



2024

Maanshan Iron and Steel Co., Ltd.

**Environmental,
Social and Governance Report**



About the Report

Reporting Period

The Report is released annually. It is the ESG (Environmental, Social and Governance) Report 2024 of Maanshan Iron and Steel Co., Ltd. released to the public.

Since 2010, the Company has released Corporate Social Responsibility (CSR) reports, renaming them to ESG reports in 2022. This marks the 15th consecutive year of issuing CSR/ESG reports.

Title Description

For ease of reference 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, 2024 to December 31, 2024. 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

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 Stock Exchange

Guidelines No. 14 of Shanghai Stock Exchange for Self-regulation of Listed Companies – Sustainability Report (Trial)

General Framework of the Guidelines for Corporate Sustainability Development Report in China (CASS-ESG6.0) of the Chinese Academy of Social Sciences

Sustainability Indicators 2024 Report of the World Steel Association

Preparation Process

Formation of working group - Report planning - Framework building - Preparation training - Data collection - Investigation into stakeholder impact and materiality topics - Investigation into internal financial materiality topics - Report preparation - Department review - Report design - Opinions soliciting - Report revision - Management review - Board approval - 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 forms as far as possible.

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

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Message from Chairman



The year 2024 was extraordinary for Masteel. Four years ago, the earnest instructions and full recognition from General Secretary Xi Jinping laid a fundamental guideline for us to accelerate the improvement of operational performance and build a robust and strong new Masteel for the future. In 2024, focusing on the "Four Development Directions" and "Four Essentials" as our core strategies, we actively responded to severe external challenges and strived to overcome internal issues. Through the unity and perseverance of our entire team, we stabilized the overall business operation and production, advancing with a long-term vision and overcoming obstacles to move forward.

Jiang Yuxiang

Chairman and Secretary of the
Communist Party Committee,
Maanshan Iron and Steel Co., Ltd.

In 2024, we skillfully balanced short-term gains with long-term sustainability, breaking old patterns to foster innovation. By adopting a "2343" business strategy, we deepened financial management and lean operations, significantly improving current business performance. Strengthening compliance management and internal system reforms, we successfully completed the shareholding reform of Baowu Group Masteel Rail Transit Material Technology Co., Ltd., reinforcing the foundation of corporate governance. Innovation-driven development further enhanced Masteel's renowned products—wheels and H-beams—broadening our product competitiveness and brand influence. We also launched six new products for the first time domestically. Notably, Masteel was recognized as one of the eighth batch of national-level manufacturing single-item champion enterprises. The unveiling of China's CR450 high-speed train, featuring Masteel's 400 km/h wheels, marks it as the world's fastest train.

In 2024, we prioritized balancing "development" with "environmental protection", emphasizing energy conservation and carbon emission reduction. In our commitment to combating climate change, we enhanced pollution prevention, saved energy and resources, and made steady progress towards our carbon emission reduction objectives. Multiple processes were awarded the "Double Carbon Best Practice Energy Efficiency Benchmarking Demonstration Plant Cultivating Enterprise" by the China Iron and Steel Association. Baowu Group Masteel Rail Transit Material Technology Co., Ltd. earned recognition as a national-level "Green Factory". Additionally, Masteel has been rated "excellent" in annual energy and environmental performance by Baowu Group for three consecutive years.

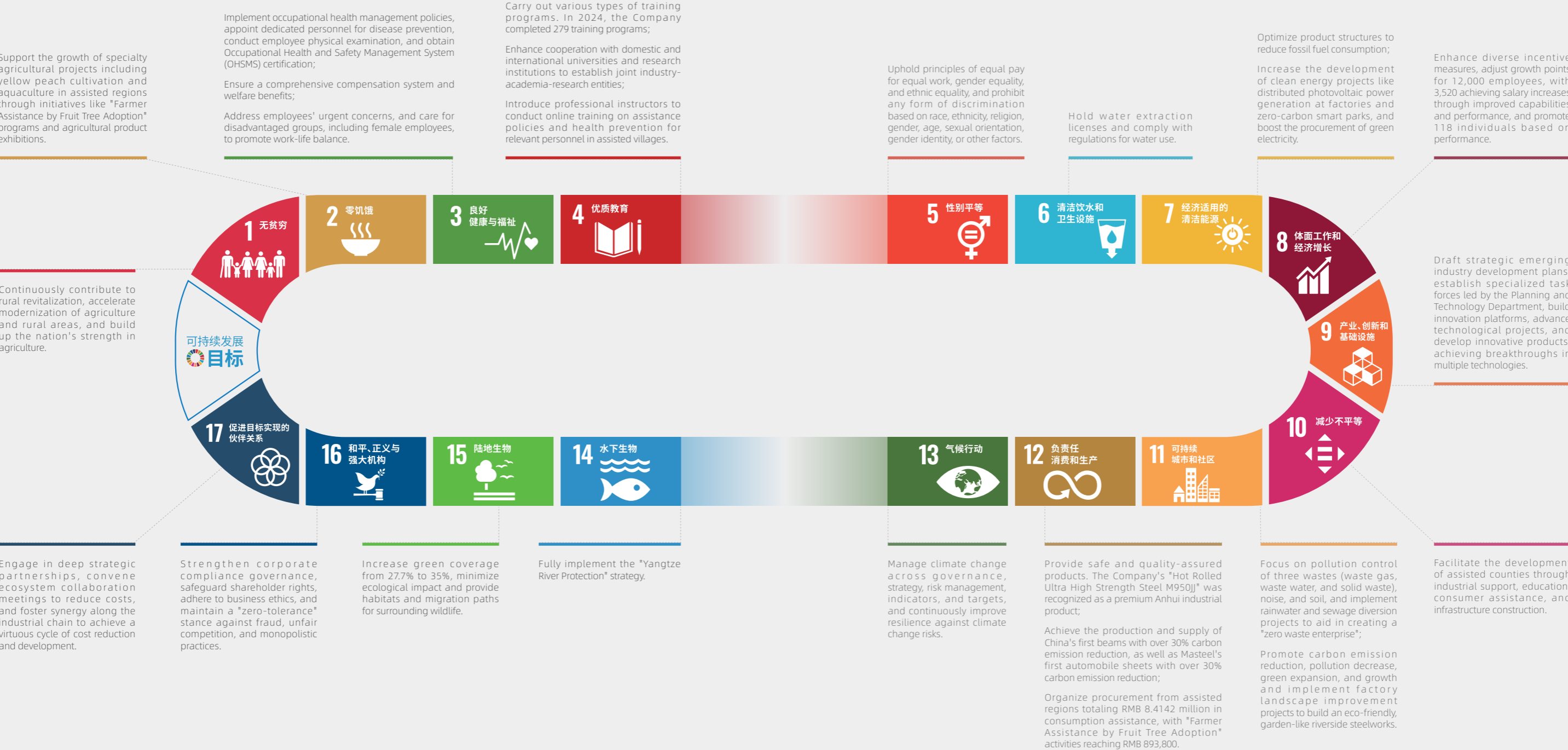
In 2024, we focused on "deep cultivation" and "broad expansion" to foster win-win cooperation. Acknowledging employees, customers, and upstream & downstream enterprises as vital partners, we protected employee rights and promoted their development through a "three utmost" initiative tailored to their needs. Upholding a philosophy of mutual benefit, we fortified strategic partnerships and elevated customer service standards. By closely collaborating with suppliers, we ensured secure and stable supply chain, creating a comprehensive, multi-tiered cooperative development framework.

In 2024, we embraced "dedication" and "responsibility", spreading warmth within our community. We actively contributed to rural revitalization by supporting the upgrade of rural industries, spending a total of RMB 8.4142 million on consumption assistance and making investments in rural infrastructure. Our commitment to social responsibility was further demonstrated through continued participation in voluntary blood donation and community service activities, and over ten volunteer activities were organized throughout the year. The Company received recognition from the city of Maanshan for significant contributions to hematopoietic stem cell donations, playing an active role in fostering a harmonious society.

Undeterred by challenges, success will finally be achieved. In 2025, Masteel will bolster confidence, and confront difficulties head-on with boldness and perseverance. We will refine our strategic plans, enhance business performance, and accelerate high-quality development from this new starting point.

Contributions to United Nations Sustainable Development Goals (UN SDGs)

Action Performance of Masteel





About Masteel

Company Profile

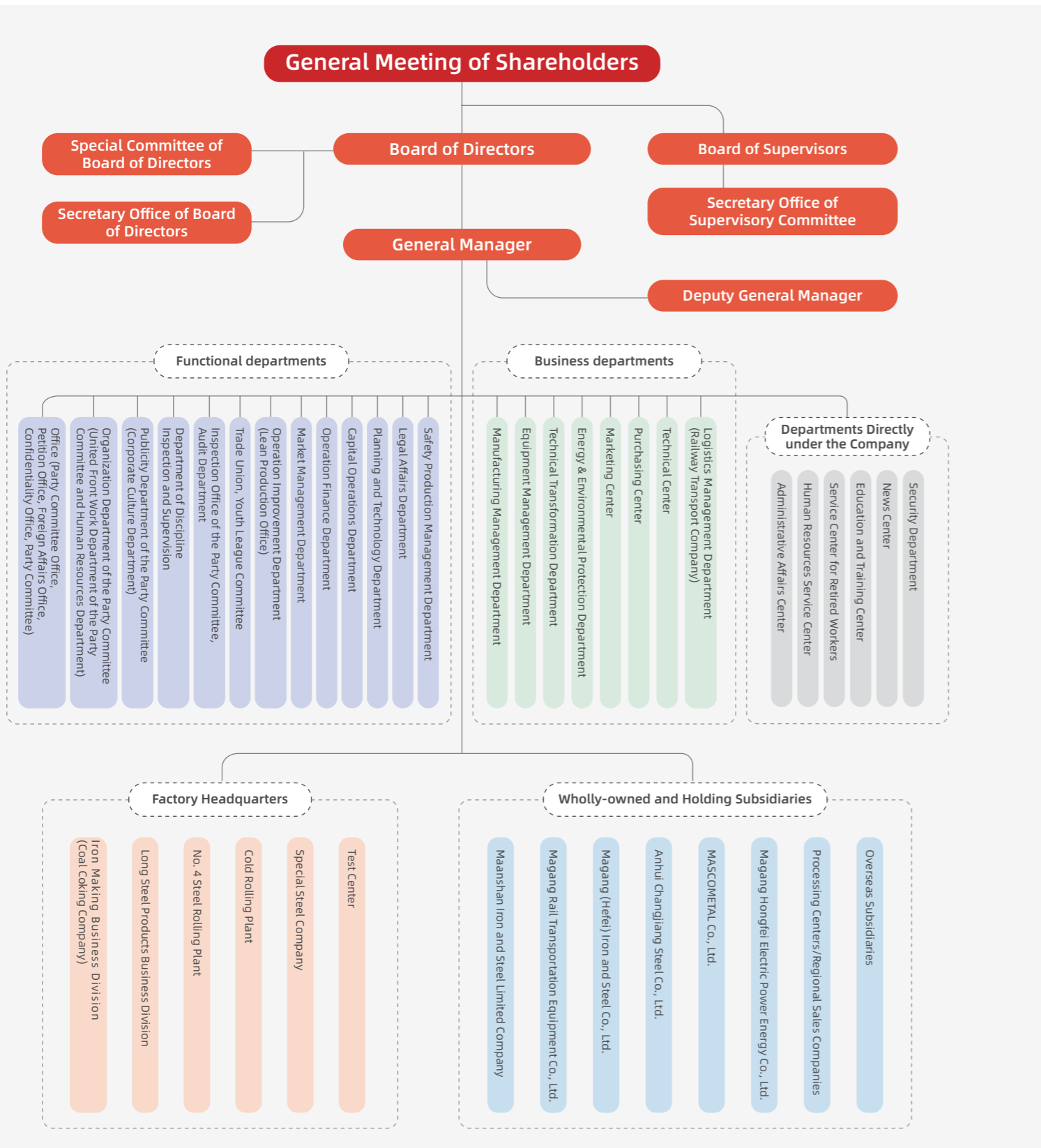
Maanshan Iron and Steel Co., Ltd., also known as Masteel, grew out of the Maanshan Iron Factory founded in 1953. In 1958, Maanshan Iron and Steel Company was established. In 1993, the Company successfully finished the reform of joint-stock system and was divided into Maanshan Magang Corporation and Maanshan 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 Anhui Provincial Investment Group Holding Co., Ltd. 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.

At a pivotal phase of transformation and upgrading, the Company, under the leadership of China Baowu, is guided by new development concepts. By following a "Three Highs and Two Transformations" path and capitalizing on reform and innovation, we are deepening integration and synergies, aiming for continuous improvement by benchmarking against best practices. Our goal is to build a "strong and powerful new Magang", contributing significantly to the growth of China Baowu and the regional economy.



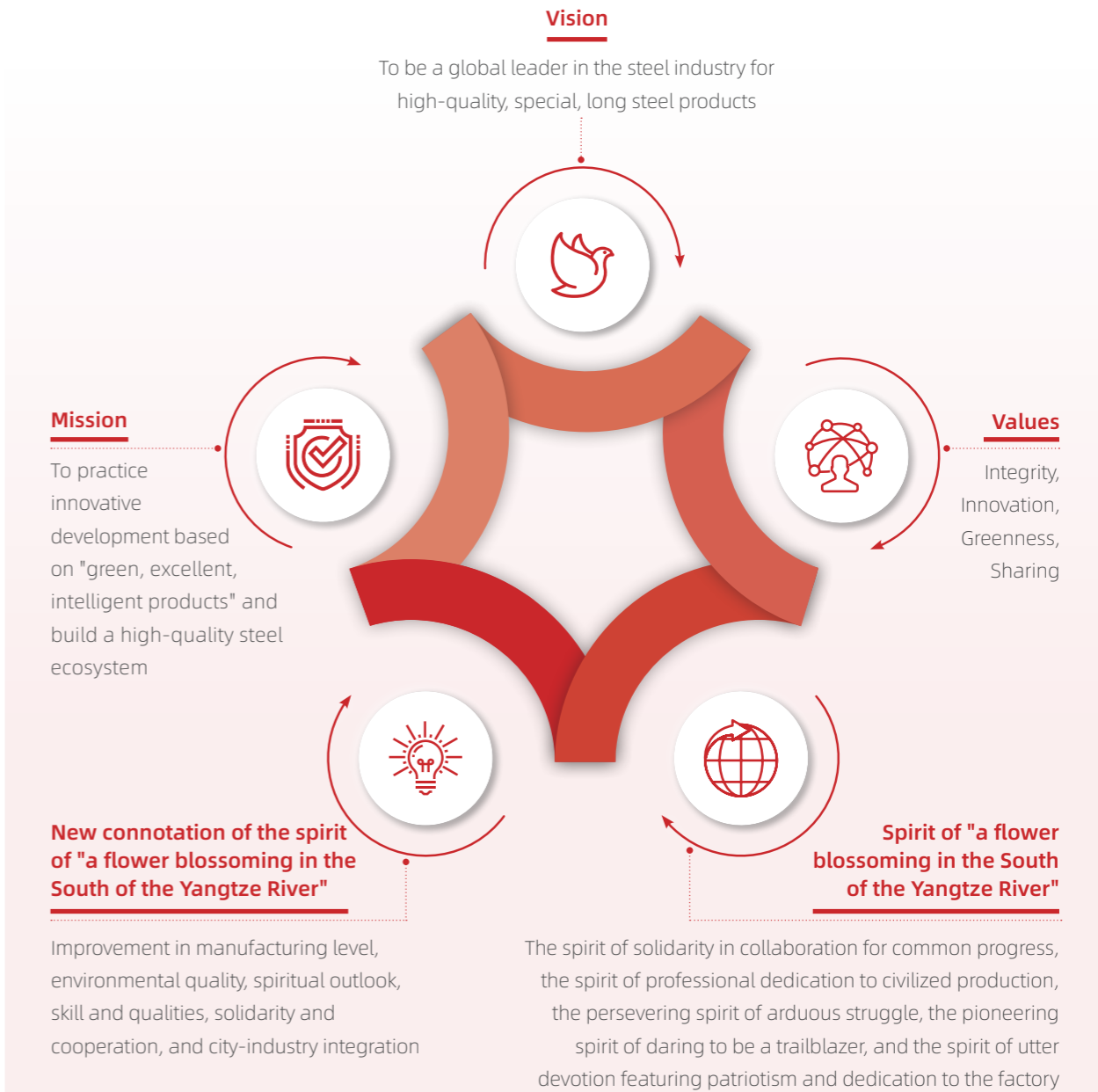
Organizational Structure



Main Business and Products

The Company has developed a unique structure with four dominant products, i.e., "high-quality and special steel, wheels and axles, long steel products, as well as 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

Consecutively selected for "China's Central SOE ESG Pioneer 100 Index" of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), once again listed on CCTV's **"100 ESG Pioneers of China's Listed Companies"**, and first included in CCTV's **"Top 50 Pioneers of China Listed Companies in Yangtze River Delta (2024)"** list;



Received the Silver Award for the **"Baowu Social Responsibility Pioneer Award" (team)** and the **"Baowu Social Responsibility Pioneer Award" (individual)**

Participated in the **2023 Panoramic Investor Relations Awards** and won the **"Outstanding ESG Value Communication Award"**

Three cases were recognized by the China Association for Public Companies (CAPCO) as **"Best Practice Cases"**, **"Scenario Innovation Typical Cases"**, and **"Sustainable Development Excellent Cases"**

The 2023 ESG Report of Maanshan Iron and Steel Co., Ltd. received a five-star rating from the Chinese Expert Committee on CSR Report Rating.



ESG Statement of the Board of Directors

The Board of Directors of Masteel actively fulfills its supervision and management responsibilities for ESG affairs, integrating the "Masteel, Moral Steel" (MS-MS) responsibility concept into the Company's strategy and operational decisions. A transparent ESG governance system has been established, with the Board of Directors at the helm, leading the ESG efforts and directly overseeing the ESG working group, while reviewing and deciding on key ESG initiatives. The Strategic and Sustainable Development Committee, reporting directly to the Board of Directors, ensures that ESG supervision and management are deeply embedded within the Company.

During the reporting period, the Company conducted stakeholder research. Based on multiple rounds of feedback and strategic development considerations, the Board of Directors reviewed and confirmed the dual materiality topics, which are disclosed as the core elements of the Company's ESG report to the public. This report comprehensively and thoroughly presents Masteel's ESG progress and achievements for 2024. The Board of Directors and all directors solemnly commit that the content of this report is truthful, reliable, and free from false records, misleading statements, or significant omissions. They bear individual and joint responsibility for the truthfulness, accuracy, and completeness of the report.

We recognize the profound importance of ESG efforts for our Company's long-term growth and social sustainability. Acknowledging both opportunities and challenges that sustainability presents to our industry and operations, we are dedicated to advancing our ESG initiatives. Moreover, we aim to improve performance in environment, society, and governance, thereby creating greater value for shareholders, employees, customers, suppliers, communities, and society as a whole, and striving to build a sustainable and prosperous future.

