*, promoted the execution of the *Management Measures for Energy Economic Operation*, and continued to carry out daily briefings, weekly comments, and monthly summaries about energy affairs. According to the requirements of the new version of the energy management system standard, the Company started to revise the documents related to the energy management system, and completed the revision/preparation of the *Management Measures for Energy Performance Monitoring and Measurement* and the *Management Procedures for Energy Conservation and Consumption Reduction*. Headway has been made in the energy evaluation of 9 construction projects to ensure complaint management.

Saving energy and resources

The Company actively conducted energy-saving and water-saving projects while putting more energy into exploring new energy-saving technologies, in an effort to reduce environmental impacts by cutting down energy and resource consumption.

Honors of contributions to energy conservation and carbon reduction

- ▶ The Company participated in the 16th “National Benchmarking Competition for Energy Saving and Consumption Reduction of Key Large Energy-consuming Steel Production Equipment” and won multiple “Excellent Furnace” and “Pioneering Furnace” awards;
- ▶ Projects with regards to reducing the comprehensive energy consumption per ton of steel, increasing the self-generating electricity ratio, reducing energy consumption in the ironmaking process, the “Double-Hundred” technological breakthroughs in converters, and green electricity trading won the “Aim for the Best” award.

Energy-saving projects

The Company carried out 9 energy-saving technology transformation projects and 10 contract-based energy management projects. The projects achieved annual benefits of about RMB 63 million after implementation.

Energy-saving performance of specific projects

Energy-saving renovation project of intelligent group control of the compressed air system in the South District of the Energy & Environmental Protection Department

Save 9.87 million kWh of electricity throughout the year

Energy-saving optimization project of the circulating water system in the Purification Branch Factory of Coal Coking Company

Save approximately 4.712 million kWh of electricity in total throughout the year

Energy-saving renovation project of the 13# unit condenser vacuum-pumping system in the Second Power Plant of the Energy & Environmental Protection Department

Save electricity and reduce coal consumption

Water-saving efforts

The Company stands firm in saving water and using water in a reasonable and scientific way. It has revised/prepared the *Management Measures for Water Conservation* to make water intake compliant, and taken measures and conducted projects on water conservation to improve the water use efficiency and ensure the sustainable use of water resources. In 2023, the Company obtained the water-intaking permit to intake water in compliance with the regulations. 3 water-saving projects were completed and gradually put into production, with an annual water-saving amount of 3.602 million cubic meters.

Optimizing the energy mix

Continued efforts have been made in photovoltaic projects and green electricity trading. The Company has further optimized the energy mix by adopting clean energy, phasing out outdated facilities, and reducing the iron-to-steel ratio, and made new breakthroughs in achieving ultimate energy efficiency to support the green and low-carbon transformation of the Company.

▶ Adopting more clean energy

In 2023, the Company consumed **463** million kWh of green electricity | hydrogen equivalent to **4,456** tons of standard coal | and natural gas equivalent to **21,982** tons of standard coal

▶ Phasing out outdated facilities

Eliminate or timely shut down energy-intensive processes and equipment to control the total coal consumption.

In 2023, **880** sets of energy-intensive mechanical and electrical products were updated or phased out | with a total investment of RMB **8.3578** million

▶ Recycling scrap steel

Tap the potential of scrap steel to effectively exert the value of internal waste and outdated resources. **999,800** tons of scrap steel were recycled in the year, and the potential of **9,516** tons of scrap steel was tapped in the scrap steel collecting labor contest.

Practice | Green photovoltaic power generation gained economic benefits while reducing carbon emissions

To achieve the “carbon peaking and carbon neutrality” goal, Masteel remains on the path of an ecology-first, green development path and innovatively implements the distributed photovoltaic power generation project using its rich roof resources.

From the end of 2019 to 2023, the Company’s cumulative photovoltaic power generation reached 92.54 million kWh, which brought direct economic benefits of nearly RMB 10 million. At the same time, more than 24,000 tons of standard coal were saved, more than 75,000 tons of carbon dioxide, more than 2,000 tons of sulfur dioxide, and more than 1,000 tons of nitrogen oxides were reduced, demonstrating significant ecological and social benefits.



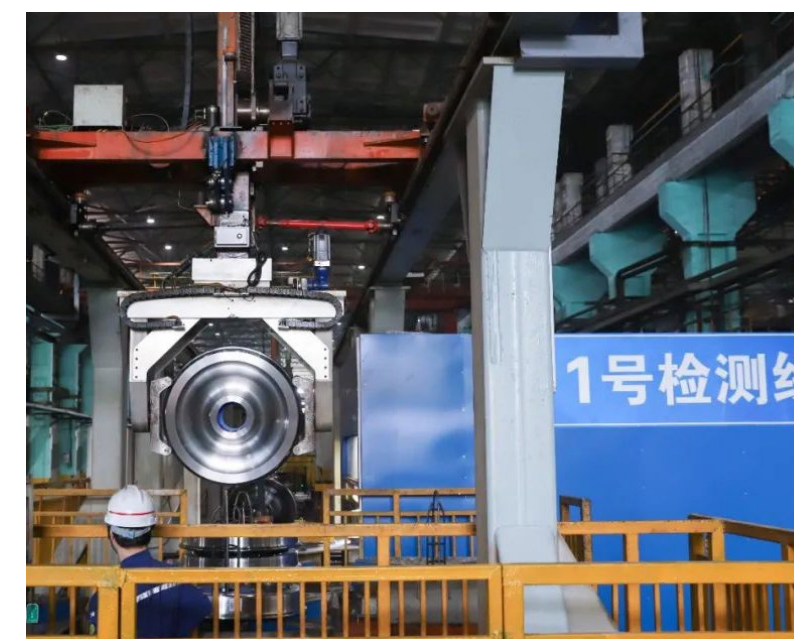
Environment-friendly technologies and products

Guided by the green and low-carbon products that meet customer demands, the Company has increased efforts in R&D and application of low-carbon metallurgical technology, continued to explore the improvement in key processes and technologies, developed green and low-carbon products and near-net shape products with high strength, high corrosion resistance, and high efficiency, and expanded the application areas and scenarios of steel products.

- ▶ The Company kept making breakthroughs in “green manufacturing” and “creating green” metallurgical technology and successfully reduced carbon emissions in the whole process of wheel manufacturing by forming “five-sphere” new technologies, processes and models, namely clean energy utilization, efficient production lines empowered by intelligent manufacturing, overall green logistics application, technological innovations in low-carbon metallurgy, and process reengineering of green manufacturing of wheels.
- ▶ In September 2023, the Company rolled out the world’s first low-carbon 45-ton axle-load heavy-duty wheel.
- ▶ In terms of source control, the Company adopted the fine desulfurization technology of blast furnace gas for the first time using “hydrolysis + dry absorption”.
- ▶ The fixed bed desulfurization technology of the hot blast stove for ironmaking blast furnaces was elected as the 2023 Outstanding Environment-Friendly Technology Practice in the Steel Industry.

Practice | Creating the world’s first low-carbon 45-ton axle-load heavy-duty wheel

Focusing on the development and application of high-quality low-carbon heavy-duty wheel products, Masteel established a task force to tackle the key problems to complete the carbon footprint report for Magang wheel products, which was officially launched on the Environmental Product Declaration (EPD) platform of China Iron and Steel Association in February 2023, known as the first carbon footprint report released for wheel products in China. On September 17, 2023, the world’s first low-carbon 45-ton axle-load heavy-duty wheel successfully completed its initial production at Magang Rail Transportation Equipment Company. The wheel can reduce carbon emissions by more than 20% in the whole manufacturing process, providing a Magang solution for the practice of “carbon neutral products” throughout the life cycle in the global wheel and axle industry.



Addressing climate change

Aiming at the “carbon peaking and carbon neutrality” goal, the Company has actively advanced the carbon reduction work to address climate change. Meanwhile, the Company has disclosed climate change information according to the new climate-related information disclosure requirements in Climate-related Disclosures issued by the International Sustainability Standards Board (ISSB) as well as the “four-pillar” framework of the Task Force on Climate-Related Financial Disclosure (TCFD).

Disclosed information required by the framework

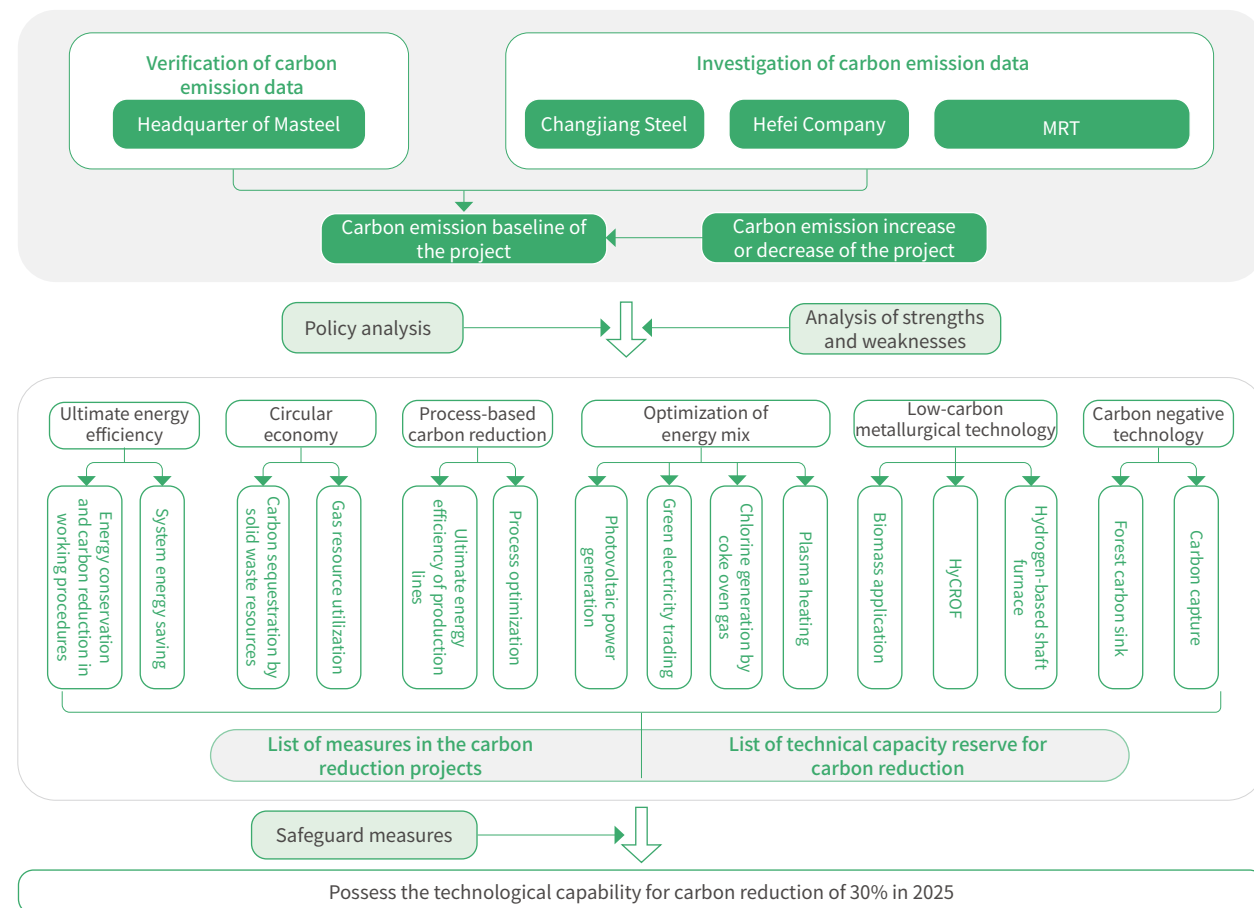
“Four-pillar” framework Governance, strategy, risk management, and metrics and targets

Governance

- ▶ The Company’s Board of Directors serves as the highest governing body for addressing climate change and is mainly responsible for monitoring the management of climate-related risks and making research and recommendations on the Company’s medium-and long-term strategic planning.
- ▶ The Company set up a Leading Group on Carbon Neutrality, which is mainly responsible for deliberating on important matters and major issues such as the annual work plan and implementation plan, keeping track of the progress of the Company’s carbon neutrality work, and urging the implementation of tasks.
- ▶ A Carbon Neutrality Office was established under the Leading Group, which is mainly responsible for the specific implementation of carbon neutrality management.