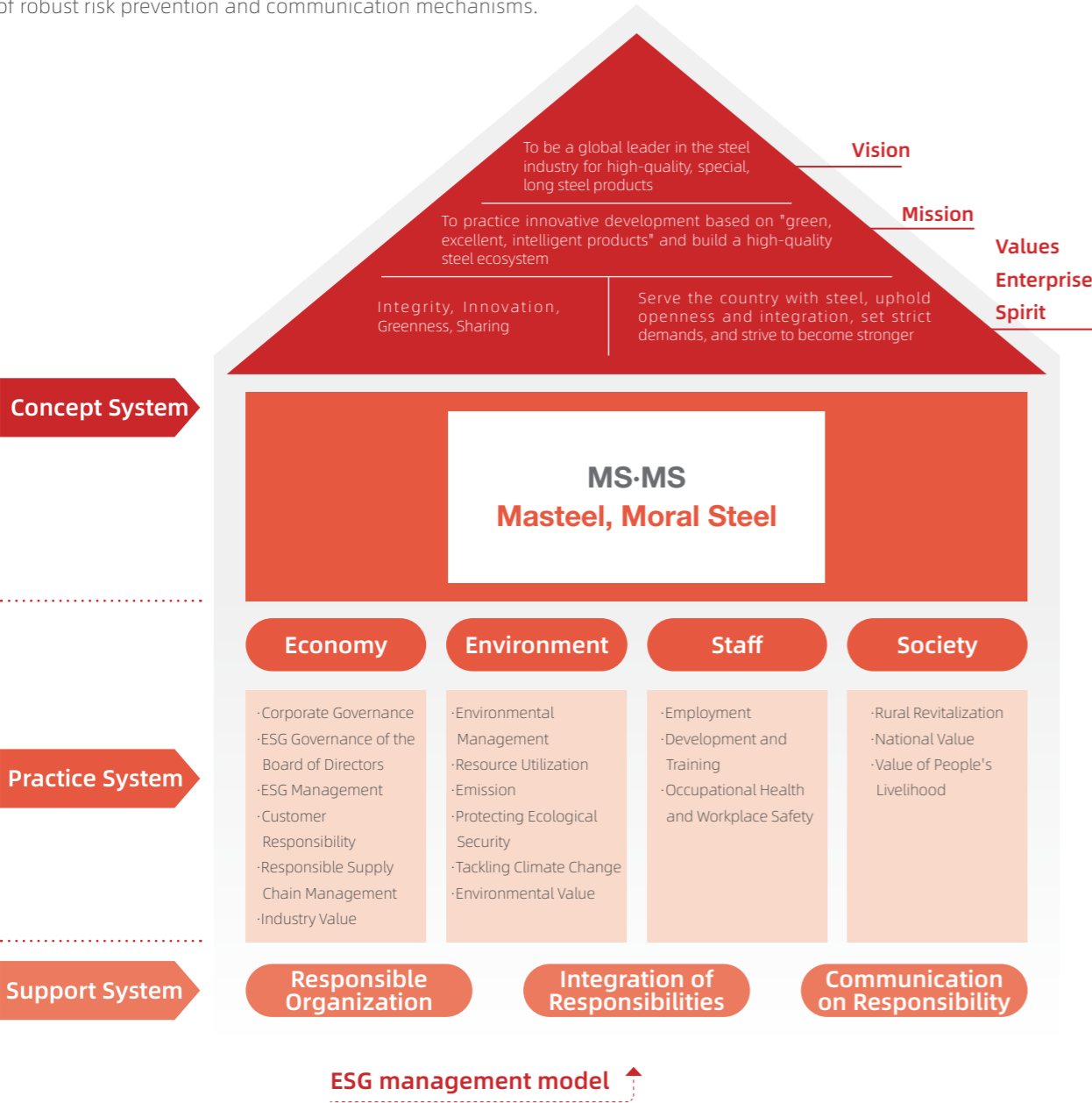


ESG Management

ESG Philosophy and Structure

ESG Philosophy

The Company has clearly defined the ESG philosophy as "Masteel, Moral Steel" ("MS·MS") and integrated it into our development strategy. A structured ESG management model has been established, dividing responsibilities into four main areas: Economy, Environment, Employee, and Society, each aligned with corresponding functional departments. This model effectively drives the breakdown of ESG goals, the communication of requirements, and the establishment of robust risk prevention and communication mechanisms.



Governance System

Masteel incorporates ESG into our decision-making considerations and has developed specialized plans and regulations, including the *Social Responsibility Planning of Masteel (2023-2025)* and the *Management Measures for Social Responsibility Work*, as well as relevant internal regulations related to green development, safety production and technological innovation. Meanwhile, the Company has defined ESG responsibilities and processes to ensure the effective implementation of ESG initiatives. According to leading domestic and international ESG standards, Masteel has established and refined the indicator system, which is divided into four core responsibility areas, with relevant ESG indicators collected, compiled, and submitted while ensuring the accuracy and authenticity of the ESG report through rigorous content review and verification.



The Company has established a clear hierarchical governance structure with distinct levels of authority and responsibility: "Decision-making Layer–Management Layer–Implementation Layer", providing organizational assurance for the effective implementation of ESG initiatives.

ESG governance structure





ESG Working Group

- Formulate ESG-related policies and action plans aligning with the Company's strategy and ESG objectives;
- Manage ESG-related risks in daily operations;
- Liaise with relevant departments, branches and subsidiaries to ensure the effective implementation of ESG initiatives;
- Collect, organize, and prepare public disclosures regarding the Company's ESG initiatives.



ESG Office

- Oversee the Company's routine ESG activities;
- Work with relevant departments and units to advance ESG initiatives;
- Provide regular updates to the ESG leadership team on progress.



Functional departments and subsidiaries

They serve as specific implementation units.

- Each functional department appoints a senior leader responsible for ESG matters and assigns a contact person to facilitate and oversee specific ESG initiatives;
- Each subsidiary designates a leader to oversee its ESG initiatives and appoints several ESG employees to ensure the effective implementation of ESG initiatives.

Capability Building

To continuously enhance the comprehensive capabilities of Masteel's ESG personnel, the Company regularly holds annual ESG report kickoff meetings and invites external experts to conduct specialized ESG training, strengthening key personnel's expertise. Additionally, the Company actively participates in external exchanges and events to build a professional ESG team. Moreover, to reinforce ESG work review and supervision, Masteel incorporates 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 November 2024, Masteel convened the 2024 ESG Report Kickoff Training Meeting to initiate the preparation of the annual ESG report.



In August 2024, the Company participated in the "ESG China Yangtze River Delta Enterprise Social Responsibility Release" and took part in the collective report release session.

Communication with Stakeholders

Masteel values effective communication with our stakeholders and promptly addresses their concerns and demands. The Company responds to stakeholder interests by annually publishing an ESG report. Additionally, we disseminate ESG information through the CSR section of our official website and WeChat account, keeping stakeholders informed of our responsibility efforts and enhancing ESG transparency.

Stakeholders	Key topics	Communication and response
Government and regulatory bodies 	Environmental compliance management Waste management Pollutant emissions Climate change response Ecosystem and biodiversity protection	· Achieve Grade A environmental performance · Regular work reports · Supervision and inspection
Shareholders, investors and rating agencies 	Communication with stakeholders Environmental compliance management Due diligence ESG governance	· Shareholders' meetings · Investor meetings · Public disclosures via annual reports, environmental reports, and ESG reports · Official website and SSE e-interactive platform · Investor hotlines and emails
Employees 	Employee rights, safety, and development	· Employee congress · Employee training programs · Collective contract system · Employee recreational activities
Customers 	Product and service safety and quality Data security and customer privacy protection Innovation-driven growth	· Customer satisfaction surveys · Customer visits · Official WeChat accounts
Partners 	Supply chain security Fair treatment of small and medium-sized enterprises (SMEs) Anti-commercial bribery and anti-corruption Anti-unfair competition	· Regular communications · Open bidding · Participation in industry forums · Strategic and business collaborations · Supplier audits and training
Community 	Social contributions Rural revitalization Waste management Pollutant emissions	· Volunteer activities · Integration of production and urban development · Support for rural revitalization · Green production practices · Public disclosure of environmental information · Implementation of "Three Treatments and Four Doings" · Promotion of environmental protection concepts

Materiality Topic Analysis

During the reporting period, we followed the dual materiality assessment principle to conduct our materiality topic assessment. Building on previous impact materiality assessments, we integrated a financial perspective and aligned with the Company's business characteristics and actual conditions to create an ESG materiality matrix. The report provides detailed responses to 24 material topics.

Topic identification steps

Background analysis and topic identification

The Company identified and categorized 24 topics by considering regulatory guidelines, benchmarking against industry leaders, and aligning with the Company's development goals.

Topic materiality assessment

In terms of impact and likelihood assessment, we conducted stakeholder surveys to identify the level of stakeholder concern and the likelihood of each topic's impact. Final confirmation was made by internal and external experts and leadership. In terms of financial materiality assessment, the finance and relevant business departments assessed the potential risks and opportunities associated with each topic, as well as the degree of financial impact. It was determined that none of the topics have a significant or major financial impact.

Review and confirmation

The Board of Directors reviewed and confirmed the selected material topics, which were then highlighted in the Company's ESG report for external disclosure.



Environment

- 1 Environmental compliance management
- 2 Green products and packaging
- 3 Energy utilization
- 4 Water resource utilization
- 5 Circular economy
- 6 Waste management
- 7 Pollutant emissions
- 8 Enhanced carbon management
- 9 Climate change response
- 10 Ecosystem and biodiversity protection

Society

- 11 Innovation-driven growth
- 12 Product and service safety and quality
- 13 Supply chain security
- 14 Fair treatment of SMEs
- 15 Data security and customer privacy protection
- 16 Adherence to technology ethics
- 17 Employee rights, safety, and development
- 18 Social contributions
- 19 Rural revitalization

Governance

- 20 Communication with stakeholders
- 21 Anti-commercial bribery and anti-corruption
- 22 Anti-unfair competition
- 23 Due diligence
- 24 ESG governance

01

Enhancing Governance Efficacy to Promote Development

Guided by the principle of "modern governance", Masteel continuously enhances the corporate governance to share the benefits of corporate development with shareholders. We reinforce safety measures, drive innovation, ensure product quality, and create long-term and sustainable value.



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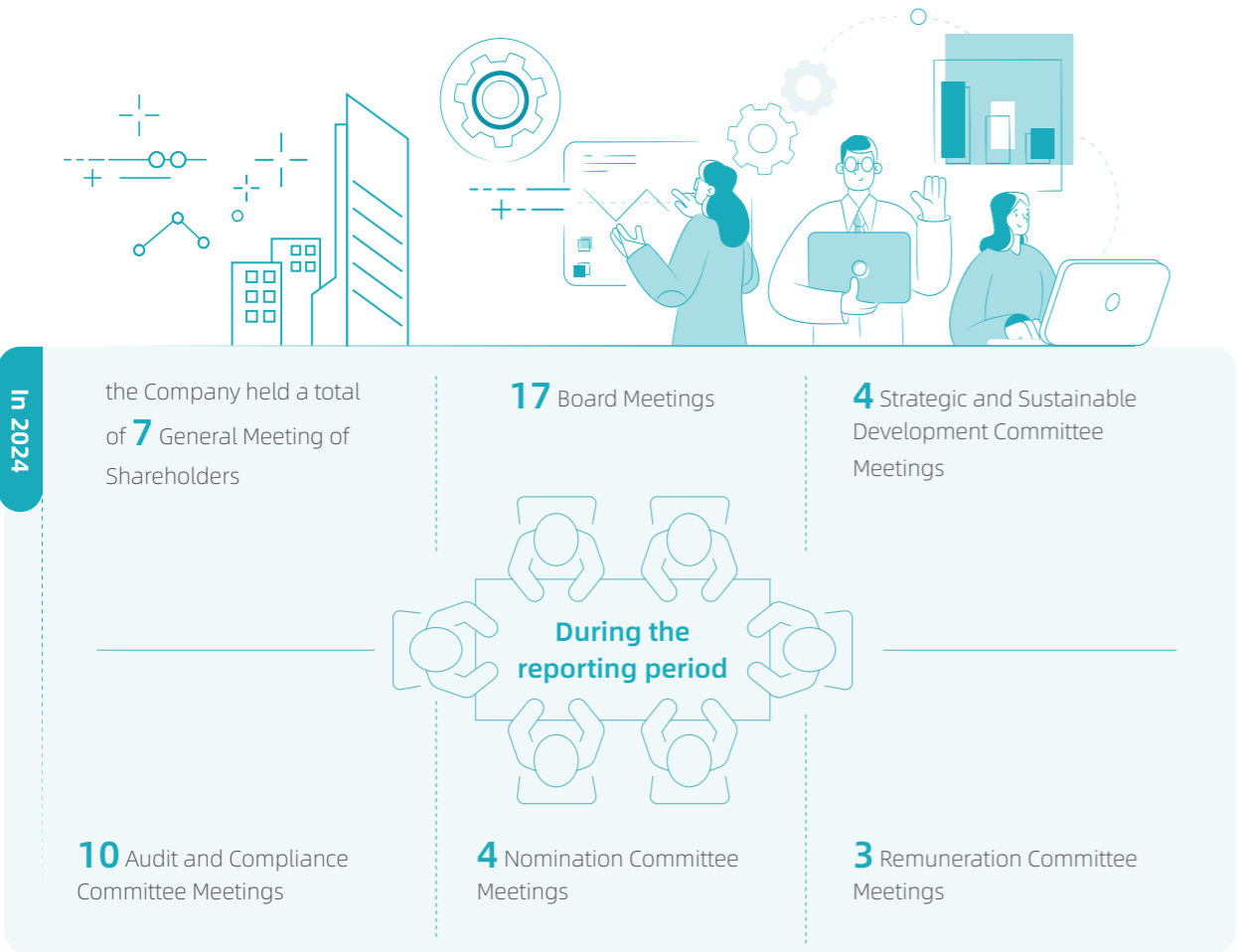
Innovation-driven development	37
Ensuring Product Quality	41



Strengthening Governance Foundations

Corporate Governance

Masteel strictly adheres to relevant laws and regulations, including the Securities Law of the People's Republic of China and the Code of Corporate Governance for Listed Companies in China, as well as the rules of the Shanghai Stock Exchange (SSE) and the Hong Kong Stock Exchange (HKEX). We have established a corporate governance structure with checks and balances among the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the General Manager, ensuring that each entity fulfills its responsibilities, operates efficiently, and maintains effective oversight. Our governance framework promotes sound and effective management, fostering stable and sustainable development. During the reporting period, Masteel revised the Articles of Association and updated the *Investment Management Measures of Maanshan Iron and Steel Co., Ltd.*, renaming it the *Equity Investment Management Measures of Maanshan Iron and Steel Co., Ltd.*, further enhancing our corporate governance standards.



Board of Directors

Masteel prioritizes the effectiveness, independence, diversity, and professionalism of our Board of Directors. By the end of 2024, the Company's 10th Board of Directors consisted of 7 members, including 3 Executive Directors and 4 Non-executive Directors. One of the directors is female, representing one-seventh of the Board.

Board Member Details

Name	Gender	Age (Years)	Chairman	Executive Director	Independent Non-executive Director
Jiang Yuxiang	Male	57	★	★	
Mao Zhanhong	Male	55		★	
Zhang Wenyang	Male	58		★	
Guan Bingchun	Male	61			★
He Anrui	Male	53			★
Qiu Shengtao	Male	59			★
Zeng Xiangfei	Female	45			★

To safeguard independence, the Company has established and periodically updates the *Independent Director Work System*. During the reporting period, all 4 non-executive directors are independent directors, making up 57.14% of the Board.

We regularly review the composition of the Board to ensure diversity, considering factors such as gender, age, educational background, and industry experience. Board members come from various fields, ensuring a comprehensive and balanced decision-making process by analyzing issues from multiple perspectives. Specifically, our 4 independent directors bring extensive experience in areas like metallurgical industry quality system establishment, industrial process control and smart manufacturing, management accounting, and steel material technology.

All executive directors are professionals in the steel industry, with rich experience in steel production, operations, and management, enabling them to make well-informed decisions on matters discussed at Board meetings.

Director training and continuous professional development

During the reporting period, the Company arranged appropriate continuous professional development training for directors through various methods, including organizing directors to attend training sessions and seminars hosted by securities regulatory authorities, listed company associations, and professional institutions, regularly providing updates on relevant laws and regulations, sharing compiled market supervision trends and information. These efforts aim to build a learning-oriented Board.

Chairman and General Manager

The roles of Chairman and General Manager are held by separate individuals to ensure independence and clear division of responsibilities. During the reporting period, Mr. Jiang Yuxiang serves as Chairman, while Mr. Zhang Wenyang is the General Manager. Mr. Jiang is responsible for corporate planning and strategic decision-making, presides over the Board meetings and ensures the effective operation of the Board. Mr. Zhang is accountable to the Board, leads the management team, oversees the Company's routine operations, production, and business management, and implements the resolutions passed by the Board.

Board committees

Under the Board, there are four committees, each with clearly defined responsibilities to assist in strengthening corporate governance: the Strategic and Sustainable Development Committee, the Audit and Compliance Committee, the Nomination Committee and the Remuneration Committee.

Specialized Committees	Members (by the end of the reporting period)	Primary responsibilities
Strategic and Sustainable Development Committee	Jiang Yuxiang, Mao Zhanhong, Zhang Wenyang, Guan Bingchun	Research and monitor medium-to-long term strategic plans, review major investment and financing schemes, significant capital operations, asset management projects, and ESG initiatives delegated by the Board.
Audit and Compliance Committee	Zeng Xiangfei, Guan Bingchun, He Anrui, Qiu Shengtao	Review annual, semi-annual, and quarterly performance, assess risk management and internal controls, and supervise as well as evaluate external and internal audit work as delegated by the Board.
Nomination Committee	He Anrui, Guan Bingchun, Zeng Xiangfei, Qiu Shengtao, Jiang Yuxiang	Discuss the size and composition of the Board based on the Company's needs, review and propose candidates for directors, general manager, and board secretary, and evaluate the independence of independent directors as authorized by the Board.
Remuneration Committee	Guan Bingchun, He Anrui, Zeng Xiangfei, Qiu Shengtao	Draft compensation and evaluation policies for directors and senior management and prepare drafts of equity incentive plans as delegated by the Board.

Note: For the most comprehensive information on corporate governance at Masteel, please refer to our 2024 Annual Report.

Business Ethics

Masteel places a strong emphasis on business ethics, adhering to an integrity-based business philosophy. We maintain a "zero-tolerance" stance towards any breaches of business ethics, reinforcing anti-corruption measures. Meanwhile, we have established reporting channels and ensured the protection of whistleblowers' information, thereby fostering a positive corporate image and commercial reputation. During the reporting period, the Company did not experience any incidents of commercial bribery or corruption.

Anti-unfair competition

The Company implements the *Management Measures for Anti-Monopoly and Compliance* to actively uphold a fair and competitive market environment, firmly opposing any form of unfair competition and monopolistic behavior. In 2024, Masteel organized relevant units to assist Baowu Group and its other subsidiaries in conducting anti-monopoly filings and investigations into competitive activities for major projects. During the reporting period, the Company did not experience any incidents of unfair competition.

Anti-corruption measures

The Company has established the *Anti-Fraud Management Measures* to combat internal fraud, corruption, and abuse of power. We continuously strengthen our efforts to promote full and rigorous Party self-governance, improving the system for such governance. Additionally, we deepen the integrated promotion of the "Three No-Corruptions", thereby establishing a clean and ethical corporate environment.



The Company organized a themed Youth League Day activity titled "Strengthening the Defense of Integrity and Self-discipline: Becoming Pure and Upright Youth League Cadres".

Appeals and reporting channels

Mailing address: Discipline Inspection Commission, Masteel, NO. 8, Jiuhua West Road, Maanshan City, Anhui Province, Postal Code: 243003

Hotline: 0555-2876363



The Long Steel Products Business Division organized the "Family Anti-Corruption Open Day".