Strategy

- ▶ Promote the green and low-carbon development plan to provide guidelines for carbon reduction work.
- ▶ Make arrangements for low-carbon development in the future and explore ways to reduce carbon emissions from green electricity trading, photovoltaic projects, replacement of converters by electric furnaces in production, and low-carbon metallurgy.



Risk management

Risk Type	Specific Risk	Potential Impact
Entity risk	Flood risk	Since the Company is located near the Yangtze River, the river level may be sometimes excessively high during the flood period, which will have an impact on the production line, personnel, production equipment safety, and the Company’s revenue to a certain degree.
	Extreme weather risk	Extreme weather conditions such as thunderstorms and gales may affect the procurement and supply of raw materials, resulting in a less stable supply chain and decreased productivity, and in severe cases, it may cause production halts and affect the Company’s product output.
Transition risk	Brand and reputational risk	In the context of green development and the “carbon peaking and carbon neutrality” policy, stakeholders will put forward higher requirements on information disclosure and management for the Company’s products in response to climate change. For example, purchasers may require that the products they purchase should have relevant information disclosed on the EPD platform. If not, it may reduce the competitiveness of the Company’s products and thus cut down the Company’s revenue.
	Risk concerning “carbon peaking and carbon neutrality” policies	According to the “carbon peaking and carbon neutrality” policies of the government, the enterprise is required to transform to low-emission technologies, so the Company needs to invest much in the R&D of the low-carbon metallurgical technology, e.g., hydrogen-enriched carbonic oxide recycling oxygenate furnace (HYCROF) test and research on carbon dioxide capture. This will increase the R&D input of the Company.

Tip

EPD stands for Environment Product Declaration.

Metrics and targets

- ▶ **Carbon reduction goal:** Strive to achieve a carbon peaking in 2023, possess the technological capability for carbon reduction of **30%** in 2025, strive to reduce carbon emissions by **30%** in 2035, and strive to achieve carbon neutrality in 2050.

Making headway in carbon reduction

- ▶ Promote to complete the review of the *Plan for Possessing the Technological Capability for Carbon Reduction of 30% in 2025*;
- ▶ Facilitate the building of the carbon data management platform;
- ▶ Make progress in the research on industrial standards such as the Carbon Assets Management Code for Iron and Steel Enterprises;
- ▶ As of 2023, the Company has released **8** EPDs in total. During the reporting period, the Company published the EPD carbon footprint of **5** products, namely wheels, special steel wires, heavy H-beams, continuous annealing rolls, and non-oriented silicon steel;
- ▶ Complete green electricity trading of **463** million kWh and the photovoltaic installed capacity reached **46** MW;
- ▶ Sign strategic cooperation agreements on carbon assets, carbon trading, and carbon finance with Hwabao Securities to invigorate the “carbon peaking and carbon neutrality” development by finance.



▶ Masteel conducted low-carbon product exchanges and training on carbon neutrality.

Sticking to Green Operation

Advancing clean transportation

While advancing the environmental governance projects, Masteel has increased the proportion of clean transportation by adjusting the external transportation mode of some raw materials, phasing out of non-road mobile machinery, and conducting vehicle replacement, and vehicle emission registration and control. The Company invested RMB 0.3 billion to purchase 268 new energy electric vehicles and upgraded 347 diesel vehicles meeting the national VI emission standard, with a proportion of clean transportation reaching more than 80%. Moreover, the Company also made an announcement of its achievements in ultra-low emission transformation and clean transportation via the official website of the China Iron and Steel Association.

Preserving the ecological environment

The Company has worked proactively to consolidate its greening results, further conserved green landscapes, and remedied defects such as seedling degradation, man-made damage to the green space, poor recovery of temporarily occupied lands, and failure to green the demolishing area. In 2023, the Company conserved 3,881,400 square meters of green space and built 15,000 square meters of new and improved greening space.



The company organized voluntary tree-planting activities.

Publicizing green culture

The Company has conscientiously practiced the green development concept, carried out environmental protection training at different levels, and launched online and offline publicity campaigns on ecological protection to encourage the employees to actively participate in the activities and keep the green concept in mind.

In 2023,

Masteel provided **13** times of environmental protection training for **73,716** hours, covering **10,570** person-times in total.



G Root of Steel (G - Governance):
Making Every Effort to Create a Glorious Future Through Standardized Governance

E Beauty of Steel (E - Environment):
Taking the Lead to Reduce Carbon by Green Steel with Priority on Ecological Protection

S Responsibility of Steel (S - Society):
Embracing the Challenge and Thriving Through Collaboration

Key initiatives

- ▶ Organize the employees to watch and learn from China's first realistic film about the "system of river and lake chiefs" - For the Clean River;
- ▶ Set up a special section titled "Environmental and Ecological Protection" on the learning map of the Masteel online learning platform;
- ▶ Invite experts from the Municipal Bureau of Ecology and Environment to provide training courses on the new *Standard for Pollution Control on Hazardous Waste Storage* and environmental emergencies;
- ▶ Carry out a variety of green environmental protection activities and encourage total involvement.



Employees participated in the themed activities on "June 5" Environment Day in Ma'anshan.

Creating a green office

With green development as the core, the Company makes further headway in creating a green office by reducing energy consumption with energy-efficient equipment, reduces the use of paper for paperless office work, and makes full use of the office space to improve space utilization. Moreover, the Company strongly encourages employees to use public transportation, thus reducing carbon emissions and injecting new momentum into the sustainable development of the enterprise.

Saving electricity

Timely turn off the electrical equipment to avoid standby power consumption for long. Make full use of natural light in the daytime to reduce the use of artificial lighting.

Saving paper

Advocate printing on two sides for non-essential documents to reduce the use of paper. Notices are encouraged to be issued electronically to create a paperless office.

Saving water

Enhance water consumption control in the office. Eliminate leakage, venting, and running water.



Responsibility of Steel

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Masteel upholds a “people-oriented” philosophy, places utmost importance on the rights and interests, as well as the growth of our employees, and provides them with a conducive working environment. We continuously enhance our safety management system to establish a secure working environment and foster a culture of safety among our workforce. We join hands with various stakeholders and maintain friendly partnerships and working together towards shared success while collectively driving industry advancement. We actively engage in giving back to society, with a focus on rural revitalization, public welfare initiatives, and community development, and improve people’s well-being, thereby contributing to the overall development and prosperity of our society.

Promoting Employee Well-being

The Company places paramount importance on safeguarding the fundamental rights and interests of our employees. We provide them with a robust platform for development, establish smooth channels for development, and nurture their physical and mental well-being. Our endeavor is to foster a healthy, warm, and positive working environment, thus creating a home away from home for our valued workforce.

Protecting the Rights and Interests of Our Employees

The Company attaches great significance to upholding the legitimate rights and welfare of our employees. We adhere to the principles of equal employment, enhance our compensation and benefits system, promote democratic management practices, prioritize occupational health, and continuously strive to enhance employee experiences and happiness. Our aim is to foster harmonious and standardized labor relations.

About Our Employees

The Company strictly adheres to relevant laws and regulations of the People's Republic of China, including the *Labor Law* and the *Labor Contract Law*, to govern our employment practices. We uphold the principles of equal pay for equal work, gender equality, and ethnic equality, and strictly prohibit the use of child labor, forced labor, and workplace harassment. During the reporting period, the Company has not been involved in any incidents related to child labor, forced labor, human trafficking, discrimination, or harassment.

Furthermore, the Company has established *Employee Recruitment Management Measures* to standardize our recruitment process and ensure openness and transparency. Taking into consideration the personnel requirements for key positions in various departments' main production processes and the demands of new projects, we implement targeted and precise recruitment strategies to establish a well-balanced age structure.

Adhering to the Principle of Equal Employment

The Company is committed to the principle of equality. In line with the *Employment Management Measures for Positions* and other regulations, we do not impose any restrictions based on nationality, race, gender, religious beliefs, or cultural backgrounds when evaluating appointments, promoting positions, or facilitating career transitions. We believe in providing equal opportunities for development to employees from diverse backgrounds, fostering a dynamic talent ecosystem.

In our effort to combat forced labor, the Company strictly adheres to labor laws and regulations and signs Labor Contracts with employees, clearly defining working hours and overtime wages. We ensured that employees' normal working hours per week do not exceed 40 hours, and any extension of working hours is in compliance with legal requirements. Furthermore, we prioritize the safety of employees and actively combated harassment, bullying, and intimidation. Grassroots trade unions, units, and relevant departments work together to protect the personal safety and interests of our employees.

Enhancing the Compensation and Benefits

The Company continuously has improved its compensation and benefits system, transitioning from an "identity management" approach to a "position management" approach. Our goal is to offer employees fairer, more reasonable, and more competitive compensation and benefits, which will serve as a catalyst for their motivation and creativity. This will create a harmonious atmosphere of shared achievements, collaborative work, and collective success.

Compensation System

By recognizing the importance of positions, placing emphasis on performance-driven incentives, and fostering cumulative growth, we have reinforced our primary performance-based remuneration system. This is augmented by the position-specific annual wage system, grade-based wage system, and measures for managing overseas compensation. This diversified compensation incentive framework enhances the adaptability of compensation allocation.

By prioritizing compensation protection and optimizing the structure, we have raised the standards for night shift allowances and directed compensation allocation towards our frontline employees. These initiatives aim to elevate employees' sense of accomplishment and security regarding to their compensation allocated.

Benefits Management

The Company has established a comprehensive employee benefits system, providing employees with primary benefits and additional benefits.

Primary benefits

The Company ensures timely and complete payment of social basic pension insurance, basic medical insurance (including maternity insurance), unemployment insurance, work-related injury insurance, housing fund, and paid annual leave.

Additional benefits

The Company provides paid leave for childcare, parental leave, and paternity leave for male employees; enterprise annuity; high-temperature allowance; holiday benefits; discretionary purchase of additional insurance for employees, such as critical illness (accident) insurance, family property commercial insurance, etc.

Performance Management

Compensation on a daily basis is tied to both the Company's performance and individual performance. The annual performance bonus is linked to daily performance with a specific weighting, creating a performance-based evaluation mechanism that emphasizes daily performance and motivates top performers.