The Company has launched a series of video micro-courses titled "Learn the Regulations, Uphold Party Discipline" on the Masteel online learning platform. The courses are organized into three sections: "Learning the Regulations Together", "Discussing Discipline and Promoting Integrity", and "Case Studies on Discipline and Law", aiming to enhance the effectiveness of integrity education.

Compliance and risk control

The Company is committed to lawful and compliant operations, continuously improving the compliance management system. We organize units to identify and categorize compliance risks, forming individual unit-level compliance risk lists, which are then consolidated into a company-wide compliance obligation and risk inventory.

Compliance management

We have revised our *Compliance Management Measures* and collaborated with law firms to develop compliance guidelines for seven key areas, including corporate governance, product liability, export controls, fair trade, and anti-corruption. This comprehensive approach enhances our compliance management. In 2024, Masteel received an AAA rating in the comprehensive assessment of the annual legal compliance management bidding process of China's Central SOE, ranking first among all subsidiaries within the Baowu Group.

Compliance management initiatives

We organized relevant units to carry out **2** rounds of risk identification and resolution for overseas legal compliance issues;

We had procurement personnel and managers from all units sign **1,532** *Compliance Commitments to Strictly Adhere to the 'Ten Prohibitions' in Trade Business*;

We conducted a thorough review and adaptive revisions of subsidiaries' articles of associations and developed a comprehensive work plan.

Risk prevention and control

During the reporting period, we implemented effective risk control measures to ensure that all major risks remained under control.

Risk management organizational structure

- Board of Directors**
The ultimate decision-maker and supervisor for major company risks, accountable to shareholders for the effectiveness of the Company's comprehensive risk management.
- Internal control departments**
Responsible for risk management.
- Departments and subsidiaries**
Responsible for managing risks associated with their respective business operations.

Risk management and control measures

- Identification and reporting**
The risk management and internal control departments conduct a comprehensive risk assessment every quarter and report the findings to the Board of Directors.
- Monitoring and evaluation**
The audit departments, in conjunction with internal control testing, focus on supervising and evaluating the comprehensiveness of identified risks, the specificity of mitigation measures, and whether the risk management departments conduct regular reviews. They report these evaluations to the Board of Directors on a regular basis.
- Internal control evaluation**
We annually carry out internal control evaluations, producing an *Internal Control Evaluation Report* which is submitted to the Board of Directors for review.
- Board confirmation**
The Board of Directors reviews reports on risk management and internal control status, as well as risk monitoring and evaluation reports, and confirms their findings.

Tax management

Paying taxes legally is a company's fundamental social responsibility, and Masteel consistently fulfills the tax obligations. We strictly comply with local tax laws, regulations, and rules, adhering to principles of lawful taxation and honest business practices. Internally, we strengthen corporate controls, and externally, we align with tax authorities' regulatory requirements to implement comprehensive tax management. In 2024, the Company did not experience any tax-related violations.

Information security

Cybersecurity

We continuously enhance our data and information security measures. In 2024, the Company's cybersecurity status remained stable, with no major or above-level network or data security incidents occurring.

In 2024

In 2024, we detected over **1.2 million** security attack alerts targeting the Company. Through analysis of these alerts, we issued **37** security work orders, all of which have been addressed and resolved.

We conducted the "HW" action to strengthen our information security foundation.

During the reporting period, we achieved our annual cybersecurity dual-zero targets—zero major or above-level cybersecurity incidents and zero significant or above-level website defacement incidents.



Strict privacy protection

We place a high priority on privacy protection and have established and implemented policies such as the *Confidentiality Management Measures* and the *Steel Product Technical Agreement Management Measures*. These policies clearly define confidentiality requirements for customer patents, technical secrets, intellectual property, and personal information. During the reporting period, there were no incidents of privacy breaches.



Safeguarding Shareholder Rights

Shareholder Rights

The General Meeting of Shareholders is the Company's highest authority. We actively engage with shareholders and encourage their participation in shareholder meetings. During the reporting period, we held 7 General Meeting of Shareholders, with all proposals receiving approval from shareholders. Our website provides access to company information, including annual reports, semi-annual reports, quarterly reports, and relevant interim announcements and circulars, ensuring that shareholders have reliable means to obtain up-to-date information about the Company.

Shareholder rights

- Shareholders holding 10% or more of the Company's voting rights individually or collectively, have the right to convene an extraordinary general meeting as per the Articles of Association.
- According to the Articles of Association, shareholders holding 3% or more of the Company's shares individually or collectively, can submit new proposals in writing to the Company for consideration at the annual general meeting.
- Shareholders holding 1% or more of the Company's shares individually or collectively, can nominate candidates for independent director positions.
- Shareholders holding 3% or more of the Company's shares individually or collectively, can nominate candidates for director and supervisor positions.
- Shareholders can also submit inquiries and express their opinions by sending letters to the Company's office address, directed to the Board of Directors.

Investor Relations Management

Information Disclosure

Masteel strictly adheres to all relevant laws, regulations, and rules as well as requirements set by the China Securities Regulatory Commission and stock exchanges. Meanwhile, we continuously improve our Measures for the Administration of Information Disclosure to ensure rigorous management of disclosure practices and insider information. Our aim is to guarantee that all disclosed information is truthful, accurate, and complete, thereby effectively safeguarding the legitimate rights and interests of the Company, shareholders, and investors.

Key Performance and Honors

In 2024, we drafted and released **5** circulars regarding significant matters both domestically and internationally. We also disclosed **70** temporary announcements, **4** periodic reports and **1** Environmental, Social, and Governance (ESG) report. Additionally, announcements were simultaneously published in traditional Chinese and English on the Hong Kong market, with a total of approximately **3** million words.

Investor Communication

We maintain open and effective communication channels with investors through various online and offline methods, including performance briefings, General Meetings of Shareholders, webinars and investor communication meetings. These efforts enhance our engagement with the capital markets and effectively protect investors' legitimate rights and interests, fostering a positive investment environment and promoting long-term, stable, and harmonious interactions between the Company and our investors. In 2024, we participated in the 2023 Panoramic Investor Relations Awards and won the "Outstanding ESG Value Communication Award".



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Key performance highlights

In 2024, we held

11 investor teleconferences/webinars

participated in **7** investment bank strategy sessions

received **10** investor visits

conducted **3** earnings briefings

We organized activities for the "5·15 National Investor Protection Promotion Day" and the "5th National Anti-Illegal Securities and Futures Fund Promotion Month"

We hosted **2** visits from the SSE and the Anhui Securities Regulatory Bureau

We addressed **199** questions through the e-interactive platform

We jointly hosted a "Serving Investors, Sharing High-quality Growth" event at Masteel, which was attended by

13
investment institutions

2
securities research institutes

4
individual investors

We conducted **3** visits to the SSE and the Anhui Securities Regulatory Bureau

Strengthening Safety Measures

Masteel upholds the principle of "putting the people and life first" in our daily safety management practices. We improve our occupational health and safety management systems, conduct specialized safety production campaigns, carry out various emergency plan drills, and organize safety training sessions to create a safe and sound work environment. During the reporting period, the Company invested approximately RMB 120 million in safety production and conducted 1,534 safety training sessions.

Occupational Health and Safety Assurance System

We have established clear management systems, implemented organizational assurance, and enhanced supervision and evaluation to build a robust safety management framework protecting both production processes and employee safety. Additionally, we reinforce health and safety management for collaborating units, ensuring comprehensive safety coverage. During the reporting period, our occupational health and safety certifications covered 100% of our operations, and the employee occupational disease incidence rate was zero. Furthermore, all new projects undertaken by the Company passed safety evaluations.

Safety management system

We have introduced 4 new regulations, including the *Management Regulations for Detecting Violations via Video* and the *Safety Management Regulations for Waterborne, Underwater and Waterside Operations*. Additionally, we revised 9 existing policies, such as the *Employee Violation Scoring Management Measures* and the *Safety Management Standards for Confined Spaces*, to further refine our safety management system. We also developed and implemented a *Three-Year Plan for Enhancing Comprehensive Safety Management Capabilities*, alongside issuing the *Three-Year Action Plan for Fundamental Improvements in Safety Production (2024-2026)*. This plan outlines 14 task objectives and 37 specific measures, providing clear direction and practical paths for our safety management.

Organizational assurance

We have established a three-tier management support mechanism consisting of the Safety Production Management Committee, the Safety Production Management Department, and the Safety Management Office. Additionally, we formed a leading group and working teams comprising senior management to oversee and ensure the effective implementation and supervision of the *Three-Year Action Plan for Fundamental Improvements in Safety Production*.



Strengthening supervision and evaluation

We have implemented a grid-based regional responsibility system, clearly defining safety management roles within each grid and establishing a safety responsibility checklist to enforce local accountability. To strengthen accountability, we have increased penalties for those responsible for accidents, safety hazards, and inadequate safety performance. Additionally, we have introduced specific safety performance awards.

In 2024

We have divided our operations into **2,111** management grids across four levels, enhancing regional grid-based supervision.

We held **11** managers directly accountable

imposing penalties totaling RMB **193,000**

we imposed fines of RMB **71,100** on different units for various safety hazards and violations.

A total of RMB **6** million in safety-specific rewards has been distributed.

Safety management of collaborating units

We adhere to the "Four Same Management" principle—same system, same standards, same requirements, and same treatment—integrating the safety management of collaborating units into our existing safety management framework. Moreover, we have revised the *Safety Management Measures for Collaboration* and the *Scoring Deduction Standards for Safety Violations by Collaborating Units*, clarifying the safety responsibilities of the departments overseeing collaborative projects and relevant units. We also established a tiered and categorized safety evaluation system for collaborating units, including mechanisms for rewarding excellence and eliminating underperformers to enhance the safety management capabilities of collaborating units. During the reporting period, we intensified supervision during operations and implemented access restrictions for 144 collaborating personnel.

Occupational health management

We prioritize employee occupational health by establishing comprehensive hygiene management measures and appointing dedicated personnel to oversee the prevention of occupational diseases. Our initiatives include conducting physical examinations for employees in hazardous positions, performing specialized occupational health inspections, carrying out on-site detection of occupational hazard factors, and evaluating compliance with the "Three Simultaneities" requirements. This multi-faceted management approach strengthens our occupational health management framework.

- ▶ We conducted health examinations for **4,673** employees in hazardous positions across **11** units. **44** employees were identified with occupational contraindications and were promptly reassigned away from hazardous positions.
- ▶ We performed specialized inspections of occupational health practices in **15** units, identifying **177** issues, which have been addressed and rectified.
- ▶ We implemented on-site detection of occupational hazard factors in **11** units.
- ▶ We completed **34** evaluations of occupational health practices under the "Three Simultaneities" requirements.

Safety Production and Risk Prevention

We continuously enhance our dual prevention mechanism of risk control and hazard investigation. Focusing on three key areas—hazard mitigation, foundational enhancement, and efficiency improvement—we prioritize the identification of major hazards, promote smart safety management, and conduct emergency drills to reinforce our safety measures.

Hazard identification and remediation

Masteel issued the *Implementation Plan for Routine Screening and Dynamic Elimination of Major Accident Hazards* and other safety management requirements. A special inspection and rectification leading group was established to conduct targeted rectification and self-inspect for major accident hazards. Additionally, we organized training on the criteria for identifying major accident hazards and promoted specialized rectification actions in various fields to strengthen the safety foundation of our operations. During the reporting period, we completed safety diagnostics for 16 production units and achieved a 100% on-time rectification rate for major production safety accident hazards.



On-time rectification rate for major production safety accident hazards



"Three Vehicle" rectification campaign to create a safer traffic environment within the factory premises.



Regular inspections of key equipment to identify and address potential hazards.

Enhancing emergency management

Masteel enhances our emergency response capabilities by conducting comprehensive training and emergency drills for all employees, and by strengthening our emergency rescue teams, which ensures a solid foundation for handling various types of emergencies effectively. In 2024, we participated in the 5th Anhui Province Hazardous Chemicals Emergency Rescue Skills Competition, where our team secured the third place.

A comprehensive emergency rescue drill for accidents involving molten metal production.



The Iron-making Plant conducted an emergency drill for electric shock accidents.



Subsidiary Changjiang Steel conducted specialized emergency plan drills to enhance intrinsic safety levels.

Safety incident response

We adhere to the principles of "rigorously and scientifically seeking truth from facts" when investigating and analyzing incidents from the perspectives of personnel, machinery, materials, methods, and the environment. For fatal accidents, we respond swiftly by convening urgent safety production meetings based on thorough investigation and analysis, to issue safety warnings and handle post-incident matters promptly. We also distribute accident notifications to ensure that all relevant lessons are learned and preventive measures are implemented and verified. Accountability for accidents is taken seriously, following the principles of "accountability for responsibilities, categorized accountability, and graded accountability". Moreover, we enforce penalties on responsible parties according to the "Four Non-Negotiables in Safety Accountability". Accident records are managed meticulously, with each accident documented individually and overseen by designated personnel.

Smart safety management

Masteel actively utilizes information technology to strengthen risk identification, early warning systems, and monitoring, thereby advancing our smart safety management capabilities.

Risk management and control

We are advancing the sharing of major safety production risk monitoring data with the Magang Group's safety supervision platform. New systems including personnel location tracking for hazardous chemical enterprises and crowd risk warning systems, have been added to enhance risk warning capabilities.

Smart supervision

We have improved and upgraded the Masteel Smart Safety Penetrative Supervision Platform. This includes developing online approval and real-time monitoring modules for confined space hazardous operations. In addition, we have introduced new systems such as a personnel location-based work permit and process management system for hazardous chemical enterprises, an intelligent inspection management system and a dual prevention mechanism platform to strengthen our smart safety supervision capabilities.

Conducting safety training

Masteel adopts a hybrid approach with online and offline methods, to deliver comprehensive, multi-level safety training programs to enhance the theoretical knowledge and practical skills of all employees in safety production and improve their awareness and response capabilities regarding safety risks.

Basic safety knowledge and skills training

We conduct specialized training on safety production standardization systems and professional capability enhancement, as well as provide safety training for all employees with online platform resources. In 2024, we conducted annual online safety training through the Masteel online learning platform, with a total of 20,318 employees participating in the training and assessment.

Operational standards and risk prevention & control training

Focusing on high-risk work areas, we provide targeted training on special operations, KYT (Hazard Prediction Training), and hot work operations, aiming to enhance employees' safety awareness and standardized operational capabilities.

Enhancing collaborative personnel safety experience training

We established the Masteel Safety Experience Training Center, optimizing the experience training process and standards. We have completed the *Masteel Safety Experience Center Training Manual* and assembled an excellent team of 25 instructors. Meanwhile, we completed in-depth experience project renovations for scenarios including crane tilt and oblique lifting, high-altitude falls, and conveyor belt entrapment. Full coverage training was provided to both collaborative personnel and employees with violations. During the reporting period, we provided comprehensive safety experience training to 6,478 collaborative personnel and 1,981 regular employees.



Safety knowledge competition titled "Everyone Pursues Safety, Everyone Knows Emergency Response to Ensure Personal Safety", covering both theoretical knowledge and practical skills.



Employees are practicing Cardiopulmonary Resuscitation (CPR) skills on an electronic simulation mannequin.



Employees are experiencing a VR simulation of accident hazards.

Innovation-driven development

Regarding innovation as the primary driver of development, and adhering to scientific and ethical standards, Masteel continuously improves our innovation management system to facilitate the transformation of technological achievements, establishing a comprehensive, multi-level innovation-driven development framework. In 2024, we successfully achieved all major targets related to innovation and research & development.

Medium to long-term goals for technological innovation



Achieve an R&D investment rate of **5%**

Launch no fewer than **20** new products

Lead the development of at least **10** national or industry standards

Hold a total of **2,830** patents (including **2,660** invention patents)



Add **8** new technological innovation achievements each year

2024 innovation targets achieved

Indicators	Unit	2024 target	2024 actual completion
R&D investment rate	%	4.10	4.46
Additional research benefits	RMB 100 million	5	5.37
Invention patent application	%	80	91

Optimizing the Innovation System

R&D management

Masteel has established a robust R&D system with the Technical Center at its core, supported by our manufacturing departments. Our innovation efforts are conducted systematically in accordance with regulations such as the Management Measures for Scientific Research Projects and the *Management Measures for New Product Development*. To further enhance our innovation incentives, we have revised and implemented standards like the *Technology Project Evaluation and Incentive Management Standards* and the *Science and Technology Achievement Reward Standards*, strengthening both organizational structure and incentive management, laying a solid foundation for our innovation system.

Masteel has organized the development of strategic emerging industry growth plans, clearly defining objectives and implementation paths for the period from 2024 to 2026. A dedicated task force, led by the Planning and Technology Department and supported by relevant departments, has been established to coordinate and accelerate progress in strategic emerging industries, thus ensuring continuous and effective implementation of our strategic goals.

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

Innovation talent development

We have established the Maanshan Iron and Steel Craftsman Institute (Masteel Craftsman Institute) to provide employees with a platform for technical advancement and innovation practice. Innovation culture is integrated with the "All-Employee Innovation, Lean Operations" labor competition, encouraging innovation at every position. We have also developed company-level special incentive plans to precisely reward key talent in critical roles. Active participation in various academic exchange platforms enhances our overall innovation capability. Additionally, we organize open days and other events to reinforce the dissemination of innovation culture.

During the reporting period, we lowered the profit-sharing threshold for basic research projects, enhancing incentives for our sci-tech personnel. Therefore, the profit declaration ratio from technology commercialization in 2024 witnessed a **30%** increase compared to the previous year.



The "Dream University" Open Day for employees' children at the No. 4 Steel Rolling Mill was successfully held.



In May 2024, the Maanshan Iron and Steel Craftsman Institute was officially inaugurated.

Intellectual property management

Masteel has revised and implemented management systems including the *Intellectual Property Management Measures* and the Patent Management Measures to enhance the protection of our trademarks, patents, trade secrets, and other intellectual property. In addition, we conducted internal audits of our intellectual property management system to reinforce awareness. In 2024, the Company successfully passed the supervision review of our intellectual property management system by Zhonggui (Beijing) Certification Co., Ltd., effectively addressing any intellectual property infringement disputes.

By the end of 2024

we filed **423** patent applications including **388** invention patents

representing an invention ratio of **91.7%**

the Company had a total of **2,588** valid patents with **1,577** invention patents.

Our achievements include **1** patent receiving the Anhui Province Patent Gold Award and **1** patent winning the China Patent Excellence Award.

International patents
We filed **3** Patent Cooperation Treaty (PCT) applications for specialty steel products and obtained **1** patent authorization in Russia and **1** in Japan.

Strengthening Innovation Practices

On one hand, Masteel is deeply committed to our own R&D efforts, actively undertaking numerous government projects and various research tasks to continuously overcome technical challenges and develop innovative products. On the other hand, we integrate resources from government, industry, academia, research institutions and end-users, and leverage social resources effectively based on our in-house R&D, thereby promoting partnerships with scientific research universities and institutions.

Independent innovation and collaborative development

Innovation platforms

We have strengthened the construction of our sci-tech innovation platforms, which include a state-accredited enterprise technical center, a CNAS-accredited physical and chemical testing laboratory, a postdoctoral scientific research workstation and a national local joint engineering research center for advanced manufacturing technology of key rail transit parts. Leveraging these platforms, we actively pursue various sci-tech project applications.