Performance Feedback and Appeal

Performance feedback

According to the Company's performance management measures and evaluation guidelines, the results of monthly (quarterly) and annual evaluations are publicly disclosed. Employees give feedback on their performance evaluations after the results are generated, which is ultimately confirmed through their signature.

Performance appeal

In case of any objections to the performance evaluation results, employees can follow the established procedure to appeal to the evaluator or the evaluator's superior manager, ensuring a timely resolution and maintaining a written record.

Promotion Mechanism

Within the framework of the job growth points program, honor points have been introduced. During the initial assessment of job growth points and basic wage level adjustment, employees are encouraged to strive for "self-pay raises" by enhancing their skills and improving their work performance.

Incentive Measures

- ▶ Profit sharing has been implemented in technology transfer, and equity incentives are promoted in subsidiary technology-based enterprises.
- ▶ The position of blast furnace chief has implemented a risk deposit incentive and restraint mechanism for the first time.
- ▶ Incentive measures have been developed for marketing personnel to enhance the effectiveness of product promotion.

Deepening the Democratic Management

The Company remains dedicated to deepening democratic management, with the workers' congress serving as the fundamental pillar of this approach. It actively supports and encourages employees to participate in enterprise management, while effectively safeguarding their rights to access information, contribute to decision-making processes, freely express their opinions, and exercise supervision.

- ▶ The inaugural session of the workers' congress of Masteel was successfully held, with a remarkable total of 55 proposals collected from employee representatives. Concurrent proposal reviews were conducted, which resulted in the filing of 14 cases and the identification of responsible units, ensured that each proposal receives a timely response and achieved an outstanding satisfaction rate of 100%.
- ▶ Employee representatives were also organized to conduct specialized inspections on crucial tasks, such as "benchmarking and finding differences and creating a first-class enterprise", including supervision of the shared center and employee canteen management.
- ▶ The joint meeting of the workers' congress convened three occasions to review and approve draft resolutions, such as the *Notice on Establishing Smooth Channels for Transition and Development of Prospective Employees*, which ensured the effective implementation of various democratic rights for employees.

Empowering the Employee Growth

The Company provides a competitive arena and establishes clear career development channels for employees. We have enhanced relevant systems to provide employees with a fair and equitable platform for professional growth. Simultaneously, we have continuously strengthened employee training, improved vocational skills, and supported employee development.

- ▶ As part of our initiatives, we have established **2** provincial-level master craftsman workshops, with **1** employee receiving subsidies from the State Council and **1** being recognized as an outstanding craftsman in the Jianghuai region.
- ▶ Additionally, **1** employee has been honored with the title of Anhui Craftsman, **2** have been named national industry craftsmen in the mechanical metallurgy sector, and **1** has been recognized as the inaugural Changjiang Delta Great Craftsman.
- ▶ We have also organized the Masteel Craftsman selection activity, and bestowed the title of the second batch of Masteel Craftsmen upon **8** employees.



Innovating the Development of High-level Talents

- ▶ The Chief Technician and Master Craftsman training seminars were established to better leverage the professional expertise and overall strength of the Chief Technicians and Master Craftsmen.
- ▶ The composition of the "1+2+4" talent team was optimized, with a focus on green and low-carbon initiatives and a "solid waste resource utilization" team was established, with special training for technology teams implemented.
- ▶ Efforts were made to strengthen the construction of the industrial workforce, and implement the "Climbing Plan" for skilled talents. As the first pilot unit for the evaluation and appointment of top-level technicians in Ma'anshan City and Baowu Branch outside Shanghai, the Company completed the evaluation of the first batch of top-level technicians.

Facilitating the Career Channels

The Company, based on optimizing the job system, has established smooth promotion channels between different positions. In 2023, the Company revised the *Employment Management Measures for Positions* and approved the *Notice on Establishing Smooth Channels for Transition and Development of Prospective Employees*. These efforts have established multiple channels for promotion, such as transfer and promotion between different position sequences, broadened the career development channels for technical and operational personnel, broken through identity boundaries, and motivated employees to improve their individual capabilities based on their positions.

Strengthening the Employee Training

The Company places great importance on the growth of its employees, consistently enhances their skill levels and fosters the development of high-level talent. We actively promote the implementation of the "leading cadre" system, aiming to cultivate and select highly skilled individuals. Moreover, we strive to provide our employees with an exceptional platform for career development and abundant opportunities.

- ▶ The Company focuses on enhancing employee skills in high-efficiency and multi-scenario backgrounds, promotes the cultivation of versatile talents "who are skilled in multiple areas and can handle multiple positions";
- ▶ Based on positions, the Company enhances employees' capabilities by implementing occupational skill level certification through a comprehensive approach for major occupations and an autonomous approach for minor occupations;
- ▶ Through competitions and skill contests, the Company expands the career development of skilled talents through multiple channels.

- Internally, the Company organizes the 11th Employee Skills Competition and the 5th Online Training Competition for job-related skills;
- Externally, the Company actively participates in various skill competitions such as the "Hebei Iron and Steel Cup", the 10th National Steel Industry Vocational Skills Competition, and the "10th Ma'anshan City Employee Skills Competition", improving the employees' capabilities and skill levels in their positions.



▶ The Company received the Excellent Organization Award in the National Network Security Employee Vocational Skills Competition.



▶ The Company was awarded 5th place in the team category of the "Hebei Iron and Steel Cup" the 10th National Steel Industry Vocational Skills Competition.

Caring for Employees

The Company strives to create a warm and comfortable working environment for employees, and helps them balance work and life. It also focuses on addressing employees' urgent concerns and actively assists those in need, thus ensuring employees truly feel the Company's care and support.

Implementing the Employee Care

The Company is committed to providing the "Three Mosts" practical measures for employees and aims to be a strong support for them. Through forms such as hardship subsidies, donations, and condolences, it enhances employee well-being, fosters a loving and warm working atmosphere, and strengthens employees' sense of belonging and cohesion.

"Three Mosts" Practical Measures



- ▶ Implementing the "Three Mosts" practical measures for employees: Conducting in-depth research, consulting with employees, identifying projects to improve their production and living conditions, establishing a list of "Three Mosts" practical measure projects, and improving the tracking and supervision mechanism. By 2023, a total of 19 company-level projects and 117 plant-level projects have been established for the "Three Mosts" practical measures, achieving a completion rate of 100%.

Heartfelt Condolences



- ▶ Prior to the high-temperature season, a special fund of RMB 1.357 million was allocated and a "Cooling Relief" condolence activity was carried out.
- ▶ An activity was conducted during the Spring Festival to visit and offer warmth to model representatives, employees in need, disadvantaged party members, and young scientific and technological personnel. A total of 4,128 visits were made, and condolence funds totaling RMB 3.8025 million were distributed.

Providing the Mutual Aid and Support



- ▶ We have made dedicated efforts to extend mutual assistance and support to our employees. A total of 148 employees and their family members received special assistance funds, amounting to RMB 1.991 million. Additionally, RMB 57,000 was allocated as "Autumn Education Assistance" to support 12 children of employees in need.
- ▶ To effectively address the challenges faced by employees seeking medical treatment in different locations, we have established a streamlined medical treatment process in collaboration with professional institutions. This initiative has provided professional services to 10 individuals.
- ▶ We have actively promoted our employee mutual aid and protection plan. During the reporting period, a total of 20,369 individuals have been insured, with a premium amounting to RMB 1.14 million. Furthermore, 406 individuals have received claims.



Caring for Female Employees

The Company has implemented various measures to support and care for its female employees. These measures include organizing a series of activities in celebration of "International Women's Day", recognizing outstanding female employees through the "Rose" awards, hosting mental health lectures titled "Caring for Women, Blooming with Beauty", and arranging visits and etiquette training centered around the theme of "Contributing to New Challenges and Showcasing the Female Elegance of Masteel". These endeavors aim to prioritize the physical and mental well-being of female employees and ignite their wisdom and strength in the new era and journey of Masteel.



▶ A Series of Activities Conducted for "International Women's Day"

Enhancing the Employees' Quality of Life

The Company actively fosters a healthy and civilized employee culture, establishes a comprehensive employee culture development system, and organizes a range of diverse activities to meet the spiritual and cultural needs of employees. These initiatives aim to ensure their happiness at work and promote healthy living.

- ▶ The Company organized the "Embracing New Challenges & Taking New Journeys" walking series, with the participation of over 2,000 employees;
- ▶ We arranged employee badminton club leagues, the "Wave Cup" Employee Swimming Competition, and the "Remembering the Entrusted Mission & Making Grateful Progress" employee cultural and artistic performance;
- ▶ A "cloud" exhibition of employee art, calligraphy, and photography was organized, with nearly a hundred outstanding works selected for display;
- ▶ Teams were organized to participate in five competitions at the 13th Sports Games of Ma'anshan City, and secured one team gold medal and two team silver medals;
- ▶ Teams were formed to participate in the Baowu Tennis Exchange Tournament, the Municipal Employee Singer Competition, and the Municipal Employee Theme Reading and Recitation Competition.



▶ The 13th "Wave Cup" Employee Swimming Competition.



▶ "Cloud" Exhibition of Employee Art, Calligraphy, and Photography

Enhancing Safety Operation

Masteel is devoted to cultivating a culture of secure progress, guided by the principle of zero work-related fatalities. We give top priority to comprehensive and rigorous management, firmly uphold safety responsibilities, strengthen the implementation of the "consistent system", and adhere to the management requirements of "three controls and three necessities". We proactively address vulnerabilities and significant issues in safety management, thus ensuring that safety bottom lines are never compromised and safety red lines are never crossed. During the reporting period, the Company has achieved successful certification for its occupational health and safety management system.

Enhancing the Safety Management

The Company consistently enhances its safety management system, strengthens collaborative safety management, facilitates the establishment of safety teams, clarifies the objective of achieving first-level standardization in safety production, and endeavors to establish a secure working environment for employees.

Practice | Magnificent Performance of Masteel Employees' Artistic Show in 2023

In July 2023, Masteel hosted the Masteel Employees' Artistic Show themed "Remembering the Entrusted Mission & Making Grateful Progress". The event comprised three sessions: Vocal music, dance, and a comprehensive show. A total of 34 performances from 27 units in the Ma'anshan region were present. This Employees' Artistic Show effectively showcased the new accomplishments of Masteel's high-quality development, further bolstered the cultivation of employee culture, enhanced the spiritual resilience of employees in the pursuit of a world-class enterprise, and exemplified the employees' style, talent, and ingenuity.



Organizational Structure

The Company's organizational structure for safety production includes the Safety Production Management Committee

the Safety Production Management Department (responsible for the overall management of safety production in the Company)

and the Safety Management Office (staffed with full-time or part-time management personnel)

Safety Management System

The Company has clearly defined a three-year plan to achieve first-level standardization in safety production, formulated and improved 38 safety management systems, and established regulations for the implementation of safety management responsibilities, hidden danger identification, education and training, on-site operation standards, accident and process assessment and accountability. Simultaneously, it enhances the safety management of relevant parties, conducts quarterly performance assessments and safety access training for collaborating entities, carries out qualification audits for collaborating entities and personnel, and maintains stringent quality control measures. In 2023, the Company achieved its safety production goals and training objectives, and selected 19 excellent collaborative units, 4 good units, and 0 unqualified units.