Research projects

Government sci-tech projects: Masteel undertook or participated in **16** government-funded sci-tech projects, including **5** national-level projects (**3** led by us) and **11** provincial-level projects (**10** led by us). **1** project successfully passed the final inspection;

Company-level research projects: In 2024, Masteel initiated **72** research projects and organized the completion and acceptance of **109** projects.

Innovative products

6 new products, including environmentally friendly low-friction galvanized automotive panels, were launched for the first time domestically;

We organized the 2024 Provincial New Product Appraisal Meeting. **3** products passed the evaluation by the Appraisal Committee, with their respective technologies recognized as being domestically leading.



Industry-academia-research collaboration

Masteel continues to reinforce a supply chain mindset for technological innovation, establishing an open and collaborative innovation system involving government, industry, academia, research institutions, and end-users. This system strengthens our partnerships with universities and research institutes both domestically and internationally. Meanwhile, we have formed joint development initiatives, commissioned research projects, co-built experimental facilities, and implemented talent training programs, fostering a robust environment for industry-academia-research collaboration. Since 2024, we have engaged in collaborative projects with Anhui University of Technology, University of Science and Technology Beijing, China Iron & Steel Research Institute Group Co., Ltd., and other academic and research institutions.

Showcasing innovation achievements

Innovation achievements

- Masteel was selected as a "National-Level Manufacturing Single-Item Champion Enterprise" and won 9 major Baowu awards along with 2 Metallurgical Science and Technology Awards.
- Baowu Group Masteel Rail Transit Material Technology Co., Ltd. received the first prize for management innovation from both the China Iron and Steel Association and the China Engineering & Consulting Association for its innovative achievement, *Development of the World's First Low-Carbon Wheel System*.



2024

won 9 major Baowu awards along with 2 Metallurgical Science and Technology Awards.

Technological breakthroughs and application results

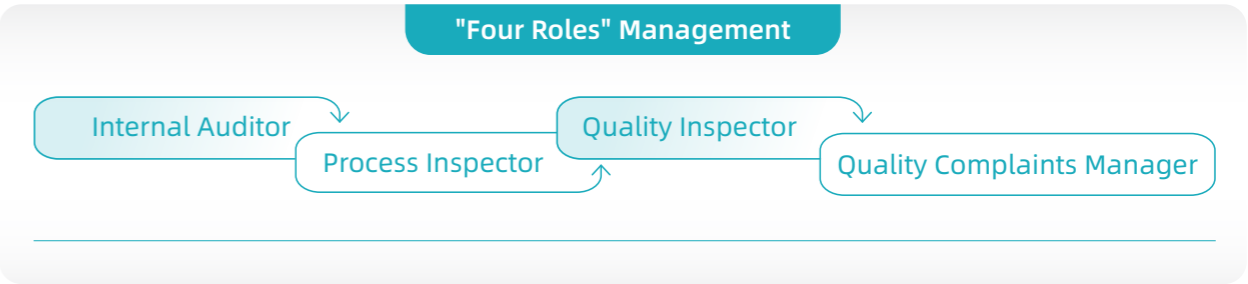
- Masteel undertook a national key R&D program on "Smart Sensors", developing prototype sensors for critical processes. The system equipment has been successfully designed, installed, and optimized, achieving industrial demonstration applications.
- Our R&D efforts led to the successful production of 400 km/h high-speed wheels, which have been applied to CR450 high-speed trains. This breakthrough includes mastering multiple core technologies, establishing a full-process preparation technology for these wheels, and filling a gap in both domestic and international markets.
- We have mastered the high-purity and high-homogeneity control technology for large-diameter medium-to-high alloy steel continuous casting billets. This advancement reduces reliance on imported underwater oil trees, solving performance, homogeneity, and purity issues for critical components, and is now applied by numerous internationally renowned oil and gas companies.
- We broke foreign monopolies with our high-strength, low-temperature resistant L-section steel, achieving import substitution. These products are now applied in the construction of high-end ships, significantly enhancing domestic self-sufficiency in this sector.

Ensuring Product Quality

Masteel is committed to the implementation of the *National Outline of Building A Quality-Powered Nation*, enforcing stringent product quality management. We have established a comprehensive quality management system, strengthened quality supervision, and enhanced the quality awareness and skills of all employees. During the reporting period, our product inspection pass rate was 100%, with no major safety or quality incidents related to our products. The "Hot Rolled Ultra High Strength Steel M950JJ" was recognized as an Anhui Industrial Masterpiece.

Quality Management System

Masteel has established a rigorous quality control process involving multi-department collaboration, strict oversight of production details, targeted management of challenging product types, and continuous optimization of the production system. From raw material procurement to manufacturing and final product delivery, every step is closely monitored and managed according to strict quality standards. Additionally, we reinforce the "Four Roles" management approach, following a consistent, full-process quality design model that spans from raw material procurement through production to sales. This ensures dynamic quality control, guaranteeing product quality throughout the entire lifecycle. During the reporting period, the Company successfully passed the quality management system certification.



Enhancing Quality Awareness and Skills

Masteel actively organizes "Quality Month" activities, including quality knowledge competitions and innovation exchange activities to engage employees in improving their understanding and skills related to quality management. During this period, we launched the official WeChat column "Quality Month! Open Discussions to Strengthen Quality Management", where quality stories are shared. Additionally, we utilize the Masteel Online Learning platform to enhance awareness and provide extensive training resources, ensuring that quality consciousness is integrated into daily work routines.

02

Committing to Green Practices to Safeguard Ecological Balance

Closely following the national strategic deployment, Masteel fully advances green and low-carbon development. We actively address climate change, strengthen our energy and environmental responsibilities, implement pollution reduction and emission control measures, and increase resource recycling, following a path of prioritizing ecological conservation and pursuing green development.



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Addressing Climate Change

Climate change is a common challenge for humanity. Adhering to the guidelines provided by the HKEX's *Enhancement of Climate-related Disclosures under the Environmental, Social and Governance Framework* and the *Guidelines No.14 of Shanghai Stock Exchange for Self-regulation of Listed Companies—Sustainability Report (Trial)*, Masteel conducts comprehensive climate change management and risk identification through a structured approach focusing on governance, strategy, risk management, indicators and targets, continuously enhancing our resilience against climate change risks.

Governance

We have established a climate governance structure comprising the "Board of Directors–Leading Group on Carbon Neutrality–Carbon Neutrality Office", ensuring coordinated efforts, clear responsibilities, and efficient execution across all levels of the Company. Additionally, we have developed a *Carbon Peak and Carbon Neutrality Action Plan* to drive the achievement of our dual carbon goals.

Decision-making layer | Board of Directors

- ◆ Review and advise on the Company's medium to long term strategic development plans;
- ◆ Ensure the effective operation of the comprehensive risk management system;
- ◆ Review annual work plans and reports, risk management strategies, major risk management solutions, compliance management strategic plans, basic systems, and annual reports;
- ◆ Examine matters requiring board approval.

Leadership layer | Leading Group on Carbon Neutrality

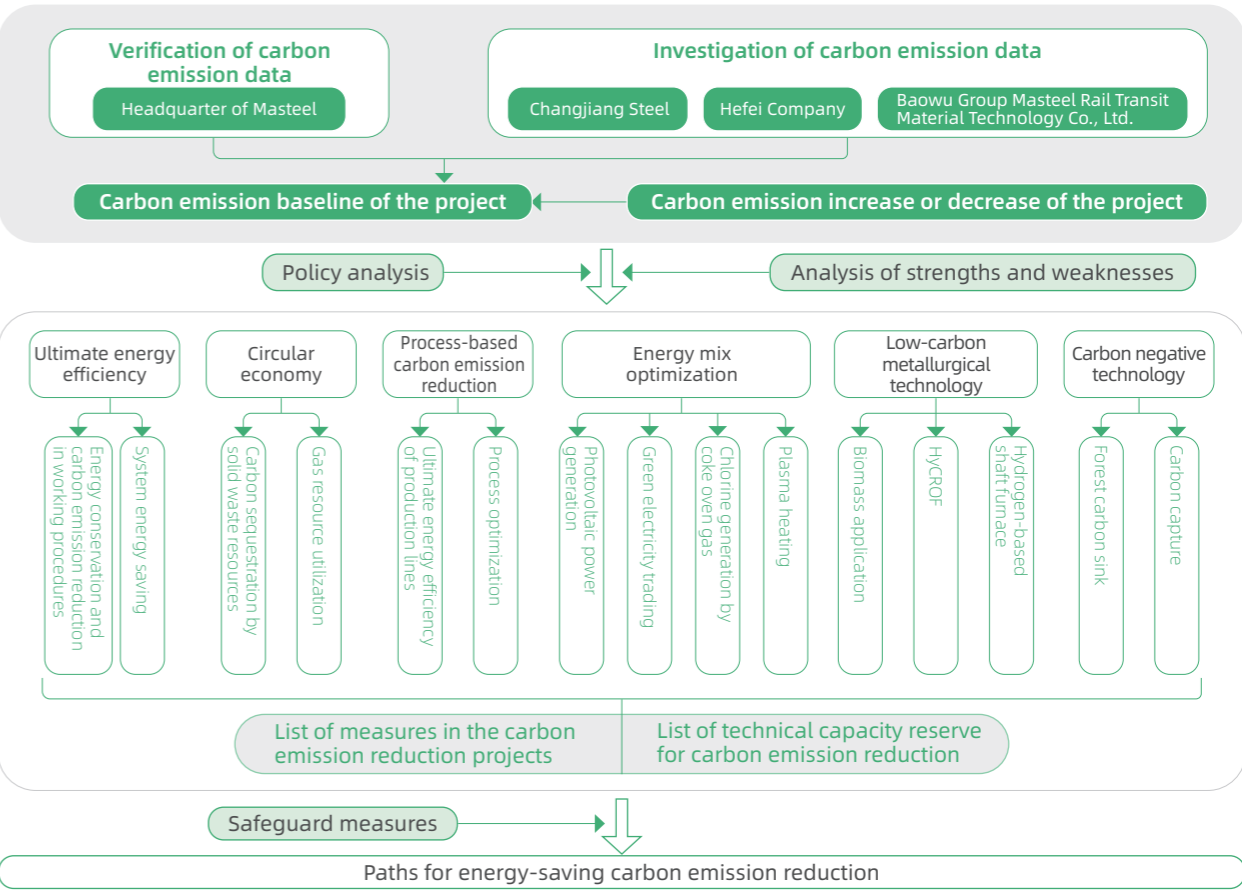
- ◆ Review and approve the Company's overarching green and low-carbon goals and development plans, making key decisions on significant issues during the carbon neutrality process;
- ◆ Determine priority investment and R&D projects for green and low-carbon development;
- ◆ Coordinate cross-site green and low-carbon development initiatives and approve project implementation plans;
- ◆ Approve the annual work plan for green and low-carbon development;
- ◆ Monitor progress on carbon neutrality and ensure task completion;
- ◆ Allocate internal and external resources to support the Company's green and low-carbon objectives.

Implementation layer | Carbon Neutrality Office

- ◆ Oversee the overall planning, coordination, and advancement of carbon neutrality initiatives;
- ◆ Develop and revise carbon neutrality management measures, promoting technological innovations related to green and low-carbon practices;
- ◆ Conduct research and promote policies and standards related to green and low-carbon development;
- ◆ Manage green and low-carbon strategic planning, aligning with China Baowu's green and low-carbon development plans. This includes formulating medium to long term development plans, annual work plans, and key tasks, tracking progress, and regularly compiling reports;
- ◆ Lead the development of major technological innovation projects in the green and low-carbon field;
- ◆ Manage carbon assets, and advance carbon quota assetization, carbon emission management, and compliance with carbon quotas;
- ◆ Advance carbon trading activities in an orderly manner;
- ◆ Develop and implement training programs on carbon emission reduction systematically.

Strategy

Masteel actively implements the national dual carbon strategy. Focusing on *2024 Low-Carbon Development Key Work Plan*, the Company built a foundational system to support green and low-carbon initiatives.



Implementation measures

- On the one hand, by undertaking major repairs of blast furnaces and sintering plants, as well as constructing new sintering machines, we have enhanced the scale and intelligent production capabilities of our main process equipment. This not only boosts production efficiency but also optimizes energy utilization across the entire production process.
- On the other hand, at the industry chain level, we focus on green power trading, photovoltaic installations, electric furnace production in converters, and low-carbon metallurgy to support our low-carbon development goals. We actively collaborate with upstream and downstream partners to jointly explore low-carbon paths, expand the green supply chain, and ensure a comprehensive low-carbon transition across the value chain.

Meanwhile, we implement green and low-carbon initiatives:

Improving premiums for low-carbon products as the core

We have enhanced our technical capabilities, developed low-carbon technologies, and created low-carbon products. During the production of low-carbon products, we use scrap silicon steel, adjust scrap steel compositions and converter auxiliary material structures, utilize torpedo ladle scrap steel to maximize residual heat, employ ladle furnace (LF) heating after adding scrap steel, and optimize production organization to minimize heat loss, to reduce the iron-to-steel ratio and achieve low-carbon production.

Improving carbon management systems as the foundation

We have implemented carbon management systems and integrated carbon performance evaluations into routine management. Meanwhile, we have released the *Carbon Management Laws and Regulations List*, the *Carbon Management System Construction and Certification Work Plan*, and the *European Union Carbon Border Adjustment Mechanism (CBAM) and the Carbon Trading Risk Prevention Plan for Company Operations*, standardizing the approval process for CBAM reports, and ensuring compliance with carbon tariff regulations.

Enhancing carbon data governance capabilities as a backbone

We have launched an online carbon data management system. Masteel's headquarters, Changjiang Steel, and Hefei Company have all completed government-organized carbon audits¹ and data registration.

Achievements in 2024

- Systematically advanced our low-carbon transformation by completing carbon emission source identification, control of key carbon emission sources, internal audits of the carbon management system, and compiling a company-level carbon review report.
- Achieved the production and supply of China's first beams with over **30%** carbon emission reduction, as well as Masteel's first automobile sheets with over **30%** carbon emission reduction; launched the world's first wheel with over **30%** carbon emission reduction under the BeyondECO low-carbon steel brand, receiving an E-grade certification for low-carbon emissions from the China Iron and Steel Association (CISA).
- Conducted multiple rounds of carbon management training, issuing **93** certificates to individuals qualifying as certified internal auditors for carbon management.
- Recognized as an "Anhui Province Green and Low-Carbon Manufacturing and Service Supplier" by the Anhui Provincial Department of Industry and Information Technology.
- Published Environmental Product Declarations (EPD) for the carbon footprint of four product categories on the CISA EPD platform (totaling 12 product categories published to date) and completed **3** batches of product carbon footprint certifications.

¹ On July 22-23, 2024, Department of Ecology and Environment of Anhui Province assigned a third-party verification agency to conduct an on-site inspection of steel carbon emissions at Masteel. The verification team concluded that the Company's data collection and organization were comprehensive and in compliance with regulations.

Risk Management

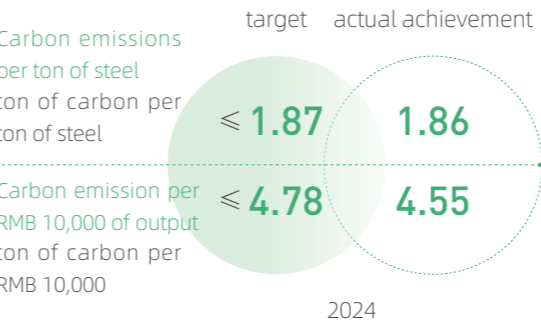
Masteel identifies multiple opportunities and physical climate risks that could impact the business operations, and implements effective measures to adapt to and mitigate the effects of climate change on our business operations and sustainable development.

Risk type	Corresponding risk	Potential impact	Mitigation measures
Physical risks	Flood risk	The Company is located near the Yangtze River, where high water levels during flood seasons can occur. In the event of a severe flood situation, we may need to shut down some production lines to ensure the safety of personnel and equipment, which could result in lower company revenue.	We have implemented flood prevention measures and conducted on-site patrols.
	Extreme weather risks including thunderstorms and strong winds	Extreme weather conditions like thunderstorms and strong winds can disrupt raw material procurement and supply chains, leading to less stable supply chain, lower productivity, and potential production interruptions, affecting product output.	We have developed an <i>Emergency Response Plan for Sudden Environmental Incidents</i> , and conducted emergency drills; Meanwhile, we also collaborated with upstream and downstream partners to explore low-carbon development paths, expand green industrial chains, and enhance their resilience and sustainability.
Transition risks	Brand and reputation risk	In the context of green development and dual carbon policies, stakeholders may demand higher disclosure and management standards for climate-related impacts, such as requiring product information to be disclosed on the EPD platform. Failure to meet these requirements could reduce product competitiveness and company revenue.	We have responded to customer demands for low-carbon products by developing decarbonization technologies and low-carbon products; enhanced the carbon management system's capabilities and integrated carbon performance evaluations into routine management; and leveraged Masteel's Smart Park integrated platform to develop and launch a carbon data management system, enhancing carbon data governance.
	Dual carbon policy compliance risk	According to the government's dual carbon policies, enterprises' technologies are required to transition to low-emission solutions. Consequently, Masteel needs to invest significantly in the R&D of low-carbon metallurgical technologies, such as Hydrogen-enriched Carbonic oxide Recycling Oxygenate Furnace (HyCROF) experiment and carbon dioxide capture studies, which will lead to an increase in our R&D expenditures.	We have been upgrading process equipment and promoted large-scale project development to improve resilience against energy cost fluctuations and carbon emission constraints; actively managed the balance between cost reduction and carbon emission reduction; developed and reserved low-carbon technologies like steel slag carbon sequestration, seeking policy and financial support; and enhanced the premium value of low-carbon products.

Indicators and Targets

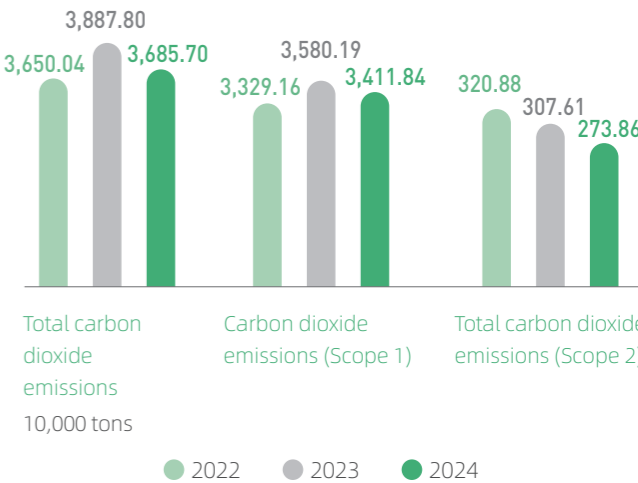
Carbon Emission Reduction Targets and Achievements for 2024

In 2024, Masteel's carbon dioxide emission reduction (Scope 1) amounted to 1.6836 million tons, while the carbon dioxide emission reduction (Scope 2) was 337,500 tons.



Note: The data covers Masteel's headquarters and Changjiang Steel.

Masteel's carbon emissions over three consecutive years



Enhancing Environmental Management

Environmental management system

Masteel fully implements Xi Jinping's thought on ecological conservation, deeply studies and implements the important deployments of the 20th National Congress and the second and third plenary sessions of the 20th Central Committee of the Communist Party of China regarding ecological conservation. We strengthen environmental responsibility and policy learning. Additionally, we have enhanced system capability construction and issued the *2024 Key Work Plan for Energy Conservation, Carbon Emission Reduction, and Environmental Protection*, setting clear annual environmental goals. Moreover, we have signed energy conservation, carbon emission reduction, and environmental protection target responsibility agreements with 17 units and tracked their implementation. Currently, there are 13 effective environmental management systems in place.

In 2024, the Company completed the revision and release of 8 management methods, including the *Management Measures for Environmental Protection*, and promptly identified and updated relevant laws and regulations. We actively organized awareness and professional capability training, planned and conducted activities for Environment Day and Ecology Day, and continuously carried out environmental system audits and compliance evaluations. Moreover, we strictly adhere to discharge permit requirements, environmental impact assessments for construction projects, and the "Three Simultaneities" principle, ensuring strict compliance with environmental regulations. During the reporting period, all annual work objectives were successfully achieved, with no sudden environmental incidents or administrative penalties incurred. Both MaSteel and Changjiang Steel have completed certification as Class A environmental performance enterprises.



2024

there are **13** effective environmental management systems in place

Environmental Risk and Emergency Management

The Company continuously strengthens environmental risk management and control by conducting thorough environmental hazard inspections and strictly controlling environmental risks. Emphasis is placed on environmental emergency management, including the formulation of an *Emergency Response Plan for Sudden Environmental Incidents*. We enhance environmental emergency awareness and training, and conduct drills for sudden environmental emergencies to ensure rapid, orderly, and effective responses, thereby improving our capability to handle such emergencies. In 2024, the Company underwent 163 external inspections and audits. Taking advantage of central ecological and environmental supervision and Anhui Province's environmental inspections, we conducted 5 special inspections, ensuring that identified issues are thoroughly addressed and closed out.



2024

the Company underwent **163** external inspections and audits

Environmental risk prevention and control

- Rigorously enforce environmental protection and energy-saving review systems for construction projects. Legally conduct environmental impact assessments and energy-saving reviews to ensure that environmental protection facilities are designed, constructed, and put into operation simultaneously with the main engineering projects;
- Follow emission permit management requirements and regularly conduct self-monitoring. Supervise and inspect the implementation of emission permits by secondary units to ensure compliance with "permit-based emissions";
- Strengthen on-site environmental risk control through effective management and supervision of environmental protection equipment. Leverage unorganized emission monitoring and centralized control systems to enhance the management of online monitoring facilities and local jurisdiction controls;
- Reinforce radiation source risk control by continuously conducting quarterly specialized inspections on radiation safety and providing specific training, ensuring that employees in radiation-related positions are well-trained and capable, thereby mitigating associated risks.

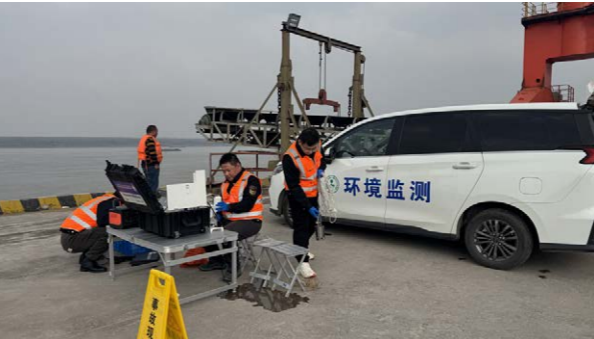
Environmental emergency management

Conducting hidden hazard inspections

- Perform environmental hazard inspections monthly and submit the findings through a monthly hidden hazard inspection and rectification registration form;
- Establish the closed-loop management system for hidden hazard inspection and rectification, ensuring that identified issues are monitored, rectified, and followed up until complete resolution is achieved.

Environmental emergencies are categorized into four levels

- Level I (Social/regional)
- Level II (Company)
- Level III (Plant)
- Level IV (Unit)



In December 2024, Masteel conducted a joint cross-regional water-related environmental emergency drill with the Maanshan Municipal Bureau of Ecology and Environment.



Masteel conducted a series of emergency response drills, including environmental monitoring and other related activities.

Reinforcing Pollution Control Measures

The Company has worked hard to keep our skies blue, waters clear, and lands clean, focused on ultra-low emission of exhaust gas and wastewater governance and management, and deepened the "no solid waste leaving the factory" project so as to build a "Zero Waste Enterprise". Additionally, we have promoted efforts in carbon emission reduction, pollution decrease, green expansion, and economic growth, completing the ultra-low emission transformation comprehensively. All major pollutant-discharging units have commissioned qualified testing agencies to monitor pollutants discharged, and the results are in line with discharge standards. Our environmental monitoring plan and risk management measures are sound. In 2024, Baowu Group Masteel Rail Transit Material Technology Co., Ltd. was recognized as a national-level "Green Factory".

All major environmental protection goals have been achieved

Indicator	ator	Goal	2024
Sulfur dioxide	Ton	≤ 4,650	4,301
Nitrogen oxides	Ton	<8,500	7,529
Chemical oxygen demand	Ton	<200	156
Major environmental incident	Piece	0	0
Compliance rate of pollutant discharge	%	100	100
Compliance disposal rate of hazardous solid wastes	%	100	100

Exhaust gas management

The Company strictly adheres to the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* and other relevant laws and regulations to implement the pollutant discharge permit system, strengthen regular management, increase the use of pollution prevention technologies, and ensure efficient operation of environmental protection facilities.

Regular control

Through regular inspections, fugitive emission control systems, and video surveillance, we dynamically monitor the operation of environmental protection facilities, ensuring that organized pollutant emissions meet ultra-low emission limits and fugitive emissions meet ultra-low emission control requirements, which fulfills the operational requirements of Grade-A enterprises.

Transformation projects and environmental protection technology application

The Company focuses on transformation projects such as #1 fine desulfurization technology of blast furnace gas and organic sulfur removal of coke oven gas in the South District to promote the ultra-low emission of hot blast stove flue gas. During the transformation, the Company adopts various advanced technologies to reduce pollutant emissions in exhaust gases, making notable progress in exhaust gas treatment, dust removal, and volatile organic compound (VOCs) treatment.

Pollution control facilities

We have installed exhaust stacks, dust collectors, desulfurization towers, circulating fluidized beds, and other pollution control facilities, and ensured their efficient operation, effectively reducing pollutant emissions in exhaust gases.

Exhaust gas treatment

Applying advanced technologies of desulfurization and denitrification to achieve ultra-low emissions of exhaust gases.

Dust removal technology

Source control: All fugitive dust emission points are equipped with efficient gas collection devices such as local enclosures, overall enclosures, large-volume enclosures, etc.

Process control: Technologies such as bag filters, electrostatic precipitators, and sintered plate dust collectors are used to strengthen the closed and sealed management of material storage, transportation, and other links, effectively reducing particulate matter emissions.

VOCs management technology

Technologies such as adsorption, sorption, condensation, and photocatalysis are adopted to reduce VOCs emissions.

Waste water management

The Company, in line with the *Key Work Plan for Energy Conservation, Carbon Emission Reduction, and Environmental Protection*, implements wastewater treatment and management, equips advanced wastewater treatment facilities, zero-discharge systems, and other sewage treatment facilities for both domestic and industrial wastewater. At the same time, we utilize water treatment technologies such as physicochemical treatment, biological treatment, and ozone disinfection technologies to reduce pollutant concentrations.

Specific measures

- Strengthen compliance management of discharge outlets to ensure compliance of wastewater and rainwater discharge outlets, with standard monitoring and compliant emissions.
- Continuously promote the elimination of deficiencies in rainwater and sewage diversion² to guarantee its effectiveness.
- Carry out 3# drainage system water interception and reuse project in the North District to reduce regional environmental risks; conduct water balance tests and underground pipe network leak detection to ensure economical operation of the water system; strengthen the operation supervision of water treatment projects to reduce wastewater discharge intensity.

² The elimination of deficiencies in rainwater and sewage diversion: Conduct inspections, maintenance, and upgrades on the rainwater and sewage diversion system to ensure it functions properly. This allows rainwater and sewage to be collected, transported, and treated separately as designed, effectively protecting the environment and minimizing urban flooding risks.

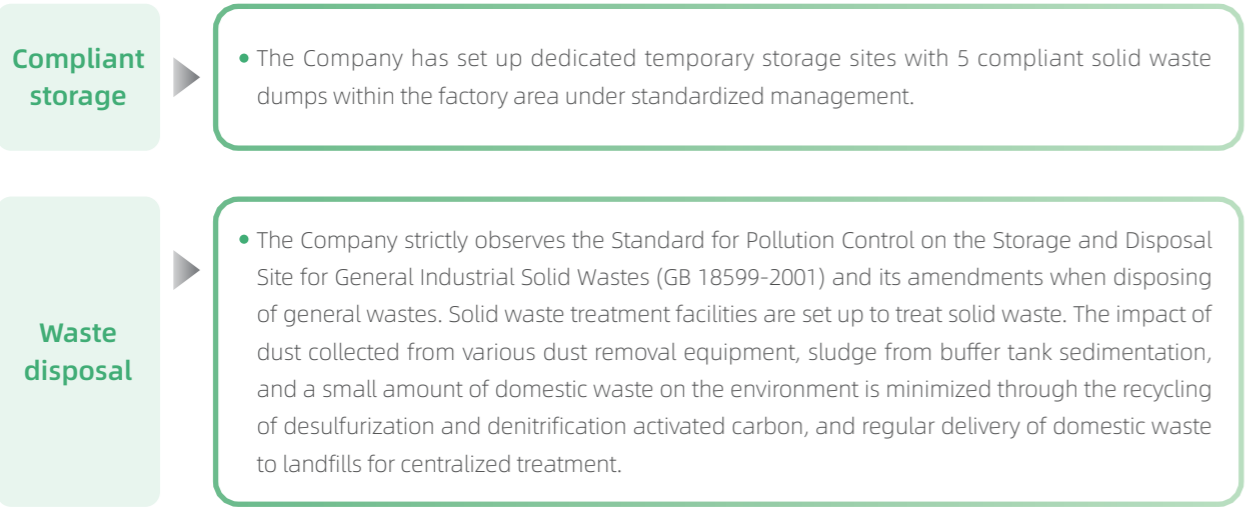
Waste management

Continuously deepening the "no solid waste leaving the factory" efforts, the Company strictly follows standardized management requirements of regulatory authorities, ensures proper hazardous solid waste management, enforces soil and groundwater pollution prevention measures, and advances the construction of a "Zero Waste Enterprise".

- Regularly conduct supervision and inspections of hazardous solid waste management to strengthen the whole-process control of the generation, storage, internal utilization, and outsourced disposal of hazardous solid waste.
- Enhance source management by adhering to the principle of reduction at the source and strictly implementing the annual hazardous waste plan.
- Strengthen hazardous waste storage and ledger management in line with the latest national requirements.
- Enforce on-site hazardous waste management for production, maintenance, and projects to ensure environmental compliance.
- Accelerate the construction of a hazardous waste information platform to improve the information management capabilities of hazardous waste environmental management and promote the standardization of hazardous waste management.

Non-hazardous waste treatment

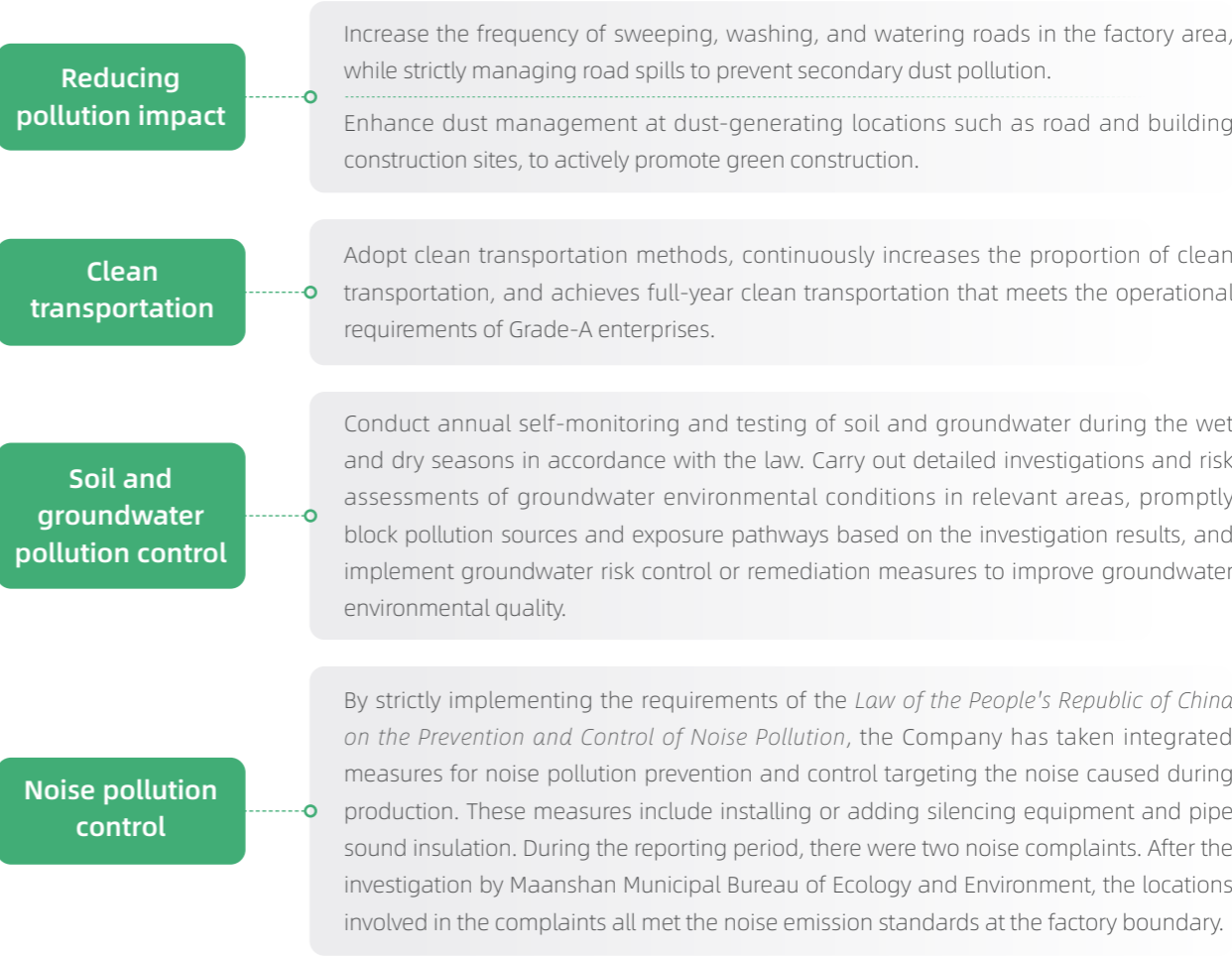
For general industrial solid waste such as converter slag and iron sludge containing impurities and oil generated during production, we carry out comprehensive utilization of solid waste and solid waste related technology research to increase the return-to-production rate of solid waste, and carry out compliant storage and disposal. During the reporting period, the Company achieved a 99.99% solid waste utilization rate.



Hazardous waste treatment

- Revise and implement the *Hazardous Waste Management Measures*;
- Establish dedicated hazardous waste storage facilities for 7 types of hazardous wastes, such as acid-alkali sludge, filter cakes, and electric furnace dust, and clearly define the classification and zoning for temporary storage;
- Develop the *Hazardous Chemicals Safety Management Measures* to standardize the basic safety management of all aspects of hazardous chemical waste disposal;
- Entrust professional organizations with the necessary qualifications and technical capabilities to handle hazardous waste disposal.

Reducing pollution impact



Resource Recycling

Masteel vigorously develops the circular economy, emphasizes resource management and recycling, strengthens energy management and water resource control, conserves the use of raw materials and packaging materials, and improves resource utilization efficiency, to promote the smooth circulation of various resources within the Company.

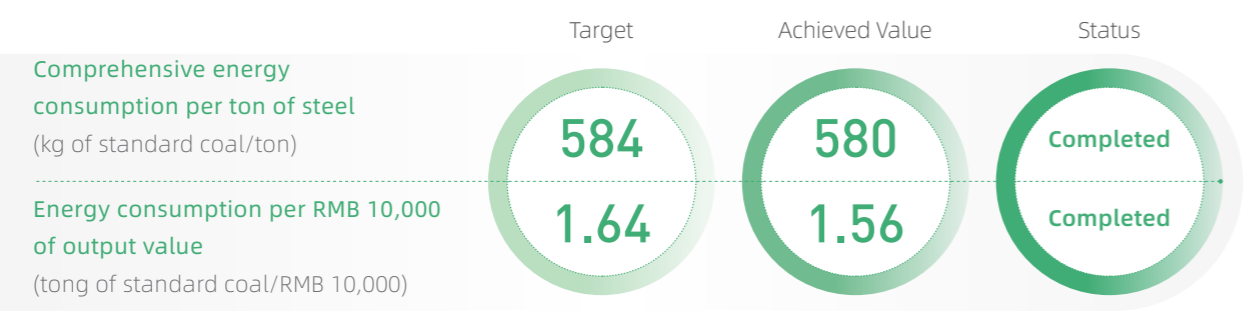
Energy management

The Company emphasizes energy management, promotes the development of an energy system, and sets clear energy consumption goals. By optimizing the energy structure, we aim to reduce reliance on fossil fuels and promote renewable energy. Furthermore, we undertake comprehensive energy conservation and consumption reduction activities to improve energy utilization efficiency.

Energy management system

The Company has revised (formulated) internal documents such as the *Implementation and Management Measures for Contract Energy Management Projects* in accordance with the updated standards of the energy management system, carried out energy system reviews, and clarified annual energy goals, indicators, and major energy usage and control measures. Meanwhile, energy conservation and carbon emission reduction efforts are incorporated into the Party Committee and administrative work plans, and responsibility agreements for energy conservation, carbon emission reduction, and environmental protection are signed with each unit to strengthen accountability.

Completion of energy indicator targets



Energy structure optimization

The Company promotes the use of clean and renewable energy, increasing its share in overall energy consumption and optimizing the energy structure. During the reporting period, fossil energy usage, including coke, electricity, diesel, and gasoline, was effectively reduced compared to the previous year. Meanwhile, the construction of clean energy projects and the purchase of green electricity were increased, with renewable energy electricity increasing by 17.70% and the total purchase of green electricity increasing by 17.79% compared to the previous year.