Establishing Safety Teams

The Company has developed the *Three-Year Plan for Enhancing the Competence of the Dedicated Safety Management Team in Magang Group*. This plan aims to promote the professional capabilities of the dedicated safety management team through a combination of incentives and assessments. In 2023, the Company transferred 17 qualified operators and maintenance personnel from safety management positions to technical and business roles. Currently, there are a total of 344 full-time safety management personnel and 264 part-time safety management personnel, including 84 registered safety engineers and 9 registered fire engineers. As of the end of 2023, the average certification rate of registered safety supervisors in each unit reached 24.42%.

Focusing on the Occupational Health

The Company implements relevant regulations such as the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and prioritizes the protection of employees' occupational health. It has formulated occupational health management measures and appointed dedicated personnel responsible for occupational disease prevention and control. Through measures like occupational health examinations, special identification and rectification of hidden dangers, and occupational health promotion and education, the Company has ensured the physical well-being and safety of its employees.

In 2023

- ▶ the Company arranged for testing institutions to regularly monitor occupational health hazards at its operational sites. The qualification rate for positions reached **93.79%**, and the qualification rate for employees exposed to hazards was **96.76%**.
- ▶ Individuals exposed to hazards underwent occupational health examinations, resulting in the identification of **46** individuals with occupational restrictions. All of them were promptly transferred from hazardous positions.
- ▶ Comprehensive occupational health examinations were conducted for all employees, and no suspected cases of occupational diseases were detected.



Occupational Health Protection Measures

- ▶ Based on the actual work conditions of individuals exposed to hazards, scientifically identify the at-risk population;
- ▶ Regularly organize employees to undergo occupational health examinations and promptly communicate the results to them;
- ▶ Require each unit to promptly implement appropriate measures for individuals with abnormal results. The effectiveness of these measures will be closely monitored during special inspections conducted every six months;
- ▶ Enhance the working environment through centralized remote control and the utilization of intelligent robots;
- ▶ Regularly organize personnel at all levels to participate in professional training. Disseminate knowledge to employees from various perspectives by utilizing job site signs and warning signs;
- ▶ Regard the management of wearing and utilizing personal protective equipment as the final line of defense for occupational disease prevention. Enforce strict work site management and ensure employees correctly utilize personal protective equipment;
- ▶ Implement the "Safety and Health Escort" campaign to comprehensively strengthen the protection of workers' rights. Involve trade unions at all levels in participating in and overseeing inspections from the beginning, and collaborate with the security department to safeguard workers' health.

Occupational Health Requirements for Suppliers

- ▶ Suppliers must arrange pre-employment, on-the-job, and post-employment occupational health examinations for employees in positions exposed to occupational disease hazards. They should also establish follow-up or occupational health examination plans;
- ▶ If any individuals are identified with occupational restrictions or occupational health impairments, suppliers must promptly transfer them;
- ▶ Suppliers must analyze and evaluate the results of physical examinations and exceedance points in occupational disease hazard testing and implement appropriate measures accordingly.

Implementing Production Safety Measures

The Company upholds the objective of achieving zero work-related fatalities and prioritizes safety responsibilities. It has implemented practical measures, including safety inspections, emergency drills, and robust safety awareness campaigns, to eliminate risks at the production level. In 2023, the Company had no significant safety incidents, but there were five minor injuries and five minor incidents.

Strengthening the Safety Supervision

The Company has strengthened daily safety supervision checks and ensured the effective implementation of a comprehensive safety production responsibility system. In 2023, the Company conducted regional safety inspections and strengthened the management of safety processes. In response to the identified issues during the inspections, the Company took a proactive approach and rectified hidden dangers by drawing lessons from the findings. Furthermore, it enhanced daily supervision checks and improved control measures for high-risk operations. The Company issued a total of 174 notifications for rectifying hidden dangers and promptly addressed 884 identified issues and hidden dangers. It also ensured compliance with rectification requirements from higher-level government inspections and Baowu's safety supervision and special action plan for the aforesaid rectification. As part of the comprehensive rectification action, a total of 65 enforcement feedback matters were successfully resolved.

Strengthening the Identification of Hidden Dangers

The Company has strengthened pre-risk management by revising and issuing the Management Measures for Identification, Control, and Management of Hidden Hazards in Production Safety Accidents. This document clearly defines the responsibilities, management processes, and evaluation criteria for the identification and rectification of hidden safety hazards. Additionally, the Company carries out special rectification in key areas, specialized fields, and major accident-prone areas in the "Ten Specialized Fields". These efforts ensure the stable safety performance of the Company's production operations. By the end of 2023, the Company achieved a 99.9% rectification rate for hidden dangers in safety production reported in the information system. A total of 53 hidden dangers to major accidents were identified and completely rectified through self-inspections by various units. No major hidden dangers were found during inspections conducted by Baowu Group and government departments, and the warranty responsibility system was established.

- ▶ The daily identification and rectification of hidden dangers rely on the safety management information system platform, where various issues are reported online and responsible units are required to take rectification measures.

- ▶ Discovered hidden dangers are tracked and addressed through daily and weekly reports. Monthly and quarterly statistical analysis is conducted, and each unit is required to report on their progress during daily scheduling meetings. This ensures continuous improvement in organizational hazard identification and control, as well as safety risk management.

Emergency Management

The Company has formulated and published the *Emergency Management Measures for Major Emergencies and the Emergency Plan for Production Safety Accidents*. It has established an emergency management organizational system and emergency response and disposal procedures, and conducted regular emergency drills as required.

Emergency Rescue Management System

- ▶ Based on the nature, severity, controllability, and scope of influence of various production safety accidents, a four-level response mechanism has been implemented.
Level III and IV emergency responses are handled by the emergency command structure of the accident unit, while level I and II responses activate the Company-level production safety emergency plan.

- ▶ In case of an accident, the emergency leadership command will designate a site emergency command office and establish various teams to support the emergency response. These teams include equipment repair and communication support teams, energy and environmental protection teams, security and defense teams, production organization teams, medical rescue teams, logistics support teams, transportation teams, accident aftermath teams, and stability maintenance teams. The composition of these teams is determined based on the specific requirements of on-site emergency handling. Additionally, experts from the expert pool are invited to provide guidance and assistance in emergency rescue operations.

Practice | Sounding the Safety Alarm & Shouldering Responsibilities - Management of the “7·20” Fall Incident at Changjiang Steel Sintering Plant

Incident overview

On July 20, 2023, Zhang, a fitter employed by Congyuan Metallurgical Equipment Installation Technology Co., Ltd. (hereinafter referred to as “Congyuan”), along with three colleagues, was assigned the responsibility of tightening bolts on the wall panels of the No. 1 circulating cooler at the sintering plant. Unfortunately, due to improper operation, Zhang slipped from the loading port and fell onto the lower chain plate, resulting in one injury. Medical diagnosis revealed that Zhang suffered a temporal bone fracture.

Causes of the accident

Immediate cause: Entered the loading port by mistake due to misjudgment of direction.

Indirect causes: ▶ Without obtaining a Confined Space Safety Operation Permit, Zhang entered the confined space trolley without authorization.

- ▶ The personnel responsible for guarding the entrance and exit of the circulating cooler trolley neglected their duties, allowing non-group personnel to enter the trolley.
- ▶ The identification of risks within the confined space was insufficient, and the significant risk of falling at the loading port was not recognized, leading to the absence of precautionary measures at the loading port.

Handling of the accident

The main and secondary responsible persons, as well as the full-time safety personnel involved in this incident, were subjected to economic penalties; a safety risk award of RMB 308,000 was deducted from the sintering workshop for the third quarter; Congyuan was fined RMB 278,300.

Implementation of rectification

After the incident, the Company immediately conducted self-inspections and self-corrections; Congyuan revised the sintering machine maintenance plan and conducted disclosure training; the sintering plant carried out a new risk identification and improved the control measures for hazards; Special attention was given to the risk identification of confined spaces and maintenance change operations; the responsible persons and safety management personnel of other units involved in the confined space operations received specialized safety training again; a special rectification campaign for confined spaces was launched; strict hazardous work management system and “side-station” safety supervision were implemented to strengthen the safety defense line for hazardous operations.



▶ Fire Suppression and Emergency Evacuation Drills Conducted by the Company in Office Premises

Enhancing the Intelligent Safety Management Capability

The Company has actively promoted the implementation of intelligent safety measures and enhanced the level of safety intelligence.

In 2023

- ▶ The Company successfully completed the initial phase of the intelligent safety penetration supervision platform. It established a safety risk electronic map within the central control centers of different units and enhanced the safety information system by incorporating a module for profiling personnel safety capabilities;
- ▶ Furthermore, the development of the “Major Risk Monitoring Platform for Safety Production” was undertaken. Various units were organized to carry out tasks such as data and video organization and collection, resulting in a total of **2,311** data points and **442** video points being integrated. This achievement enabled intelligent operational safety supervision and effectively mitigated the risk of safety incidents.



Strengthening the Safety Awareness Campaigns

The conducts places great emphasis on strengthening safety promotion and cultivating a safety culture. Through initiatives such as organizing safety training and conducting a series of activities during Safety Awareness Month, the Company aimed to enhance employees’ safety awareness and actively foster a strong atmosphere of collective attention, participation, and commitment to safety.

Organizing the Safety Training

The Company conducted comprehensive safety training for its entire workforce through the Masteel Online Learning Platform. It also continues to study the significant statements on safety production made by General Secretary Xi Jinping. In addition, safety lectures were delivered, employees were engaged in fire equipment operation, and safety management training was provided to personnel at all levels of management to enhance their safety awareness and skills.

In 2023

- ▶ Safety education and training were provided to a total of **25,560** individuals.
- ▶ Each employee receives **20** hours of training on the Masteel Online Learning Platform;
- ▶ **32** on-site safety experiential training sessions were planned and implemented;
- ▶ **31** sessions of annual online safety training, **21** sessions of special equipment operation and management training, and **11** sessions of professional competence enhancement training were organized.



Conducting the Safety Activities

The Company actively promotes the implementation of the primary responsibilities for safety production within the organization. With a strong focus on the theme “Safety and Emergency Response are Everyone’s Priority”, we steadfastly conduct a series of activities during “Safety Production Month”. These activities include organizing practical safety sports events, safety skills drills, and engagement in the “Safety and Health Cup” competition. Through these means, we mobilize employees to diligently and rigorously carry out safety production work, while enhancing their capabilities in emergency response handling.

Creating a Safety Atmosphere

- ▶ The Company reinforces safety promotion through the use of banners, posters, and other communication channels.
- ▶ It advances the two-year action plan for safety promotion and the cultivation of a safety culture, promotes safety promotion in enterprises and households, conducts emergency popular science campaigns, carries out self-inspections of electric vehicle charging safety, and calls on each employee’s family to conduct identification of hidden safety dangers. It also organizes employees to draw evacuation route maps.
- ▶ Activities such as the Safety Storytelling Competition and the Safety Fun Sports Event were held, with a total of 42 young backbones participating.