In 2024

Coal consumption

In 2024, the total coal consumption of Masteel was **11.8529** million tons



Green electricity

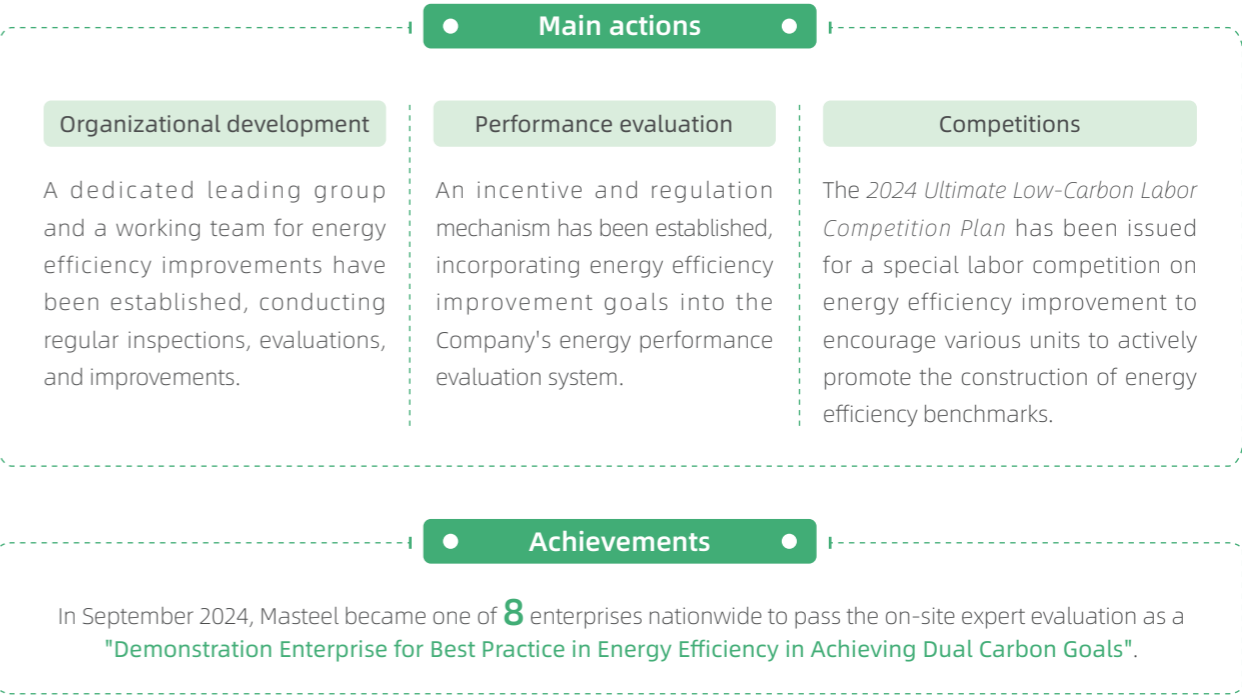
Formulated an annual green electricity purchase plan to increase the amount of green electricity used. In 2024, the planned purchase was **510** million kWh, but the actual purchase reached **570** million kWh.



Promoted distributed photovoltaic power generation projects in factories and the Zero Carbon Intelligent Park project, with a total installed capacity of **69.79** MW for photovoltaic power generation.

Promoting ultimate energy efficiency

The Company actively responds to and fully promotes the "ultimate energy efficiency" program organized by the China Iron and Steel Association (CISA). We also implement the *Action Plan for Energy Efficiency Improvement* by enhancing organizational development, establishing mechanisms, and taking multiple measures to achieve annual energy efficiency improvement goals.



Energy conservation and consumption reduction

The Company deeply explores energy conservation potential. By strengthening management and control, improving equipment energy efficiency, optimizing the product mix, conducting publicity, learning, and training sessions concerning energy conservation and carbon emission reduction, and organizing thematic activities such as Energy Conservation Publicity Week and Low-Carbon Day, we focus on meticulous daily management, detail control in production, and cultivation of employees' energy-saving awareness.

Orderly power consumption

Organize the formulation of an annual orderly power consumption work plan and contingency plan, and promote special activities of orderly power consumption via the "Snapshot" platform.

Equipment renovation and upgrading

Complete the upgrade or replacement of 254 units, including motors and transformers. The proportion of equipment with energy efficiency level 2 and above meets the relevant national requirements, and there are no large-scale process equipment or products that are explicitly eliminated.

Resource consumption reduction

Increased the efficient utilization of scrap steel, utilizing valuable resources such as iron and carbon from iron- and carbon-containing solid waste to reduce the consumption of new resources such as ore, coke, and scrap steel. In 2024, the scrap steel consumption of the Company's headquarters was 2.63 million tons, accounting for 15.08% of total steelmaking input.

When producing low-carbon products, the iron-to-steel ratio is reduced through production organization and product mix optimization methods such as using silicon steel scrap and adjusting scrap steel structure and converter auxiliary material structure to achieve low-carbon production.

Breakthroughs and application of energy conservation technologies

In 2024, over ten energy conservation technical improvement projects were completed, generating annual benefits of RMB 27.5 million after implementation.



In May 2024, the Company invited experts such as the vice president of the Anhui Energy-Saving Association and professors from Anhui University of Technology to conduct energy-themed technical training.

Case Hosting energy conservation-themed activities to foster green development concepts

On May 13-19, 2024, the Company organized an Energy Conservation Publicity Week. A variety of engaging activities, including the "Masteel Energy Efficiency Pioneer" selection, the "Masteel Energy and Environment Cup" energy conservation publicity knowledge contest, and the "Green Family" selection, were conducted to encourage employees to advocate energy conservation and promote green living. Among them, the "Masteel Energy and Environment Cup" energy conservation publicity knowledge contest attracted 1,614 employees, 62 of whom won the title of "Energy Conservation and Low-Carbon Knowledge Expert"; 20 employees were shortlisted for "Masteel Energy Efficiency Pioneer"; and 6 households were awarded the title of "Green Family".



Water resource utilization

The Company is committed to the efficient utilization of water resources in the production processes. By focusing on water balance testing and water conservation projects, we aim to improve water resource utilization and reduce water withdrawal intensity. While ensuring production, we strive to minimize water waste through effective management, recycling, and compliant water withdrawal. During the reporting period, the Company saved 594,900 tons of water.

Water resource management and control

The Company has formulated and implemented the *Management Measures for Water Conservation*, establishing a comprehensive management process covering execution, supervision, and assessment, and utilizing water resources in accordance with management systems and water withdrawal permits. By enhancing departmental collaboration and water consumption process control, we have effectively managed water conservation and achieved annual water conservation targets. In 2024, the Company obtained the water withdrawal permit to get water in compliance with the regulations, achieving a water saving of over two million cubic meters and a fresh water consumption of less than 1.89 cubic meters per ton of steel.

Water conservation measures

Masteel transforms wastewater into valuable resources. Through wastewater reuse treatment projects, pipeline leak detection and repair, and the management and control of circulating cooling water systems, the Company increases the amount of wastewater treated, recovered, and reused. Water balance testing is also conducted to identify issues and promptly urge rectification. We also strictly control water consumption per unit of production, strengthen process control such as industrial water quality trusteeship operation and management, increase the system concentration ratio, to effectively increase water resource recycling. In 2024, the Company's recycled water consumption was 2,240.6842 million cubic meters, and the repeating utilization rate of industrial water was 98.23%.



2024

the Company saved
594,900 tons of water



2024

achieving a water saving
of over **2** million cubic
meters



2024

the Company's recycled
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Ecosystem protection

Masteel has actively undertook a comprehensive factory renovation project, and built a eco-friendly, garden-like riverside steelworks. Through approaches such as pulling down the walls to make green appear, demolishing the obsolete facilities to create green, and bringing green to every corner, the Company has fully covered the unused areas of the factory with conventional greening, optimized the weaker greening areas, and enhanced greening of key sections and important roads, forming a green landscape with "flowers in spring, shade in summer, scenery in autumn, and greenery in winter". The green coverage rate has increased from 27.7% to 35%, minimizing the negative impact on the ecological environment as much as possible, and providing a comfortable habitat and migration corridor for surrounding creatures.



Environment of the Company's factories

In 2024

Water conservation and emission reduction projects

Complete leak detection and rectification of the underground pipeline network, with an estimated water conservation of **360,000** cubic meters.



Complete the construction of the 2# open channel and 3# flood drainage forebay improvement project, which lifts industrial wastewater and initial rainwater to the wastewater advanced treatment station in the North District for treatment and reuse, saving nearly **2.6** million cubic meters of water per year.



03

Pooling collective efforts to promote mutual benefits

Masteel actively safeguards the legitimate rights and interests of employees, promotes their growth and development, and continuously enhances employee cohesion. Masteel collaborates with our partners to overcome difficulties, develop together, and promote industry progress. We also strengthen supplier management and create a responsible supply chain, to ensure the security and stability of the industrial chain and supply chain.



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Growing together with employees

The Company focuses on protecting the basic rights and interests of employees, improving employee skills and promoting their growth through facilitating promotion channels and strengthening professional training. We also care for employees' physical and mental health and life, creating a sound, harmonious, and positive working environment.

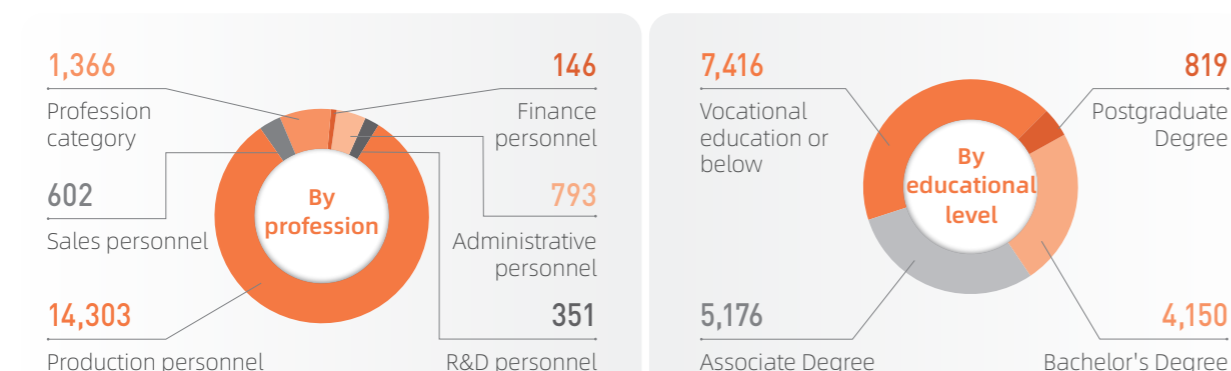
Protecting employee rights

The Company strictly abides by labor laws and regulations to ensure equal employment, establishes a reasonable compensation and benefits system to improve employee benefits, strengthens democratic management to promote the implementation of the democratic management system, and values physical and mental health to enhance employee experience and happiness, thus protecting employee rights.

Labor law compliance

- Strictly observing the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and other laws and regulations, the Company signs formal labor contracts with employees that clearly define working hours and overtime pay standards and ensure that weekly working hours do not exceed the legal 40-hour limit, with any necessary extensions carried out in accordance with the law. The labor contract signing rate reached 100% in 2024.
- In line with the "Sunshine Recruitment" initiative and as stipulated by the Employee Recruitment Management Measures, the Company conducts new employee recruitment through a mix of campus and online recruitment, upholds the principle of equal opportunity employment by ensuring no discrimination on the grounds of race, ethnicity, religion, gender, age, sexual orientation, gender identity, or other such factors, and guarantees that the recruitment procedures are compliant, transparent, and thoroughly documented.
- Masteel firmly enforces principles of equal pay for equal work, gender equality, and ethnic equality, eliminates child labor, and strictly prohibits forced labor and workplace harassment. During the reporting period, the Company maintained an excellent compliance record, with no incidents involving child labor, forced labor, human trafficking, discrimination, or harassment.

Employee composition



R&D personnel

Remuneration and benefits



Remuneration system

- The Company has established a diversified compensation incentive framework with a primary focus on the performance-based remuneration system, augmented by the position-specific annual wage system, grade-based wage system, and measures for managing overseas compensation. The framework highlights the value of positions, pays according to the position, and emphasizes performance orientation. We also directly link the adjustment of employee compensation with the performance evaluation results, which reasonably widens the gap, and attracts as well as retains the talents needed for the Company's development.
- The Company pays employees' monthly wages in monetary form every month in a timely manner, and provides each employee with a pay slip.



Benefits management

- Primary benefits:** The Company ensures timely and complete payment of basic old-age insurance, basic medical insurance (including maternity insurance), unemployment insurance, work-related injury insurance, housing provident 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, and family property commercial insurance.

Democratic management

The Company provides accessible channels for employees to express their concerns, strengthens democratic management, utilizes the employee conference to gather opinions and suggestions, and responds to concerns in a timely manner. Employees' rights of democratic consultation, election, participation, decision-making, and supervision are ensured, so that they can participate in decision-making through multiple channels and forms.

- The Company convened the second meeting of the 20th Employee Conference, during which 53 proposals from employees were collected. After review, 19 proposals were formally adopted. With corresponding responsibilities assigned to relevant departments, each proposal was responded, and a 100% satisfaction rate was achieved.
- The Company adheres to and improves the employee director and supervisor system, deepens factory-level transparency, supervises compliance with Collective Contracts, and strengthens the trade union's oversight of the implementation of labor laws and regulations.
- Employee representatives inspect significant hidden hazard rectification actions for major accidents within the Company, fulfilling the trade union's democratic supervisory responsibilities in accordance with the law.
- Each unit's comprehensive management department and the trade union provide channels for employees to express their grievances. The Company's various professional departments assist in addressing employees' urgent needs and concerns, ensuring the confidentiality of complaint information and providing timely feedback on the handling results of the complaint.

Safeguarding employees' physical and mental health

The Company thoroughly implements the "Safety and Health Escort" initiative, establishing dedicated institutions and personnel for employee health management, and providing sufficient financial support.

- The Company provides every employee with a free medical examination on yearly basis, taking individual health requirement into consideration by providing optional items as well as the designated items.
- Masteel actively provides health interventions for common and frequently occurring illnesses among employees. The Company invites medical experts to conduct on-site health seminars at the production frontlines, offering real-time explanations of any abnormal findings in employees' physical examination reports and providing personalized health guidance.
- The Company has added fitness facilities and launched fitness programs to provide convenience for employees' health activities, actively encouraging them to develop healthy lifestyle habits.

Career development and training

The Company facilitates smooth career development channels for employees, adheres to the development strategy of "building a competitive enterprise through talents", conducts various types of training, and continuously optimizes the talent introduction and cultivation mechanisms.

Position system	The Company divides the positions into three sequence development channels, including management positions, technical & business positions, and operation & maintenance positions, and provides opportunities for cross-sequence transfers or promotions within the same sequence, breaking down identity barriers and broadening career advancement paths for technical & business and operation & maintenance staff.
Development and promotion	A multidimensional promotion evaluation system, based on education, performance, work experience, and other criteria, is established. Talent is selected and appointed according to the <i>Masteel Leader Selection and Appointment Management Measures</i> and <i>Employment Management Measures for Positions</i> . Employees are offered diverse development channels, such as promotion, sequence transfer, shared employment within an ecosystem, labor sharing, and entrepreneurship, catering to various career aspirations.
Employee training	In 2024, a total of 279 training programs were implemented, covering professional talent development and professional system construction projects, safety management, special operations, special equipment operation, and occupational (skill) level certification.



In April 2024, the first lean management training program of the year was held.



A special training program on Lean Six Sigma projects was held.

Caring for employees' life

The Company prioritizes resolving urgent and difficult problems for employees, integrating employee empowerment and care into daily routines, frequent attention, and ordinary tasks, so as to help employees achieve a balance between work and life.

Assistance and support to employees

The Company is committed to handling the most pressing matters for employees, optimizing employees' well-being by providing assistance, subsidies, and financial aid, creating a warm and caring workplace, and strengthening employees' sense of belonging and teamwork.

In 2024

"Three Mosts" (most concerned, most direct, most realistic) practical projects

Through in-depth research and consultations with employees, the Company sorts out projects to improve employees' working and living conditions, establishes a "Three Mosts" practical project list, and improves the tracking and supervision mechanism. In 2024, the Company successfully reviewed and approved **11** major company-level projects and **126** factory-level projects.

Warm visits

A themed activity of "Caring for Employees, Bringing Warmth to Every Household" was carried out. During the New Year and Spring Festival 2024, over 4,890 visits were made to exemplary representatives and employees in need. A total of RMB **3.922** million in consolation funds was distributed.

Assistance to employees in need

"Autumn Education Assistance" funds amounting to RMB **123,000** were provided to **29** employees' children.

Dependent survivor pension standards for employee deceased from illness (not-work-related) were raised from RMB **782** per person per month to RMB **840**.

RMB **1.2053** million was allocated to **22** units for heatstroke prevention and high-temperature subsidies.

RMB **244,300** in relief funds was offered to **15** employees (and family members), with expedited medical services arranged for 2 employees.

The employee mutual assistance plan was promoted.

Caring for female employees

The Company provides comprehensive care for female employees and organizes a series of International Women's Day activities, including recognizing the "Rose" series of advanced individuals, and carrying out "Rose Reading" book sharing activity, and "Rose Bloom" creative DIY production activities to enrich the life of female employees.

Work-life balance of employees

The Company cultivates a positive and healthy employee culture by executing a variety of activities to enrich employees' spiritual and cultural life to improve their happiness.



"Safety Reminders from Family" virtual art exhibition showcased employees' children's safety-themed calligraphy and paintings.



Masteel held "Encounter in Autumn" youth dating activity to create opportunities for young single employees.

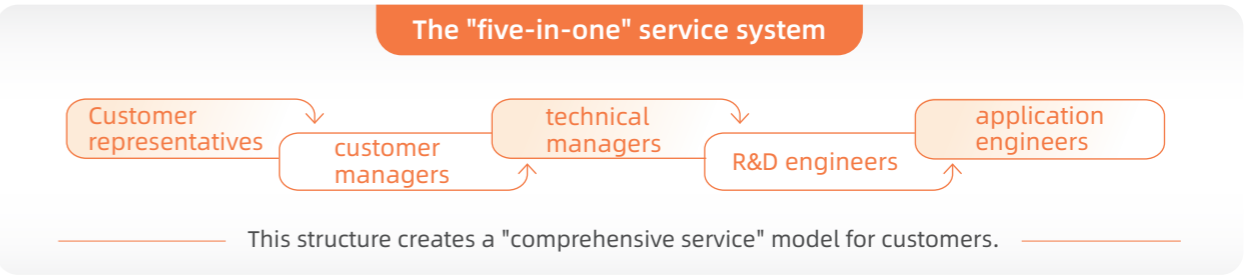
Advancing Together with Partners

Prioritizing customers and ensuring service

Masteel strengthens the protection of customers' basic rights by upgrading products and improving service models to enhance customer experience. We also provide excellent after-sales service and ensure smooth communication and feedback channels to give customers a high-quality product usage experience. During the reporting period, the Company achieved a 90.53% resolution rate for customer complaints and a customer satisfaction score of 88.13, with no major incidents of safety or quality liabilities related to services.

Customer service system

The Company builds a "five-in-one" service system, establishing and optimizing the customer service management platform to promote the transformation of customer management models to "going online as much as possible" and effectively identify customer needs. This enhances the standardization of customer service management and the efficiency of responding to customer needs, thereby improving service quality.



Optimizing customer service

The Company ensures excellent after-sales service by conducting customer satisfaction surveys annually and handling customer complaints with the primary goal of minimizing the impact on customers' production and reducing losses as much as possible. Internally, Masteel drives continuous improvements in manufacturing and R&D capabilities to provide higher-quality products. Externally, Masteel resolves issues customers encounter when using the products to enhance service quality and consistently improve customer satisfaction.

Customer feedback management

- The customer service management platform enables a full-cycle closed-loop management of customer feedback, including collection, transmission, handling, and improvement.
- Masteel creates a graded management mechanism for customer complaints and a rolling list for key issues, fully leverages client-side problems to improve the "1+6" working group platform, quickly responds to, actively resolves, and continuously improves typical quality complaints from clients.

Customer satisfaction survey

- **Comprehensive evaluation:** Masteel conducts satisfaction assessments for all product categories based on the five dimensions of quality, cost, delivery, R&D, and service, continuously tracks customer satisfaction, and analyzes improvement measures.
- **Feedback loop:** Based on suggestions and complaints gathered in the customer satisfaction assessment process, the Company creates a list, swiftly communicates the information to related departments within the organization for enhancements, and promptly reports the outcomes back to customers, ensuring a closed-loop process.