Fostering the Industrial Collaboration

Masteel upholds the principle of development through open collaboration, forges deeper strategic partnerships with the government, enterprises, and universities, and harnesses the collective strength of multiple stakeholders. It also enhances supply chain management, and encourages leading suppliers to proactively fulfill their social responsibilities. Actively engaging in industry exchanges and communication, Masteel leverages collective wisdom and resources to drive progress, and works hand in hand with partners to shape a brighter future.

Advancing the Exchange and Collaboration

The Company actively pursues strategic cooperation models, and fosters exchanges between the government and enterprises, inter-enterprise collaboration, and partnerships between universities and enterprises. Leveraging their respective resource advantages, it joins forces with multiple partners to collectively drive the high-quality development of the Company.



▶ The Company engaged in in-depth discussions with Mitsubishi Heavy Industries regarding energy project construction.



▶ The Deputy Consul-General of Australia in Shanghai paid a visit to Masteel.

Practice | A New Model of Order-based Training Launched in Masteel



In order to explore new models of cooperation between universities and enterprises and accelerate the training of high-skilled talents, Masteel conducted open recruitment among the 2023 graduates from Anhui Vocational College of Metallurgy and Technology from December 2022 to May 2023. It also initiated order-based training and plans to employ 110 individuals for operation and maintenance positions. All order-based training students will be led by their respective instructors, assigned to various internship units within the Company, and officially entered the internship and training phase.

Building a Chain of Responsibilities

The Company adheres to win-win cooperation and mutual benefit, continuously optimizes customer service, strengthens supplier management, and effectively practices responsible procurement. It has established equal, trustworthy, and respectful cooperative relationships with supply chain partners to drive the common development of the supply chain.

Strengthening the Supplier Management

The Company has continued to improve its supplier management system and formulated the *Work Plan for Building Masteel’s Characteristic Compliance Construction Supplier Team*. It has established a management model for engineering project construction suppliers, including supplier access management, process control, performance evaluation, and incentives, to comprehensively build a qualified construction supplier team with Masteel’s characteristics.


Promoting the Transparent Procurement

The Company implements responsible procurement and strictly complies with the *Tender Procurement Management Measures*. It follows the principles of openness, fairness, impartiality, as well as competition, merit-based selection, and integrity in procurement.

- ▶ Actively promoting transparent procurement, the proportion of online procurement for raw materials reaches 100% throughout the year.
- ▶ Strengthening the management of related-party transactions, the total amount of products and services purchased by related-party transactions for the year reaches RMB 27.821 billion, within the Company's controlled amount.
- ▶ The management of non-tender procurement is being enhanced through the compilation and publication of the *Catalog of Non-Tender Procurement Categories*. Additionally, comprehensive bidding is actively promoted whenever possible, and the scope of tender procurement is being expanded.
- ▶ Monthly price committees and market guidance price meetings are organized to ensure the transparency and openness of procurement pricing, as well as the implementation of prices based on evidence.
- ▶ Continuous efforts are made to expand the functionality and application reserves of the procurement information system, steadily advancing the 4.0 upgrade project.

Supply Chain ESG Management

The Company continuously improves the supply chain ESG management system, conducts audits and assessments, and enhances supplier ESG training to promote positive contributions from suppliers in terms of environment, society, and more, thus ensuring the sustainability and stability of the supply chain.




Supply Chain ESG Management System

The Company has formulated *Collaborative Business Management Measures*, and each department responsible for collaborative business management has defined the access criteria for various types of suppliers.

The *Agreement on the Management Responsibilities for Production Collaboration Projects in Safety, Security, Fire Protection, Energy, Environmental Protection, Plant Landscape, Roads, and Traffic Safety* has been signed with suppliers to specify their responsibilities.


The *General Management Manual for Collaborative Suppliers* has been released to assess suppliers in various aspects such as production quality, occupational health and safety, environmental energy, equipment maintenance, social responsibility, and labor standards.



Supplier ESG Audit and Assessment

The Company has developed evaluation mechanisms for different categories of suppliers, linked to monthly and annual settlements.

The Company has conducted planned second-party audits of suppliers in various areas, including production quality, labor standards, environmental protection, and safety management. It has issued audit reports and mandated timely rectification by suppliers.



Supplier ESG Training System

The Company offers comprehensive training to suppliers through monthly safety meetings, environmental protection meetings, and other platforms.

Furthermore, safety access training was provided to on-site collaborative personnel to enhance the social responsibility awareness of both suppliers and collaborative personnel.

Promoting the Industry Advancement


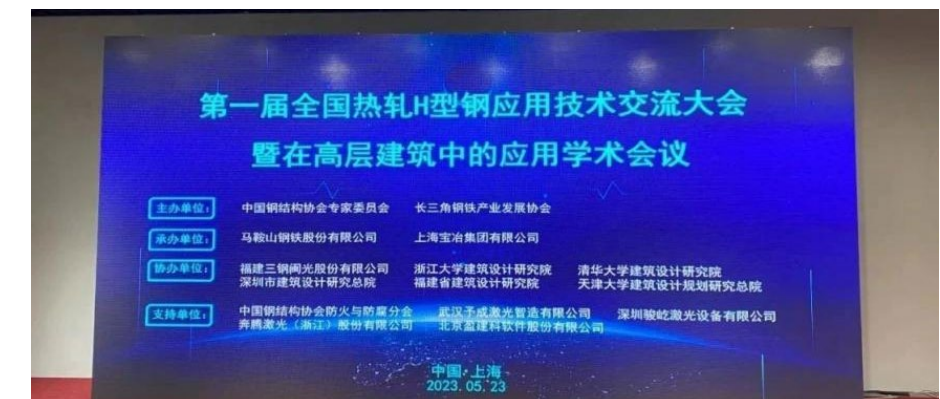
The Company actively engages in the development of industry standards both domestically and internationally to promote industry development. It closely monitors industry trends and policy advancements, establishes platforms for technical exchange and collaboration, facilitates university-enterprise cooperation and fosters communication and cooperation. Additionally, it also actively participates in industry associations and technical seminars to share insights, gather expertise, and work together with industry partners to drive industry progress.

In 2023

- ▶ The Company introduced and released **2** national standards and **6** industry standards.

By the end of 2023

- ▶ The Company participated in the formulation and revision of a total of **133** standards, including **2** international standards, **52** national standards, and **79** industry standards.

▶ In May 2023, Masteel successfully hosted the inaugural National Hot Rolled H-Beam Application Technology Exchange Conference.



▶ In June 2023, Masteel organized the release event for the Key Energy Efficiency Benchmarking Data Reporting System and the Special Technical Matchmaking Meeting for the Efficient Utilization of By-product Coal Gas in the Steel Industry.

Sharing the Fruits of Development

Masteel always adheres to the development ideology centered on the people and takes the satisfaction of people's aspirations for a better life as the starting point and end goal of its corporate development. Through voluntary service, rural revitalization, and philanthropy, Masteel actively fulfills its social responsibilities, becomes a practitioner of public welfare and a passionate advocate of love and dedication, and wholeheartedly supports the development of harmonious communities.

Continuing the Rural Revitalization

The Company focuses on consolidating and expanding the achievements of poverty alleviation and effectively connecting them with rural revitalization. It has formulated and revised the *Management Measures for Foreign Donations and Sponsorships* and the *Management Measures for Targeted Assistance Work*, establishing and improving a "hands-on" approach, coordinated efforts, and efficient assistance mechanism. It has leverage organizational and resource advantages to develop and publish the 2023 targeted assistance and key assistance work plans, thereby stimulating rural development vitality, and contributing the strength of Magang to promote agricultural and rural modernization and the construction of livable and prosperous countryside. Comprehensive assistance has been provided in terms of industry, technology, and talent to promote targeted assistance programs in Liji Village of Dicheng Town, Funan County, and Longtai Village of Lintou Town, Hanshan County. Additionally, key assistance efforts are being advanced in Jiangcheng County, Yunnan, Shanglin County, Guangxi, and Ongniud Banner, Inner Mongolia. In 2023, Liji Village in Dicheng Town, Funan County, selected as a demonstration village for rural revitalization in Anhui Province, was designated as a targeted assistance unit by the Company.

In 2023

- ▶ The Company has invested over RMB **2.37** million in free assistance funds for industrial development, infrastructure, education support, and condolences in assisted counties and villages.
- ▶ The Company has provided a paid assistance project and funds of RMB **5** million for Jiangcheng County, and free assistance funds of RMB **300,000** for Shanglin County and Ongniud Banner.
- ▶ The Company has actively participated in the "group-style assistance" and "charitable assistance" demonstration projects of Baowu, with total usage of Baoxin ton bags amounting to RMB **2.1705** million.



▶ Ding Yi, the Secretary of the Party Committee and Chairman of the Company, led a team to investigate Longtai Village in Lintou Town, Hanshan County.



▶ The leadership of the Company conducted research on rural revitalization in Jiangcheng County, Yunnan Province.

Highlighting the Leadership of Party Building

In the process of promoting rural revitalization assistance work, the Company has highlighted the leadership of Party building and fully leveraged the strength of grassroots Party organizations. Through activities such as joint creation and construction, organization and planning of themed Party days, and preaching of Party lessons, it built cohesion and strong momentum, implemented practical measures to promote rural revitalization assistance, and achieved tangible results.

A joint creation and construction agreement was signed with Saiqintalagacha Gaqa and Derisugacha Gaqa in Ongniud Banner, Inner Mongolia, to drive progress in grassroots Party building through collaborative efforts.

A themed Party day event titled "Caring for the Assisted Village, Warming the Pumpkin Field" was organized by the joint assistance team of Longtai Village, where members of various units went deep into the fields to help the villagers pick Beibei pumpkins. A joint construction agreement was signed to discuss the progress of the assistance work and subsequent assistance measures.

The Administrative Affairs Center, No. 4 Steel Rolling Mill, and grassroots Party organizations of Liji Village jointly conducted co-construction activities.

An activity themed "Never Forget the Initial Aspiration, Shoulder the Mission, and Promote Revitalization through Paired Assistance" was organized with the village Party branch committee, the village residents' committee, the resident work team, and assistance units in Longtai Village.

Industrial Assistance

The Company fully leverages its resource advantages to implement paid and free assistance projects, and fully supports the development of rural industries.

A feasibility study was conducted for the village collective's equity investment in a yellow peach processing project in Longtai Village, Hanshan County, and an aquaculture project in Liji Village, Funan County. A total of RMB **900,000** was allocated as assistance funds.

The registration and establishment of Pu'er Xinqing Tea Industry Group Co., Ltd. in Jiangcheng County was successfully facilitated, accompanied by the introduction of paid assistance funds totaling RMB **5** million.



An amount of RMB **150,000** was introduced for the promotion project of urban image and industrial investment attraction in Shanglin County, Guangxi.

An amount of RMB **150,000** in free assistance funds was introduced for the material donation project themed "Civilized Unity Supermarket" and the digital upgrade project of the Red Document Exhibition Hall in Ongniud Banner, Inner Mongolia.

Consumer Assistance

The Company considers consumer assistance as a key task in rural revitalization. The 2023 Consumer Assistance Work Conference was organized, and a notification on consumer assistance work was issued to break down tasks and promote the implementation of consumer assistance collective procurement. In 2023, the Company conducted promotional activities for the "State-owned Enterprise Consumer Assistance Promotes Rural Development Week" campaign. It also provided continuous assistance through product procurement and participation in activities such as "showing love and filial piety". In 2023, the Company successfully completed consumer assistance amounting to over RMB 10.34 million.

- ▶ Collective procurement of summer cooling products facilitated
- ▶ The participation of Longtai Village coordinated in an exhibition and sales event for fresh fruits and vegetables at the Magang canteen.
- ▶ An exhibition and sales event organized for traditional dairy products in Ongniud Banner, Inner Mongolia.

Practice | A Traditional Dairy Product Exhibition and Sales Event Held by Masteel in Derisugacha Gaqa, Ongniud Banner, Inner Mongolia



In September 2023, the exhibition and sales event for traditional dairy products from Derisugacha Gaqa, Ongniud Banner, was held in the canteens of the Magang office building and the shared center in the southern area. Ongniud Banner in Inner Mongolia Autonomous Region is one of the key areas that the Company provides assistance to. This event was a beneficial attempt to purchase and promote agricultural products in the key assisted areas based on the actual situation of the enterprise and the local area.

▶ All employees of the Company had the opportunity to experience and enthusiastically purchase specialty dairy products.

Educational Assistance

In the Company's efforts to support and revitalize talents in assisted areas, it actively collects training needs for rural revitalization leaders and experts in poverty alleviation and prosperity, and organizes special training courses to help cultivate rural talents. In 2023, the Company held special training courses on topics such as iron powder coating technology, legal education, Beibei pumpkin cultivation, short video marketing for agricultural products, and live streaming. A total of 93 people participated in the training.



▶ The Company conducted a fundraising campaign called "Youthful Journey of Compassionate Education Assistance" and donated scholarships, sports equipment, and learning materials to students in need and rural schools in Longtai Village, Hanshan County, and Liji Village, Funan County.

Cultural Assistance

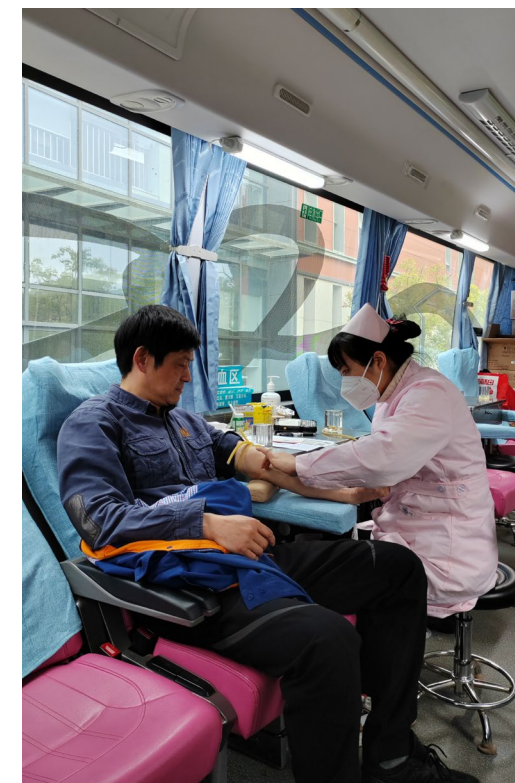
The Company organizes activities such as "Evening Discussions" to promote the core socialist values and spread excellent traditional Chinese culture. At the same time, it organizes the selection of civilized courtyards and households in the village, discovers good people around us, and promotes social ethics and family virtues. It actively contacts the cultural departments of counties and towns to enrich the spiritual and cultural needs of villagers through platforms such as senior universities and cultural activities in rural areas, striving to revitalize the countryside from a spiritual perspective.

Devoted to Volunteer Public Welfare

While achieving significant growth, the Company does not forget to give back to society. It actively participates in volunteer activities and encouraged employees to practice the concept of public welfare and embody the warmth of the Company, making positive contributions to the construction of a harmonious society. In 2023, we participated in the "Charity Day Donation" event in Ma'anshan City, and donated a sum of RMB 500,000.



▶ The youth volunteer service team of the No. 4 Steel Rolling Mill organized a themed event titled "Active Participation in Civilized Traffic: Volunteers in Action".



▶ On April 6, 2023, all employees from the Equipment Management Department of the Company participated in voluntary blood donation.



▶ In 2023, the employees of the Company, Chen Liang and Liu Xiangyun, donated hematopoietic stem cells to sustain the lives of others with love.

Building a Harmonious Community

The Company always closely integrates its own development with the development of the city, integrates into urban development and actively participates in community construction and sharing. It adheres to local employment and procurement to promote local employment. At the same time, it responds to and promotes the construction of a “sponge city,” deepens the integration of industry and city, and endeavors to inject new vitality into the prosperity and development of the city and community.



In 2023, all new and renovated projects of the Company complied with the requirements of constructing a “sponge city” and seven rainwater gardens were established, contributing the strength of Magang to the “sponge city” initiative in the city.

Tip

"Sponge City": It is a new urban development concept that integrates urban rainwater resources and achieves coordinated development of urban resources and the environment.

Rainwater Garden: Also known as a bioretention area, it is a system that collects, filters, and stores rainwater for use in irrigating green plants and cleaning facilities. Compared to traditional drainage systems, it effectively reduces water waste, improves the urban water environment, and provides a more pleasant and comfortable living environment.

G Root of Steel (G - Governance):
Making Every Effort to Create a Glorious
Future Through Standardized Governance

E Beauty of Steel (E - Environment):
Taking the Lead to Reduce Carbon by Green
Steel with Priority on Ecological Protection

S Responsibility of Steel (S - Society):
Embracing the Challenge and Thriving
Through Collaboration



► The Cold Rolling Mill, in conjunction with the Youth League Huashan District Committee, visited elderly people living alone to provide comfort and support.

Practice | “Green Steel” Theme Park Successfully Selected as National Industrial Tourism Demonstration Base

In November 2023, the Ministry of Culture and Tourism released the 2023 List of National Industrial Tourism Demonstration Bases, with the “Green Steel” theme park of Magang listed thereamong. Masteel has been committed to deepening the integration of industry and city and focusing on experiential tourism development with industrial resources as the core. It incorporates elements of technology, culture, and leisure, and transforms the enclosed factory area into an open and pleasant tourist zone. It also converts the green and intelligent modern industrial production process into an enjoyable and immersive tourist experience. The Magang Historical and Cultural Exhibition Hall serves as a vibrant platform for promoting corporate spirit. With the emotional appeal, it narrates the steel industry’s story, and constructs an industrial tourism operation ecosystem that is “watchable, playable, learnable, purchasable, and leisurely” .





Future Prospects

Despite the lengthy journey ahead, we are determined to reach our destination. Although the task may be challenging, we are confident in our ability to achieve success. 2024 is a crucial year for fully implementing the spirit of the 20th National Congress of the Communist Party of China (CPC), a year of tackling challenges in the implementation of the 14th Five-Year Plan, and a new journey filled with glory and dreams. Standing at a new starting point, Masteel will fully implement the spirit of the 20th CPC National Congress. With a proactive and enterprising spirit and a practical attitude of benchmarking and identifying gaps, we will face challenges with confidence, persevere, and seek success in difficulties. We will firmly establish ourselves as the vanguard of Baowu, unwaveringly build a strong and powerful new Magang, and on the brilliant journey to the vast sea of stars, we will strive to compose the magnificent chapter of “the treasure of the nation, the might of steel” for Magang.

Appendix

Key Performance

Indicator	Unit	2021	2022	2023
Operating Revenue	CNY100 million	1,138.51	1,021.54	989.38
Compound Growth Rate of Operating Revenue	%	11.58	8.6	6.63
Total Profit	CNY100 million	70.16	-5.61	-15.97
Net Profit	CNY100 million	59.94	-8.2	-16.4
Operating Profit Ratio	%	6.47	-0.47	1.61
Liquidity Ratio	—	0.92	0.73	0.5
Total Market Capitalization	CNY100 million	260.58	197.97	182.9
Social Contribution Per Share	Yuan	2.11	0.79	0.53
Total Taxes	CNY100 million	37.5	18	11.21
Number of Board Members	Person	5	7	7
Number of Independent Directors	Person	3	4	4
Proportion of Independent Directors	%	60	57.1	57.1
Proportion of Female Directors	%	40	28.57	0
Average Tenure of Board Members	Year	6	4.7	3
Turnover Rate of Directors/Supervisors/ Senior Executives	%	20	46.15	26.09
Standard Deviation of Age for Directors/Supervisors/ Senior Executives	Age	6.5	3.3	3.2
Number of Days between the Notice Date and the Convening Date of the Annual General Meeting of Shareholders	Day	49	49	27
Ratio of the Shares Holding by Equity Incentive Employees of the Total Share Capital	%	0	0.97	0.6
Number of Corruption Lawsuit Cases of Employees	/	0	0	0
Number of Directors Who Participated in Anti-Corruption Related Training	Person	5	8	9
Director Coverage Rate of Anti-Corruption Related Training	%	100	100	100
Per Capita Training Hours of Anti-Corruption Related Training of Directors	Hour	45	35	32
Number of Employees Who Participated in Anti-Corruption Related Training	Person	8,498	7,900	7,545
Number of Employees Punished or Fired for Violating Anti-Corruption Policies	Person	3	5	2
Costs of Corruption-related Fines, Penalties, or Settlements	CNY10,000	0	0	0
Duration of Law-abiding and Compliance Training	Hour	16	16	56
Number of Participants in Law-abiding and Compliance Training	Person	210	281	506
Times of ESG Training	Time	1	3	5
Total Duration of ESG Training	Hour	2	16	20
Amount of Sales to Related Parties	CNY1 million	4,259	6,412	8,773
Sales to Related Parties per Million Revenue	CNY10,000	3.74	6.28	8.87
Amount of Purchases from Related Parties	CNY1 million	34,873	29,104	27,770
Purchases from Related Parties per Million Revenue	CNY10,000	30.63	28.49	28.07

Indicator	Unit	2021	2022	2023
Amount of Funding Provided to Related Parties	CNY10,000	0	0	0
Funding Provided to Related Parties per Million Revenue	CNY10,000	0	0	0
Amount of Funding Provided by Related Parties to the Listed Company	CNY10,000	0	0	0
Funding Provided by Related Parties to the Listed Company per Million Revenue	CNY10,000	0	0	0
Aggregate Shareholding Percentage of Top Ten Shareholders	%	75.5	75.2	75.6
Percentage of Senior Executive Shareholding	%	0	0.04	0.02
Percentage of Pledged Shares by Controlling Shareholders	%	0	0	0
R&D Investment	CNY100 million	45.06	40.97	39.38
Proportion of R&D Investment in Operating Revenue	%	3.96	4.01	3.98
Year-on-Year Growth Rate of R&D Expenses	%	67.45	-9.08	-10.12
Annual Number of Patents Applied	Piece	592	511	480
Annual Number of Invention Patents Applied	Piece	378	382	390
Annual Number of Newly Granted Patents	Piece	456	482	295
Annual Number of Newly Granted Invention Patents	Piece	165	254	224
Number of Software Copyrights	Piece	1	2	10
Number of R&D Employees	Person	2,244	2,082	2,037
Percentage of R&D Employees	%	11.52	11	10.98
Total Number of Customers	Person	1,859	1,999	1,466
Total Number of Customers in East China	Person	1,258	1,325	1,009
Total Number of Customers in South China	Person	158	181	104
Total Number of Customers in North China	Person	152	153	108
Total Number of Customers in Southwest China	Person	166	142	61
Total Number of Overseas Customers	Person	125	157	170
Inspection Pass Rate of Products	%	100	100	100
Recovery Rate of Products Sold or Delivered due to Safety or Health Reasons	%	0	0	0
Number of Customer Complaints Accepted	Piece	1,713	1,742	1,916
Customer Complaint Resolution Rate	%	93.46	87.73	94.25
Customer Satisfaction	%	88.03	88.07	88.12
Number of Registered Suppliers	Number	2,644	2,021	2,152
Number of Domestic Suppliers	Number	2,628	2,010	2,130
Number of Overseas Suppliers	Number	16	11	22
Number of Suppliers with Second-Party Audits during the Reporting Period	Number	24	24	42
Number of Suppliers with whom the Cooperation Was Ended due to Non-Compliance	Number	0	0	0
Number of Potential Suppliers Rejected for Non-Compliance	Number	0	0	0