Advancing together through deep collaboration

Deepening cooperation

Masteel supports national strategies, promotes regional development, and collaborates deeply with partners in strategic cooperation. By integrating resources and innovating cooperation models, the Company achieves multi-field advancements and mutual benefits. In 2024, the Company signed strategic cooperation agreements with more than 10 upstream and downstream enterprises in the industrial chain and research institutes to jointly explore a new model of sustainable development along the chain in areas such as technological innovation and green, low-carbon development.



Masteel leaders visited clients in the Jiangsu and Shanghai markets to further deepen cooperation and collectively face the challenges of a downturn in the steel market.



Masteel signed a strategic cooperation agreement with JAC Group, establishing a benchmark for collaboration.

Industry advancement

Masteel actively leads industry development, and participates in the formulation and revision of industry standards, significantly contributing to the development of the steel industry.

- Led the revision of the national standard GB/T 11263-2024 *Hot-Rolled H-Shaped Steel and Split T-Shaped Steel*, which was approved and published.
- Spearheaded the formulation or revision of 1 national standard and 4 industry standards, all of which passed review.
- 3 national standards and 1 industry standard were approved for project initiation.

Joint Industry Development

Masteel builds a robust supply chain system to strengthen supply chain management, explores diverse supply channels to ensure stable supply chain, and works with upstream and downstream partners to enhance the autonomy, controllability, safety, and reliability of the industrial system.

Supplier management

Supplier compliance management

Masteel implements procurement regulations, establishes a supplier management leading group, strengthens organizational support, and builds a management mechanism covering processes such as entry, review, and exit to create a compliant and high-quality supplier team.

Supplier process management measures

- Entry** The supplier management leadership team holds supplier group meetings regularly or irregularly to review the qualifications of new suppliers, conduct relevant investigations, and temporarily evaluate suppliers in case of anomalies.
- Review** After passing full certification, admitted suppliers are announced publicly for one week before being officially activated.
- Exit** A comprehensive supplier exit mechanism has been established. If a supplier faces major quality or delivery issues and fails to pass the review after rectification, refuses to cooperate with the rectification, or does not meet the requirements after review; or fails to fulfill social responsibilities, e.g. complete payment of social insurance, the supplier exit mechanism will be strictly enforced.

Supply chain ESG management

Masteel incorporates sustainable development elements into supplier admission assessment and review processes, strengthens supplier training on social responsibility and ESG, and promotes the sustainable development of suppliers.

Management system

- The Company has formulated *Collaborative Business Management Measures*, and each department responsible for collaborative business management has defined the entry 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, environment and energy, equipment maintenance, social responsibility, and labor standards.

Review and evaluation

◎ The Company has conducted planned second-party audits of suppliers in various areas, including production quality, labor standards, environment and energy, and safety management. We have issued audit reports and mandated timely rectification by suppliers.

Training activities

- ◎ The Company offers comprehensive training to suppliers through monthly safety meetings, environmental protection meetings, and other activities.
- ◎ Furthermore, safety training is provided to on-site collaborative personnel to enhance the responsibility awareness of both suppliers and collaborative personnel.

Ensuring stable supply chain

Supply chain risk management

Masteel sets supplier risk management indicators, develops and implements the *Supplier Dynamic Evaluation Management Measures*, regularly monitors supplier risk management indicators, and dynamically evaluates supply chain risks. The Company formulates evaluation mechanisms for different categories of suppliers, and the evaluation results are linked to monthly and annual settlements. Meanwhile, the Company annually evaluates suppliers' plan fulfillment rate, qualified rate upon arrival, contract performance rate, and other factors, and manages suppliers in different levels according to the evaluation results to strengthen supplier control and effectively reduce supply risks.

Supply chain security assurance

The Company focuses on ensuring supply chain's security, builds a smart procurement system, enhances the intelligence of the supply chain through digitalization, and strengthens supply chain advantages. We also develops internal supply to enhance our own supply capabilities and strengthens emergency supply to enhance supply chain resilience.

Smart procurement

The Company strictly complies with the *Tender Procurement Management Measures* and follows the principles of openness, fairness, impartiality, as well as competition, merit-based selection, and integrity in procurement. We have built and launched the Raw Material Procurement Logistics Management System 4.0 (PLMS4.0) smart procurement system, which meets the needs of China's Central SOEs for penetrating supervision and strengthens the ability to co-build and share information resources with the Magang Group, promoting the Company's sustainable development of digitalization.



In August 2024, PLMS4.0 was successfully launched, and realized one-click operation from procurement inquiry to pricing, real-time inventory monitoring, and other functions, providing strong system support for ensuring lean, efficient, and compliant procurement and enhancing the Company's procurement competitiveness.

Strengthening supply guarantee capability

Masteel has maintained strategic cooperation with overseas mines and domestic major coal mines to build a safe and stable supply chain. The Company also strengthens internal supply capabilities, emergency supply assurance, and collaboration and sharing with partners to establish a secure and stable supply chain.

Developing internal supply capabilities

Masteel leverages internal channel potential, directs production and manufacturing systems toward adopting alternative varieties, promotes raw material substitution, and ensures the stability of resource supply at the forefront of the supply chain. The Company utilizes technology to enhance resource reserves and improve the supply chain's adaptability to market fluctuations. Moreover, we foster stronger collaboration with enterprises within the Magang Group, optimizes resource allocation, and strengthens cooperative capabilities to ensure the stable operation of the supply chain.

Strengthening emergency supply capabilities

Quick response for stable supply

Stabilize resource supply through quick response, resource acquisition, and on-site expediting to support the high-yield and stable operation of coke ovens and blast furnaces.

Proactive response to flood season supply

Adhering to the standards of "stable supply, cost reduction, and low inventory", Masteel avoids adverse weather, arranges early shipments from external ports in advance. Based on dynamic Yangtze River water levels during the flood season, the Company promptly initiates measures such as "using ships as warehouses" to increase inventory and transportation capacity, thereby ensuring the production needs of flux.



Collaborative cost reduction to strengthen stable supply chain

Amid challenging conditions in the steel industry, Masteel held an ecosystem collaborative cost reduction promotion meeting in October 2024. To ensure stable supply chain and achieve cost reduction and efficiency improvement, the Company promoted the establishment of market-oriented cooperation with ecosystem partners, expanded the proportion of bidding, and optimized the supply and demand system. Meanwhile, we leveraged the role of ecosystem partners to improve equipment operation and maintenance efficiency, reduce settlement costs, and enhance supply chain resilience.

At the meeting, ecosystem partners shared their experiences and responded to the concept of "shared responsibility, progress, benefits, and prosperity". With these measures, the Company has strengthened the supply chain in a complex market, enhanced the competitiveness of the ecosystem, provided an effective model for ensuring stable supply chain and promoting sustainable development, which fostered collaborative progress across the industrial chain, and achieved a virtuous cycle of cost reduction and development.



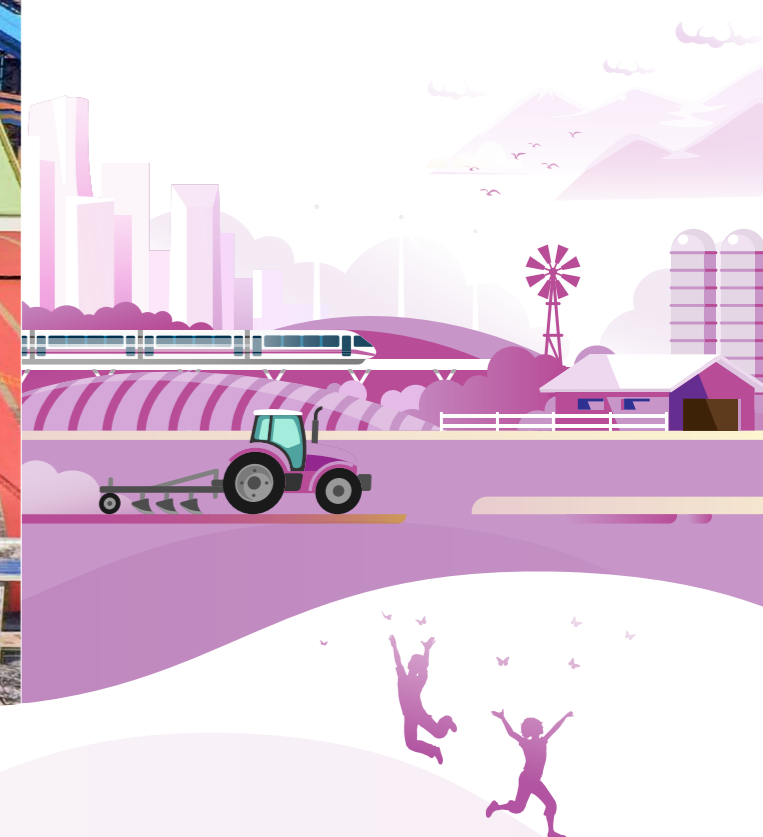
04

Fulfilling Corporate Responsibility for Social Harmony

Masteel actively fulfills the corporate responsibility, continuously gives back to society, supports joint construction of community, and practices long-term commitment to public welfare.

Supporting rural vitalization
Dedicated to Charity

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Supporting rural vitalization

Masteel promotes industrial development, infrastructure construction, and governance in rural areas through industrial, educational, and consumption assistance, continuously contributing to advancing rural vitalization, accelerating modernization of agriculture and rural areas, and building up China's strength in agriculture.

Party building leading rural governance

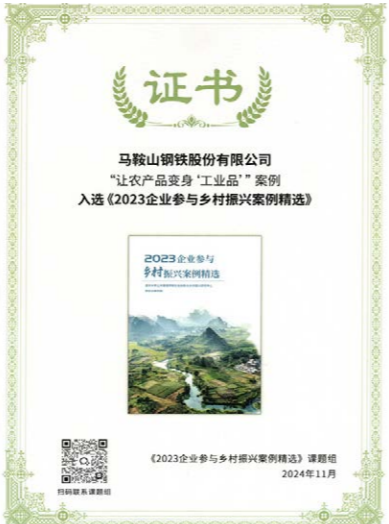
- Organize primary-level Party branches of the Company and the assisted villages to sign joint creation and construction agreements, to promote experience exchange and resource sharing in Party building and rural development.
- Carry out thematic Party Day activities such as education aid donations, harvesting to help farmers, and free medical consultation, to help farmers solve production and sales concerns, and contribute to the health and education of villagers.
- Show care and provide life supplies and daily attention to families lifted out of poverty and those under monitoring.



Masteel collaborated with Maanshan General Hospital of Ranger-Duree Healthcare to offer free medical consultation in Liji Village, Dicheng Town, Funan County.



Masteel carried out education aid in Longtai Village, Hanshan County, and Liji Village, Funan County, donating a total of RMB 20,000 to 20 middle and primary school students from families with financial difficulties and excellent academic performance.



In November 2024, the Company's "transforming agricultural products into 'industrial products'" case was included in the 2023 Selected Cases of Enterprises Participating in Rural Vitalization, shaping a positive image of the Company's responsibility fulfillment.

Integrating rural and corporate development

Masteel deeply integrates assistance tasks into the development mainline, thoroughly implements assistance tasks, and actively explores a win-win model of assistance and enterprise development. Focusing on implementing mechanisms, providing sufficient funds, and dispatching cadres, the Company makes a solid guarantee for the smooth advancement of assistance work and comprehensively promotes the steady progress of it.



Conducting research in designated assisted villages.



Listening to work reports regarding assistance in Longtai Village.

Supporting rural development

Masteel actively explores diverse paths to strengthen industrial foundations with technical support, inject impetus into development with funding, and promote corporate progress with talent training, comprehensively advancing rural industries to new heights.

School-enterprise cooperation to build distinctive industries

Masteel actively connects with social resources and introduces technology and facilities to energize rural industries and ensure their sustainable development.



Conducting industrial project research in Haiwei's packaging and processing plant in Dicheng Town.



Donating assistance funds to designated assisted villages.

The Company has introduced resources from Anhui Agricultural University to assist Longtai Village's yellow peach processing plant in enhancing its technology and planning the phase II project, thereby promoting rural industrial development.

The Company provided RMB **200,000** to Liji Village to invest in its aquatic breeding base, improving equipment and facility standards, which helped the village collective receive an annual dividend of **8%**. Additionally, RMB **200,000** was invested in Longtai Village to support a new production line and a cold storage project, strengthening the collective economy and driving employment and income growth for villagers.

Building a demand-supply bridge with consumption assistance

The Company organized the procurement of products from assisted areas, completing RMB 8.4142 million in consumption assistance. We also launched "Farmer Assistance by Fruit Tree Adoption" activities, engaging over 17,152 participants in total and raising RMB 893,800 through adoption.

- In conjunction with the Company's holiday welfare procurement needs, Masteel completed bidding, contract signing, and filing for products and services related to consumption assistance.
- On the Mid-Autumn Festival and National Day holidays, and "China's Central SOE Consumption Assistance Week", the Company encouraged collective procurement and sales assistance among various departments and ecosystem partners.



In November 2024, the Company organized "A Bite of Ongniud Banner, Sharing the Harvest" agricultural specialties fair.

Cultivating talent to drive employment

The Company conducted research at the BYD Industrial Park in Funan, leveraging the resources of Masteel's education platform to explore school-enterprise cooperation and other approaches to address the labor shortage of local businesses. Meanwhile, the Company invited professionals from Anhui Agricultural University and the Masteel Training Center to conduct online training for relevant personnel in assisted villages, covering topics such as assistance policies, healthcare, and fruit tree cultivation. A total of 52 individuals participated, contributing to the cultivation of talent for rural industries.

Points system promotes good rural governance

The Company invested RMB 50,000 each in Liji Village and Longtai Village to establish "Civic Engagement Reward System". This is a carefully designed points system, quantifying rural affairs and allowing villagers to exchange volunteer service for points and goods, thereby positively reinforcing volunteerism and village self-governance.

Promoting rural public infrastructure

Masteel serves local residents by improving infrastructure construction and optimizing public services. In 2024, the Company supported Liji Village with RMB 93,400 for constructing roads for production and daily life in the village, continuously improving the living environment of the village and enhancing local residents' sense of acquisition and happiness through rural infrastructure optimization.

Dedicated to Charity

Masteel strengthens community engagement and carries out various volunteer activities. During the reporting period, we conducted more than 10 volunteer activities, practicing the volunteer spirit of "dedication, fraternity, support, and progress" with practical actions, and responding to corporate social responsibility as a mandatory question.

Driving employment

During the reporting period, the Company properly arranged suitable positions for approximately 180 individuals with disabilities, actively fulfilling our corporate social responsibility. We also coordinated with city government departments, such as the Veterans Affairs Bureau, to encourage eligible veterans to work at Masteel.

Charitable activities

The Company vigorously promotes voluntary blood donation and hematopoietic stem cell donation. Since 2011, there have been 16 hematopoietic stem cell donors, demonstrating their selflessness. We also carries out charity bazaars and other activities to raise funds for education.



In March 2024, Masteel had 6 employee families participate in charity bazaar hosted by Maanshan Women's Federation, "Love in Action: Spreading Kindness Through Community Charity", and 9 employees participate in the Youth League's "Secondhand Charity Bazaar". All proceeds were donated to relevant institutions in Maanshan.



In September 2024, Masteel was awarded the Outstanding Contribution Unit for Hematopoietic Stem Cell Donation in Maanshan City.

Promoting civility

The Company spreads the concept of civilized dining in daily life by volunteer services and ensures a good environment during the high school entrance exam and National Higher Education Entrance Examination periods by adjusting transportation plans and strengthening noise control, contributing to the promotion of civility with practical actions.



In March 2024, Masteel's volunteers provided volunteer services including guidance, cleaning, distribution of "Clean Your Plate" coupons, and promoting food saving in Maanshan's Charity Restaurant.

Community engagement

The community is the basic unit of society. Masteel's volunteers reached out to communities to carry out volunteer activities including free medical consultations, capturing moments for communities, and safety awareness campaigns, to safeguard the health of residents and facilitate their daily life.



Free medical consultations in the community, providing free medical services including blood sugar and blood pressure measurements for community residents.



Initiate the "Capturing Moments for the Community".



Masteel Group Kangtai Land Development Co., Ltd mobilized over 20 young employees to clean up illegally parked electric bikes in the Steel City Garden Residential Community.

Future Prospects

Never slacken in the face of adversity and consistent effort will overcome any obstacle. The year 2025 marks the final year of the 14th Five-Year Plan and a critical year for deepening reforms. In 2025, Masteel will adhere to improving efficiency through deeper reforms, expanding potentials through strategic optimization, and increasing profitability through product operations, writing a new chapter in the high-quality development of Masteel on the new journey.