Indicator	Unit	2021	2022	2023
Number of Suppliers Receiving ESG Training	Numbe	1	8	21
Times of ESG Training for Suppliers	Piece	1	1	24
Number of Total Employees	Person	18,730	20,844	18,555
Number of Employees on Labor Dispatch	Person	0	0	0
Number of Total Male Employees	Person	17,167	19,069	17,070
Number of Total Female Employees	Person	1,563	1,775	1,485
Number of Total Full-time Employees	Person	18,730	20,844	18,555
Number of Total Part-time Employees	Person	0	0	0
Percentage of Minority Employees	%	1.57	1.57	1.6
Number of Employees Aged 35 and under	Person	4,692	5,144	4,650
Number of Employees Aged 36-40	Person	1,739	1,938	1,637
Number of Employees Aged 41-50	Person	8,250	7,954	6,577
Number of Employees Aged 51-60	Person	5,270	5,808	5,691
Number of Employees Registered within the Province	Person	19,640	20,197	18,050
Number of Employees Registered outside the Province	Person	312	647	505
Number of New Employments during the Reporting Period	Person	292	209	225
Signing Rate of Labor Contracts	%	100	100	100
Proportion of Female Managers	%	4.92	4.59	4.79
Per Capita Number of Paid Vacation Days Per Year	Day	11.76	9.29	12.6
Management Compensation/ Total Employee Compensation	%	12.66	12.4	14
Total Amount of Social Insurance Payment	CNY10,000	67,912.64	62,084.71	78,344.47
Employee Social Insurance Coverage	%	100	100	100
Total Investment in Employee Training	CNY10,000	2,117.9	2,294.54	2,554.39
Proportion of Employees Receiving Training	%	95.1	99	99.5
Employee Training	Day/person	12.8	16.5	19.8
Number of Male Employees Receiving Training	Person	17,867	18,701	17,168
Proportion of Male Employees Receiving Training	%	97.7	99.2	99.7
Per Capita Training Hours of Male Employees	Hour	102.4	131.9	157.2
Number of Female Employees Receiving Training	Person	1,538	1,732	1,484
Proportion of Female Employees Receiving Training	%	92.5	97.5	99.2
Per Capita Training Hours of Female Employee	Hour	81.3	117.5	131.5
Number of Management Employees Receiving Training	Person	1,448	1,284	1,183
Proportion of Management Employees Receiving Training	%	96.34	100	100
Per Capita Training Hours of Management Employees	Hour	174.4	188.8	209.4
Number of Technology Business Employees Receiving Training	Person	3,939	3,383	3,217
Proportion of Technology Business Employees Receiving Training	%	92.86	97	94
Per Capita Training Hours of Technology Business Employees	Hour	158.3	177	187.4
Number of Operation and Maintenance Employees Receiving Training	Person	17,360	15,862	14,057
Proportion of Operation and Maintenance Employees Receiving Training	%	93.36	100	99.6

Indicator	Unit	2021	2022	2023
Per Capital Training Hours of Operation and Maintenance Employees	Hour	83.8	116.5	144.8
Employee Satisfaction	%	89.59	90.21	90.25
Employee Turnover Rate	%	0.44	0.2	0.28
Male Employee Turnover Rate	%	0.43	0.19	0.26
Female Employee Turnover Rate	%	0.01	0.01	0.02
Turnover Rate of Employees under the Age of 30	%	0.14	0.08	0.15
Turnover Rate of Employees Aged 30-40	%	0.17	0.08	0.1
Turnover Rate of Employees Aged 41-50	%	0.05	0.03	0.02
Turnover Rate of Employees over the Age of 50	%	0.08	0.01	0.01
Turnover Rate of Employees Registered within the Province	%	0.41	0.17	0.23
Turnover Rate of Employees Registered outside the Province	%	0.03	0.03	0.05
Employee Health Examination Coverage	%	100	100	100
Per Capita Revenue	CNY10,000	479	477	533
Investment in Workplace Safety	CNY100 million	1.37	1.93	0.76
Times of Workplace Safety Training	Number of sessions	136	205	788
Number of Participants in Workplace Safety Training	Person	37,049	43,504	53,583
Total Duration of Workplace Safety Training	10,000 hours	43	50.03	48.41
Coverage Rate of Safety Training	%	100	100	100
Rate of Employment with Certificate for Special Operators	%	100	100	100
OHSAS18001/ISO45001 Certification Coverage Ratio	%	100	100	100
Times of Occupational Disease Happened	Time	0	0	0
Occurrence Rate of Occupational Diseases	%	0	0	0
Number of Employee Work-related Death Accidents	Number	2	1	0
Number of Employee Serious Injury Accidents	Number	0	1	0
Number of Employees Suffering Work-related Death	Person	2	1	0
Number of Employees with Serious Injury	Person	0	1	0
Number of Employees with Slight Injury	Person	4	2	5
Rate of Injuries per Thousand Persons	‰	0.41	0.32	0.21
Number of Work-related Death Accidents of Related Party	Number	3	4	2
Number of Work-related Death Employees of Related Party	Person	3	7	2
Number of Lost Workdays due to Work-related Injury	Day	12,405	6,295	380
Rate of Work-related Injury Accidents	Number of work-related injuries/ million working hours	1.41	1.43	0.79
Lost Workdays due to Work-related Injury per Million Revenue	Day/CNY10,000	0.124	0.062	0.003
Ratio of Work-related Death to Total Employees	%	0	0.005	0
Total External Donation Amount	CNY10,000	256.7	349.87	363.79
Number of Employee Volunteers	Person	3,337	3,126	3,519
Total Duration of Annual Volunteer Activities	Hour	8,097	7,561	8,548
Per Capita Volunteer Service Hours	Hour	2.43	2.42	2.43

Indicator	Unit	2021	2022	2023
Number of Participants in Volunteer Activities (person-time)	Person	4,379	4,015	4,826
Total Environmental Protection Investment	CNY100 million	20.62	40.30	33.83
Proportion of Environmental Protection Investment to Operating Revenue	%	1.81	3.95	3.37
Times of Environmental Protection Training	Number of sessions	20	13	13
Number of Participants in Environmental Protection Training	Person	13,400	12,183	10,570
Duration of Environmental Protection Training	Hour	84,078	81,969	73,716
Office Electricity Consumption	10,000 degree	613	678	654.22
Office Water Consumption	10,000 cubic meters	29	31	28.93
Office Waste Treatment Capacity	Ton	4,300	4,500	3,016.84
Number of Annual Pollution Accidents	Time	0	0	0
Project EIA Rate	%	100	100	100
Carbon Dioxide Emissions	10,000 tons	3,819.04	3,650.04	3,887.8
Carbon Dioxide Emissions (Scope 1)	10,000 tons	3,483.3	3,329.16	3,580.2
Total Carbon Dioxide Emissions (Scope 2)	10,000 tons	335.74	320.88	307.61
Carbon Dioxide Emissions per Ton of Steel (Carbon Intensity)	Ton	1.82	1.82	1.85
Carbon Dioxide Emissions per Ton of Steel (Scope 1)	Ton	1.66	1.66	1.71
Carbon Dioxide Emissions per Ton of Steel (Scope 2)	Ton	0.16	0.16	0.15
Total Emissions of Sulfur Dioxide	Ton	5,175	4,297	4,213
Sulfur Dioxide Emissions per Ton of Steel	Kilogram	0.25	0.2	0.2
Total Emissions of Nitrogen Oxide	Ton	9,362	6,457	7,824
Nitrogen Oxide Emissions per Ton of Steel	Kilogram	0.45	0.33	0.37
Total Emissions of Particulate Matter	Ton	9,285	8,095	8,712
Particulate Matter Emissions per Ton of Steel	Kilogram	0.44	0.28	0.31
Total Emissions of Volatile Organic Compounds (VOCs)	Ton	2,804	2,715	2,358
Total Raw Coal Consumption	10,000 tons	361.12	342	380
Total Cleaned Coal Consumption	10,000 tons	644.85	706	779
Total Coke Consumption	10,000 tons	369.76	290	317
Total Power Consumption	100 million kwh	63.66	64	59.91
Total Diesel Consumption	Ton	6,181	5,300	5,104
Total Gasoline Consumption ¹	Ton	257.5	23	25
Total Natural Gas Consumption	10,000 cubic meters	5,802.64	3,580	7,053.8
Renewable Energy Consumption (Clean Energy Consumption)	100 million kwh	0.21	0.33	0.37
Energy Intensity	GJ/ton of crude steel	16.2	16.76	16.93
Comprehensive Energy Consumption	10,000 tons of standard coal (equivalent value)	1,158.87	1,162	1,210.8
Comprehensive Energy Consumption per Ton of Steel	Kilogram of standard coal equivalent	552.71	572	577.93
Qualification Rate of Standardized Management over Hazardous Wastes	%	100	100	100
Utilization and Disposal Quantity of Hazardous Waste	10,000 tons	4.87	8.11	7.63

Indicator	Unit	2021	2022	2023
Safe Disposal Rate of Hazardous Wastes	%	100	100	100
Total Quantity of Non-hazardous Waste Generated (Total Amount of General Waste Discharged)	10,000 tons	1,261.05	1,273.94	1,408.8
Density of Non-hazardous Wastes Generated (Intensity of General Wastes Discharged)	Kilogram/ton	601.44	636.97	856.41
Total Quantity of Hazardous Wastes Generated (Total Amount of Harmful Wastes Discharged)	10,000 tons	5.37	7.77	7.58
Density of Hazardous Wastes Generated (Density of Harmful Wastes Generated)	Kilogram/ton	2.56	3.89	4.61
Total Quantity of Solid Wastes Generated	10,000 tons	1,261.05	1,273.94	1,408.89
Total Quantity of Solid Wastes Utilized	10,000 tons	1,260.57	1,273.5	1,408.83
Utilization Rate of Solid Wastes	%	99.96	99.97	99.99
Total Quantity of Recyclable Wastes Generated	10,000 tons	1,261.05	1,273.84	1,408.62
Total Quantity of Non-Recyclable Wastes Generated	Ton	3,195	1,703.64	658.61
Total Water Withdrawals	10,000 tons	18,875.39	17,000	15,545
Water Withdrawals per Million Revenue	Ton/CNY10,000	16.58	16.64	15.71
Total Water Discharge (Total Discharge of Waste Water)	10,000 tons	2,511	1,836	1,135
Total Annual New Water Consumption (New Water Consumption)	10,000 tons	4,742.3	4,148.44	3,987.9
Total Water Consumption Saved	10,000 tons	71.29	78.44	160.5
Fresh Water Consumption per Ton of Steel	Cubic meters	2.26	2.09	1.9
Total Quantity of Industrial Water Repeatedly Utilized (Recycled Water Consumption)	10,000 cubic meters	265,766.92	232,644	238,318.27
Repeating Utilization Rate of Industrial Water	%	98.22	98.22	98.23
Total COD Emissions	Ton	367	256	148
COD Emissions per Ton of Steel	Gram	17.5	12	7
Total Emissions of Ammonia Nitrogen	Ton	16	13	11
Ammonia Nitrogen Emissions per Ton of Steel	Gram	0.76	1	0.5
Total Consumption of Packaging Material	10,000 tons	4.76	4.16	6.12
Density of Packaging Material Consumption	Kilogram/ton	2.32	2.09	2.97
Environmental Management System	%	100	100	100
Environmental Management System (ISO14001) Certification Coverage	%	100	100	100

¹In 2022, the gasoline management caliber was standardized to collect the actual usage amount of the enterprise (before 2022, in addition to the actual usage amount, the external sales quantity was also included in the gasoline consumption data).

Index of Indicators

First-level Title	Second-level Title	Guidelines for Corporate Social Responsibility Report in China (CASS-ESG5.0)	Environmental, Social and Governance Reporting Guide of The Stock Exchange of Hong Kong Limited	Report Location
About the Report		P1.1-1.3	Reporting Boundary	P03
Message from Chairman		P2.1-2.2		P06
Contributions to United Nations Sustainable Development Goals (UN SDGs) 2030				P08
About Masteel	I. Company Profile	P4.1-4.3		P10
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ESG Statement of the Board of Directors		P1.1		P15
ESG Management	I. ESG Management System	G2.1-2.2,G3.1-3.3		P16
	II. Communication with Stakeholders	G3.5-3.7		P18
	III. Analysis of Material Issues	G3.5		P19
Topic: With Innovation as the Foundation, Creating the Source of Technologies Through Intelligent Steel Manufacturing		P3		P20
Root of Steel (G - Governance): Making Every Effort to Create a Glorious Future Through Standardized Governance	I. Enhancing Corporate Governance	G1.1-1.10	B7 General Disclosure, B7.1-7.3	P26
	II. Protecting the Rights and Interests of Shareholders	G2.1		P34
	III. Total Quality Management	S5.1-5.6	B6 General Disclosure, B6.2, B6.4-6.5	P35
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Beauty of Steel (E-Environment): Taking the Lead to Reduce Carbon by Green Steel with Priority on Ecological Protection	I. Strengthening green management	V1.1-1.4,E1.1,E1.3-1.4,E1.6-1.7,V4.1-4.5	A3 General Disclosure, A3.1	P46
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Rating Report

Rating Report of 2023 Environmental, Social and Governance Report of Maanshan Iron and Steel Co., Ltd.

Entrusted by Maanshan Iron and Steel Co., Ltd., the Chinese Expert Committee on CSR Report Rating selected experts to form a Rating Team and rated the 2023 Environmental, Social and Governance Report of Maanshan Iron and Steel Co., Ltd. (hereafter referred to as "the Report").

I. Rating Criteria

Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG 5.0) issued by the Chinese Academy of Social Sciences and Rating Standards for the ESG Report of Chinese Enterprises (2023) issued by the Chinese Expert Committee on CSR Report Rating.

II. Rating Process

- The Rating Team reviewed and confirmed the Confirmation Letter on Process and Accessibility Evaluation Materials of the Corporate ESG Report and related supporting materials submitted by the Compilation Team of the Report;
- The Rating Team evaluated the compilation process and the disclosed information of the Report and drafted the Rating Report;
- The Vice Chairman of the Chinese Expert Committee on CSR Report Rating and the leader and the expert of the Rating Team cosigned and reviewed the Rating Report.

III. Rating Results

Process (★★★★★)

The Company established an ESG management framework of "Board of Directors - ESG Leading Group - ESG Office", forming a top-down ESG management system with clear powers and responsibilities. The Board of Directors serves as the decision-making body of the Company's ESG issues, the General Manager serves as the leader of the ESG Leading Group, and the management leadership serves as members, who strive to promote the ESG work in a coordinated way. After the Report was completed, revised and confirmed by all departments and subsidiaries, it was submitted to the Board of Directors for review and final comments. The Report was positioned as an important tool to improve the level of social responsibility management, strengthen communication with stakeholders, spread the Company's philosophies and responsibility performance trends, and disclose the information in a compliant way, showing a clear functional value. The material issues were identified and disclosed according to the national macro policies, domestic and foreign authoritative ESG standards, industrial policies and regulations, and benchmarking excellent reports. Therefore, the Report has excellent process performance.

Materiality (★★★★★)

The Report systematically disclosed key industrial issues, including the improvement in ESG governance, serving national strategies, the R&D and application of environment-friendly products or technologies, saving energy and resources, recycling of scrap, emission reduction of three wastes (waste gas, waste water, and solid waste), response to climate change, the guarantee of workplace safety, product and service quality management, employees' health and safety, staff development and training, and the sustainable supply chain in detail and full. Therefore, the Report has excellent materiality performance.

Completeness (★★★★☆)

The Report systematically disclosed 89.09% of industrial core indicators from various aspects, including "Root of Steel (G - Governance): Making Every Effort to Create a Glorious Future Through Standardized Governance", "Beauty of Steel (E - Environment): Taking the Lead to Reduce Carbon by Green Steel with Priority on Ecological Protection", and "Responsibility of Steel (S - Society): Embracing the Challenge and Thriving Through Collaboration". Therefore, the Report has leading completeness performance.

Balance (★★★★★)

The Report disclosed negative data such as "Turnover Rate of Directors/Supervisors/Senior Executives", "Number of Suppliers with whom the Cooperation Was Ended due to Non-Compliance", "Employee Turnover Rate", "Times of Occupational Disease Happened", and "Number of Annual Pollution Accidents", and briefly described the facts that "no negative incidents concerning customer health and safety occurred" and "no environmental violation issues occurred throughout the year, and

no penalties were imposed by the environmental protection authority". Moreover, the Report described in detail the causes, overview, handling, and rectification of the "7·20" Fall Incident at Changjiang Steel Sintering Plant". Therefore, the Report has excellent balance performance.

Comparability (★★★★★)

The Report disclosed and compared data on 207 KPIs (key performance indicators) over the past three years, including "Operating Revenue", "Total Profit", "Total Number of Customers", "Employee Social Insurance Coverage", "Comprehensive Energy Consumption", "Total Water Consumption Saved", and "Total Community Welfare Investment". Moreover, a horizontal comparison was carried out according to the facts that Masteel was selected for "the 'Central Enterprise ESG · Pioneer 100 Index' of the SASAC of the State Council, ranking 30th" and "the list of '100 ESG Pioneers of Chinese List Companies'", ranking 2nd in the steel industry". Therefore, the Report has excellent comparability performance.

Readability (★★★★★)

Themed "Aim High and Go All Out", the Report elaborated on the concepts and effectiveness of the enterprise's responsibility performance in three chapters from the perspectives of standardized governance, green development, and social contribution, with a clear framework and highlighting the sense of responsibility of the enterprise. A special topic titled "With Innovation as the Foundation, Creating the Source of Technologies Through Intelligent Steel Manufacturing" was set up in the Report to focus on the responsibility performance practice of the enterprise in intelligent innovation. The enterprise's landmark building was integrated into the cover design to improve the identification of the Report. Large real-scene pictures showing the main business were adopted on the cross-page of chapters, and narrative introductions were embedded to facilitate the readers to quickly grasp the key points of the chapters. The "Tip" section was set up to interpret industry-specific terminologies, thereby increasing the readability of the Report. QR codes were provided in multiple places to showcase the enterprise's excellent responsibility management practices, strengthening the dissemination and communication power of the Report. The selected practices were highly representative and echoed the pictures. Therefore, the Report has excellent readability performance.

Accessibility (★★★★★)

The Report was released together with the Company's annual report in printed and electronic forms and was published and distributed through the Company's official website, the offline report conference, the WeChat official account, news media, and conferences and exhibitions. Therefore, the Report has excellent accessibility performance.

Overall Rating (★★★★★)

Upon evaluation by the Rating Team, the 2023 Environmental, Social and Governance Report of Maanshan Iron and Steel Co., Ltd. reached a five-star level as an excellent corporate ESG report.



Masteel received a five-star evaluation for the second consecutive year.

IV. Suggestions for Improvement

More industrial core indicators should be disclosed for better completeness of the Report.

Signature of Vice Chairman

Vice Chairman of the Chinese Expert Committee on CSR Report Rating

Signature of Leader of the Rating Team

Signature of Expert of the Rating Team



Leader of the Rating Team Expert of the Rating Team

Issued on: March 26, 2024

Scan the QR code to view the enterprise's rating file.

Feedback

Dear readers:

Hello! Thank you very much for reading the 2023 ESG Report of Maanshan Iron and Steel Co., Ltd.! In order to continuously improve the management of social responsibility report, we particularly hope to hear your comments and suggestions. Please help to complete relevant questions in the feedback table and feed it back through the following ways:

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Your information

Name: _____ Work unit: _____

Tel.: _____ Email: _____

Choice questions (please tick “✓” in appropriate box)

Please evaluate the degree to which the Report reflects the significant impact of Masteel on the economy, society and environment:	<input type="checkbox"/> Very good	<input type="checkbox"/> Relatively good	<input type="checkbox"/> General	<input type="checkbox"/> Relatively bad	<input type="checkbox"/> Very bad
Please evaluate the response and disclosure of the Report to stakeholders' concerns:	<input type="checkbox"/> Very good	<input type="checkbox"/> Relatively good	<input type="checkbox"/> General	<input type="checkbox"/> Relatively bad	<input type="checkbox"/> Very bad
Please evaluate the clarity, accuracy and completeness of the information, indicators and data disclosure in this Report:	<input type="checkbox"/> Very good	<input type="checkbox"/> Relatively good	<input type="checkbox"/> General	<input type="checkbox"/> Relatively bad	<input type="checkbox"/> Very bad
Please evaluate the readability of this Report:	<input type="checkbox"/> Very good	<input type="checkbox"/> Relatively good	<input type="checkbox"/> General	<input type="checkbox"/> Relatively bad	<input type="checkbox"/> Very bad
Please make a comprehensive evaluation of the 2023 ESG Report of Maanshan Iron and Steel Co., Ltd.:	<input type="checkbox"/> Very good	<input type="checkbox"/> Relatively good	<input type="checkbox"/> General	<input type="checkbox"/> Relatively bad	<input type="checkbox"/> Very bad

Open questions

What suggestions do you have for Masteel's ESG work in 2023?

What do you think the Report has provided you with valuable ESG information?

What other ESG information do you think shall be disclosed in the Report?

What do you think are the shortcomings of the Report?



To expedite the process of providing feedback, you can simply scan the QR code



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