Appendix

Key performances

Indicator	Unit	2022	2023	2024
Operating revenue	RMB 100 million	1,021.54	989.38	818.17
Compound growth rate of operating revenue	%	8.60	6.63	-10.43
Total profit	RMB 100 million	-5.61	-15.97	-48.30
Net profit	RMB 100 million	-8.20	-16.40	-49.84
Operating profit ratio	%	-0.47	-1.61	-5.77
Liquidity ratio	—	0.73	0.50	0.43
Total market capitalization	RMB 100 million	197.97	182.90	208.42
Social contribution per share	RMB	0.79	0.53	-0.01
Total taxes	RMB 100 million	18	11.21	9.17
Number of Board members	Person	7	7	7
Number of independent directors	Person	4	4	4
Proportion of independent directors	%	57.14	57.14	57.14
Proportion of female directors	%	28.57	0	14.29
Average tenure of Board members	Year	4.70	3	1.25
Turnover rate of directors/supervisors/senior executives	%	46.15	26.09	34.78
Standard deviation of age for directors/supervisors/senior executives	age	3.30	3.20	4.79
Number of days between the notice date and the convening date of the annual general meeting of shareholders	Days	49	27	30
Ratio of the shares holding by equity incentive employees of the total share capital	%	0.97	0.60	0.60
Number of corruption lawsuit cases of employees	Case	0	0	0
Number of directors participating in anti-corruption related training	Person	8	9	10
Coverage rate of directors participated in anti-corruption training	%	100	100	100
Per capita training hours of directors for anti-corruption training	Hour	35	32	24
Number of employees participating in anti-corruption training	Person	7,900	7,545	7,498
Number of employees penalized or dismissed for violating anti-corruption policies	Person	5	2	1
Costs related to corruption fines, penalties, or settlements	RMB 10,000	0	0	0
Total hours of compliance training	Hour	16	56	31
Number of participants in compliance training	Person	281	506	261
Number of ESG-specific training sessions	Times	3	5	7
Total hours of ESG-specific training	Hour	16	20	36
Shareholding ratios for executives	%	0.04	0.02	0.02
Share pledge ratio of controlling shareholders	%	0	0	0
Total R&D investment	RMB 100 million	40.97	39.38	36.46
R&D investment as a percentage of operating income	%	4.01	3.98	4.46

Indicator	Unit	2022	2023	2024
Year-on-year growth rate of R&D expenses	%	-9.08	-10.12	-11.45
Total number of patents filed annually	Piece	511	480	423
Number of invention patents filed annually	Piece	382	390	388
Total number of new patents authorized annually	Piece	482	295	231
Number of new invention patents authorized annually	Piece	254	224	197
Total number of valid patents	Piece	2,446	2,541	2,588
Number of invention patents applied to main business	Piece	2,446	2,541	2,588
Total number of software copyrights	Piece	2	10	15
Total number of R&D personnel	Person	2,082	2,037	2,408
Proportion of R&D personnel	%	11	10.98	14.50
Total number of customers	Client	1,999	1,466	1,368
Number of customers in East China	Client	1,325	1,009	1,014
Number of customers in South China	Client	181	104	71
Number of customers in North China	Client	153	108	44
Number of customers in Southwest China	Client	142	61	39
Number of overseas customers	Client	157	170	200
Product inspection pass rate	%	100	100	100
Recall rate of sold or shipped products for safety or health reasons	%	0	0	0
Number of customer complaints received	Piece	1,742	1,916	2,861
Customer complaint resolution rate	%	87.73	94.25	90.53
Customer satisfaction score	Score	88.07	88.12	88.13
Total number of registered suppliers	Supplier	2,021	2,152	277
Number of domestic suppliers	Supplier	2,010	2,130	268
Number of foreign suppliers	Supplier	11	22	9
Number of suppliers with second-party audits during the reporting period	Supplier	24	42	7
Number of suppliers terminated due to non-compliance	Supplier	0	0	0
Number of potential suppliers rejected due to non-compliance	Supplier	0	0	0
Number of ESG training sessions for suppliers ³	Supplier	8	21	53 ⁴
Total ESG training hours for suppliers ³	Times	1	24	86
Total number of employees	Person	20,844	18,555	17,561
Number of dispatched labor workers	Person	0	0	0
Total number of male employees	Person	19,069	17,070	16,187
Total number of female employees	Person	1,775	1,485	1,374
Total number of full-time employees	Person	20,844	18,555	17,561
Total number of part-time employees	Person	0	0	0
Proportion of employees from minority groups	%	1.57	1.60	1.51
Number of employees aged 35 and under	Person	5,144	4,650	4,091
Number of employees aged 36 to 40	Person	1,938	1,637	1,800

Indicator	Unit	2022	2023	2024
Number of employees aged 41 to 50	Person	7,954	6,577	5,884
Number of employees aged 51 to 60	Person	5,808	5,691	5,786
Number of employees registered within the province	Person	20,197	18,050	17,071
Number of employees registered outside the province	Person	647	505	490
Number of new hires during the reporting period	Person	209	225	33
Labor contract signing rate	%	100	100	100
Proportion of female managers	%	4.59	4.79	4.65
Average number of annual paid vacation days per employee	Day	9.29	12.60	12.71
Management compensation/Total employee compensation ratio	%	12.40	14	15.51
Total amount of social insurance contributions	RMB 10,000	62,084.71	78,344.47	60,285
Employee labor contract signing rate	%	100	100	100
Social insurance coverage rate for employees	%	100	100	100
Total investment in employee training	RMB 10,000	2,294.54	2,554.39	1,659.89
Proportion of employees receiving training	%	99	99.50	99
Employee training sessions	Day/person	16.50	19.80	20.60
Number of male employees trained	Person	18,701	17,168	15,891
Training coverage rate for male employees	%	99.20	99.70	99.20
Average training hours per male employee	Hour	131.90	157.20	164.70
Number of female employees trained	Person	1,732	1,484	1,345
Training coverage rate for female employees	%	97.50	99.20	99
Training coverage rate for female employee	Hour	117.50	131.50	135.60
Number of managerial employees trained	Person	1,284	1,183	1,183
Training coverage rate for managerial employees	%	100	100	100
Average training hours per managerial employee	Hour	188.80	209.40	249.61
Number of technical employees trained	Person	3,383	3,217	3,150
Training coverage rate for technical employees	%	97	94	99.70
Average training hours per technical employee	Hour	177	187.40	220.71
Number of operation & maintenance employees trained	Person	15,862	14,057	12,953
Training coverage rate for operation & maintenance employees	%	100	99.60	99.30
Training coverage rate for operation & maintenance employees	Hour	116.50	144.80	143.71
Employee satisfaction rate	%	90.21	90.25	94.86
Employee turnover rate	%	0.20	0.28	0.51
Male employee turnover rate	%	0.19	0.26	0.46
Female employee turnover rate	%	0.01	0.02	0.05
Turnover rate of employees under 30	%	0.08	0.15	0.19
Turnover rate of employees aged 30 to 40	%	0.08	0.10	0.24
Turnover rate of employees aged 41 to 50	%	0.03	0.02	0.03
Turnover rate of employees aged over 50	%	0.01	0.01	0.05

Indicator	Unit	2022	2023	2024
Turnover rate of employees registered within the province	%	0.17	0.23	0.43
Turnover rate of employees registered outside the province	%	0.03	0.05	0.08
Employee physical examination coverage rate	%	100	100	100
Revenue generated per capita	RMB 10,000	477	533	466
Total investment in safety production	RMB 100 million	1.93	0.76	1.20
Investment of work-related injury insurance and safety production liability insurance	RMB 10,000	32	30	28
Coverage rate of work-related injury insurance and safety production liability insurance	%	100	100	100
Number of safety production training sessions	Times	205	788	1,534
Number of participants in safety production training	Person	43,504	53,583	56,245
Total hours of safety production training	Hour	500,300	484,100	510,800
Safety training coverage rate	%	100	100	100
Certification rate for special operations employees	%	100	100	100
OHSAS18001/ISO45001 certification coverage rate	%	100	100	100
Number of occupational disease cases	Times	0	0	0
Occupational disease occurrence rate	%	0	0	0
Number of fatal work-related accidents for employees	Pieces	1	0	1
Number of serious work-related accidents for employees	Pieces	1	0	0
Number of employees who died in workplace incidents	Person	1	0	1
Number of employees severely injured in workplace incidents	Person	1	0	0
Number of employees with minor injuries	Person	2	5	1
Injury rate per thousand employees	‰	0.32	0.21	0.11
Number of fatal accidents in related parties' operations	Accident	4	2	1
Number of fatalities in related parties' operations	Person	7	2	1
Total workdays lost due to occupational injuries	Day	6,295	380	6,100
Work injury incidence rate	Number of work-related injuries/ million working hours	1.43	0.79	0.98
Workdays lost per million revenue due to occupational injuries	Day/RMB 10,000	0.06	0	0.06
Fatality ratio of labor-related injuries	%	0.01	0	0
Total external donations	RMB 10,000	349.87	363.79	348.36
Total investment in rural vitalization	RMB 10,000	119	97.47	66.34
Scope and number of beneficiaries under rural vitalization initiatives	Person	11,132	10,863	10,800
Number of employee volunteers	Person	3,126	3,519	3,441
Total annual hours dedicated to volunteer activities	Hour	7,561	8,548	8,302
Average volunteer service hours per individual	Hour	2.42	2.43	2.41
Number of volunteer participations	Person	4,015	4,826	4,624
Total investment in environmental protection	RMB 100 million	40.30	33.83	36.44
Proportion of environmental protection investment to operating income	%	3.95	3.37	4.45

Indicator	Unit	2022	2023	2024
Number of environmental protection training sessions	Times	13	13	13
Number of participants in environmental protection training	Person	12,183	10,570	11,518
Total hours of environmental protection training	Hour	81,969	73,716	90,800
Office electricity consumption	10,000 kWh	678	654.22	670
Office water consumption	10,000 cubic meters	31	28.93	35.60
Office waste disposal volume	Ton	4,500	3,016.84	3,500
Total number of pollution incidents during the year	Times	0	0	0
Project environmental impact assessment rate	%	100	100	100
Total carbon dioxide emissions ⁵	10,000 tons	3,650.04	3,887.80	3,685.70
Carbon dioxide emissions (Scope 1)	10,000 tons	3,329.16	3,580.19	3,411.84
Carbon dioxide emissions (Scope 2)	10,000 tons	320.88	307.61	273.86
Carbon dioxide emissions per ton of steel	Ton of carbon per ton of steel	1.82	1.85	1.86
Carbon dioxide emissions per ton of steel (Scope 1)	Ton of carbon per ton of steel	1.66	1.70	1.72
Carbon dioxide emissions per ton of steel (Scope 2)	Ton of carbon per ton of steel	0.16	0.15	0.14
Total sulfur dioxide emissions	Ton	4,297	4,213	4,301
Sulfur dioxide emissions per ton of steel	Kilogram	0.20	0.20	0.21
Total nitrogen oxide emissions	Ton	6,457	7,824	7,529
Nitrogen oxide emissions per ton of steel	Kilogram	0.33	0.37	0.37
Total particulate matter emissions	Ton	8,095	8,712	8,176
Particulate matter emissions per ton of steel	Kilogram	0.28	0.31	0.30
Total volatile organic compound (VOCs) emissions	Ton	2,715	2,358	2,438
Total raw coal consumption	10,000 tons	342	380	392.68
Total washed clean coal consumption	10,000 tons	706	779	792.60
Total coke consumption	10,000 tons	290	317	253.08
Total electricity consumption	100 million kWh	64	59.91	53.78
Total diesel consumption	Ton	5,300	5,104	4,515.42
Total gasoline consumption	Ton	23	25	18.09
Total steam consumption	ton of standard coal equivalent	49,761	12,673	15,888
Total residual heat energy consumption	ton of standard coal equivalent	1,571,306	1,966,443	2,035,002
Total natural gas consumption	10,000 cubic meters	3,580	7,053.80	7,242.72
Amount of renewable energy (clean energy) used	100 million kWh	2.98	4.65	5.71
Energy intensity	GJ/ton of crude steel	16.76	16.93	17.02
Comprehensive energy consumption	10,000 tons of standard coal equivalent	1,162	1,210.80	1,155.50
Comprehensive energy consumption per ton of steel	Kilogram of standard coal/ton	572	577.93	580

Indicator	Unit	2022	2023	2024
Compliance rate for hazardous waste management	%	100	100	100
Amount of hazardous waste recycled/disposed	10,000 tons	8.11	7.63	6.73
Safe disposal rate of hazardous waste	%	100	100	100
Total amount of harmless waste generated (total general waste emissions)	10,000 tons	1,273.94	1,408.80	1,311.80
Harmless waste generation density (general waste emission intensity)	Kilogram/ton	636.97	856.41	804.29
Total amount of harmful waste generated (total hazardous waste generation)	10,000 tons	7.77	7.58	6.66
Harmful waste generation density (hazardous waste generation density)	Kilogram/ton	3.89	4.61	4.08
Total solid waste generated	10,000 tons	1,273.94	1,408.89	1,311.90
Total amount of solid waste recycled	10,000 tons	1,273.50	1,408.83	1,311.74
Recycling rate of solid waste	%	99.97	99.99	99.99
Total volume of recyclable waste generated	10,000 tons	1,273.84	1,408.62	1,311.79
Total volume of non-recyclable waste generated	Ton	1,703.64	658.61	1,078.10
Total water withdrawal	10,000 tons	17,000	15,545	11,775.50
Total water withdrawal per million revenue	Ton/RMB 10,000	16.64	15.71	15.02
Total wastewater discharge (total wastewater emissions)	10,000 tons	1,836	1,135	1,067
Total annual fresh water consumption (fresh water consumption)	10,000 tons	4,148.44	3,987.90	3,702.58
Total water consumption saved	10,000 tons	78.44	160.50	59.49
Fresh water consumption per ton of steel	Cubic meters	2.09	1.90	1.87
Total amount of industrial water recycled (circulating water consumption)	10,000 cubic meters	232,644	238,318.27	224,068.42
Industrial water recycling rate	%	98.22	98.23	98.23
Total chemical oxygen demand (COD) emissions	Ton	256	148	156
COD emissions per ton of steel	Gram	12	7	7
Total ammonia nitrogen emissions	Ton	13	11	10.24
Ammonia nitrogen emissions per ton of steel	Gram	1	0.50	0.50
Total packaging material consumption	10,000 tons	4.16	6.12	4.09
Packaging material consumption density	Kilogram/ton	2.09	2.97	6.27
Environmental management system ⁶	%	100	100	100
Environmental management system (ISO 14001) certification coverage rate	%	100	100	100

³ ESG training sessions for suppliers include relevant topics such as safety and environmental protection

⁴ The data covers Masteel's headquarters, Changjiang Steel, Hefei Company, Baowu Group Masteel Rail Transit Material Technology Co., Ltd. and MASCOMETAL Co., Ltd.

⁵ Masteel carried out data accounting in accordance with the relevant standards set out in the Ministry of Ecology and Environment's Guidelines on Enterprise Greenhouse Gas Emissions Accounting and Reporting for Power Generation Facilities and the National Development and Reform Commission's Guidelines on Greenhouse Gas Emissions Accounting and Reporting for Steel Production Enterprises in China (Trial).

⁶ Formula: The number of employees and subcontractors working on steel production lines with certification marks / The total number of employees and contracted workers working on steel production lines

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Rating Report

Rating Report of 2024 Environmental, Social and Governance Report of Maanshan Iron and Steel Co., Ltd.

At the request of Maanshan Iron and Steel Co., Ltd., the Chinese Expert Committee on CSR Report Rating selected experts to form a Rating Team to evaluate the *Maanshan Iron and Steel Co., Ltd. 2024 Environmental, Social, and Governance Report* (hereinafter referred to as "the Report").

I. Rating Criteria

The China Enterprise Reform and Development Society, the CSR Cloud Research Institute's *Corporate Sustainability Development Report in China (CASS-ESG6.0)* and the Chinese Expert Committee on CSR Report Rating's *Corporate Sustainable Development Report Rating Standards in China (2025)*.

II. Rating Process

- The Rating Team reviews and confirms the *Corporate Sustainable Development Report Process Evaluation Materials Confirmation Form* and related supporting documents submitted by the Compilation Team of the Report;
- The Rating Team evaluates the process and content of the Report and drafts the Rating Report;
- The Vice Chairman of the Chinese Expert Committee on CSR Report Rating, the leader and the rating expert of the Rating Team jointly review and approve the Rating Report.

III. Rating Results

Process (★★★★★)

The Company has established a clear hierarchical governance structure with distinct levels of authority and responsibility: "Decision-making Layer–Management Layer–Implementation Layer", where functional departments and subsidiaries serve as implementation units. This structure facilitates the smooth promotion of ESG initiatives. After the completion of the Report, it is submitted to the Board of Directors for final review and comments. The Report serves as a key tool to meet compliance disclosure requirements, enhance sustainable development management, promote the corporate sustainability brand image, disclose corporate responsibility information, and address the demands of the capital markets, with its functional value clearly defined. Materiality topics are disclosed based on national macro policies, authoritative domestic and international ESG standards, industry regulations, and benchmarks from exemplary reports. The Report is published in both printed and electronic formats, demonstrating exceptional performance in the process.

Materiality (★★★★★)

The Report comprehensively discloses key industry topics such as climate change mitigation, pollutant emissions, waste management, energy and resource conservation, the development and application of environmentally friendly products or technologies, biodiversity and land use, sustainable supply chains, intelligent factory construction, product and service safety and quality, occupational health and safety, sustainable governance mechanisms, anti-commercial bribery, and anti-corruption. The information is thoroughly detailed and comprehensive, reflecting outstanding substantive performance.

Completeness (★★★★★)

The main content of the Report systematically discloses 92.59% of the core industry indicators from the perspectives of Enhancing Governance Efficacy to Promote Development, Committing to Green Practices to Safeguard Ecological Balance, Pooling Collective Efforts to Promote Mutual Benefits, and Fulfilling Corporate Responsibility for Social Harmony, showcasing outstanding completeness.

Balance (★★★★★)

The Report includes disclosures on negative data such as "turnover rate of directors/supervisors/senior executives", "number of employees who died in workplace incidents", and "occupational disease occurrence rate", while briefly describing situations such as "no incidents of unfair competition", "no major or above-level network or data security incidents" and "no sudden environmental incidents", demonstrating a leading performance in balance.

Comparability (★★★★★)

The Report discloses comparative data over three years for 207 key industry indicators, such as "number of independent directors", "per capita training

hours of directors for anti-corruption training", "comprehensive energy consumption per ton of steel", "total residual heat energy consumption", "revenue generated per capita" and "average training hours per technical employee". It also conducts horizontal comparisons using indicators like "AAA rating in the comprehensive assessment of the annual legal compliance management bidding process of China's Central SOE, ranking first among all subsidiaries within the Baowu Group", showcasing outstanding comparability.

Readability (★★★★★)

The Report is logically structured, with complete content and a thematic framework. It thoroughly explains the Company's governance, environmental, and social responsibility principles and achievements, highlighting the Company's commitment to its responsibilities. The cover design incorporates the Company's iconic buildings, emphasizing its unique characteristics and enhancing the Report's recognizability. Full-page images are used throughout the chapters, with embedded narrative introductions, allowing readers to quickly understand the content of each section. The Report also includes QR codes for visual extensions, enhancing its dissemination and credibility, demonstrating outstanding readability.

Innovation (★★★★★)

The Report introduces the "Action Performance of Masteel" section, showcasing the Company's leadership in responsibility. The Company has participated in report ratings for consecutive years, which strengthens the standardization and credibility of its sustainability efforts. By integrating ESG into decision-making processes and developing specialized plans and regulations such as the *Social Responsibility Planning of Masteel (2023-2025)* and the *Management Measures for Social Responsibility Work*, the Company has enhanced its sustainable development management, demonstrating outstanding innovation.

Overall Rating (★★★★★)

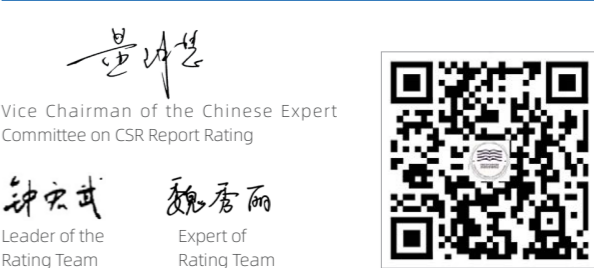
According to the evaluation by the Rating Team, the *Maanshan Iron and Steel Co., Ltd. 2024 Environmental, Social, and Governance Report* is rated five stars, marking it as an exceptional corporate sustainable development report.



Maanshan Iron and Steel Co., Ltd. 2024 Environmental, Social, and Governance Report receives five-star rating for the third consecutive year

IV. Suggestions for Improvement

It is recommended to appropriately disclose any negative information along with the corresponding preventive and response measures to enhance the balance of the Report.



Issued on: March 27, 2025

Scan the QR code to view the Company's rating file

Feedback

Dear readers,

Thank you very much for reading the *2024 ESG Report of Maanshan Iron and Steel Co., Ltd.*! In order to continuously improve the management of the ESG report, we particularly hope to hear your comments and suggestions. Please help complete relevant questions in the feedback table and feed it back through the following ways:

Secretary Office, Board of Directors of Maanshan Iron and Steel Co., Ltd.

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Your information

Name:_____

Tel:_____

Workplace:_____

Email:_____

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

1.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 relatively bad <input type="checkbox"/> Very bad
2.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 relatively bad <input type="checkbox"/> Very bad
3.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 relatively bad <input type="checkbox"/> Very bad
4.Please evaluate the readability of this Report:	<input type="checkbox"/> Very good <input type="checkbox"/> Relatively good <input type="checkbox"/> General relatively bad <input type="checkbox"/> Very bad
5.Please make a comprehensive evaluation of the <i>2024 ESG Report of Maanshan Iron and Steel Co., Ltd.</i> :	<input type="checkbox"/> Very good <input type="checkbox"/> Relatively good <input type="checkbox"/> General relatively bad <input type="checkbox"/> Very bad

Open questions

1. What suggestions do you have for Masteel's ESG work in 2024?	2. What do you think the Report has provided you with valuable ESG information?
3. What other ESG information do you think shall be disclosed in the Report?	4. What do you think are the shortcomings of the Report?



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